

CHECKLIST FOR PURCHASING U.S. REAL ESTATE

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Practices & Industries

Canada-U.S. Cross-Border

For Canadians investing in real estate south of the border, there are important practical issues to consider before making the purchase. Here are some important steps you should take:

Coordinate the purchase with your estate plan

- Decide who will take title to the property, and how
- Consider the possible use of a trust or separate U.S. Will to address probate issues
- Consider appropriate uses of life insurance and non-recourse mortgages

Obtain local legal counsel before signing the contract

- To review and revise as appropriate all pre-printed forms
- To ensure your interests are protected (title companies protect their own)
- To work with your Canadian advisors on appropriate ownership structures

Review and understand governing documents of any condominium or homeowner associations

- Be aware that governing documents can limit future options for occupancy, rental, and sale
- Understand how governing documents can be amended after your purchase
- Understand the implications of country club membership programs

Review and understand tax consequences

- Consider the U.S. income, gift, and estate tax implications of direct and indirect ownership
- Consider current real property taxes and future trends

Understand insurance issues

- Investigate adequate general liability and casualty insurance
- Consider the need for windstorm and flood insurance
- Consider obtaining title insurance, even if the purchase is from a related party

This list is by necessity an abbreviated one, and it does not cover all of the legal issues or the many financial investment implications that are involved in the purchase of any substantial asset, but especially one located in a foreign country. Be

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sure to consult all of your advisors for complete counsel.

