

1 If initialed by all parties, the terms below will be incorporated into the Contract for Residential Sale and Purchase  
2 between \_\_\_\_\_ ("**Seller**")  
3 and \_\_\_\_\_ ("**Buyer**")  
4 concerning the Property described as \_\_\_\_\_  
5 \_\_\_\_\_

6 (\_\_\_\_) (\_\_\_\_) - (\_\_\_\_) (\_\_\_\_) **I. Foreign Investment in Real Property Tax Act ("FIRPTA"):** If a **Seller** is a  
7 "foreign person" as defined by FIRPTA, Section 1445 of the Internal Revenue Code requires **Buyer** to withhold 10%  
8 of the amount realized by **Seller** on the transfer and remit the withheld amount to the Internal Revenue Service (IRS)  
9 unless an exemption applies. The primary exemptions are (i) **Seller** provides **Buyer** with an affidavit that **Seller** is not  
10 a "foreign person;" or (ii) **Seller** provides **Buyer** with a Withholding Certificate providing for reduced or eliminated  
11 withholding; or (iii) the gross sales price is \$300,000 or less, **Buyer** is an individual who purchases the Property to use  
12 as a residence, and **Buyer** or a member of **Buyer's** family has definite plans to reside at the Property for at least 50%  
13 of the number of days the Property is in use during each of the first two 12 month periods after transfer. The IRS  
14 requires **Seller** and **Buyer** to have a U.S. federal taxpayer identification number ("TIN"). **Seller** and **Buyer** agree to  
15 execute and deliver as directed any instrument, affidavit, or statement reasonably necessary to comply with FIRPTA  
16 requirements including applying for a TIN within 3 days after Effective Date and delivering their respective TIN or  
17 Social Security numbers to Closing Agent. If **Seller** applies for a withholding certificate but the application is still  
18 pending as of Closing, **Buyer** will place the 10% tax in escrow at **Seller's** expense to be disbursed in accordance with  
19 the final determination of the IRS, provided **Seller** so requests and gives **Buyer** notice of the pending application in  
20 accordance with Section 1445. If **Buyer** does not pay sufficient cash at Closing to meet the withholding requirement,  
21 **Seller** will deliver to **Buyer** at Closing the additional cash necessary to satisfy the requirement. **Buyer** will timely  
22 disburse the funds to the IRS and provide **Seller** with copies of the tax forms and receipts.

