

Ask the Expert

Everything You Need to Know about Buying U.S. Property



Today's Facilitator



ALAIN FORGET

Head of Business Development

Alain has been working for RBC for over 40 years, holding various business and sales leadership roles in Canada, the Caribbean and the U.S. He is passionate about helping Canadians purchase U.S. homes and works closely with consumers, real estate professionals and other strategic partners to provide education and opportunity to Canadian buyers in the U.S. Alain acts as spokesperson for the media and at real estate conferences as a subject matter expert. He is also a licensed real estate agent in Florida and holds a degree in Finance & Management.

Questions



- Please use the CHAT bar to submit your questions in writing during the live presentation.
- To register a question over the phone following the formal portion of our presentation:
 - Enter 1 followed by 4 on your phone.
 - If your question has already been asked, you can unregister your question by dialing 1 followed by 3.

Note, this webinar is being recorded, and the presentation will be made available on our virtual advice event landing page.

Your Presenter



AARON SEYMOUR
Senior Cross-Border Mortgage Advisor

Aaron has been working in banking and financial services for 19 years in various roles. The past 3 years he has served as a Senior Cross-Border Mortgage Advisor assisting Canadian borrowers in realizing their dreams of owning real estate in the U.S. Aaron is passionate about assisting his clients and ensuring each transaction runs as smoothly as possible. Aaron earned a bachelor's degree in international business from the University of Tennessee and has had an opportunity to live in the U.S., Canada, France and Zimbabwe.

According to the **National Association of Realtors International Study** from July 2020 Canadians



- Were the second largest group of foreign buyers in the U.S. last year
- Invested \$9.5B* between April 2019 and March 2020, including \$4.75B in Florida
- Represent 18,300 residential purchase transactions for an average price of \$517K

From April 1st 2020 to March 31st 2021, we saw \$4.2B spent in 8,800 purchase transactions in the U.S. with an average of price of \$474K.

Top states: Florida (38%), Arizona (24%), California (7%)

— NAR International Study, July 2021

* All monetary amounts listed are calculated in USD currency.

According to the **National Association of Realtors International Study** from July 2020 Canadians

- Canadians own over \$60B* in real estate assets just in Florida
- 84% of all Canadian transactions made in Florida (50%), California (19%), Arizona (14%)

RBC Bank is dedicated to helping Canadians access U.S. financing for south of the border real estate purchases and investments.



* All monetary amounts listed are calculated in USD currency.

