

“Trends in Cross Border Investment in U.S. Real Estate and Oil and Gas”

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Farm and Land Marketing Session
San Antonio Board of Realtors
San Antonio, Texas

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I. Introduction: Global Economy

- A. Companies can choose to set up business and investment operations wherever they wish. Investing globally increases your portfolio diversification.
- B. Due to the global economy, U.S. companies wish to enter new markets before competitors; Real Estate transactions used to be more local and domestic, however, the development of real estate private equity has made it a more global practice.
- C. The weaker U.S. Dollar, particularly vis-à-vis Euro, affords U.S. companies new export opportunities, and makes imports more expensive; Caterpillar and other heavy equipment makers have increased sales in China, India, the Middle East, and elsewhere, even as U.S. sales have slowed. The weaker Dollar also benefits stock of overseas U.S. corporate investment by raising its Dollar value. The exchange rate on September 1, 2011 was at \$1.40 per €1.00.
- D. In 2010, for the seventh year in a row, Texas was ranked as the number one State by export revenues. Texas exports for 2010 totaled \$206 billion. Texas' top export markets are Mexico, Canada, China, and the Netherlands, and the top export industries are chemicals, computers, electronics, and machinery.
- E. Creation of regional trading blocks, new free trade agreements, and international business developments as follows:

1. Regional Trading Blocks:

a. European Union. The EU is a customs union and a single internal market (not just a free-trade area) based on the free movement of goods, services, persons, and capital: It has a common external tariff vis-à-vis non-member countries, and has the power to create supra-national EU law, which prevails over the national laws of the 27 Member States. The European Union's eastward expansion will most probably include Croatia as its next member. Its population is 500 million consumers.

b. North American Free Trade Agreement (NAFTA). In 1994, United States, Canada and Mexico create a free trade area; U.S. companies sold \$45 billion in goods to Mexico in 1993 before NAFTA. In 2010 that figure was \$163 billion a year. Much of those goods came through Texas creating jobs here. Its population is 387 million consumers.

2. Free Trade Agreement:

a. European Union - Mexico Free Trade Agreement. Effective as from July 1, 2000, it reduces tariffs on goods and services over a 10-year period with the following benefits:

- 1. The Mexico-EU Agreement may be used as a bridge to Latin America, particularly with those countries which Mexico has executed, or is negotiating Free Trade Agreements (e.g. Colombia, Venezuela, Chile,

Costa Rica, Honduras) along with complementary Economic Agreements with Argentina, Brazil and Uruguay. Mexico has 11 Free Trade Agreements in place with 41 different countries.

2. U.S. companies with a real presence conducting business in Mexico are in a better position to export to Europe from a lower customs duty perspective.

b. U.S. – Korea Free Trade Agreement. Negotiations were announced on February 2, 2006, and concluded on April 1, 2007. The treaty was first signed on June 30, 2007, with a renegotiated version signed in early December 2010. The agreement was passed by the United States on October 12, 2011 with the Senate passing it 83-15 and the House 278-151. It now awaits ratification from South Korea. South Korea is 11th largest economy in world. This is the second largest free trade agreement for the US, after NAFTA.

c. MERCOSUR - South American trade agreement group consisting of Argentina, Brazil, Paraguay, Uruguay, and Venezuela.

3. Association of Southeast Asian Nation (ASEAN). 10 members, consisting of Brunei, Indonesia, Thailand, the Philippines, Malaysia, Singapore, Myanmar, Cambodia, Laos, and Vietnam. ASEAN signed a Free Trade Agreement with China.
4. World Trade Organization (WTO). WTO membership of 153 country members expands market and investment access to its members and provides dispute settlement rules. Vietnam, Cape Verde, Russia and Ukraine are recent members. Likely to see more U.S. trade and investment with these countries.
5. World Economies. Largest economies are U.S., China, Japan, India, Germany, and if the European Union is viewed as one economy, it would be equally as large as (if not larger than) the U.S. economy: The European Union and the United States are the two largest economies in the world. Taken together, they account for about one-half of the entire world economy.²
6. EU Development. EU Lisbon Treaty. Treaty signed by foreign ministers of the EU on December 1, 2009. The Lisbon Treaty provides for an EU President and an EU Foreign Minister.

