

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** is a
7 "foreign person" as defined by FIRPTA, Section 1445 of the Internal Revenue Code requires **Buyer** to withhold
8 ~~4015%~~ of the amount realized by **Seller** on the transfer and remit the withheld amount to the Internal Revenue
9 Service (IRS) unless an exemption or a reduced rate of withholding applies. ~~The primary exemptions are (i) Seller~~
10 ~~provides Buyer with an affidavit that Seller is not a "foreign person;" or (ii) Seller provides Buyer with a~~
11 ~~Withholding Certificate providing for reduced or eliminated withholding; or (iii) the gross sales price is \$300,000 or~~
12 ~~less, Buyer is an individual who purchases the Property to use as a residence, and Buyer or a member of Buyer's~~
13 ~~family has definite plans to reside at the Property for at least 50% of the number of days the Property is in use~~
14 ~~during each of the first two 12 month periods after transfer.~~ The IRS requires **Seller** and **Buyer** to have a U.S.
15 federal taxpayer identification number ("TIN"). **Seller** and **Buyer** agree to execute and deliver as directed any
16 ~~instrument, affidavit, or statement~~document reasonably necessary to comply with FIRPTA requirements, including
17 applying for a TIN within 3 days after Effective Date and delivering their respective TIN or Social Security
18 numbers to Closing Agent. If **Seller** applies for a ~~w~~Withholding ~~e~~Certificate but the application is still pending as
19 of Closing, **Buyer** will place the ~~4015%~~ tax in escrow at **Seller's** expense to be disbursed in accordance with the final
20 determination of the IRS, provided **Seller** so requests and gives **Buyer** notice of the pending application in
21 accordance with Section 1445. If **Buyer** does not pay sufficient cash at Closing to meet the withholding requirement,
22 **Seller** will deliver to **Buyer** at Closing the additional cash necessary to satisfy the requirement. **Buyer** will timely
23 disburse the funds to the IRS and provide **Seller** with copies of the tax forms and receipts.