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International Real Estate – A Buyers Guide





Purchasing real estate outside of the U.S. has changed dramatically for American buyers.



Recent changes in the laws of many foreign countries now provide greater freedom and ownership rights for prospective purchasers in such foreign countries seeking vacation, retirement, residential, commercial or industrial properties.

While buying property in a beautiful and foreign charming country is appealing, real estate laws, rules and customs are much different from those of the United States. Buyers looking for a place to live, work, invest, develop, vacation or retire should familiarize themselves with the basic requirements for investing in such foreign real estate.

How does the international real estate process differ from that in the U.S.?

In the United States, we rely on title companies or title attorneys to close transactions. Though traditional title companies are not common abroad, Stewart provides title and ancillary real estate services on a country by country basis. Outside the United States, parties to the real estate transaction often rely on a notary public or an attorney to provide the transactional services necessary to certify the transfer of title. Notary publics are a bit different from those found in the United States, in that they are usually attorneys who have a special license from the government to perform real estate transactional and registration duties. However, public notaries do not customarily look at an extended chain of title in their title search, nor are they an easy source for recovery through the local courts in case of any fraud, mistake or errors in the title or the survey. Moreover, real estate agents in foreign countries typically are not licensed or regulated.

Disclosure and transparency in the real estate process is much more difficult outside U.S. borders. Gaining better knowledge about the property, the procedures and the parties involved will help the process flow more easily and give you peace of mind about your purchase decision. Stewart can be an enhancement to the notarial certification process by performing more complete investigations of the title documents with title insurance backed by real financial fortitude.

Following the recommendations below will help facilitate a successful purchase of foreign property. Together with the advice of an attorney, real estate agent, appraiser, public notary and a Stewart professional, this basic information will help reveal potential issues and challenges in order to reduce future losses and possible litigation.

- Understand and follow the local law concerning real estate purchases.
- Obtain the advice and services of a licensed attorney, a registered real estate, an appraiser and a Stewart professional.
- Request a copy of any existing commitment for issuance of any title insurance policy or assurance on the subject property.
- Be sure to obtain your own title insurance policy on your specific purchase.
- Obtain a copy of the existing public deed, complete with recording information, as well as a current copy of the lien certificate, tax certificate, certificate of mortgage and other limitations on ownership for the subject property.
- Check for any ownership restrictions based on national security, usually involving property near national or regional borders or coastlines.



- If you are looking for your own beach front paradise, check for any restrictions imposed on owning or developing beach front or island property.
- While many countries are liberalizing their laws regarding foreign ownership, some restrictions may still apply. Check to see if there are any restrictions concerning foreigners and/or if you are required to obtain any special permit, tax identification certificate or alien landholder's license to own the property. In some countries, there are even limitations on the amount of property a foreigner can own.
- Obtain a copy of any applicable state and/or municipal development authorizations.
- Research zoning, environmental or agricultural laws limiting the types of usage of the property. If you intend to buy property and put a house on it and that area is not zoned residentially, you may have a problem. Most municipalities or provinces have an agency that is responsible for providing information on land use.
- Check on whether the property or the seller is the subject of any litigation.
- If you are buying through the use of a corporate entity, check to see if there are any limitations concerning foreign ownership. If you are buying an existing corporation or limited liability company, check to make sure that the entity is in good standing with local, regional or national authorities.
- Obtain a copy of any Covenants, Conditions or Restrictions affecting the property, the condominium regime and any homeowners' association by-laws.
- Complete your property due diligence – including investigations of ownership, an extended title search and value – prior to your purchase contract or make the purchase contract contingent on those investigations.
- Check to see if there has been a recent survey done on the subject property.
- Inspect the property yourself. Do not rely on pictures or third parties' testimonials.
- Check on the imposition and rate of any transfer taxes, stamp duties, value added taxes or capital gains taxes. These taxes can be quite high.
- Enter into a written purchase contract that defines the details and contingencies of the agreement with the seller, including what to do in case you decide not to buy the property.
- Place all deposits in a neutral, third-party escrow account, pursuant to a fully executed escrow agreement between the buyer and the seller.
- Obtain title insurance coverage at the time of closing with the receipt of required documents obtained from a notary public.
- Obtain ownership through a notary public. Ensure proper recordation of the deed at the full purchase price affecting transfer of ownership with all applicable municipal and federal registries at the time of title conveyance.

For more than a century, people have depended on Stewart to protect their most important asset — their real estate investment. Today, Stewart Title Guaranty Company's International Group builds on that experience, in over 60 countries, delivering global title insurance policies, escrow and closing services, and automated mapping and land records worldwide. Stewart delivers the solution — **Your Land. Our Business. Worldwide.®**



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