II. Currency Movements.

- A. Weak U.S. Dollar – In 2002 the Euro was worth around \$0.90 on average. On September 1, 2011, each Euro is worth \$1.40, making the purchase of U.S. assets less expensive, and hence, more attractive. Many times, the return of the currency can be better than the

² <http://www.eurunion.org/profile/facts.htm>

return on the underlying asset. In addition, you can diversify your currency exposure by investing in non-dollar assets.

- B. Interest Rates – The European Central Bank’s current policy of higher interest rates of 1.5% to curtail inflation vis-à-vis much lower interest rates of 0% in the U.S. continues to weaken the U.S. dollar.
- C. EU Globalization of Production. By shifting EU production into China and other Asian countries tied to the U.S. Dollar, EU companies can hedge against a strong Euro. For big players like Airbus, whose costs are priced in Euros while their products are priced internationally in U.S. Dollars, the Euro’s strength creates problems if not adequately addressed. European companies, because of the social legislation and labor laws, do not have the same flexibility that U.S. companies have to outsource and shift production.
- D. Euro zone is experiencing “sovereign debt crisis” in Greece, Ireland, Portugal, and now in Spain and Italy. The European Financial Stability Fund (EFSF) is the euro zone’s bailout fund for countries like Greece with a troubled debt situation.
- E. U.S. trade imbalance hit \$497.8 billion in 2010³. U.S. exports are growing faster while foreign imports are more expensive.
- F. Chinese Yuan, the value of which is carefully managed against the Dollar by the Chinese Government, is making Chinese exports even more competitive. Henceforth, pressure by the US Government to allow it to float. Chinese trade is done in U.S. Dollars, so when the U.S. Dollar weakens, Chinese products are more competitive. The Chinese Government recently announced the formation of a new agency to oversee investment of China’s \$1 trillion in foreign currency reserves. On September 1, 2011 Yuan exchange with US dollar was \$1.00 to 6.38 Yuan.
- G. U.S. Dollar vs. UK Pound makes U.S. assets cheap for UK investors. U.S. Dollar is presently at \$1.59 per £1.00 on October 21, 2011.

III. European Union (EU) – U.S. Relationship.

A. Trade.

- a. The EU and the U.S. account for 40% of global trade in merchandise.
 - 1. 20% of U.S. exports goes to the EU whereas 25% of EU exports goes to the U.S.
 - 2. In 2010 U.S. exports to the EU totaled €169.5 billion (\$237.5 billion) and imports from the EU totaled €242.1 billion (\$339.2 billion).

³ <http://www.census.gov/indicator/www/ustrade.html>

b. Texas and the EU

1. Trade. 1.10% of Texas' \$150 billion international exports are to EU Member States (\$15 billion).

B. Investment.

- a. EU-based companies are the largest foreign investors in 45 of the 50 states, including Texas.

1. European investment in Texas was over \$50 billion.
2. 62% of the foreign direct investment in Texas is from EU Member States.
3. European investment supported 210,700 jobs⁴ in Texas.

b. EU- U.S. Investment.

1. EU investment in 2009 into U.S: €79.2 billion (\$111.01 billion).
2. U.S. investment in 2009 into EU: €97.3 billion (\$136.39 billion)
3. The “transatlantic workforce” consists of approximately 12-14 million people, half of which are Americans employed either directly or indirectly by EU companies
4. EU's total investment stake in the U.S. economy today exceeds \$1.4 trillion, accounting for nearly 75% of all foreign investment in the United States.

C. Services.

- a. Amount of EU service exports into U.S. in 2010 : €125.2 billion (\$175.5 billion)
- b. Amount of U.S. service exports into EU in 2010: €131.0 billion (\$183.63 billion)⁴

Conclusion: The European Union and the United States are the largest markets for one another's trade and investment. The EU is the largest trade, investment and services partner of the US.

