

C'est La Vie!
S E R V I C E S

Your property Partner

Premium package

Who we are?

C'est La Vie is a French company registered in France (RCS Saint-Nazaire 477 782 346) with professional card.

We are fully dedicated to non-residents (English, Irish...) buying in France which means that our staff is fully bi-lingual and all our documents are in English.

C'est La Vie is now number 1 offering this unique service for more than 3 years and has been referred by the major UK and Irish companies selling French properties.

Is it compulsory to appoint an accountant when buying in France?

When you are buying a leaseback property or a buy-to-let it is **compulsory** to:

- Register to tax authorities,
- Opt for Vat,
- Send trimester and annual Vat forms and claim for Vat refund (leaseback),
- Complete a yearly tax return

C'est La Vie is providing a global service including the accountant (Expert-comptable) through a registered accountant. You are totally free to choose your accountant/property partner.

What could happen if I do not register to tax authorities or do not send compulsory forms?

- You will not be refunded from Vat as you are unknown for tax authorities,
- You may be claimed for penalties from tax authorities as they will consider that you try to hide income in order to avoid tax,
- Tax authorities may claim for undue council taxes. Any claim will be difficult to manage as you haven't complied with tax requirements,

What sort of problem may happen with a management company or estate agent ?

- The management company may "forget" to pay your rent. If the management company has not received your lease contract or your bank details or your new address, the rent will not be sent and you may face with an overdraft on your French bank account,
- The estate agent or Management Company may charge you undue expenses...

A property investment is a very major decision in your life that will happen two, three, four or five times in your life. You are buying a property with expectations regarding the return or the capital gains. Your investment requires full attention and control in order to make sure that it will fulfil the expectations. When buying an overseas property control is becoming much more important.

What is our role?

First: C'est La Vie is the only one contact with all the companies involved in your property: Management Company, estate agent, co-ownership manager ("Syndic"), bank, accountant, tax authorities....

Second:

- Set up ongoing client's file.
- Notify the appropriated tax office of the beginning of trading of the apartment.
- Select the simplified system based on actual figures for VAT and BIC (trading profits) by letter to the tax office.
- Act as tax Agents for overseas clients (Art. CGI 289 A).
- Claim back the VAT paid on the purchase of the property on a quarterly tax return of repayment of VAT (CERFA 3519).
- Prepare the quarterly VAT tax returns.
- Prepare the yearly tax return (forms 2031 and other ones).
- Submit the 2031 form for signature
- Complain the professional tax (when necessary).
- Provide assistance to the owner with the estate agent/management company/syndic which consists in:
 - explaining all documents from the estate agent/management company,
 - contacting the estate agent/management company on his behalf,
- Send an explanation in English for all important documents received from the estate agent/management company,
- On special request of the owner, control, check and inform the owner regarding the situation of the lease contract and mandates signed between the estate agent/management company and the owner,
- Advice about periodic rental reviews, new legislation concerning landlords obligations,
- Provide information about the valuation of the property when required by owner,
- Providing assistance to the owner during the sale (i.e. recommend reputable estate agents, solicitors, best practice...)

What are our fees?

In addition to our mission we offer a hot-line where you can contact us or by phone from 10.00AM to 6.00PM or by email to accountancy@clvproperties.com .

Our fees are 365€ excluding vat and for any additional apartments, the annual fee will be increased by 75 € excluding vat per additional property.

What I have to do now?

You need to complete the document (see below) and send us the TaxPack including the supporting documents. Then we will send you the invoice.

Please complete these documents the more exactly you can.

Do not hesitate to contact us for any question

RENTER OUT FOR A NON-PROFESSIONAL FURNISHED FLAT
"Loueur en meublé non professionnel" (LMNP)

CONTRACT BETWEEN C'EST LA VIE AND

Between the undersigned

The company C'est la Vie, limited liability company, registered under the number 477 782 346 on the trade and firms register of Saint-Nazaire, and whose head office is 8 rue Alphonse Daudet, parc tertiaire de Kerbiniou, 44350 Guérande, France, represented by Mr Bertrand Le Mire in his capacity as Corporation Manager,

And

.....who asks C'est La Vie:

Accounting and taxes

- To set up ongoing client's file.
- To notify the appropriated tax office of the beginning of trading of the apartment.
- To select the simplified system based on actual figures for VAT and BIC (trading profits) by letter to the tax office.
- To act as tax Agents for overseas clients (Art. CGI 289 A).
- To claim back the VAT paid on the purchase of the property on a quarterly tax return of repayment of VAT (CERFA 3519).