REASONS TO BUY

Affordability, Rental Income, and Lifestyle

Earn Rental Income on U.S. Property

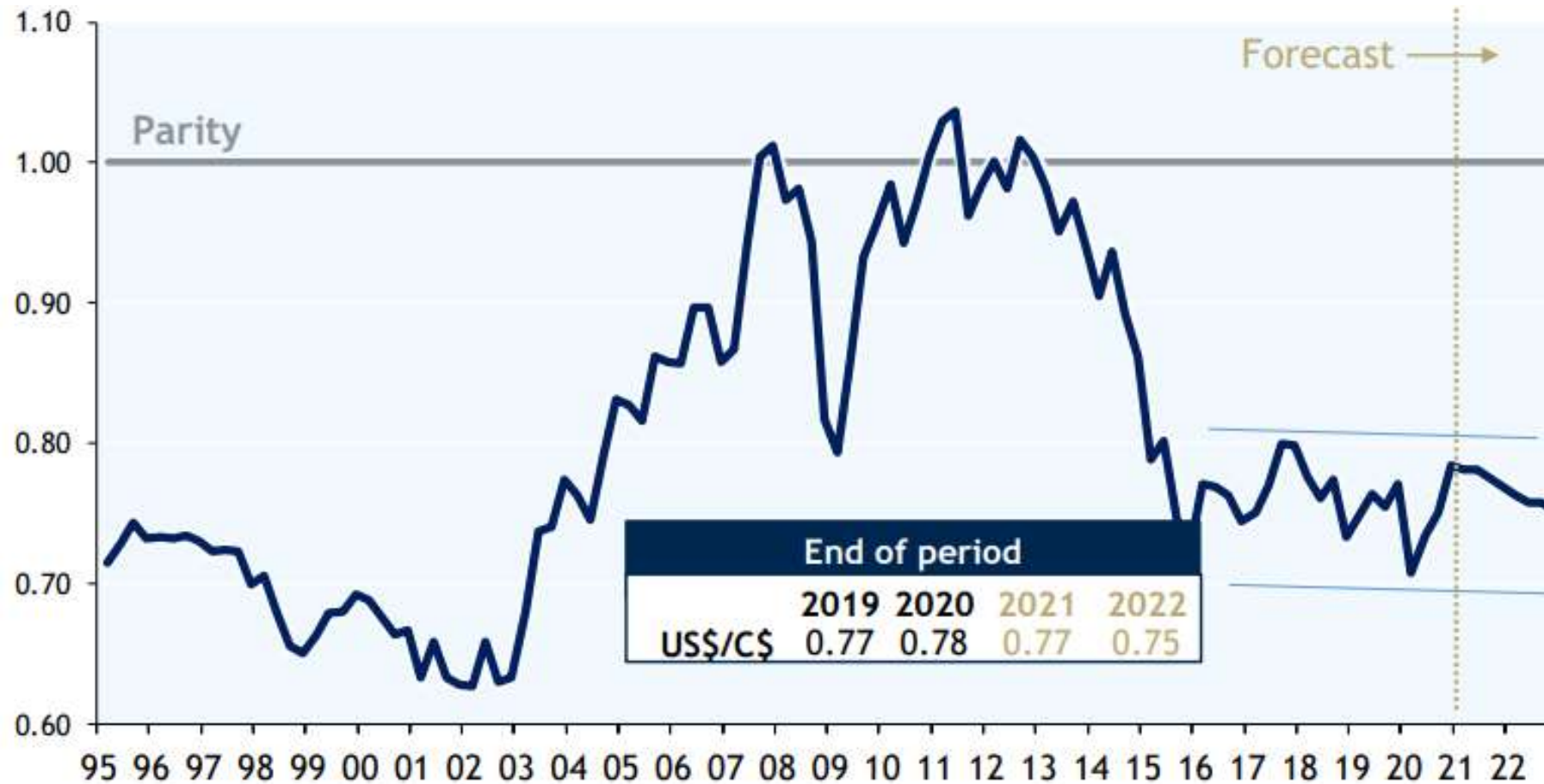


- Paid in U.S. dollars
- No need to exchange funds
- Income can cover mortgage payments, taxes, insurance and fees

REASONS TO BUY

Financing Reduces FX Impact

Canadian Dollar Forecast (U.S. \$ / CAN \$)



Source: Bank of Canada, RBC Economic Research
For more Economic & Financial insights and outlooks please visit: [rbc.com/economics](https://www.rbc.com/economics)

Why Canadians Should Finance Their U.S. Dream Home

CASH VS. FINANCING FOR A \$500,000* U.S. HOME (Example Savings‡)	
Cash	Financing
\$500,000 USD (Costs Using 2.5% on \$500k)	\$112,500 USD (20% Down Payment + Closing Costs**)
Cash Needed at Closing <i>x 32% CAD to USD Foreign Exchange Rate</i>	
\$660,000 CAD (\$160,000 CAD to USD)	\$148,500 CAD (\$36,000 CAD to USD)
\$124,000 CAD (One-time, Upfront Difference in Exchange Costs)	

* All monetary amounts listed are calculated in USD currency.

‡ Illustrative example for information purposes only, assuming US\$1/C\$0.76. Foreign exchange rates are subject to change at a moment's notice.

** 20% down payment of \$80,000 + approximately \$10,000 in closing costs.

REASONS TO BUY

RBC U.S. HomePlus™ Advantage



RBC U.S. HomePlus™ Advantage Partners³

- HomePlus™ Rewards – Cary Sylvester (HomeStory Real Estate Services)
- Cross-border legal and tax experts - David Altro (Altro LLP)
- Homeowners and flood insurance through an insurance marketplace – Jason Christiansen (Young Alfred)



Benefits of an RBC Bank Mortgage¹

- We use your Canadian credit history
- We provide financing in all 50 states
- We never charge a foreign national premium
- We never charge a prepayment penalty
- We'll help you close your mortgage in the U.S. or Canada



Mortgages² from RBC Bank

Key Characteristics	Primary or Secondary Home	Investment Property
Pre-approval	Yes	Yes
Down Payment Required	20%	25% – 40%
Property Types	Single family, condo, townhome	Single family, condo, townhome
Loan Terms	3, 5, 7, 10-year mortgage term ²	3, 5, 7, 10-year mortgage term ²
Renewals	Lock in for 3, 5, 7 or 10 years – at no cost	Lock in for 3, 5, 7 or 10 years – at no cost
Monthly Payment	Based on a 30-year amortization	Based on a 30-year amortization
Refinance	Yes	Yes
Foreign National Premium	No	No

REASONS TO BUY

Affordability – Mortgage Sale⁴

RBC Bank Mortgage¹ Sale



- It's the **right time to buy** with **great rates** and now for a limited time a **\$0 underwriting fee⁴**.
- **Submit your application by November 30, 2021 and save!**

WHAT TO EXPECT

Mortgage Process and Timeline

Finance Your U.S. Property in 3 Easy Steps with RBC Bank

Step 1: Mortgage Application	Step 2: Conditional Approval	Step 3: Closing
<ul style="list-style-type: none">▪ Get started with your online mortgage application▪ Your Cross-Border Mortgage Advisor will help you lock your rate for 60 days▪ You'll begin gathering and providing documentation	<ul style="list-style-type: none">▪ Your application is submitted for review▪ You'll receive a conditional approval letter – valid for 60 to 120 days	<ul style="list-style-type: none">▪ Finalize documentation▪ Your closing may take place in the U.S. or Canada depending on the location of your U.S. home▪ May be able to send a Power of Attorney
<p>Mortgage loan processing in the U.S. – from applying through closing – typically takes 30-45 days</p>		

LET'S GET STARTED!

Invest in U.S. Real Estate

Additional Resources and **Getting Pre-Approved!**

- Takes only a few minutes to fill out the online application at **[rbcbank.com/preapproval](https://www.rbcbank.com/preapproval)**
- We'll let you know how much you qualify for – usually within a business day
- Call **1-866-283-5928** if you want to speak with a dedicated cross-border mortgage advisor
- Visit **[rbcbank.com/ushomes](https://www.rbcbank.com/ushomes)**
 - E-Guide at **[rbcbank.com/homebuying](https://www.rbcbank.com/homebuying)**



Your Presenter



David Altro

B.A., LL.L., J.D., D.D.N., F.P.I., TEP, Florida Attorney & Canadian Legal Advisor Altro LLP

David is the managing partner of Altro LLP, which he founded in 1988 with offices in Montreal, Toronto, Calgary, Vancouver, Florida, Arizona and California. David is the author of the books *Owning US Property the Canadian Way*, Third Edition and his most recent book: *Americans Living in Canada – Smile, The IRS is Watching You*. Mr. Altro has been practicing law for over 30 years in Canada and the US and specializes in cross border tax, estate planning and real estate.

MONTRÉAL / TORONTO / CALGARY / VANCOUVER / FT. LAUDERDALE / ORLANDO / NAPLES / PHOENIX / LOS ANGELES



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— *LLP* —
US & CANADIAN ATTORNEYS, NOTARIES
AND LEGAL COUNSEL

OCTOBER 6, 2021

Buying US Property: Legal and Tax Issues

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TEAM OF PROFESSIONALS



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 <p>Zaina Kottis B.A. (Hon), J.D., TED Senior Associate, Ontario Attorney Email: zkottis@altrolaw.com Telephone: 416-477-8188</p> <p>Read More</p>	 <p>Ryan Robertson B.Com., J.D. (Canada), J.D. (USA) Associate, Ontario Attorney Email: rrobertson@altrolaw.com Telephone: 416-477-8185</p> <p>Read More</p>	 <p>Alessandro Tortis B.A., LL.B., DD.N. Associate, Quebec Notary & Legal Counsel Ales is on leave of absence</p> <p>Read More</p>	 <p>Bonne L. Altro B.A., B.C.L., LL.B. Consultant, Ontario & New York Attorney Email: baltro@altrolaw.com Telephone: 416-477-8133</p> <p>Read More</p>
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David A. Altro

B.A., LL.L., J.D., DD.N., FLC, TEP

- Florida Attorney, Canadian Legal Advisor & Foreign Legal Consultant
- Practicing law for over 35 years
- Author of two books:
 - ❖ *Owning U.S. Property the Canadian Way, Third Edition*
 - ❖ *Americans Living in Canada - Smile, The IRS is Watching You*
- Special contributor to the Globe and Mail
- Interviewed on CTV, CBC, radio
- Frequent presenter at legal and tax conferences in
- Bachelors of Arts degree (B.A. Honours)
- Civil law degree (LL.L.)
- Juris Doctor (J.D.)
- Post-Graduate Legal Studies (D.D.N.)
- The Florida Bar (1984 to Present)
- Quebec Bar (1980 - 1989)
- Quebec Chambre Des Notaires (1989 to Present)
- Member of the Society of Trust and Estate Practitioners
- Former member of TIGER 21
- Board of Directors of the Maimonides Geriatric Center
- Admitted to the Florida Bar in 1984



ALTRO LLP Services, Expertise, and Clients

- **Canadians with US Real Estate**
- **Tax & Estate Planning for US Citizens Living in Canada**
- **Estate Planning for Canadians with US Adult Children:
The Trust for Life**
- **Canadians Moving to the US**
- **Immigration to the US**
- **Tax & Estate Planning for Canadians**
- **Corporate Tax Planning – Domestic and Cross Border;
Reorganizations, Financings, Estate Freezes, Life Insurance Planning**
- **American Residents Moving to Canada**
- **Probate and Settlement of Estates in Canada and Florida**

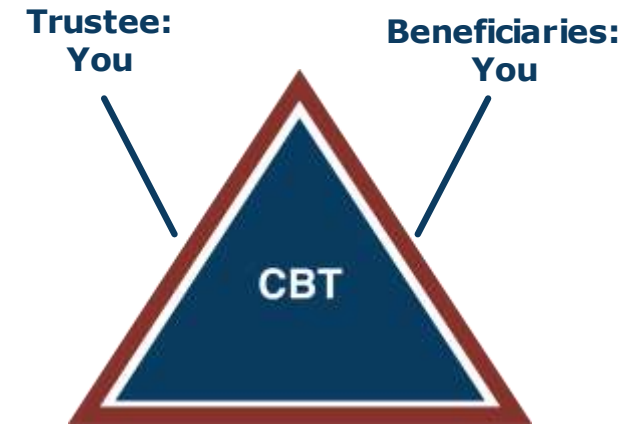


Legal & Tax Issues: Cross Border Trust



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AND LEGAL COUNSEL

- **Florida probate issues**
- **Florida mental incapacity issues / guardianships**
- **US capital gains and income tax**
- **Canada Revenue Agency capital gains and income tax**
- **Foreign tax credits under the Canada-US Tax Treaty**
- **Protecting your children's inheritance from divorce marital assets**
- **Asset protection for your children's inheritance**



Legal & Tax Issues: US Estate Tax



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AND LEGAL COUNSEL

Under the US Tax Cuts and Jobs Act, the estate tax exemption for 2021 is \$11.7 million **BUT DROPS to \$5.5 million January 1, 2026**

Note that leading Democrats recommend reducing the exemption to \$3.5-\$5 million

Does it apply to Canadians owning U.S. assets?

1. Are your U.S. assets > \$60,000 U.S.?

2. Is the value of your worldwide estate > \$11,700,000?

U.S. Situs assets

- **What is in?**
- **What is out?**

Worldwide estate

- **Everything counts!**

Double-up the exemption under the Tax Treaty



***THE TAX WORLD HAS
CHANGED A LOT IN
RECENT YEARS***

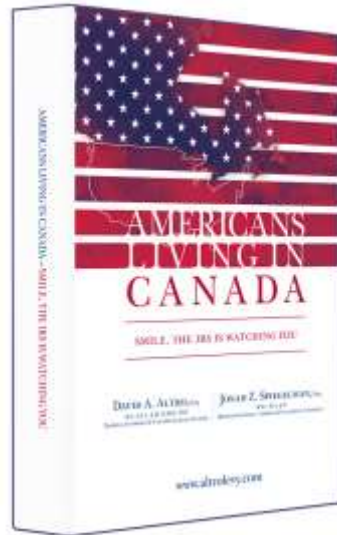
**Be aware of the
following Tax Traps:**

- X US LLCs and Florida revocable trusts**
- X US LLLPs and LLPs**
- X Gifting US real property**
- X Joint tenancy with right of survivorship**
- X Canadian corporations**

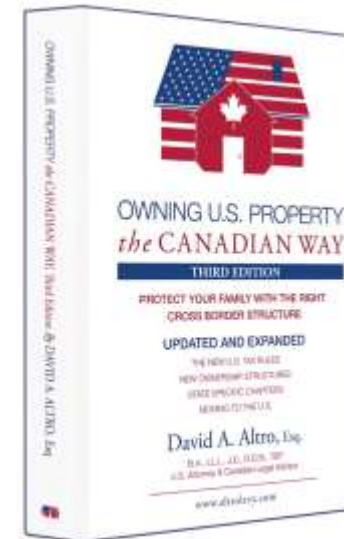
Q & A

David A. Altro

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Your Presenter



Jason Christiansen – Co-Founder, Young Alfred

Jason co-founded Young Alfred 6 years ago with David Stasie. Prior to Young Alfred, he has worked in high-frequency trading. Young Alfred is a marketplace to compare and buy personal lines insurance, specializing in home insurance, and auto, flood umbrella, and more. Young Alfred works with 40+ insurance carriers in all 50 states including D.C., and offers a completely digital shopping experience.



+



Buying Home Insurance in the U.S.



Get Started



<https://rbc.youngalfred.com/>

Young Alfred and Speaker Bio

Jason



Co-founder & Co-CEO

jason.christiansen@youngalfred.com



Young Alfred

Young Alfred is a marketplace to compare and buy home insurance. We work with 40+ insurance carriers across 51 states.

Homeowners

- Single Family Properties
- Secondary Homes
- Rental Properties
- Townhomes
- Condos
- Duplex
- Vacant Homes
- Mobile Homes
- New Homebuyers + Switchers



Home Insurance Expert

40+ Carriers

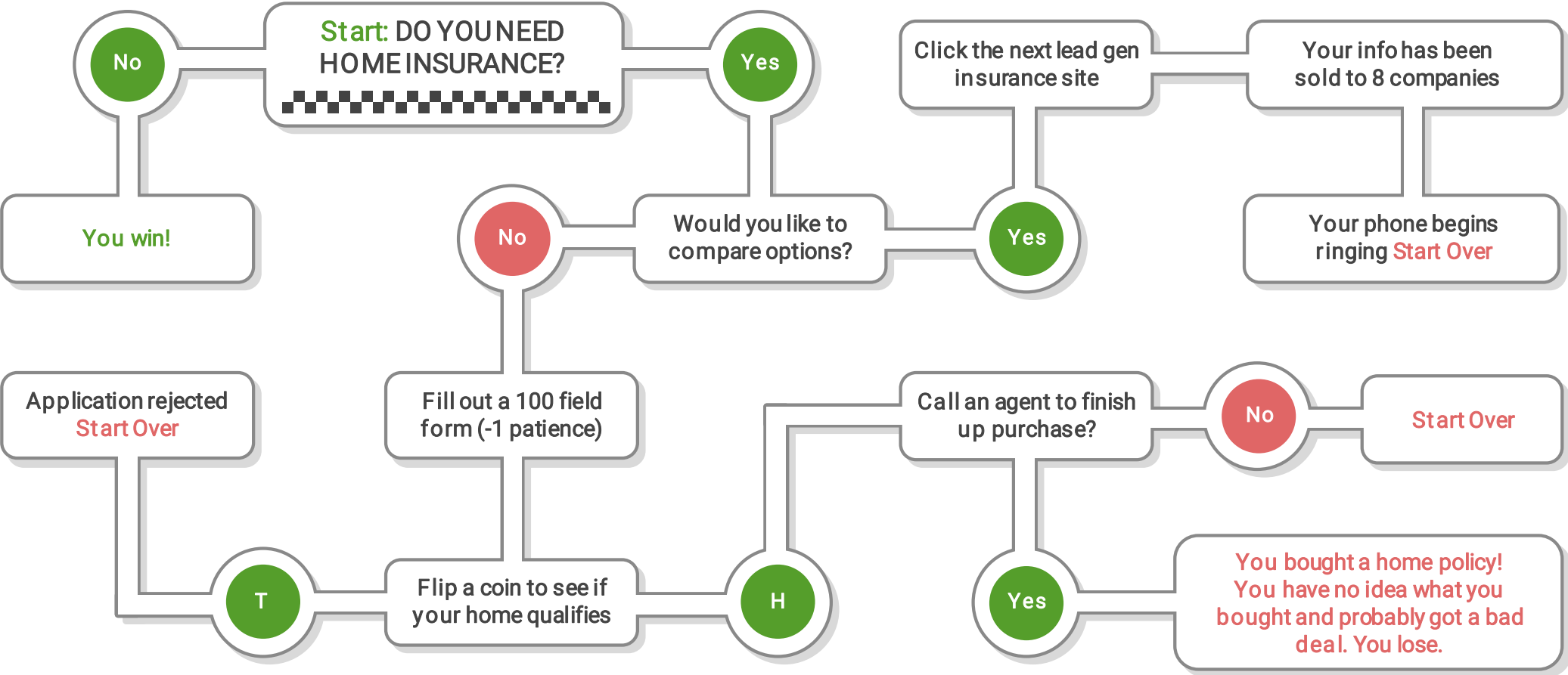


*Young Alfred has direct relationships with all of the above and more...

Buying Home Insurance is a Pain in the U.S.

Choose Your Adventure!

Warning: Average Adventure Time - 5 hrs



Challenges for Canadians

No U.S. Credit History

- Most insurance carriers use credit as a primary rating factor
- Carriers will return a “no-hit” and assign a default score
- Each carrier is different, and will likely require a phone call to underwriting to review your application

No U.S. Address

- Young Alfred’s online application accepts a non-U.S primary address
- Most online forms will not allow you to input non-U.S. addresses for primary address
- Tip: put in the address of the property that you are looking for insurance on, and then give the carrier a call