⁴ http://ec.europa.eu/trade/issues/bilateral/countries/usa/index_en.htm

IV. U.S. Inbound Investment.

- A. European private investment from Germany, The Netherlands, Belgium, France, etc., continues in office, land, warehouses, ranches, and energy.
- B. Mexican investment in San Antonio: Mexican investors own 10% of all residential homes in Northwest San Antonio, accounting for over 50,000 homes. IBC Bank in San Antonio reports that 22% of IBC's \$114 million in mortgages lending in 2010 was to foreign nationals financing secondary residences in San Antonio. These are vacation homes in the \$300,000 range. Mexican investors recently purchased the former Bexar Saving's Office Building on loop 410.
- C. EU REITs & Regime
 - a. France: SIIC (Société d'Investissement Immobilier Cotée ; effective January 1, 2003).
 - b. Germany: REIT-Aktien-gesell-schaft; effective January 1, 2007
 - c. Netherlands: Fiscall beleggings-int elling
 - d. UK: REIT (Real Estate Investment Trust); effective January 1, 2007
- D. German global investment funds (e.g., Deutsche Bank Private Wealth Management and MFS Investment Management).
- E. Australian REIT purchase retail malls and centers.
- F. UK REIT (in force as of January 1. 2007) funds acquire U.S. malls, offices and U.S. REITs.
- G. Asian Investment in the U.S.
 - a. More Government-funded finance vehicles in Asia, are based in China and Singapore.
 - b. Asian investors prefer West Coast cities such as San Francisco and Los Angeles, feeling more comfortable in and around a large Asian presence.
 - c. Government of Singapore – GIC Real Estate, owned by Government of Singapore, purchases hotels and office buildings for its own account. Temasek Holdings, the Singapore Government's successful investment agency, manages an \$84 billion global portfolio of investments.
- H. Middle East.
 - a. Arab nations earned an estimated \$667.69 billion in 2010 from oil revenues, according to IMF.
 - b. Most Arab investors are individuals with short-term investment goals.

- c. Most Arab investors moved their capital out of U.S. after September 11, 2001, and now focus on Saudi Arabia, Qatar, Dubai. Big banks are opening offices in Dubai, which has become, the Middle East financial Center.
- d. Islamic Law prohibits interest on a straight loan; private-owned Islamic banks (not conventional banks) in Jordan, Egypt, Saudi Arabia, etc.

V. U.S. Outbound Investment.

- A. Globalization of Real Estate Private Equity Funds - U.S. private equity funds invest in real estate in South Korea, Germany, U.K., Belgium, India, and China.
- B. Germany – U.S. funds purchase commercial and residential real estate at prices cheaper than in other European countries. Merrill Lynch and Morgan Stanley are working with some large German developers in Germany to develop retail centers. Berlin is a popular market for foreign investors.
- C. India – With a population of 1,188,310,000 and GDP growth of 6.1%, India's dominant position as an outsourcing and manufacturing center.
- D. Euro Zone – Euro zone of 17 EU Member States out of the 27 members enjoy its fixed exchange rate and interest rates; Bailout problems in Greece, Ireland, and Portugal have made the Euro Zone less attractive to U.S. pension and institutional investors.
- E. EU – New members as of January 1, 2007 are Bulgaria and Romania, and are hot real estate markets for private investors seeking second homes and investment properties on the Black Sea, for example. These countries have lowest prices of the 27 EU Member States.
- F. EU Corporate Tax- EU Member State corporate tax rates are now often lower than US rates and serve as an incentive to attract investment: Ireland 12.5%; Bulgaria 10%; Romania 16%; U.K. 28%; etc.
- G. Luxembourg- International real estate funds are often listed on the Luxembourg stock market because it is less expensive to obtain a public listing. Plus Luxembourg has a favorable network of tax treaties.
- H. Russia – Moscow is also a “hot: office market for investors and developers due to Russia's oil-driven real estate boom. Moscow is the fourth most expensive office market, with rents at \$109.86 per sq. ft. Russia is in an accession process for membership in the World Trade Organization (WTO) in the very near future.

- I. Asia Vietnam- No one is allowed to own land in Vietnam. Ownership laws are complex. Foreigners are limited to 50-year leases. With Vietnam's recent membership in World Trade Organization, one will likely see more U.S. trade and investment in Vietnam.
- J. Mexico – Mexico has significant security and crime issues in Mexico affect foreign investment in Mexico at this time. Mexican resort properties are still a popular concept to U.S. developers. U.S. title insurance is available. If the property is within restricted zone of 50 kilometers of the Coast or 120 kilometers of the U.S. border, and is commercial, a foreign investor may purchase property through a Mexican corporation owned by foreign shareholders. Residential properties are held through 50-year trusts.
- K. China – Fee simple ownership is not possible in China; only ownership permitted is usage right to the “bricks and mortar,” which is restricted to 70 years for residential property, and to 40 years for commercial property. Land ownership is retained by the State.

