



Important Information for International Buyers

By Michael Barker-Fyfe

When buying property in Canada, you must pay for it with Canadian dollars. As a foreign buyer, this means that you will not only purchase property but also the Canadian funds needed to pay for the property. That seems simple enough, but international buyers should be aware of some common pitfalls.

First, banks do not offer the best exchange rates available and the difference can be substantial. Let's say you need to buy \$250,000 Canadian. If your bank takes one percent more than another provider you are paying a hidden fee of over \$2000 above what you should. What's more, banks are not able to manage the international payment process.

This brings us to the next important point. Payment deadlines are firm with Canadian real estate and delays can result in a penalty or even a collapsed deal. Funds must arrive on time for both the deposit (to the real estate company) and closing (to the lawyer or notary of your choice). Cheques (or checks) are *not* an acceptable form of payment. The best payment method is either a Canadian dollar wire transfer or certified cheque/bank draft from a Canadian bank.

Stewart Gardener (*names of clients have been changed for privacy*) sold his flat in London and used Custom House to transfer funds for a condominium purchase in Whistler, British Columbia. Stewart was pleased with the exchange rate through Custom House and the speed in which the funds arrived for the deposit and closing payments. He has since recommended Custom House to a number of his friends and associates.

Vanessa Mitchell lives in Seattle, Washington. She invests in the Vancouver condo market and has used Custom House many times. She likes using currency bids to achieve the best possible rate on Canadian funds. She also uses the online payment option offered by Custom House to make ongoing maintenance payments on her properties. Vanessa used to use her bank in the US to wire funds to Canada but was frustrated by the time it took for funds to arrive in Vancouver after clearing through New York and Toronto. In fact, she once had a deal collapse because of a late payment and she lost her deposit. It was an expensive lesson and one she won't forget. That's when she first heard about Custom House and our specialized service for international payments.

Custom House specializes in international payments, offering payment solutions tailored to the real estate market in Canada.

Here's how Custom House differs from a bank:

- 1) Currency values change by the minute – Custom House offers real-time exchange rates at competitive prices. This means you save money buying through Custom House.
- 2) When using a foreign bank to move funds to Canada, your money is moving from one institution to another and you have no control over the speed of the transaction. This can result in long delays, which can put the property purchase at risk and cause a great deal of unnecessary stress.
- 3) When dealing with Custom House, funds stay within the same institution. You settle on an exchange rate and then pay Custom House in your domestic currency. Canadian funds then move quickly to the trust account in Canada.
- 4) You do not need a Canadian bank account to deal with Custom House.
- 5) If the payment is due some time in the future, you have the option of bidding on an exchange rate or locking in a rate ahead of time. If you choose to lock in a rate ahead of time (“buy forward”), you are protected from the downside (your currency depreciating) but you are not able to participate in any upside. As a result, clients typically either buy funds as they need them at what are called “spot rates” (or the exchange rate at the moment) or place bids for a better exchange rate. Bids can last up to 30 days and may be changed or cancelled at anytime provided they have not already filled.

In order to arrange for international payments through Custom House, you must submit an application. Once your account is active, you may use Custom House as often or little as you require. There is no minimum transaction amount for using Custom House's online payment service. For telephone service, the minimum transaction is \$10,000 Canadian.

Contact Custom House at 604.482.6000 (toll free in the USA and Canada: 1.800.350.6001) or at privateclient@customhouse.com

Custom House is the largest non-bank foreign exchange company in North America. Custom House has achieved the prestigious Platinum status with Canada's 50 Best Managed Companies and is the official foreign exchange provider of the PGA TOUR .

About the author:

Michael Barker-Fyfe manages the Private Client Division of Custom House. He has been quoted in the Seattle Times, San Francisco Chronicle and L.A. Times and published a feature article on foreign exchange in Canadian Treasurer Magazine. Mr. Barker-Fyfe was the foreign exchange expert selected for the book *Closing Bigger: The Field Guide to Closing Bigger Deals*, published in October 2005. He regularly presents to groups of lawyer, investment advisors, mortgage brokers, real estate agents and the general public.

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