

**STATE OF OHIO, UNITED STATES OF AMERICA  
COLLINS & SCANLON, LLP, CLEVELAND, OHIO**

1. **Does the purchaser have to use a lawyer?** No; it is, however, highly recommended in view of the complex nature of many commercial transactions, which are affected by income tax law; the nature and interpretation of liens and encumbrances on real estate; local zoning and use laws; the complexity of the purchase agreement and of loan and mortgage documents. In a number of states, lawyers are required by law to draft the relevant agreement and transfer documents and/or participate in the closing process. This firm is licensed to practice in the State of Ohio only, but it has relationships with firms around the country in the event legal expertise is required in other states.
2. **Can European citizens own property in the State of Ohio or in other states of the United States?** Generally, yes. There are, however a number of states that have certain limitations on ownership, many of which affect agricultural land. The State of Ohio has no such restrictions. A common and advantageous way for a foreign citizen to acquire real estate is through a limited liability company formed in the state in which the real estate is situated. A limited liability company protects its owners from liability, like a corporation, but also allows the tax benefits to flow directly to the owners of the company. The Foreign Investment in Real Property Tax Act (known as FIRPTA), contains certain requirements imposed when foreign citizens purchase U.S. real estate, including the withholding by the buyer of 10% of the purchase price to be paid to the Internal Revenue Service, unless certain requirements are fulfilled. In addition, FIRPTA includes a method whereby foreign residents are taxed on their gain derived from the ownership of U.S. real estate.
3. **Can more than one person own a property?** Yes. Any combination of individuals or entities can own a property.
4. **Can companies incorporated outside the United States own property in the State of Ohio or in other states of the United States?** Yes
5. **Is a contract necessary for the purchase/sale of real estate?** No, a contract is not required by law, but it is highly desirable to have a contract to provide for representations and warranties regarding the property; contingencies to closing; allocation of closing costs; and other details regarding the sale. Moreover, title companies, which usually arrange for the closing of the transaction, will not accept transaction if there is no definitive written agreement.
6. **Is a deposit payable on signing the contract?** Yes, it is usually between 5% and 10% of the purchase price.
7. **How is ownership of real estate registered?** Ownership is registered by the recording of the original deed at the local office handling such functions, usually called the County Recorder or the County Fiscal Office.
8. **Does the purchaser have to pay an estate agent (property broker)?** No, unless the purchaser has agreed to pay a fee to its own broker. Usually the seller pays a real estate brokerage commission to both the seller's and purchaser's real estate brokers.

9. **How is the purchase price paid (for example, through the lawyers)?** This is generally paid by wire or bank check through the office of an escrow agent processing the transaction for the parties. An escrow company is a neutral third party that handles closings of real estate transactions through “escrow instructions” from the parties.
10. **Can the purchaser borrow money to pay for the property, and grant a mortgage?** Yes. The mortgage will be registered with the County Recorder or Fiscal Officer and will be an encumbrance on the real estate.
11. **What fees are payable on buying a property?** There will be a conveyance fee (\$4.00/ \$1000.00 in value of the purchase price); title insurance policy premiums; a fee for the title commitment (a pre-closing document setting forth the state of title to the real estate); title company handling fees; lender legal fees, if there is a mortgage; survey costs, if a survey is ordered; legal fees for attorneys
12. **What tax is payable on buying real estate?** None
13. **What tax is payable on selling a property?** If the seller is in the business of buying and selling real estate, there will be a tax on the profit realized on the sale; if it is not a sale in the ordinary course of business, there will be a capital gains tax on the profit of the sale
14. **Does the purchaser become liable for existing debts in respect of the property?** The purchaser will not become liable on debts that are cancelled at the closing of the sale, such as mortgages obtained by the seller. The purchaser will become liable for real estate taxes accruing from the date of transfer of the real estate forward. The title company/escrow agent will prorate taxes as of the closing date, so each party will pay only those taxes payable for the year for the period such party owns the real estate.

**Member Details:-**

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