VI. Eagle Ford Oil, Gas and Wind Energy in Texas

A. The Eagle Ford shale may be the largest oil field ever discovered in Texas. Therefore, drilling in Eagle Ford could last 20-30 years. Eagle Ford shale formation is of global interest to foreign investors as follows:

- a. Chinese. China's Government, CNOOC Ltd. invested over one (1) billion cash through Chesapeake Oil and Gas Company in leases in Eagle Ford and expects to invest another one (1) billion dollars for drilling and other work to maintain their lease. The CNOOC Ltd. (Chinese oil company) made an investment of 2.2 billion dollars through Chesapeake for a one-third stake in the acreage in Eagle Ford owned by Chesapeake.
- b. French. Schlumberger, the world's largest oil-field services company, is making large investments in mineral leases in Eagle Ford and is negotiating the purchase of undeveloped land in south Bexar County for an operation's site. Total SA is active in Eagle Ford and purchased first rights of refusal from Chesapeake.
- c. Switzerland. Weatherford International Inc. will build facility on the northwest quadrant of Loop 1604 and 1-37 to service Eagle Ford operations.
- d. India. India Reliance Industries committed to invest \$2.5 billion in a joint venture to invest in Eagle Ford.
- e. Singapore. Asian funds have invested in stock of Chesapeake Oil Company to make investments in Eagle Ford.
- f. Korea. Anadarko Petroleum Corporation reported that the company has entered into a joint venture agreement with the Korea National Oil

Corporation in the Eagle Ford shale. South Korea plans to pay \$1.55 billion for a 33% share of Andarko's acreage. After these payments are made, the Korean company will have 80,000 net acres in Eagle Ford Shale.

B. Renewable Energy

- a. Germany. Zarges Aluminum Systems Wind Tower Internals set up a manufacturing plant in north Texas to locate its U.S. operations to manufacture wind energy components.
- b. China. Renewable Energy Group and Cielo Wind Power announced a joint venture agreement with the Chinese Shenyang Power Group to construct and 600 megawatt wind farm in Texas. On November 6, 2011 AES Corporation announced that China Investment Corporation was purchasing a fifteen percent stake in the company for \$1.50 billion.

This is the first time that the Chinese government has invested in wind farms in the United States. Tang Energy has announced that it has secured \$300 million in financing from CATIC International Trade and Economic Development, a subsidiary of the state-owned China Aviation Industry. The funds will be used to develop up to 250 megawatts of wind power projects - Texas being one of the locations in strong considering.

- c. Spain. Iberdrola SA, the Spanish wind power firm that's one of the largest investors in U.S. wind, employs about 800 people in the United States.

VII. U.S. Reporting Requirements to Track Foreign Investment in the U.S., and other Special Topics.

- A. U.S. Department of Agriculture requires reports of any foreign investment in forests, agriculture or ranch land within 90 days of purchase. The purchaser must file Form FSA-153, if foreign ownership is 10% or more, and the aggregate investment is 10 acres or more.

- a. Penalty for non-filing – 25% of the fair market value of land.

B. U.S. Department of Commerce.

- a. BE – 605 Report is the primary vehicle to capture information on new investment by foreign investors. A repeat should be filed if foreign ownership is 10% or more (direct or indirect) of any form of investment in real estate, oil and gas, companies, etc. Exemption level is raised to \$60 million of assets, sales, or net income. Companies that become foreign owned should file a BE – 605 within 30 days of the end of the fiscal quarter in which the company became foreign owned.
- b. If the investment is under \$60,000,000, one is required to file only pages 1-3, 13, and 15 of the BE – 605 form.

- c. BE – 15 is due each year on May 31st if the foreign investments exceed \$40 million.
 - d. BE – 10, BE- 11 and BE – 577 relate to U.S. direct Investments aboard.
 - e. BE – 12. All foreign-owned companies are required to file every 5 years to benchmark survey on BE – 12.
- C. U.S. Patriot Act and OFAC (Office of Foreign Asset Control's) reports to the U.S. Treasury Department. Reference to these Acts often seen in real estate loan documents stating that the party attests that they have not done business with certain foreign countries, and with specifically designated nationals. OFAC has been used by banks and other financial institutions to block transactions of drug dealers and other "criminals."
- D. FIRPTA (Foreign Investment in Real Property Tax Act of 1980) withholding tax requires a buyer to withhold 10% of gross sales price when a foreign person sells or exchanges a U.S. real property interest. Real property includes mine, well, or other natural deposits. Such withholding must be remitted to the IRS within 20 days after the date of transfer by using IRS Form 8288. Careful structuring is required to avoid FIRPTA withholding of 10% of proceeds in a sale or a seller's 1031 exchange. There is an exception to FIRPTA for residences under \$300,000. U.S. Emergency Economic Legislation in 2008 and 2009 contains an Amendment of FIRPTA (Section 3024). FIRPTA also applies to wind energy farms.

