

Special Advertising Feature

Tips For Foreign Buyers Purchasing A Home In The U.S.

by Fiona Dogan Real Estate 03/30/15



Fiona Dogan rented this Rye home to a South African family relocating from Paris. The home is owned by a French/American couple. Photo Credit: *Contributed*

Today's international homebuyers in the U.S. come from the far corners of the globe, from as far away as Japan and China, and just across the border, from Canada and Mexico. According to the National Association of Realtors, foreign buyers purchased an estimated \$92.2 billion in U.S. residential real estate from April 2013 to March 2014, in all 50 states. Property sales to foreign buyers amounted to roughly 7 percent of the total U.S. home sales during that time period.

Whether seeking a primary residence, real estate investment, or vacation home, international buyers can find purchasing a home in the U.S. to be a daunting experience. That's why you will want to work with a Realtor who is skilled in helping clients navigate the complex, time-consuming, and what often seems to be the overwhelming world of international real

estate.

Here are some tips to help you define your needs and embark on a search for property located in the U.S.:

1. Determine how your property will be used.

Before you start your search, take into consideration how you plan to use your home. This might be as a vacation home, investment, residence to stay in while doing business in the U.S., home for your children while attending U.S. colleges, or primary long-term residence. By knowing the principal use for your property as well as how long you plan to own it, you'll be able to provide valuable information to your Realtor that will help guide your search.

2. Learn how the U.S. real estate market works.

The way U.S. real estate transactions are carried out may differ from those in your home country. In the U.S., each state has its own set of rules regarding the purchase of real estate, including the type of purchase contract used, the method of closing the sale, and duties and titles.

In the U.S., real estate listing information is shared by Realtors using a multiple listing service (MLS). Consumers can access that same information using such online real estate information sites such as [Zillow](#) and [Trulia](#). In many other parts of the world, real estate is much disjointed, with buyers having to go from Realtor to Realtor to find a suitable property.

While in some countries it is typical to pay a fee to the Realtors who are scouting and showing you properties, in the U.S. buyers are not obligated to pay such a fee; the sales commission is paid by the seller. In addition, in the U.S., Realtors need licenses to operate, with each state having their own licensing laws.

3. Work with local real estate professionals.

Foreign buyers should take the time to find qualified and experienced professionals to help them through the real estate purchasing process. If you are not fluent in English or would feel more comfortable speaking your native language, select Realtors, as well as attorneys, inspectors, and bankers, who are conversant in your native language. While it may be possible to get translated copies of standard real estate documents, it's likely that you will have to sign the English versions when it comes time to close the deal.

Assembling a qualified team will take some time, and it's best to ask friends, family, and colleagues for referrals. You can also do website searches or find local Realtors in real estate directories, but make sure to check their references. In the end, the expertise these professionals bring should make the experience less stressful for you.

4. Get financing.

Qualified foreign buyers with a 30 to 40 percent down payment usually can obtain financing for their U.S. real estate purchases. However, it's important to note that many banks require foreign buyers to have a specific amount (\$100,000 or more) on deposit with the bank, while others set loan limits of \$1 million to \$2 million. Foreign buyers may also be required to present a minimum of three months of bank statements.

Before applying for a U.S. mortgage, a foreign buyer must first establish credit and earn a good credit score. You can start building your credit score by opening U.S. bank and credit card accounts. You'll also want to be sure to report all income on your tax return as lenders use this income information to determine how much money they're willing to loan you to buy a home.

Lastly, when you do apply for a mortgage, it's best to consider major banks with global operations. These lenders have the experience necessary to verify credit established in other countries and to guide you through the process of getting a mortgage in the U.S.

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