- To prepare the quarterly VAT tax returns.
- To prepare the yearly tax return (forms 2031 and other ones).
- To submit the 2031 form for signature
- To complain the professional tax (when necessary).

Date :/..../.....

Rental agreement

- Provide assistance to the owner with the estate agent/management company/syndic which consists in:
 - explaining all documents from the estate agent/management company,
 - contacting the estate agent/management company on his behalf,

- Send an explanation in English for all important documents received from the estate agent/management company,
- On special request of the owner, control, check and inform the owner regarding the situation of the lease contract and mandates signed between the estate agent/management company and the owner,
- Advice about periodic rental reviews, new legislation concerning landlords obligations,
- Provide information about the valuation of the property when required by owner,
- Providing assistance to the owner during the sale (i.e. recommend reputable estate agents, solicitors, best practice...)

Signature (s) :

FEES excluding taxes for 2007 : **365.00 €**
(do not pay this amount now, we will send you an invoice with vat later)

Payable in January each year (French cheque).

Note that the vat will be offset on the vat collected on the rents so the net charge is 365€ only.

For any additional apartments, the annual fee will be increased by 75 € excluding vat per additional property.

Terms and conditions:

The purpose of the mission of the chartered accountant is not to systematically search for tax evasions and misappropriation of funds.

Naturally, at your request, this mission can also extend to other tax, social, legal, economic, financial or management services.

Our relationship will be legally subject to the terms of this letter and the enclosed general conditions of intervention established by our profession.

DURATION

The duration of this mission will be one year. It will come into effect from your acceptance and will concern the 2007 financial year ending on 31st December 2007. It is renewable each year by tacit renewal, if there has been no denunciation by registered letter with acknowledgement of receipt three months before the end of the financial year.

In the event of major breach by any party, either party may terminate this mission immediately.

RESPONSIBILITY

C'est la Vie! Properties do not accept any responsibility for any translations from the French language to the English language which may be provided by the Developer/Vendor, Leaseback Management Company, Lending institution or Mortgage broker. It is a matter for you as the Purchaser to satisfy yourselves as to the accuracy of any translations provided by the Developer/Vendor and /or Leaseback Management Company, Lending Institution or Mortgage broker. C'est La Vie Properties do not accept any responsibility regarding any action and rental payments from Management Companies, Lending Institution or Mortgage broker.

We hereby confirm that I/we have read over the terms of the Engagement as outlined above and I/ We hereby indemnify C'est la Vie! Properties against any claim by me/us against the Developer/Vendor and /or Mortgage Broker(s) or French Lending Institution, Management Companies and any third party associated with our purchase of the property in France.

FEES

The annual fees are estimated at 365 Euros (not including VAT). An increase, representative of the consumer price index evolution, will be applied every year.

Should you invest in several real estate projects, an additional amount of 75 euros (not including VAT) will be invoiced per additional project, as of the second one.

The invoicing will be done in one instalment in January. The payment is to be made by any means upon receipt of our invoice.

25/05/2007

Please send back both copies of this letter initialized and signed as soon as possible. We will then send you your copy signed by our firm.

Thank you for your confidence.

Yours sincerely.

Signed in
(date)
In 2 original copies

Signed in
(date)
In 2 original copies

Mr

For C'EST LA VIE
Bertrand Le Mire


*(Signature preceded by the term "read and approved")
(Please initial the previous pages)*


Name: _____

First name: _____

Address: _____

COUNTRY: _____

 Personal: _____

 Professional: _____

Email address: _____

Residence: _____

N° of the apartment: _____

DOCUMENTS TO BE SUPPLIED

1. In order to constitute the file, please supply us asap:

- The form "renter out for a non-professional furnished flat" (the French copy)
- The forms "option VAT" and the "fiscal mandate" (the French copies)

- A copy of the commercial lease duly signed
- A copy of the notarial deed duly signed
- A copy of the statement of act expenses from the Notary
- A copy of the invoice for furniture
- The contract between C'est la Vie and you, duly signed, with a French cheque
- A copy of your mortgage offer/statement for this property

2. On a yearly basis in January, for the past year:

- Copy of travelling expenses from your home to your apartment in France
- Statement of the rental incomes,
- Statement of co-ownership charges,
- Copy of insurance's receipts if any,
- Copy of your bank statements of your French bank account.

3. Once you receive it

- the H2 questionnaire,

25/05/2007

NOM:

PRENOM:

ADRESSE :

CENTRE DES IMPOTS DE.....