A real estate broker or salesperson for either party can be liable for the sale that should have been withheld if the broker has actual knowledge that the non-foreign affiliate is false and fails to notify the buyer and the IRS. Under some circumstances, the broker may also be liable for civil and criminal penalties.
- E. Mexico "Black List". Mexico has a "black list" of tax haven countries, which requires Mexicans with ownership of offshore companies in these countries to report to the Government of Mexico. Alternatives to avoid such Mexican reporting are to use companies in the Netherlands, New Zealand, or other less overt tax havens.
- F. Balance Sheet. Foreign investors have a different form of balance sheet. When working with a French party, for example, their work week is 35 hours, with 5 week holiday, heavily regulated work force, expenses are high in France, and termination of employees is much more difficult and costly than in the U.S., which makes it more difficult for companies like Airbus, in France, as compared to Boeing in the US.
- G. Offshore Bank Account Reporting Foreign Account Tax Compliance Act (FATCA). IRS offered offshore voluntary disclosure to U.S. taxpayers holding foreign bank accounts; U.S. taxpayers can have foreign bank accounts but are required to report them if accounts are more than \$10,000.

VIII. U.S. Visa

- A. EB -5 U.S. Visa. The EB-5 Visa is available to foreign individuals making a \$1,000,000 investment in a commercial enterprise in the U.S. which creates 10 U.S. jobs. Investors from China and South Korea are looking at EB-5 Visas. Investments which are properly structured in U.S. real estate, oil and gas, and farm and ranch, could qualify if properly documented.

IX. Conclusion

Foreign investment in real estate, and oil and gas, creates jobs and raises property values in Texas. Eagle Ford Shale formation is a tremendous economic generation of jobs in Texas. U.S. Oil service companies like Baker Tools, Hughes Tools, etc. are purchasing real estate in south Bexar County to develop operation and storage facilities relevant to Eagle Ford. This network of investment is undeniably important to the short and long term economy of South Texas and will become more important in the near future.

The global financial crisis and world-wide recession has hit all sectors of the market across the world and across the board. The debt environment now requires more equity injection, greater personal recourse, smaller-sized loans, quality assets, etc., resulting in fewer loans. Despite the weakening U.S. Dollar rendering U.S. assets cheaper for foreign investors, limited foreign investment will take place in the U.S. in 2011, if only because foreign investors have problems of their own. The exceptions may be investment from China and India, excluding sensitive security areas. The recent billion dollar investment in Texas oil and gas in the Eagle Ford formation is an example of Chinese investment in the U.S. Foreign investors continue to look for special investment opportunities in the U.S. And although U.S. outbound investment in foreign countries was fashionable a few years ago, it will be curtailed in 2011 and 2012.

Good investment-grade real estate is more and more difficult to acquire in the U.S., making markets such as Europe (particularly Central and Eastern Europe), Turkey and the Balkans, and Latin America (Brazil) attractive to real estate funds once the financial crisis is resolved. But certain investors nevertheless are buying more and more foreclosed real estate from U.S. banks.

As President Obama has said, "A crisis is an opportunity not to miss." It is clear that fewer transactions will be concluded in 2011, making this an ideal time to refine your business plan and to execute it when the economy starts to improve in the future.

Close

This form is available electronically.

AMENDED ☐

Form Approved – OMB No. 0560-0097

FSA-153
(10-13-10)**U.S. DEPARTMENT OF AGRICULTURE**
Farm Service Agency**AGRICULTURAL FOREIGN INVESTMENT DISCLOSURE ACT REPORT***Note: Read Instructions on Page 2 Before Filing in Any Data Below. (If Additional Space is Needed, Add information in Item 6, Page 2, or attach an additional sheet.)***1. TYPE ACTIVITY (See Instructions on Page 2) (check one)**A. Land ☐ Holding B. Land ☐ Acquisition C. Land ☐ DispositionD. Land Use Change ☐ to Agriculture E. Land Use Change ☐ to Non-Agriculture

