Cross-border Mortgage and Global Wealth Management Strategies

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03:44
Robert Chadwick
Hi, everybody. This is Robert Chadwick with America Mortgages. Thank you for joining us for our most recent monthly webinar. We are super excited to have Joel Barretto from Abacus Wealth International join us. We will discuss the options for wealth planning along with wealth planning with real estate. Then, as we always do, we'll cover some mortgage options. Joel, thank you for joining us. Perhaps you can tell us a little about yourself, and your company and start us off.

04:27
Joel Barretto
Thanks, Robert. Thank you for joining me here today. And thank you for having me here, Robert. Before I begin, I'd like to go through a quick disclaimer just to appease our compliance department. Then I'll go into some introductions. Robert, if you have anything to add, interrupt me at any time. Abacus Wealth International, we are a fee-based California SEC-registered investment advisor fiduciary specializing in cross-border wealth management and financial planning services. Our objective is to develop a relationship of trust with a commitment to provide the highest standard of competent and professional financial guidance based on experience, ethical values, and excellence.

As Robert mentioned, my name is Joel Barretto. I've been a financial planner and financial advisor since 1991. I'm also a certified financial planner. Today, I am the principal of cross border wealth manager here at Abacus Wealth International. So that's as much as I have as an introduction for myself. Robert, do you have anything to add?

06:33
Robert Chadwick
No, I think this is good. Perhaps you go with the slides, then we will switch over to the mortgage option, and then we'll do a question and answer for everybody.

06:43
Joel Barretto
Great. Since I was mentioning I'm a wealth manager, let's begin with the definition of what is true wealth. When I ask people what their most valuable asset is, most of the time, people say it's their house, their stocks, their bonds, their jewelry, cars, or investments. These are what we call your financial or material wealth. But sometimes, I'm talking to the wife and she would say something different. She would say, “It's my family, my health, my values, my spirituality, heritage, character, relationships.” These are what we call your human assets and your human wealth. Then you have these assets that define your wisdom and your intellect. This is your knowledge, your experience, your education, reputation, system, methods, et cetera. Then, of course, we also believe that your community is part of your assets.

You have your civic and social responsibilities towards your community, like your taxes and your charities and your volunteerism and your contribution. So when we're talking about true wealth or wealth management, they are somehow interrelated and co-dependent on each other. What is wealth management? A discipline that incorporates structuring and planning wealth to assist in growing, optimizing, protecting, and transferring wealth for generations to come. We are also a fiduciary, where we're legally bound to act in our client's best interest. As fiduciaries, part of our responsibility is the general well-being of our clients, efficiently managing wealth, safeguarding our clients’ interests, acting as their gatekeepers, mitigating risk, and optimizing wealth. We believe that it is more important that your values are understood before your assets are valued. In wealth management, we look at four branches, namely, tax savings strategies, investment optimization, retirement planning, and estate preservation.

As if wealth management was not complicated enough, cross-border wealth management takes the traditional financial planning practice to a different level as we analyze rules and regulations from other jurisdictions in the world and how they coincide with people's financial objectives in tax savings, investment, retirement, and estate planning. Unfortunately, there are only a handful of wealth managers who are crazy enough to take on this challenge of being a cross-border financial professional, and I happen to be one of them. Today, I want to share some concepts that we normally share in some of our workshops. But before doing that, there's going to be some questions. Although there is nothing simple about cross-border wealth management, we will try to keep the presentation as simple as possible for the benefit of the general population in attendance today from different parts of the world.

10:15
Joel Barretto
But for the more sophisticated questions that may be country-specific or too personal and complex, we invite you to schedule a free 15-minute complimentary consultation. It's free, there's no obligation, and we do it by Zoom. You may do this through our web page at www.abacus-wealth.com. Or we should have this linked in your chat box here today if you want to schedule one of these 15-minute consultations. I believe we have some question-and-answer portion later, so please feel free to ask your questions later as well. Part of our advocacy for financial literacy is providing educational workshops on holistic global investment strategies. One of the things we teach is successful equity management for true asset optimization. This is normally a two-hour workshop, but I will try to summarize this for you within the next eight minutes with a quick case study.