PROGRAMME :

.....
APPARTEMENTS LOT N° :

**OPTION POUR L'ASSUJETTISSEMENT A TVA
ET OPTION POUR LE REGIME DU REEL SIMPLIFIE D'IMPOSITION**

(LOCATION MEUBLEE SOUMISE A TVA — Régime BIC)

(Résidence de tourisme ou para hôtelière avec services)

Article 261 D du CGI - 4° -a - b

(LMNP)

Monsieur, Madame le Chef de Centre,

Je viens d'acquérir les locaux ci-dessus donnés en location meublée, équipée à la SOCIETE D'EXPLOITATION OU DE GESTION:

Les loyers afférents à cette location meublée pouvant être assujettis à la TVA, j'ai l'honneur de vous informer que je désire par la présente :

- **opter pour le paiement de la TVA, (régime simplifié) et donc renoncer à la nouvelle franchise en base** en application de l'article 293F du CGI.

- **opter pour le régime du Réel Simplifié d'imposition, en matière de BIC.**

Veuillez croire, Monsieur le Chef de Centre, à l'assurance de mes sentiments distingués.

A.....

Le.....

SIGNATURE

(de chaque acquéreur ou indivisaire)

SURNAME.....
FIRST NAME
ADDRESS

TAX OFFICE OF

DEVELOPMENT:
APARTMENT LOT N°:.....
PARKING LOT N°.....

OPTION FOR VAT LIABILITY

AND OPTION FOR SYSTEM SIMPLIFIED OF TAXATION

FURNISHED RENTING SUBJECT TO VAT — REGIME BIC

(Residence of tourism or para-hotel with services)

Article 261 D DU cgi 6 4°a-b

(LMNP)

Dear Inspector,

I have just purchased the above mentioned apartment(s) which I have let out furnished, equipped, to the MANAGEMENT COMPANY

The rents relative to this renting, can be subject to VAT, I have the honour to inform you by the present option, that I wish:

- to opt for the VAT payment (system simplified) and so, to renounce to the new VAT exemption in base according to the article 293F of the CGI.

- to opt for the system of "REEL SIMPLIFIE" (REAL SIMPLIFICATED), in subject of Industrial and Commercial Profits (B.I.C.).

Yours Sincerely,

Place.....

Date

SIGNATURE
(of each buyer or indivision)*

25/05/2007

PROGRAMME :

APPARTEMENT LOT N° :N° :

PARKING LOT N° : N° :

MANDAT - TVA
ET ORDRE DE VIREMENT BANCAIRE
DE LA TVA SUR LE COMPTE DU NOTAIRE

(LOCATION MEUBLEE SOUMISE A TVA - Régime BIC)
(LMNP)

Je soussigné.....

.....
propriétaire du local mentionné en référence, ayant fait l'objet d'un bail commercial de locaux meublés,
aménagés à la SOCIETE D'EXPLOITATION OU DE GESTION

donne mandat à :

SARL C'EST LA VIE
8 rue Alphonse Daudet
Parc tertiaire kerbiniou
44350 GUERANDE
FRANCE

Pour faire en mon nom auprès de la Recette des Impôts dont je dépends, dès la régularisation de l'acte d'acquisition et selon la procédure prévue, **d'une demande de remboursement de crédit de TVA** au terme d'un trimestre civil, les déclarations trimestrielles de Chiffre d'Affaires et toutes formalités d'immatriculation et d'option à la TVA (notamment celles nécessaires au remboursement de cette taxe).

Pour recevoir les demandes de renseignements de l'Administration et y répondre.

Le montant du remboursement de TVA sollicité devra être versé au compte de :

Maître
.....
.....

Références Bancaires

Banque :
Guichet :
N° Cpte :
Clé RIB :

(Joindre un relevé d'identité bancaire)

A.....
Le.....

A.....
Le.....

A.....
Le.....

Le mandataire
ACCEPTATION DU MANDAT
SARL C'est La Vie

Le mandant
(Signature de chaque acquéreur
ou indivisaire précédée de
"BON POUR MANDANT

Office Notarial
(Bon pour acceptation
de virement)

25/05/2007

PROGRAMME :

APPARTEMENT LOT N° : N° :

PARKING LOT N° : N° :

MANDAT - TVA
ET ORDRE DE VIREMENT BANCAIRE
DE LA TVA

(LOCATION MEUBLEE SOUMISE A TVA - Régime BIC)
(LMNP)

Je soussigné.....

.....
propriétaire du local mentionné en référence, ayant fait l'objet d'un bail commercial de locaux meublés,
aménagés à la SOCIETE D'EXPLOITATION OU DE GESTION
donne mandat à :

SARL C'EST LA VIE
8 rue Alphonse Daudet
Parc tertiaire kerbinou
44350 GUERANDE
FRANCE

Pour faire en mon nom auprès de la Recette des Impôts dont je dépends, dès la régularisation de l'acte d'acquisition et selon la procédure prévue, **d'une demande de remboursement de crédit de TVA** au terme d'un trimestre civil, les déclarations trimestrielles de Chiffre d'Affaires et toutes formalités d'immatriculation et d'option à la TVA (notamment celles nécessaires au remboursement de cette taxe).

Pour recevoir les demandes de renseignements de l'Administration et y répondre.

Le montant du remboursement de TVA sollicité devra être versé au compte de :

M.
.....
.....

Références Bancaires

Banque :
Guichet :
N° Cpte :
Clé RIB :

(Joindre un relevé d'identité bancaire)

A.....
Le.....

A.....
Le.....

Le mandataire
ACCEPTATION DU MANDAT
SARL C'est La Vie

Le mandant
(Signature de chaque acquéreur
ou indivisaire précédée de
"BON POUR MANDAT")

C'est La Vie ! Properties, Sarl au capital de 5.000 €, Siret 477 782 346 RCS Saint-Nazaire , Ape 703A, Numéro TVA intracommunautaire FR69477782346. Adresse : 8 rue Alphonse Daudet, parc tertiaire de Kerbinou, 44350 Guérande, France. **Tel** : 0033 (0) 2 40157485, **Fax** : 0033 (0) 2 40157495, mobile : 00 33 (0) 6 2726 0384, info@clvproperties.com

25/05/2007

PROGRAMME:
APARTMENT LOT N° :N° :
PARKING LOT N° :N° :

VAT - MANDATE

AND CLAIM TO OBTAIN THE VAT REFUND ON THE NOTARY BANK ACCOUNT

(FURNISHED RENTING SUBJECT TO VAT – BIC System)
(LMNP)

I, the undersigned (SURNAME, Firstname).....

.....
owner of the above mentioned property, which has been subject of a lease back contract for the furnished property located at THE MANAGEMENT COMPANY....., designate as my Representative :

SARL C'EST LA VIE
8 rue Alphonse Daudet
Parc tertiaire kerbiniou
44350 GUERANDE
FRANCE

To make, on my behalf, to the relative Tax Collectors Office, a **VAT Credit Refund Claim** at the end of the quarter concerned, to take care of all the quarterly formalities, and to receive and respond to enquiries from the authorities (regarding the VAT claiming back).

To receive and to answer all requests that the French tax Administration may asks me and to answer them.

The amount of these refunds should be transferred into my the account :

Bank References

Bank :
IBAN :
SWIFT :

(please enclose an IBAN copy)

Place.....

Date.....

The Representative
ACCEPTANCE OF MANDATE
SARL C'est la Vie

Place.....

Date.....

The Principal
(Signature of each Buyer
or Indivisor preceded by
"valid for acceptance

C'est La Vie ! Properties, Sarl au capital de 5.000 €, Siret 477 782 346 RCS Saint-Nazaire , Ape 703A, Numéro TVA intracommunautaire FR69477782346. Adresse : 8 rue Alphonse Daudet, parc tertiaire de Kerbiniou, 44350 Guérande, France. **Tel** : 0033 (0) 2 40157485, **Fax** : 0033 (0) 2 40157495, mobile : 00 33 (0) 6 2726 0384, info@clvproperties.com

25/05/2007

PROGRAMME:

APARTMENT LOT N° :N° :

PARKING LOT N° :N° :

VAT - MANDATE

AND CLAIM TO OBTAIN THE VAT REFUND ON THE NOTARY BANK ACCOUNT

(FURNISHED RENTING SUBJECT TO VAT – BIC System)
(LMNP)

I, the undersigned (SURNAME, Firstname).....

.....
owner of the above mentioned property, which has been subject of a lease back contract for the furnished property located at THE MANAGEMENT COMPANY....., designate as my Representative :

SARL C'EST LA VIE
8 rue Alphonse Daudet
Parc tertiaire kerbiniou
44350 GUERANDE
FRANCE

To make, on my behalf, to the relative Tax Collectors Office, a **VAT Credit Refund Claim** at the end of the quarter concerned, to take care of all the quarterly formalities, and to receive and respond to enquiries from the authorities (regarding the VAT claiming back).

To receive and to answer all requests that the French tax Administration may asks me and to answer them.

The amount of these refunds should be transferred into the account of Notary Office :

Me.....

.....

Bank References

Bank :

IBAN :

SWIFT :

(please enclose an IBAN copy)

Place.....

Date.....

Place.....

Date.....

Place.....

Date.....

The Representative
ACCEPTANCE OF MANDATE
SARL C'est la Vie

The Principal
(Signature of each Buyer
or Indivisor preceded by
"valid for acceptance

Notary Office
valid for acceptance of all
bank transfers of VAT

C'est La Vie ! Properties, Sarl au capital de 5.000 €, Siret 477 782 346 RCS Saint-Nazaire , Ape 703A, Numéro TVA intracommunautaire FR69477782346. Adresse : 8 rue Alphonse Daudet, parc tertiaire de Kerbiniou, 44350 Guérande, France. **Tel** : 0033 (0) 2 40157485, **Fax** : 0033 (0) 2 40157495, mobile : 00 33 (0) 6 2726 0384, info@clvproperties.com

Frequently Asked Questions

1.Taxes

- *When do I have to register to tax authorities?*

If you are buying a leaseback property you need to be registered within 3 weeks after signed the deed. So you need to complete our documents prior to sign the deed if possible and our accountant will register you.

If it is a buy-to-let property or bare-ownership (Nue-propriété) you will receive some documents in order to prepare the taxation basis regarding council taxes. Send us this document and we will complete it. It is very important to complete it property as in some cases part of the "taxe foncière" is not due during the first 2 years if new building.

- *When can I claim for Vat?*

Vat is refundable only for leaseback property at the rate of 19.6% for new property. The vat refund is calculated on the property, furniture and marketing costs if any.

If it is a resale leaseback vat is refunded on furniture and marketing costs and in some cases on the margin of the developer. Usually the vat can be claimed just after delivery of the property and it takes between 3 and 6 months maximum.

The vat is not refunded for buy-to-let and bare-ownership (Nue-propriété). On bare-ownership (Nue-propriété) the vat rate is only 5.50% which makes this investment attractive.

- *Do I have to repay part of the vat when I will sell the property?*

So far yes, you will have to repay part of the vat to tax authorities as initially the vat has been refunded under your commitment to rent the property for 20 years. If you are reselling the property to a buyer who will keep the rental agreement with the management company you will invoice the remaining vat to the new buyer who will then be refunded from this very vat.

Example:

Date of purchase:	2000
Price of the vat excluding vat:	100.000€
Vat:	19.600€
Date of resale:	2007

Vat to repay to tax authorities: $19.600 \times 13/20 = 12.740€$

Vat to invoice to new buyer: 12.740€

Vat refunded to new buyer: 12.740€

You can see that it is neutral for you and the new buyer as the rental commitment is still in place.

25/05/2007

If you are not renewing the lease agreement after the first period of 9 or 11 years, you will have to repay part of the vat as a penalty.

- *Do I have to repay the vat to the bank in order to reduce the mortgage amount?*

Some lenders are offering 80% mortgage under the condition, once the vat refunded, to reduce the loan with the vat refund. So at the moment to raise the mortgage check all precedent conditions of the mortgage.

- *Are the rents subject to vat?*

Leaseback property: Yes they are at the rate of 5.5%. You will receive the rents on your French bank account including the vat. Then we will complete at the end of the year a CA12 form and repay the vat on the rent to tax authorities.

Buy-to-let: no they are not subject to vat.

- *Is there any additional vat form to complete once the vat refunded?*

Yes a yearly vat form called CA12 and some forms on a trimester basis that we will do and send to tax authorities.

- *How is calculated the taxable income?*

Buy-to-let: we will calculate the taxable income as follows (revenus fonciers): From the rent received (excluding refund of expenses from the tenant) we will offset the financial interests of the mortgage, maintenance costs and improvements', council taxes, cost of syndic, management fees, insurance. The net income is taxed according the income scale in France. We will complete your tax return.

Leaseback property: We will offset on the income some expenses such as amortization (on 20 years for property excluding land value and 5 years for furniture), interest on mortgages, co-ownership expenses, insurance...so will generate a tax loss that we will forward on the 5 following years.

Example: see below the "fiscal result" is always negative and does not generate any income tax. This example has been made taking into account a mortgage on 20 years with a fixed rate at 4.60%.