ITEM		ITEM	
2. Tract Location and Description		5. Type of Interest Held in the Agricultural Land (Check one)	
A. Legal Description or FSA Tract Number		A. Fee Interest (Ownership) Whole <input type="checkbox"/>	
B. County or Parish		B. Fee Interest (Ownership) Partial <input type="checkbox"/> What Percent	
C. Number of Acres		C. Life Estate <input type="checkbox"/>	
D. State		D. Trust Beneficiary <input type="checkbox"/>	
3. Owner or Lessee of Tract (In Item 2A) (See Page 2)		E. Purchase Contract <input type="checkbox"/>	
A. Name:		F. Other (Check Box and Explain Below:)	
B. Tax ID No. (Nine Digits)		6. How was this Tract Acquired or Transferred?	
C. Legal Address (Street, City, State/Province, Country)		A. Cash Transaction <input type="checkbox"/>	
D. Type of Owner (If item D1 is checked, skip items D2 and D3.).		B. Credit or Installment Transaction <input type="checkbox"/>	
1. Individual. (Indicate citizenship of husband and/or wife if applicable).		C. Trade <input type="checkbox"/>	
a. Citizenship of individual(s)		D. Gift or Inheritance <input type="checkbox"/>	
2. Government (Country)		E. Foreclosure <input type="checkbox"/>	
3. Organization		F. Other (Check Box and Explain Below:)	
a. Type		7. Value of Agricultural Land:	
1) Corporation <input type="checkbox"/>		A. Purchase Price of Land or if a land disposition, the original price paid by seller.	
2) Partnership <input type="checkbox"/>		B. Non-Purchase, Estimated Value at the Time of Acquisition	
3) Estate <input type="checkbox"/>		C. What is the estimated current value or if a land disposition, the selling price of the tract of land?	
4) Trust <input type="checkbox"/>		D. How much of purchase price in Item 7A remains to be paid?	
5) Institution <input type="checkbox"/>		8. Date of Acquisition or Transfer (See Instructions, Item 8, Page 2)	
6) Association <input type="checkbox"/>		Month Day Year	
7) Other (Check box and Explain):		9. Current Land Use (Usual use of land, for idle land, report as Other Agriculture).	
b. Government or country under whose law the organization is created		A. Crop <input type="checkbox"/>	
c. Principal place of business (For organizations only)		B. Pasture <input type="checkbox"/>	
d. List on separate sheet, the Name, Address and Country of all foreign persons who individually or in the aggregate hold significant interest or substantial control ^{1/} in the person owning the land.		C. Forest or Timber <input type="checkbox"/>	
E. Complete only if Item 1C, Land Disposition, is checked.		D. Other Agriculture <input type="checkbox"/>	
1. Name of Person Receiving Tract		E. Non-Agriculture <input type="checkbox"/>	
2. Address (Street, City, State/Province, Country)		F. Total Acres (Should equal Item 2C)	
3. Citizenship: USA <input type="checkbox"/> Foreign <input type="checkbox"/> Unknown <input type="checkbox"/>		10. Intended Use as of This Date.	
4. Representative of Foreign Person (Completing form, if applicable)		Check one or more or enter "NA" if Item 1C or 1E above is checked.	
A. Name		A. No change. <input type="checkbox"/>	
B. Address (Street, City, State/Province, Country)		B. Other Agriculture <input type="checkbox"/>	
C. Telephone No. (Area Code):		C. Non-Agriculture <input type="checkbox"/>	
D. Relationship of Representative to Foreign Person		11. Relationship of Owner to Producer. Check one or more items if applicable. Enter "NA" if Item 1C or 1E is checked.	
1. Attorney <input type="checkbox"/>		A. Producer is:	
2. Manager <input type="checkbox"/>		1. Owner <input type="checkbox"/>	
3. Agent <input type="checkbox"/>		2. Manager <input type="checkbox"/>	
4. Other (Explain on Item 6, Page 2)		3. Tenant or sharecropper (Item 11B must be completed.) <input type="checkbox"/>	
13. CERTIFICATION: I certify that the information entered in this report is complete and correct. I understand that falsification of reporting is subject to a civil penalty not to exceed 25% of the fair market value of the interest held in the tract of land.		B. Rental agreement is: (Not applicable if Item 1C or 1E above is checked.)	
14A. SIGNATURE (Owner or Legally Authorized Representative)		1. A crop share <input type="checkbox"/>	
14B. TITLE		2. Cash or fixed rent <input type="checkbox"/>	
14C. DATE (MM-DD-YYYY)		12. The Producer on This Tract is:	
		Check one or more. If not applicable for Item 11A, then enter "NA". (Not applicable if Item 1C or 1E above is checked.)	
		A. The same person as when the tract was acquired. <input type="checkbox"/>	
		B. A new person. <input type="checkbox"/>	

