

# Four mistakes to avoid when buying property overseas

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There comes a point when many of those who love to travel - especially those who travel frequently to the same beloved spot - begin to daydream about carving out a little piece of paradise for their very own.



As wonderful and fulfilling as buying a home abroad can be, it is important to approach the process thoughtfully and cautiously. While many people buy property on foreign soil without a hitch, others run into serious problems. It is important to know what pitfalls to look for when you are making such a large investment. We are listing the top four mistakes to avoid making.

## 1. Insufficient research

Not doing your due diligence on a home you are buying is risky no matter where you plan to purchase. However, buying a home in another country when your access may be limited and cultural and language issues may arise can be a recipe for disaster. Find out as much as you can about the property you plan to buy. How long has it been on the market? Are there any known problems? Is it actually in a good neighbourhood?

If you're planning to rent it out part time, what is the rental market like in the area in each season, and what will be your tax concerns back in the US (or whatever your home country happens to be) for [foreign earned income](#)?

Have the home inspected by an independent, unbiased individual - preferably one who is fluent in both English and the native language of the country in which you are buying. Talk to the neighbours and other locals to get a sense of the neighbourhood (and possibly even the very home you're interested in), visit the home frequently during different seasons and at different times, if possible, and look over the whole house and the surrounding property for subtle signs of negligence or disrepair.

## 2. Emotion-driven decisions

A wave of excitement and romance comes along with buying a home overseas. If you are not careful, that wave can carry you away and deposit you straight into a bad decision.

As much as your heart may be telling you that that charming 100-year-old cottage that looks exactly like the one you've been dreaming of for 20 years was *meant* to be yours, you must keep a cool head and think rationally about your decision. Are the floors safe? Has the roof been replaced recently? Has the plumbing been updated? Is the electrical system sound? Does the home function as-is, or will it need costly work?

Buying a home isn't just about realising a dream, after all. It's about making a wise investment.

### 3. Trusting the wrong people

You are at a distinct disadvantage when you are purchasing property in a foreign market. There are unscrupulous people who may try to take advantage of your ignorance about the area, the home, or even the legality of the sale. Do your homework. Find out what locals pay for a similar property to make sure you aren't getting a special "foreigner price." Collect a team of trusted, competent and highly recommended professionals (preferably fluent in both languages) to help you navigate the process.

This team should include a realtor, a lender, a home inspector, and, perhaps most importantly, an excellent real estate attorney.

### 4. Failing to account for hidden costs

There are some hidden potential costs to buying a home abroad that can pack a wallop if you don't take them into account. A dramatic exchange rate change can significantly raise the price of your home and shrink your savings in a matter of minutes. Unexpected tenant vacancies can leave you holding the bag for mortgage payments you didn't plan to make. And finally, there may be double taxation, where both the country in which you live and the US tax the same income and assets.

Some countries have tax agreements to avoid added costs, but the US is clamping down on [taxes for expats](#) with foreign accounts, and it is wisest to know what you're getting into.

### ABOUT THE AUTHOR

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