

Addendum to Contract for Residential Sale and Purchase



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** ~~seller~~
7 **of U.S. real property** is a "foreign person" as defined by FIRPTA, Section 1445 of the Internal Revenue Code ("Code")
8 requires **Buyer** ~~buyer of the real property~~ to withhold up to 15% of the amount realized by the Seller ~~seller~~ on the
9 transfer and remit the withheld amount to the Internal Revenue Service (IRS) unless an exemption to the required
10 withholding applies or ~~a reduced rate of withholding applies~~ the seller has obtained a Withholding Certificate from the
11 IRS authorizing a reduced amount of withholding. The IRS requires **Seller** and **Buyer** to have a U.S. federal taxpayer
12 identification number ("TIN"). ~~Seller and Buyer agree to execute and deliver as directed any document reasonably~~
13 ~~necessary to comply with FIRPTA requirements, including applying for a TIN within 3 days after Effective Date and~~
14 ~~delivering their respective TIN or Social Security numbers to Closing Agent. If Seller applies for a Withholding~~
15 ~~Certificate but the application is still pending as of Closing, Buyer will place the 15% tax in escrow at Seller's expense~~
16 ~~to be disbursed in accordance with the final determination of the IRS, provided Seller so requests and gives Buyer~~
17 ~~notice of the pending application in accordance with Section 1445. If Buyer does not pay sufficient cash at Closing to~~
18 ~~meet the withholding requirement, Seller will deliver to Buyer at Closing the additional cash necessary to satisfy~~
19 ~~the requirement. Buyer will timely disburse the funds to the IRS and provide Seller with copies of the tax forms and~~
20 ~~receipts.~~

- 21 (i) No withholding is required under Section 1445 of the Code if the Seller is not a "foreign person." Seller can
22 provide proof of non-foreign status to Buyer by delivery of written certification signed under penalties of
23 perjury, stating that the Seller is not a foreign person and containing Seller's name, U.S. taxpayer
24 identification number and home address (or office address, in the case of an entity), as provided for in 26
25 CFR 1.1445-2(b). Otherwise, Buyer shall withhold the applicable percentage of the amount realized by the
26 Seller on the transfer and timely remit said funds to the IRS.
- 27 (ii) If Seller is a foreign person and has received a Withholding Certificate from the IRS which provides for
28 reduced or eliminated withholding in this transaction and provides same to Buyer by Closing, then Buyer
29 shall withhold the reduced sum required, if any, and timely remit said funds to the IRS.
- 30 (iii) If prior to Closing Seller has submitted a completed transaction to the IRS for a Withholding Certificate
31 and has provided to Buyer the notice required by 26 CFR 1.1445-1(c) (2)(i)(B) but no Withholding
32 Certificate has been received as of Closing, Buyer shall, at Closing, withhold the applicable percentage of
33 the amount realized by Seller on the transfer and, at Buyer's option, either (a) timely remit the withheld
34 funds to the IRS or (b) place the funds in escrow, at Seller's expense, with an escrow agent selected by
35 Buyer and pursuant to terms negotiated by the parties, to be subsequently disbursed in accordance with
36 the Withholding Certificate issued by the IRS or remitted directly to the IRS if the Seller's application is
37 rejected or upon terms set forth in the escrow agreement.
- 38 (iv) In the event the net proceeds due Seller are not sufficient to meet the withholding requirement(s) in this
39 transaction, Seller shall deliver to Buyer, at Closing, the additional Collected funds necessary to satisfy
40 the applicable requirement and thereafter Buyer shall timely remit said funds to the IRS or escrow the
41 funds for disbursement in accordance with the final determination of the IRS, as applicable.
- 42 (v) Upon remitting funds to the IRS pursuant to this Addendum, Buyer shall provide Seller copies of IRS
43 Forms 8288 and 8288-A, as filed.

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