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TO: _____
RE: ESCROW NO. _____
DATE: _____

**TAX NOTICE TO ALL BUYERS AND FOREIGN SELLERS
OF U.S. REAL PROPERTY INTERESTS**

Internal Revenue Code Section 1445 requires that all buyers of an interest in real property located in the United States withhold and pay over to the Internal Revenue Service ("IRS") an amount equal to 10% of the sales price unless the buyer can adequately establish that the seller was not a foreign individual or entity.

Generally, the buyer must pay 10% of the purchase price due a foreign seller to the IRS within 20 days of the sale of the real property interest. The 10% amount is generally calculated on the gross sales price, i.e. the amount of: (i) the cash paid or to be paid; (ii) the fair market value of other property transferred; and (iii) the outstanding amount of any liability assumed or to which the property was subject immediately before and after the sale. Note that depending on the structure of the transaction, the tax withholding liability could exceed the net cash proceeds to be paid a foreign seller at closing. Nevertheless, the buyer is still required to withhold the full ten percent (10%) and remit it to the IRS within 20 days of the sale absent a "withholding certificate" or other relief. Buyers should consult their legal and tax advisors concerning these requirements.

Transactions involving the purchase of property for \$300,000.00 or less for use as the buyer's primary residence (occupied by the buyer more than fifty percent (50%) of the time for two (2) years after purchase) are exempt from the withholding requirements. The buyer also need not comply with the withholding requirement if the buyer obtains adequate proof that the seller is not a foreign individual or entity. A certification executed by the seller under penalty of perjury is considered sufficient proof to the buyer that the seller is not a foreign individual or entity (assuming that the buyer does not have actual knowledge that the certification is false).

Foreign sellers should be aware that certain exemptions may apply or that the 10% withholding requirements can be mitigated through receipt of a withholding certificate from the IRS before the 20-day period expires. Sellers should consult with their legal and tax advisors as early as possible to determine whether any steps can be taken to reduce or eliminate the withholding requirements.

BUYERS AND SELLERS: THIS DOCUMENT IS INTENDED ONLY TO INFORM YOU GENERALLY THAT THE INTERNAL REVENUE CODE REQUIRES TAX WITHHOLDING BY BUYERS WITH RESPECT TO FOREIGN SELLERS. DUE TO THE COMPLEXITY OF THE LAW AND IRS REGULATIONS, AND THE NATURE OF YOUR PARTICULAR REAL ESTATE TRANSACTION, YOU SHOULD CONSULT YOUR ATTORNEY, ACCOUNTANT OR THE IRS WITH ANY QUESTIONS YOU MAY HAVE. YOUR ESCROW AGENT IS NOT A TAX OR LEGAL ADVISOR. THIS DOCUMENT IS NOT INTENDED AND SHOULD NOT BE CONSTRUED AS TAX OR LEGAL ADVICE.

RECEIPT ACKNOWLEDGED:
