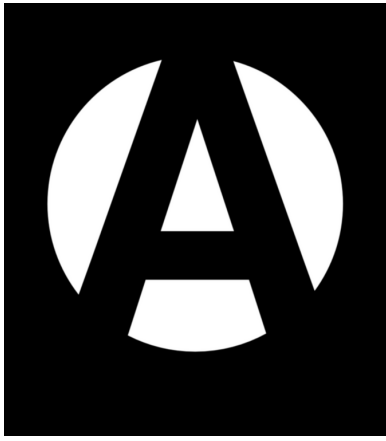


Florida Luxury Buyer Legal Checklist

Exclusively for Out-of-State Buyers

PRE-PURCHASE LEGAL CONSIDERATIONS

1. Verify Your Legal Status to Purchase

- ✅ **U.S. Citizens & Permanent Residents:** No restrictions—you can purchase any property type anywhere in Florida.
- ⚠️ **Foreign Nationals from Restricted Countries:** Citizens of China, Russia, Iran, North Korea, Cuba, Venezuela, and Syria face restrictions under Florida Senate Bill 264 (2023), particularly for agricultural land and properties near military installations.
- ✅ **Other Foreign Nationals:** Generally permitted to purchase residential property with same rights as U.S. citizens, but additional tax and financing requirements may apply.

2. Obtain Required Tax Identification

- 📋 **ITIN (Individual Taxpayer Identification Number):** Required for foreign buyers without a Social Security Number; necessary for tax filings and to avoid FIRPTA withholding complications at sale.
- 📋 **Apply Early:** Processing can take 6–12 weeks; start before making offers.

3. Understand Florida-Specific Ownership Options

- **Individual Ownership:** Direct title in your name.
- **LLC, Corporate Ownership or Trust:** Privacy protection and asset isolation; consult Florida attorney for proper entity structure. LLC and Corporate ownership may have additional tax implications and annual fees.

FINANCING & BUDGETING FOR LUXURY PURCHASES

4. Work with a Florida-Experienced Lender

 Use lenders familiar with Florida laws, luxury properties, and jumbo loans.

 **Out-of-State/Foreign Buyers:** Expect 30–50% down payment; higher rates and stricter documentation.

 Pre-approval must account for Florida-specific insurance and tax costs.

5. Budget for Florida Closing Costs

- **Typical Range:** 2–5% of purchase price for luxury properties.
- **Buyer Costs May Include:**
 - Title search and title insurance (varies by county—some counties require buyer to pay, others seller)
 - Property survey
 - Appraisal fees
 - Attorney/closing agent fees
 - Recording fees and documentary stamps
 - Lender fees (if financing)
 - Home inspection and specialized inspections (pool, termite, mold, radon, roof, seawall for waterfront properties)

6. Account for Ongoing Costs

- **Property Taxes:** Luxury homes have higher assessments; research county millage rates.
- **Homeowners Insurance:** Florida premiums are among the nation's highest; obtain quotes early.
- **Flood Insurance:** Often mandatory for waterfront/flood zone properties; separate from standard homeowners policies.
- **Hurricane/Wind Insurance:** May require separate coverage or endorsements.
- **HOA/Condo Fees:** Review all association documents, fees, and special assessments before purchase.

MANDATORY FLORIDA DISCLOSURES (Effective 2025)

7. Flood Risk Disclosure (Effective October 1, 2025)

Seller Must Disclose:

- Property's flood history (past flooding events)
- Location within a FEMA flood zone
- Any flood insurance claims paid on the property
- Statement that standard homeowners insurance does NOT cover flood damage.

 **Buyer Action:** Verify flood zone status independently; obtain flood insurance quotes during inspection period.

8. Material Defects Disclosure (Johnson v. Davis Standard)

✓ Sellers must disclose all known material defects that affect property value and are not readily observable.

- **Common luxury property issues:** structural problems, roof damage, mold, plumbing/electrical defects, seawall/dock issues (waterfront), sinkholes.

9. HOA/Condo Association Disclosures

📄 Review all governing documents, financials, meeting minutes, and reserve studies.

⚠️ **Rental Restrictions:** Many luxury condos/communities restrict short-term rentals—critical if you plan to rent.

⚠️ **Special Assessments:** Check for pending or planned assessments for repairs or improvements.

DUE DILIGENCE & INSPECTIONS

10. Conduct Comprehensive Inspections

🏠 **Standard Home Inspection:** Foundation, roof, HVAC, electrical, plumbing.

🔧 **Specialized Luxury Inspections:**

- **Waterfront Properties:** Seawall, dock, boat lift structural integrity
- **Pool/Spa Systems:** Equipment, safety compliance
- **Smart Home Technology:** Automation systems functionality
- **Roof Certification:** Required by many insurers in Florida
- Mold/Environmental Testing
- Termite/Pest Inspection

11. Review Title & Survey

🔍 **Title Search:** Ensure clear title with no liens, encumbrances, or ownership disputes.