^{1/} Significant interest or substantial control as defined in 7 CFR Part 781.2(k)

Close

Close

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NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 781 and the Agricultural Foreign Investment Disclosure Act of 1978 (Pub. L. 95-460). The information will be used to ensure that a foreign person who acquires, disposes of, or holds an interest in United States agricultural land discloses such transactions and holdings to the Secretary of Agriculture and to determine the effects of such transactions and holdings on family farms and rural communities. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is mandatory. Failure to furnish the requested information or falsification of reporting will result in a determination of non-compliance with the program which is subject to a civil penalty not to exceed 25 percent of the fair market value, as determined by the Farm Service Agency on the date of the assessment of such penalty, of the foreign person's interest in the agricultural land with respect to which such violation occurred.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0097. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

DETERMINATION OF "FOREIGN PERSON" STATUS

DEFINITION: "Person" means any individual, corporation, company, association, firm, partnership, society, joint stock company, trust, estate, or any other legal entity.

You are an "individual/foreign person" under the provisions of Pub. L. 95-460 and must complete the front side of this form (FSA-153) if your answer is "NO" to all the statements in Items 1, 2 and 3 below:	YES	NO
1. I AM a citizen of the United States.		
2. I AM a citizen of the Northern Mariana Islands or the Trust Territories of the Pacific Islands.		
3. I AM lawfully admitted to the United States for permanent residence, or paroled into the United States, under the Immigration and Nationality Act.		
You are a "foreign person, organization or government," under the provisions of Pub. L. 95-460 and must complete the front side of this form (FSA-153) if your answer is "YES" to any of the statements in Items 4a, 4b and 5 below:	YES	NO
4. I AM a "person" other than an individual or government, which is created or organized under the laws of:		
a. A foreign government of which has its principal place of business located outside the United States.		
b. Any State of the United States, and in which significant interest or substantial control <u>1/</u> is held directly or indirectly by any foreign individual, government, or person.		
5. I AM a foreign government.		

GENERAL INSTRUCTIONS

Complete this form for each tract of land. Report as a tract all acreages under the same ownership in each county or parish acquired or transferred on the same date. Land in different counties or parishes and land acquired or transferred on different dates must be reported as separate tracts.

Return the original and two (2) copies to the County Farm Service Agency (FSA) Office where the tract of land is located. Retain a copy for your records.

After the original disclosure on FSA-153 on the tract(s) of land owned by the same person within a county or parish, each subsequent change of ownership or use must be reported by filing another FSA-153.

ITEMS 1 AND 8 BELOW ARE TO BE USED AS INSTRUCTIONS ONLY.

THESE INSTRUCTIONS ARE TO BE USED FOR INFORMATION AS YOU COMPLETE ITEMS 1 AND 8 ON PAGE 1.

ITEM 1. ONLY ONE BOX MAY BE CHECKED

If the tract of land to be listed under Item 2 on the front side of this document was:

- Owned on February 1, 1979, check **A. Land Holding** ☒ Reporting Date: *This document is required to be completed and returned by August 1, 1979.*

If the tract of land to be listed under Item 2 on the front page of this document was, on or after February 2, 1979:

- Acquired, check **B. Land Acquisition** ☒

- Disposed of, check **C. Land Disposition** ☒

- Changed from non-agricultural to agricultural use, check **D. Land Use Change to Agriculture** ☒

- Changed from agricultural to non-agricultural, use check **E. Land Use Change to Non-Agriculture** ☒

NOTE: REPORT DATE. If activity B, C, D or E is checked in Item 1 above, then return the completed FSA-153 within ninety (90) days from the date of the transaction.

ITEM 8. The date entered would be as follows for the activity checked in Item 1 above:

Box A or B – Date acquired.

Box C – Date disposed of.

Box D or E – Date land use changed.

6. Additional Information (Use additional sheets if more space is needed).

1/ Significant interest or substantial control as defined in 7 CFR Part 781.2(k)

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