11:19
Joel Barretto
So without further ado, let's get started with this. Let's say you won a million dollars in cash in the lottery today. What would you do with that million-dollar cash? A lot of people would say, "Let's invest it in real estate." Why do people like to invest in real estate? Mainly because it's a tangible asset. It has equity growth potential, it has income potential, and, of course, the pride of ownership. The question would be how do we invest that $1 million into real estate with optimal results? So here we make some assumptions, and these are just examples, mind you. Please don't take this to heart. Let's talk about some assumptions on real estate. Let's say we can buy a million dollars in real estate where the current value is a million dollars. Let's say the average growth potential of this real estate is 7% over the next 20 years, with a monthly income potential of $2,500.

12:35
Joel Barretto
doing the math on this for 20 years, where your current real estate value is $1 million, growing at 7% per year. Over the next 20 years, your ending value for your real estate will be $4,038,000. If you've been collecting $2,500 per month in rent, at the end of 20 years, you would have collected like $600,000. Therefore, your total investment growth would have gone to $4,638,739. If we look at that in an annualized return situation, that means that your annualized return is about 7.97%. In the workshop, we normally ask three things about any investment before we consider it. The first question we ask is whether the risk is manageable based on the historical performance of real estate, I would say it's manageable. Is the return acceptable based on the historical returns on real estate in general, it's acceptable. Is it liquid?

13:56
Joel Barretto
Unfortunately, real estate is not liquid. And on the other hand, you have your cash. We can keep that under our mattress. And if we did, the question is the risk manageable? Some would argue that their money is safer under their mattress, but I would argue that if your house burned, that's a risk that you probably could not afford. Not to mention if your house didn't burn, then inflation would probably eat up your money and you would be exposing yourself to a different kind of risk called purchasing power risk. I would not say that the risk is manageable in cash. Is the return acceptable? There's a 0% return there, so that's probably not acceptable. Is it liquid? The answer is probably yes. Some people believe that because real estate looks like it's a better investment, moving that cash into real estate investment is a better way to put your money to work.

15:02
Joel Barretto
what if we can keep these two assets apart so you can have two assets working for you instead of one? Here we introduce the strategy of OPM or using other people's money, which Robert can help you with. Leveraging other people's money to make money. Before we get into this, we need to understand the concept of simple versus compounded returns. This is one of the concepts that we teach in these workshops. Let's go over simple versus compounded returns, where let's say you have a million dollars earning 7%. In the first year, you're going to get $70,000 in return. Your ending balance would be $1,070,000. In the next year, because it's a simple return, you're going to earn another 7% of that same million dollars and your ending balance would be $1,140,000 and so on until the end of that fifth year.

16:11
Joel Barretto
your balance ends up being $1,350,000. Now that's a simple return. Let's compound the return and see what the difference is. If you were to have that same $1 million at 7% the first year, you're going to get $70,000 in return.

But in the second year, you're going to take that $1,070,000 and you're going to earn interest on interest. So you get a little bit more in the second year, the third year, and the fourth year. As you can see at the end, you have $1,403,409. As you can see, the difference here is about $50,000 over those five years. The question is, how do we apply this same concept in real estate investing? Let's take a look at the same assumptions that were talking about earlier. But this time, let's say we can borrow money from Robert at 7%.

17:20
Joel Barretto
It's probably lower than that Robert, but this is just an example. You can borrow that at 7%. Let's say we can amortize that over 20 years and your payments are going to be $753,000 per month over 20 years. That means at the end of 20 years, you would have paid the bank $1,860,717. Because you borrowed that money, you still have your million-dollar cash sitting on the other side. We say we put that to work for you and try to find an investment that can also return at a 7% return, but this time it's going to be compounded. So the difference here is the amortized loan because you're paying the interest. One of the principles to bring it down is a simple interest. If you can do the same thing on your cash, where you can earn some compounded returns, you're going to get the same thing where $1 million over seven years at 20% compounded becomes $4,038,739.

18:40
Joel Barretto
the difference between the two is you picked up another $2,178,000. Going back to our assumptions earlier, where you have an original investment of $1 million in that piece of real estate property with 7%, but this time you'd use the OPM strategy where the growth of your real estate would still be the same at $4,038,000, regardless if you have a loan on it. Your income would still be $600,000. But this time, you picked up an extra $2,178,000. This gives you a total investment growth over 20 years of $6,816,761. That gives you an annualized return using that strategy, going up to 10.7%. Please keep in mind that these are all just hypothetical examples for educational purposes only. The actual application of these strategies will rely on several factors before we can determine if it is a suitable strategy based on your financial goals and your situation.

20:00
Joel Barretto
at Abacus Wealth International, to determine this, we require clients to go through our holistic financial planning process, where we can examine your estate, investment, tax savings, and retirement needs. This is done through a six-step process where we initially establish your most important financial goals and concerns. Then we gather relevant data so we can run an analysis and develop recommendations and an action plan for you. Once you're comfortable with the recommendations, then we also help with the implementation process. Once everything is in place, we monitor your progress to make sure that you are on track to meeting your financial goals. I know there are going to be a lot of questions, so we invite you to take advantage of the free 15-minute, no-obligation consultation with me. You can do that through my web page at www.abacus-wealth.com or through the chat box.

21:09
Joel Barretto
There should be a link there that will take you to our schedule for a Zoom meeting, and we can take care of those questions for you. That's all the time I have for today. I'm going to give the floor back to Robert.

21:36
Robert Chadwick
Thank you, Joel. Super interesting stuff. I think to grasp the full picture of it, people probably should schedule something with you. There's no loss in it except a little bit of time, but I seemed to know that what you'll be able to teach them could be potentially life-changing.

22:01
Joel Barretto
Thank you, Robert.

22:02
Robert Chadwick
With that, I will cover the mortgage options for foreign nationals and expats. We will then open it up to a question-and-answer session. You can just put some information into the chat. If you would like to register or sign up for a consultation with both Joel's team and my team with America Mortgages, there is a link in the

group chat option. You can click on that and you can arrange something free of charge to be able to cover whether it's Joel's side or it's the America Mortgages side. With that, we'll go through the slides and then do the questions and answers after.

America Mortgages, if you're not familiar with our company, is a global mortgage broker. Our parent company is Global Mortgage Group. Besides offering mortgages in the US, we offer mortgages pretty much in most countries where they have a transparent mortgage market.

23:32
Robert Chadwick
The general overview for US mortgages only, all of our loan programs have no US credit required. You can use your home credit from whatever country that you're in. In the event you are in a country without a credit reporting agency, there are options for that as well. These loans require no AUM, meaning this is dry lending. You will not have to open up a bank account and have a certain minimum during the term of the mortgage. It will be funded without you having the requirement of opening up a bank account with that lender. Foreign income is allowed. Regardless of where you live, you can use your income whether you're a foreign national or expat. If you are a US expat, no W-2 is required for these loans. We have loan programs in all 50 states.

24:37
Robert Chadwick
If you're a foreign national not holding a US passport, you can qualify for up to 75% financing. If you're a US expat and you still maintain US credit, you can get up to 80% financing. If you're a US expat and you no longer have US credit, that's perfectly fine. You would qualify as a foreign national, but you would have the opportunity to re-qualify again as a US expat after 24 to 36 months after re-establishing your credit. After you complete your application and submit the required documents, we can issue a loan approval within 72 hours, sometimes even quicker. The average closing time for a US mortgage, depending on where you're going to sign a course, is 30 to 45 days. That's for purchases, refinances, or equity release. You can sign your closing documents in almost any country and we have a variety of ways to do it (video to online notary to a local notary to visiting the US embassy or consulate).

25:52
Robert Chadwick
One thing that is unique to the US, is 30-year amortized mortgages, regardless of the borrower's age. If you're 19 or 99, you still can qualify for a 30-year mortgage. As interest rates are higher, we have a ten-year interest servicing-only loan, where you'll have a fixed rate for those ten years. After those ten years, the loan does not reset. Whatever the rate that you're approved at that rate is through those ten years on an interest servicing only. It converts into a principal and interest 30-year fixed without a rate adjustment. You have a total 40-year tenure and it helps as interest rates are higher. We have loan programs that have common sense underwriting, meaning it is treated as a true commercial investment and it qualifies only on the rental income of the property and not your income documents.

26:57
Robert Chadwick
Perfect for a self-employed client who may not show their true serviceability of debt. One of the many things that we're very proud of is we have a 97% approval rate on our application submitted. If we submit your application and you follow our guide, most likely your loan will get approved. If it does not get approved, it's normally an issue with the property and not the borrower or the loan program. We have 24/7 service with 30 loan officers in twelve different countries speaking your language and in your time zone. No longer do you need to stay up until 2 or 3 in the morning to speak to somebody in New York about your loan that maybe doesn't even understand the conversion of finance or currency? Our loan programs are quite simple. The most popular loan program is our America Mortgages Express Plus.

28:04
Robert Chadwick
As I explained before, this is very common-sense underwriting. If you look at commercial properties and how commercial properties are approved, they're approved on the cash flow of the property, which makes absolute sense when you're talking about investing in rental property. With this particular loan, no personal income documents are required. The only thing that we're going to do to qualify for the loan is go off of the rental income of the property. If the property is not rented yet when we do the appraisal or the valuation report, we will get a supplement that'll also comp out the rental amount and that's the income to qualify. No US credit is

required. We have loan amounts as low as $150,000 and up to $3 million on these loan programs. At 75% loan to value, pretty much anybody can be a real estate investor as the minimum purchase price would only be $200,000.

29:12
Robert Chadwick
There is no AUM required and the closing time is 30 to 45 days. I'll show you an example of how this program works. If you take the gross rental income of $2,400, you take the mortgage payment, which would be considered the principal, the interest, the tax, and the insurance is required. If that is $2,400 or less, the loan qualifies. We can use 100%, maybe even a little bit more of 100% of the rent. Though rents are very high it's still catching up when it comes to doing the valuations for rent, even if the rent comes in short, it doesn't mean that the loan qualifies. It just maybe means that there's a little bit more down payment required.

30:13
Robert Chadwick
Our AUM Investor Plus Loan is a very simple loan program that replaces having to provide your tax returns. Because we're doing loans all over the world, with borrowers from Shanghai to Sydney to Manila to London, if we had to go through tax returns, it would almost be impossible. So rather than providing your tax returns and rather than going off of the income of the property, if you're employed, we would require a letter from your employer. If you're self-employed, then a letter from your accountant. That letter merely needs to state two years of your past income and your current year-to-date income. That is sufficient. No need to provide your tax returns or pay stubs. Again, as with all of our loans, no US credit is required. $150,000 minimum loan amount, no AUM. 75% financing for foreign nationals, and 80% for expats.

31:21
Robert Chadwick
How this works is very much probably like in your home country. We have a debt-to-income ratio. For this particular case, it is 47%. If we take your gross income (your income before tax) and deduct the mortgage payment (principal tax insurance), as long as it is at 47% or below, the loan qualifies. The AM High net worth mortgage is extremely popular with mainly our private bank clients. This is an easy way to qualify a high net-worth client. We know high net worth clients have multiple jurisdictions of their tax returns, very complicated write-offs, tax returns, et cetera. We are not going to require their tax returns. We would require two months of their liquid portfolio. If you're investing with Joel, he can certainly assist you with it. Or if you need to combine things from different banks, that’s possible.

32:33
Robert Chadwick
Once we have all of these statements, we're going to take a monthly average. The great thing about this loan program is, that even though we're using these assets to qualify, there is no encumbrance on these assets. The only encumbrance, just like a normal mortgage, is on the property that you're buying or refinancing. Again, no AUM is required. These loans are starting from $3 million, and they can go all the way up to $100 million plus. How does this qualify? Very straightforward and simple. If you were to take your two-month portfolio average of $5 million of stocks, bonds, and cash in the bank, we would divide that over a 60-month term. That 60-month term equates to the fixed portion of this specific loan. That would give you approximately $83,000 of monthly income meaning that your mortgage payment could be $80,000 a month, which would allow you to qualify for a sizable purchase of an asset.

33:52
Robert Chadwick
We've tried to make this loan (AM US expat plus) as easy as if you were living and working in the US and walking into your local bank. It's that simple. Same rates, same programs. The only difference is there is no W-2 required and your foreign earned income is allowed. It makes being a foreign national borrower as easy as it gets. Supply two years of your tax returns, pay stubs, et cetera, have at least a 680 US credit score and you should be able to qualify. Loan amounts start at $150,000 with up to 80% financing for an expat.
We also have to take into account the debt-to-income ratio. For a US citizen, this would also include any debt that you may have on your US credit report, such as credit cards, car payments, et cetera, including your housing, which needs to be below 47% of your gross income.

35:04
Robert Chadwick

Happy to go over this in more detail if anybody has any questions. This is a very unique program that we launched last summer for the upcoming college students. We realized that there are a lot of parents and clients who want to buy properties for their children who are going to school in the US. This loan program works very similarly to AM Investor Plus. We're not going to ask for your personal income documents. We're going to go off of what the rental income would be generated from that property, even though that property will be occupied by your child. A fantastic program to qualify if you're looking for a place for your child to live. These loans also can go forward past when your child graduates and it can become an income-producing property.

36:07
Robert Chadwick
Up to 75% financing qualifies only on the rental income of the property, meaning no personal income is required. Loan amounts from $150,000 to $3 million. Very similar to the AM Plus, it qualifies off of rental income. Very straightforward, a one-for-one exchange of the rent for the mortgage payment. That's my presentation. If you have any questions, you can scan the QR code on your screen now and that will bring you to our website. You can inquire about a loan or talk to a loan officer directly. I will open this up to a question and answer session both Joel and I will be on. Anything that you have, please feel free to ask. For anything additional, there is a sign-up within the group chat that you can put your information in, and schedule a call with the America Mortgages team or Joel's team.

37:19
Robert Chadwick
Joel, thanks for joining us back here. First question. What are the pros and cons of having offshore accounts with bank deposits in tax haven countries? Joel, I believe that certainly would be it.

37:44
Joel Barretto
Yes. If you are a US citizen, usually that is used by high-net-worth US individuals as part of their asset protection plan. But unlike before, the monies that you put in the Caymans or the Bahamas or Nevis, are still reportable in your income. So you still have to abide by FACA regulations where you have to report anything over $10,000 on an FBAR and anything over $200,000 in international investments or offshore investments on your taxes. Otherwise, you'll be having some penalties. For non-US citizens, we use this as part of an estate plan. If you want to invest in real estate through the US, you're not a US citizen and you use your name, you might be subject to estate tax of up to 40% if the value of your investment is over $60,000.

39:12
Joel Barretto
The strategy of using an offshore corporation or an offshore trust is a good way of doing it if you're not a US citizen and then using that to purchase real estate or investments through the United States. That way, you avoid the 40% estate tax if something should happen to you.

39:42
Robert Chadwick
Super interesting. Also, I believe the estate tax is only on the equity-free portion of the property. By maintaining the highest loan-to-value on a mortgage throughout the term, you're not going to be subjected to as much taxes. There are also many ways to mitigate it.

40:11
Joel Barretto
That is absolutely correct. It is based on the net value of the assets that you are investing in the US. A lot of times, if you have a high net worth and you're investing in the US, you're going to hit that $60,000. So it might be a good idea to do some strategies to mitigate that.

40:33
Robert Chadwick
I think the US has a very bad tax rapport. People think the US is overly taxed. But when it comes to real estate investing, it's probably one of the smartest ways to do it. Because as a foreign national or an expat, you have the same tax advantages as a US citizen. There's no other country that has that. There are no stamp duties. There are ways to write off almost any income that's earned. Joel's a perfect guy to speak about this in a consultation. With that said, I'll get to the next question. Can a non-US citizen invest in the US stock market? That's a good question.

41:21
Joel Barretto
Yes, definitely. But then again, I revert to my previous statement. If the investment is over $60,000, then we probably have to look at foreign trusts or foreign corporations and use those corporations or trusts to invest in the US stock market.

41:49
Robert Chadwick
Next question. Can I hold my real estate property under my IRA?

41:57
Joel Barretto
Yes, you can do that. You'd have to go through a special custodian who will allow real estate in your IRA. But you have to keep in mind that real estate is not liquid. If you're close to the age of 73 and you're going to be required to take minimum distributions, and the only thing that you have in your IRA is real estate, then you might be forced to liquidate that or find a way of having some liquid money in the IRA to satisfy the required minimum distributions at the age of 73.

42:42
Robert Chadwick
That's valid because I don't think people think that far along unless they're actually at that age. You can hold your property under an LLC or under some US entity, which may mitigate many things, and it's absolutely a very common thing for not only foreign investors to do, but US investors to do as well.

43:09
Joel Barretto
Yes. And we have some other strategies to grow that stuff tax-free. It's just a little too complex, but something we can discuss on a one-to-one basis.

43:26
Robert Chadwick
Next question. Are there any age restrictions or limitations for retirees applying for a US mortgage? There are some excellent questions today for this webinar. There is no age restriction in the US. I know most countries that you're probably living in unless you're a US expat, have age restrictions on the mortgages, whether it's based on a working age or a specific age that the government puts into place. In the US, you cannot discriminate against anything, including age. So age, sex, religion, marital status, whatever it may be, cannot impact your ability to get a mortgage. For somebody that's 19 or 99, they have the same opportunity. To answer that question, there is no age restriction. You can qualify for whatever the maximum available amortization period. Next question. I'm working with a US-based mortgage broker, and seems they can easily get me 90% LTV or more.

44:33
Robert Chadwick
What is the benefit of your mortgages over this? Very good question. If you can get 90%, you have a great rate. I think you should do it. One thing that you should probably keep in mind is this is all we do. 100% of our clients are foreign nationals and expats. We have probably the vastest amount of programs that are available and probably the highest industry knowledge. I can tell you most mortgage brokers or lenders in the US probably see one expat or foreign national out of 100 borrowers. Maybe what they're telling you, they believe is accurate. But when you come down to doing the transaction, I don't think that you'll get 90% financing. If you do, please email me directly because I would like to know who the lender was. Next question. Can you provide more information on the LTV ratios and down payments required for a non-US citizen?

45:36
Robert Chadwick
For a non-US citizen, we can get up to 75% financing with a minimum loan amount of $150,000. If it's a purchase or refinance, the value of that property has to be at least $200,000. But again, depending on the loan program, we can go up to almost any amount. We have these loan programs in all 50 states. Next question. If I want to consolidate in the USA with properties in Ohio and Atlanta, who should I contact? We will have somebody reach out to you. We have a very good concierge program, and Joel's company is part of that. When

people have questions, in your case, looking for Ohio and Atlanta real estate, we have realtors or advisors that we've worked with in the past in all these countries. We trust them. We know that they're going to be able to provide the same service quality that we provide at American Mortgages. And we're happy to refer you. Next question. Joe mentioned 7% compounding. What gets you 7% compounding these days without taking a ton of risk? I don't think real estate anymore at today's prices.

46:57
Joel Barretto
As I mentioned, these are all hypothetical cases and please don't take it too hard. It's just for educational purposes to show you the difference between those two. But if you're looking for investments that have good returns, that are safe, that's something that will depend on your risk tolerance. So, we have to evaluate that first before we can make a recommendation.

47:32
Robert Chadwick
Interest rates are significantly higher than they were post-COVID, but if you look at what's happening in the market and you look at these major funds such as BlackRock, and JPMorgan, they're buying residential real estate now because this is a buyer's market. No longer are they getting outbid for properties. And we haven't seen rental yields like this in decades. If interest rates remain the same, then you have a fixed rate for 30 to 40 years, depending on what you have. If interest rates go down, then you can refinance the property. It's that simple. But you're not always going to be able to have this advantageous market to buy the properties in.

48:23
Joel Barretto
Very good point.

48:26
Robert Chadwick
Thanks, Joel. Next question. How do you assess US versus European real estate as investment vehicles, since you offer mortgages for both? Everything is done off a valuation report. Old evaluation reports are third-party. We don't control them. If you take the US, for example, it's almost done on a lottery. You go through an appraisal management system. You put the address of the property and it will assign a valuer or an appraiser to that property. Works very similarly throughout Europe and in Asia as well. Whatever they come up with is the value that we use for the property. If it's a purchase, it's either going to be based on the purchase price or the appraised value, whichever is lower. Next question. May I ask if the US expat who already has a home loan mortgage in his/her currently residing country, is eligible to apply for a loan to invest in the US property as well?

49:32
Robert Chadwick
I think you're stating if you have a home loan in the country that you're currently living in, can you get a loan in the US? Absolutely. What also makes this unique is this is kind of across all countries. The US reports a credit agency in the US. However, a US credit reporting agency will not report to your home country. So, it will not affect whatever debt servicing ratio you may have in your home country when you own properties outside of that country. As an example, if you own properties in Singapore, it will not affect your debt-to-income borrowing in Singapore because you have a mortgage in the US. What makes the US also unique is there are no minimums or restrictions on the number of properties that you can have with the maximum loan to value. If there are loan programs that are available and they're 75% you can have them for one property or you can have them for 100 properties.

50:43
Robert Chadwick
Next question. Is it a good idea to have my real estate property in Australia under my US trust? Joel, I don't know if you have any advice on that, but we do have an Australian specialist. If you reach out to our company, we can have them try to answer it for you. Joel, I don't know if you have any insight on this, but you're welcome to jump in.

51:08
Joel Barretto
Yeah, a revocable trust is an estate planning tool and is mostly used to escape probate. The probate laws in the

US are different from the probate laws in Australia. We go by situs on the assets. If the situs of the asset is in Australia, then it's not a good idea to have that in your US trust and vice versa. Because if you had an Australian trust and you had real estate in the US, it's the same thing. It might do you more harm than good because of foreign taxes that the trust would probably incur in the US. If you're trying to do some estate planning, you probably want to do one in the US if you have assets in the US, and then one in Australia. That way you make sure your assets are protected.

52:21
Robert Chadwick
Great answer. I think that answer also goes back to what we discussed earlier. Joel's an expert in dealing with clients like foreign nationals, expats, and people living outside of the US but requiring tax planning or wealth planning. Same with America Mortgages. These are the only clients that we see, and it shows the example of what we can provide the type of programs, and the sheer knowledge that we both have as companies.
Next question. If a family trust or an LLC is preferred, is it still possible to obtain a mortgage as shown? Or these must be under a personal name? I'll answer this because I think it's different when it comes to a mortgage or owning it if you were to own it in cash or outright. When you're applying for a mortgage, there has to be a borrower, a UBO.

53:23
Robert Chadwick
You can apply for a mortgage as an individual, but you can hold that asset in a trust or an LLC, whatever is advised to you by Joel's team or your tax accountant. That is optimal in how you would hold the property. However, for obtaining a US mortgage, it needs to be registered to an individual. Joel, I don't know if you have anything you want to add to that.

53:54
Joel Barretto
No, I think you pretty much covered it.

53:58
Robert Chadwick
Next question. Is real estate capital gain taxable if I maintain a second home or investment property scenario?

54:10
Joel Barretto
We can't give tax advice because that would be done by an accountant. But in terms of capital gains, your assets outside of the US real estate are still subject to capital gains. You also get a deduction of $250,000 if you lived in the property for two out of the five years or something like that, where you can get a deduction on the capital gains.

54:52
Robert Chadwick
Just like Joel with financial advice, we have another partnership or tie-up with a company that focuses only on providing tax advice to foreign nationals and expats. If you want to reach out to us after this, we can send you that information. If you go to our website and on our concierge page, which is somewhere in the middle of the website, you can click on this as well. It’s also free to arrange the initial 15-minute call. Next question. Properties must be in the USA? Or other countries are okay? Certainly, for America Mortgages, they have to be in the US. But we do have loan programs in most countries that have a transparent mortgage market. Next question. Do the loan repayments include escrow amounts for real estate, taxes, and insurance? Or can the borrower keep making these payments separately?

55:51
Robert Chadwick
Very good question, because it comes up quite often. If you're not used to having a US mortgage, this can be a bit shocking for some people. Most mortgage lenders, especially if you're a foreign investor, require you to pay your taxes and insurance with the mortgage payment. For example, if the taxes are $100 and the insurance is $100 and the mortgage is $1,000, your payment would be $1,200. There are options if you do want to pay it separately. It becomes a little bit more expensive because the lender is taking a risk. If you think about it, if you fail to pay some of these, the government could impose a lien on the property. Any kind of government lien is

always in first position, even if there's a mortgage. So, it impacts the mortgage lender and that's why they require it.

56:50
Robert Chadwick
Next question. Are there workshops like this for Global mortgages? I am a self-employed US expat in Spain shopping for a mortgage. Yeah, absolutely. We have webinars for Global Mortgage Group as well. If you email us, I will put you in touch with one of the people in our European office and they will assist you with the Spanish mortgage. I know for a fact that we can do loans in Spain. Do you have offices in Australia or New Zealand?

57:26
Joel Barretto
I'm located in the Philippines right now. We are US registered and I cover pretty much all of Asia. So, yes, I can meet with people mostly in the Asian territories.

57:44
Robert Chadwick
For the US, we do have loan officers who are based in both Sydney and Melbourne. Nobody in New Zealand, unfortunately. If you'd like to meet with somebody, we can arrange that. Next question. What is the benefit of paying cash for my property in the USA?

58:02
Joel Barretto
As we just discussed, it's on a case-by-case basis. In doing the financial plan, we're able to determine and make recommendations if that is a sound strategy or not, and then we back it up with numbers. That's a question we can't answer right now until we know what the situation is.

58:32
Robert Chadwick
In my personal opinion, as a foreign national or an expat, you still have the same tax advantages as a US citizen. If you can use other people's money to be able to acquire properties, I think there are far better uses for your cash. Personal opinion.