🔍 **Survey:** Confirm property boundaries, easements, encroachments—essential for waterfront and large estates.

✓ **Title Insurance:** Protects against future claims; most lenders require it.

12. Verify Permits & Code Compliance

📄 All renovations, additions, pools, docks must have proper permits; unpermitted work creates liability and resale issues.

- Request certificate of occupancy and all permit history from seller.

CONTRACT & NEGOTIATION ESSENTIALS

13. Use Florida-Specific Purchase Contracts

 **Florida Realtors/Florida Bar Contract:** Standard residential contract; updated regularly for compliance.

 **"AS IS" vs. Standard Contract:** Understand what seller warranties you're waiving.

 **New 2025 Contract Updates:** Include expanded flood disclosures, buyer agent compensation terms, and enhanced privacy clauses.

14. Negotiate Contingencies

✓ **Inspection Contingency:** Right to inspect and request repairs or terminate.

✓ **Financing Contingency:** Protection if loan falls through.

✓ **Appraisal Contingency:** Option if property doesn't appraise at purchase price.

✓ **HOA/Condo Document Review Period:** Time to review association documents and financials.

✓ **Insurance Contingency:** Especially important in Florida—ability to obtain affordable insurance at reasonable cost.

15. Understand Buyer Agent Compensation (2025 Changes)

 **New Rule:** Buyers may be responsible for paying their agent's commission directly; negotiate and document this upfront.

- Ensure buyer-broker agreement clearly states commission terms before touring properties.

CLOSING PROCESS FOR OUT-OF-STATE BUYERS

16. Remote Online Notarization (RON) Available

✓ Florida is fully RON-enabled; you do NOT need to be physically present for closing in most cases.

- Coordinate with closing attorney/title agent for virtual closing procedures.

17. Wire Fraud Prevention

 **Verify All Wire Instructions:** Call closing agent directly using verified phone number—never rely solely on emailed instructions.

 **Two-Factor Authentication:** Confirm recipient account information through independent phone call.

- Never wire funds based on email alone; wire fraud is epidemic in luxury real estate.

18. Final Walk-Through

 Conduct final walk-through 24–48 hours before closing to verify:

- Property condition matches contract
- All negotiated repairs completed
- No new damage occurred
- All fixtures/appliances included in sale are present and functional.

POST-CLOSING LEGAL & TAX OBLIGATIONS

19. Homestead Exemption (If Applicable)

 If this will be your primary residence, file for homestead exemption by March 1 of the following year for significant property tax savings.

- Requires Florida residency and occupancy.

20. Property Tax & Income Tax Obligations

 **All Owners:** Pay annual Florida property taxes (no state income tax in Florida).

 **Foreign Owners:** Must file annual U.S. tax returns reporting rental income; subject to FIRPTA withholding (10–15% of sale price) when selling unless exemption obtained.

 Consult tax advisor on U.S./international tax treaty benefits.

21. Insurance Policy Activation

 Ensure all insurance policies (homeowners, flood, wind, umbrella) are active as of closing date.

 Provide proof of insurance to lender and HOA/condo association.

22. Estate Planning & Asset Protection

 **Foreign Buyers:** U.S. real estate is subject to U.S. estate tax; consult estate planning attorney about trusts or LLC structures.

 **All Buyers:** Consider umbrella liability insurance for high-value properties.

ADDITIONAL CONSIDERATIONS FOR LUXURY BUYERS

23. Privacy & Anonymity

- Use LLC or land trust to keep ownership private; Florida public records are searchable.
- Consult attorney for proper anonymity structures.

24. Property Management (If Not Primary Residence)

- Hire professional property manager familiar with luxury properties and local regulations.
- Understand short-term rental laws in your municipality (many restrict Airbnb/VRBO).

25. Legal Representation

Hire a Florida Real Estate Attorney: Essential for out-of-state buyers navigating complex luxury transactions, entity formation, and contract review.

- Attorney reviews all contracts, coordinates closing, ensures compliance with Florida law.

FINAL CHECKLIST SUMMARY

Before closing on your Florida luxury property:

- ☐ Verified legal status to purchase
- ☐ Obtained ITIN (if foreign buyer)
- ☐ Secured pre-approval with Florida lender
- ☐ Budgeted for closing costs and ongoing expenses
- ☐ Reviewed all mandatory disclosures (flood, defects, HOA)
- ☐ Conducted comprehensive inspections
- ☐ Reviewed title, survey, and permits
- ☐ Negotiated contract with appropriate contingencies
- ☐ Clarified buyer agent compensation
- ☐ Arranged remote closing (if not attending in person)
- ☐ Verified wire instructions independently
- ☐ Completed final walk-through
- ☐ Activated all insurance policies
- ☐ Consulted with Florida real estate attorney
- ☐ Planned for tax obligations and asset protection