Eligibility Challenges

Trampolines without Nets

20+ year old roof

Pools with diving boards or slides

“Bad dog” on premises

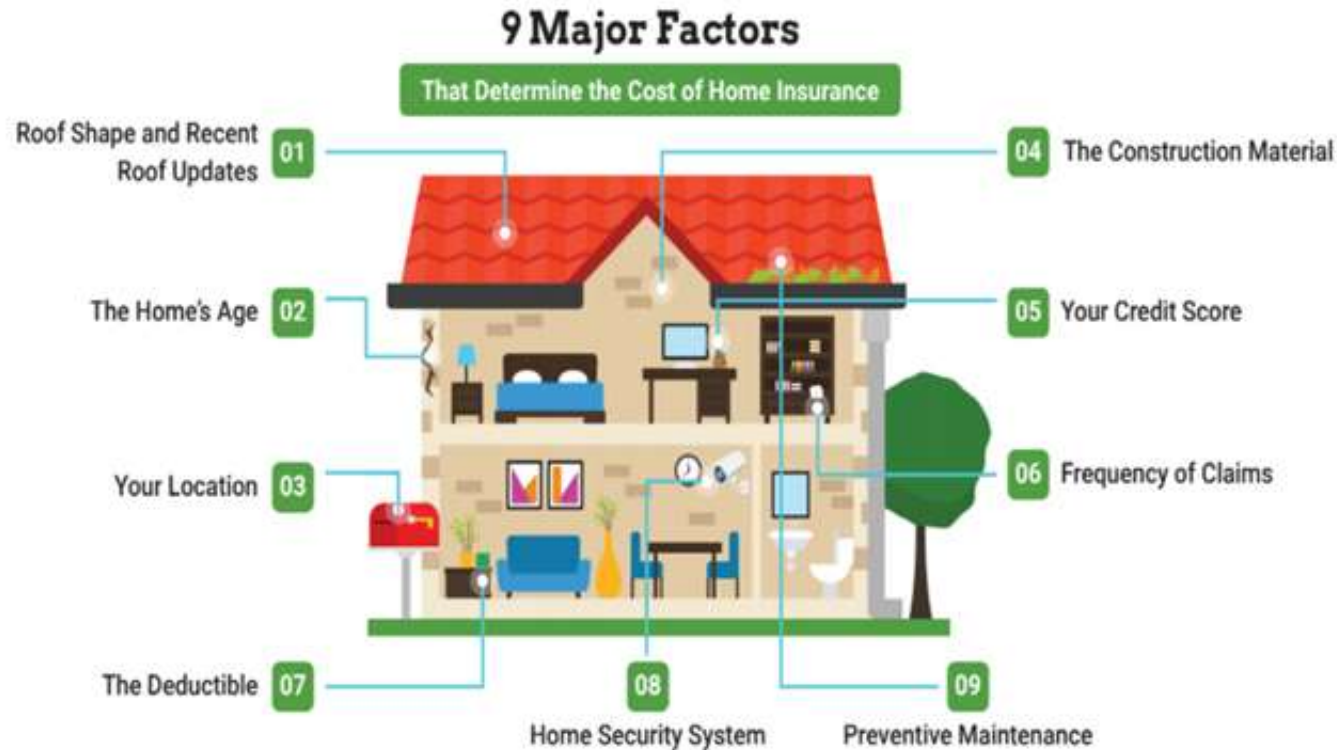
Homes built pre-1920

Knob & Tube or Cloth Wiring

Poor claims history

Historical Homes

Short-term Rental (AirBnB)

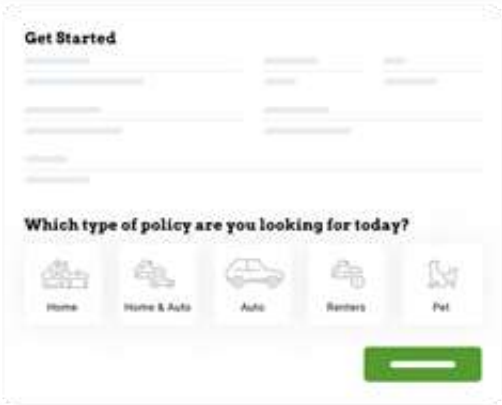


How to Compare Home Insurance

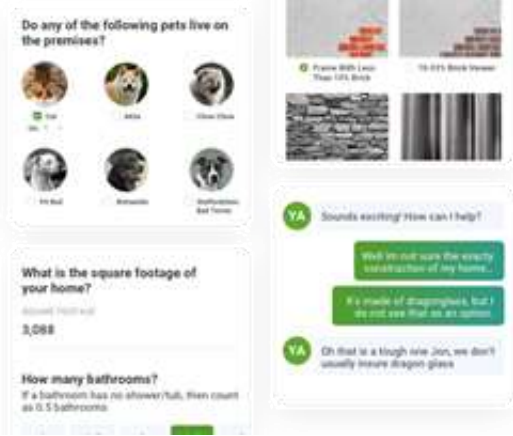
Coverage Limits	<ul style="list-style-type: none">● Make sure the limits are high enough to cover the rebuild cost of the property● This can sometimes differ significantly from the market value
Special Deductibles	<ul style="list-style-type: none">● Double check the wind/hail and hurricane deductibles● In coastal states, these often default to 2% of Coverage A● Can be a significant price driver
Roof Replacement	<ul style="list-style-type: none">● Older roofs are often covered at “Actual Cash Value” rather than “Replacement Cost”● If your roof gets damaged and you need a full replacement, the carrier may only cover pennies on the dollar
Flood Insurance (and earthquake)	<ul style="list-style-type: none">● Flood is NOT covered in home insurance policies● You will need to buy a separate flood policy if you want the coverage● Earthquake coverage is also generally excluded

Easiest Way to Buy in the U.S.

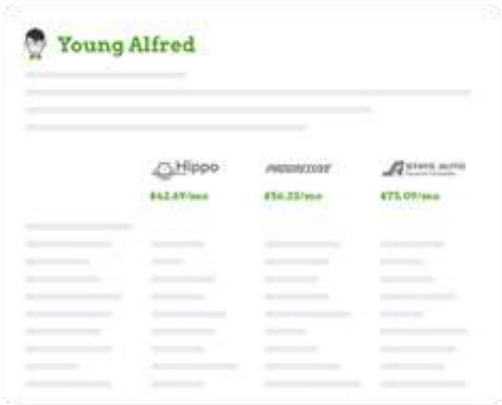
Shop online at www.rbc.youngalfred.com



www.rbc.youngalfred.com



Fill out application



Compare and checkout



Your Presenters



Cary Sylvester, COO, HomeStory Real Estate Services

Cary Sylvester is the Chief Operating Officer for HomeStory Real Estate Services. With over 15 years experience real estate and technology, Cary is passionate about streamlining the real estate experience for home buyers and sellers. She is an active member of the National Association of Realtors, in which she has served on the Board of Directors, among numerous other leadership positions.



Sue Giardino, Manager, Referral Channel Development, HSF Affiliates, LLC

Sue Giardino is manager, Referral Channel Development with HSF Affiliates, LLC. She has more than 25 years of industry experience in both relocation and real estate. As a member of the Referral Channel Development Department, Sue works to drive opportunity, advocacy and performance on behalf of franchisees. She has been a member of the Worldwide Employee Relocation Council (Worldwide ERC) since 1994 and holds the Corporate Mobility Specialist® designation as well as the gCertifiedSM designation from BGRS.



RBC U.S. HomePlus™ Rewards

09/29/21

Upcoming Events –
Register at rbcbank.com/vae

Economic Update & Outlook

Wed Oct 13 3:00-4:30 PM ET



Questions



- Please use the CHAT bar to submit your questions in writing during the live presentation.
- To register a question over the phone following the formal portion of our presentation:
 - Enter 1 followed by 4 on your phone.
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Disclaimer

This presentation offers general information only and is not intended as legal, financial or other professional advice. A professional advisor should be consulted for your specific situation. While information presented is intended to be factual and current, its accuracy is not guaranteed and it should not be considered a complete analysis of the subjects discussed. All expressions of opinion reflect the judgement of the presenter(s) as of the date of publication and are subject to change. No endorsement of any third parties or their advice, opinions, information, products or services is expressly given or implied by Royal Bank of Canada or its affiliates.

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1. Mortgages are subject to approval, including verification of acceptable income, credit worthiness and property valuations. Minimum and maximum property values and maximum loan-to-value ratios apply. Homeowner's insurance is required for all loans and lines of credit, and flood insurance is required if the property is located in a Special Flood Hazard area. Escrows may be required. There are closing costs associated with these products.

2. 3, 5, 7, or 10-year term refers to the period of time the interest rate is set at the beginning of the loan period which is 30 years (360 months); after the initial fixed rate term, the interest rate will adjust annually. Example: 3-Year Adjustable Rate Mortgage (ARM) calculation assumes a \$250,000 loan amount, 4.000% interest rate, 4.764% APR, with 20% down payment, amortized over 360 months = \$1,193.54 monthly payment. Example: 5-Year ARM calculation assumes a \$250,000 loan amount, 4.125% interest rate, 4.679% APR, with 20% down payment, amortized over 360 months = \$1,211.62 monthly payment. Example: 7-Year ARM calculation assumes a \$250,000 loan amount, 4.375% interest rate, 4.699% APR, with 20% down payment, amortized over 360 months = \$1,248.21 monthly payment. Example: 10-Year ARM calculation assumes a \$250,000 loan amount, 4.500% interest rate, 4.455% APR, with 20% down payment, amortized over 360 months = \$1,266.71 monthly payment. Rates and payments are subject to increase after initial fixed period of loan. If the down payment is less than 20%, mortgage insurance may be needed on the loan. This could increase the monthly payment and the interest rate. Rates subject to increase after consummation.

3. This company is not affiliated with RBC Bank and RBC Bank is not responsible for the offer provided by this company.

4. To qualify for the \$0 underwriting fee, a full and complete mortgage application must be submitted by June 30, 2021. Mortgages must fund within 120 days of the application date. Offer may be withdrawn or changed at any time without notice. Offer is only available to the following clients; new RBC Bank mortgage, purchase of Investment Properties, and Refinance on a property that is owned free and clear. Additional bank fees and third-party fees apply and are paid separately. Mortgage and HELOC offer may be combined: if a client closes on an eligible mortgage and also opens a second lien HELOC with RBC Bank, both products will have a \$0 underwriting fee. That's a savings of up to \$924 USD (or over \$1,200 CAD). May not be combined with any other special offers.