59:03
Robert Chadwick
As an Aussie with an Aussie trust that owns a US LLC, owns a Chicago property and oil wells, no debt already, can I get a GMG US loan in the name of my LLC or my Aussie trust? That is a very in-depth question. As long as there is an individual borrower, it looks to me like they may. I know it is quite popular in Australia to do a blocker. As long as there's a UBO, the ultimate beneficiary of the mortgage, meaning somebody is applying for it in their name, we can look at doing a blocker. It does make the loan options limited, but it's not impossible. What is the distinction of a transparent mortgage market? I'm not sure what that] transparent mortgage market specifically means. If I mentioned transparency, it's probably in the fact that any costs for a loan are divulged, emailed, or sent to you however you choose to receive them within three days of applying for this mortgage.

01:00:34
Robert Chadwick
We are transparent when it comes to any fees and costs. The last thing we want you to do is to go to that signing and closing table and see that the fees are significantly more than what you thought. As a company, we send out our closing statements three days after applying for that loan. As long as the loan program doesn't change, your financial situation is the same that was disclosed initially, then when you close that loan, the numbers will be the same or less. Next question. My young children are Aussie-USA dual citizens. Would AWI recommend that they renounce their US citizenship from a tax perspective if they plan to live and work outside of the US? Wow. I think everybody's asking this question, John.

01:01:28
Joel Barretto
That's on a case-by-case basis, but it's too early to tell if the kids are going to be earning this much. Some parents want their children to have the option of choosing citizenship between the US and Australia. There are a lot of factors that have to be considered. To renounce your US citizenship while you're young and you don't

have many assets, the exit expenses would be a lot less. But your children would probably not have the option of having that US citizenship later on in life. It's a matter of perspective. In terms of taxes, I still think Australia has a higher tax hierarchy. So it's just the hassle of having to report those taxes and taking credits from the taxes that you're paying in Australia, in the US.

01:02:42
Joel Barretto
So, you still avoid double taxation there. If tax is the problem there, Australia still has a higher tax hierarchy right now. We don't know what the future holds in terms of how these taxes are going to work, how the relationships between the countries are going to work, tax treaties, and so forth. It's very hard to tell what the future holds.

01:03:12
Robert Chadwick
Yeah, I absolutely agree. Especially as an expat myself for the last 13 years, you always feel, should I give up my passport? Should my kids give up their US passports? It's a personal thing for each person and what benefit they have.

01:03:32
Joel Barretto
It's a matter of preference.

01:03:40
Robert Chadwick
I agree. Last question. Robert mentioned rental yields are attractive in this market. What are the cities and areas that you recommend? I spent a lot of time looking in California recently, and nothing looks like value at this moment. One, it depends on the purchase price of the properties. Certain markets or the markets that we see a lot of value and really good yields in are still Florida and Texas. If you look at both of those markets over the last couple of years, it has a lot to do with taxes and a business-friendly environment. A lot of companies are moving into these areas. A lot of people who would normally buy owner-occupied properties are sitting on the sidelines right now. People that have mortgages that are sub 3%, they're not choosing to sell.

01:04:40
Robert Chadwick
You're having this massive shortage of available properties. You have this cost of owner-occupied properties where people are choosing not to buy properties and to rent. It's forcing rental yields to some of the highest we've ever. If you look at states like Texas and Florida, I think you're going to see some fantastic yields whether you get a mortgage or you pay cash. It looks like that's all the questions. In the group chat, there is an option if you want to schedule a 15-minute consultation with Joel's team or the America Mortgages team. Any questions that you may have that we didn't answer, feel free to email us. Everybody on this webinar will receive a video summarizing this. We'll have everybody's contact information probably within a week. And if you have any questions, you can email me, Joel, or anyone on any of our teams.

01:05:52
Robert Chadwick
Joel, any parting words you'd like to say?

01:05:55
Joel Barretto
I think that pretty much wraps it up. Thank you very much, Robert, for having me. As Robert was saying, please feel free to reach out. We're accessible.

01:06:10
Robert Chadwick
Joel, thank you very much, and thank you for your team helping set this up. And of course, always thanks to the America Mortgages and Global Mortgage Group team as well. We'll see you next time for our webinar, which will probably be in about two weeks. Thanks, Joel.

01:06:24

Joel Barretto
Thank you.

01:06:25
Robert Chadwick
Thank you, everybody.

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