FINANCIAL PROJECTION (New property)

C'est La Vie

This projection is based on a new property (for existing property closing cost is higher)

Residence : Ennery résidence du Golf, N°97 Studio 3 2 m2

Property price TTC	€ 117 208	MORTGAGE based on HT price	100%	Reservation deposit	5%
Net investment (property excl. VAT)	€ 98 000	Term (years)	20		€ 5 860
Saving on VAT (19.6%)*	€ 19 208	Interest Rate (APR)	4,60%		
		Mortgage Amount	€ 98 000		
		Closing Cost	€ 4 250		
		Mortgage closing cost	€ 1 300		inflation 2%
		Personal contribution	€ 5 550		capital growth 5%

* this amount must be advance at closing & will be refund in 3/6 months

Net rental income	5,00%
Yearly Net rental income	€ 4 900

Year	capital growth	rents receive	Loan payment	interest	depreciation	purchase	land tax	accountant	fiscal result	tax	cash flow
1	117 208 €	4 900 €	-7599	-4508	-4454	-1110			-5172	-	2 699 €
2	123 068 €	4 998 €	-7599	-4366	-4454	-1110		300	-10404	-	2 901 €
3	129 222 €	5 098 €	-7599	-4217	-4454	-1110	300	300	-15687	-	3 101 €
4	135 683 €	5 200 €	-7599	-4061	-4454	-1110	306	300	-20718	-	3 005 €
5	142 467 €	5 304 €	-7599	-3899	-4454	-1110	312	306	-25495	-	2 913 €
6	149 590 €	5 410 €	-7599	-3729	-4454		318	312	-28898	-	2 820 €
7	157 070 €	5 518 €	-7599	-3550	-4454		325	318	-32027	-	2 724 €
8	164 923 €	5 629 €	-7599	-3364	-4454		331	325	-34873	-	2 627 €
9	173 170 €	5 741 €	-7599	-3169	-4454		338	331	-37424	-	2 527 €
10	181 828 €	7 027 €	-7599	-2966	-4454		345	338	-38499	-	1 255 €
11	190 919 €	7 168 €	-7599	-2752	-3282		351	345	-38061	-	1 128 €
12	200 465 €	7 311 €	-7599	-2530	-3282		359	351	-37272	-	998 €
13	210 489 €	7 457 €	-7599	-2296	-3282		366	359	-36117	-	866 €
14	221 013 €	7 606 €	-7599	-2052	-3282		373	366	-34583	-	732 €
15	232 064 €	7 759 €	-7599	-1797	-3282		380	373	-32657	-	594 €
16	243 667 €	7 914 €	-7599	-1530	-3282		388	380	-30324	-	454 €
17	255 850 €	8 072 €	-7599	-1251	-3282		396	388	-27569	-	311 €
18	268 643 €	8 233 €	-7599	-959	-3282		404	396	-24376	-	165 €
19	282 075 €	8 398 €	-7599	-654	-3282		412	404	-20729	-	17 €
20	296 179 €	8 566 €	-7599	-334	-3282		420	412	-16611	-	135 €

- *Is there any additional taxes to pay?*

Yes the "taxe foncière" is due for any property owned at the 1st of January. Regarding the bare ownership the "taxe foncière" is paid by the management company.

The taxation basis is calculated by tax authorities and is equivalent to the rental potential of the property.

This basis is then multiplied by 4 rates: town, community of towns, department, "region".

For new built property we will ask for exemption (full or partly) for the first 2 years. We need to do it within 90 days after delivery of the property and it is valid for 2 years after the 1st of January following the delivery of the property. Only the tax from department and "region" will benefit from exemption. Regarding the 2 remaining taxes (town and community of town) it will depend on their decision.

The "taxe d'habitation" is due by the tenant who is renting the property at the date of the 1st January of the year. Normally it is not due for a leaseback property.

- *What if the "H2" questionnaire I received from tax authorities?*

This questionnaire is sent by tax authorities from the moment you sign your title deed in order to prepare the calculation of council taxes. It is absolutely very important to complete this questionnaire with a specialist in order to avoid any undue taxation and ask for any exemption. We will complete it with our accountant and ask for the exemption if any possible.

2. Rental agreement

- *How can I check that the rent will be increased with the right index?*

Leaseback property: the rent review is clearly indicated in the commercial lease you signed. Usually the rent is increased according to the evolution of the INSEE index (ICC) which is officially published every month. We will check according to the periodicity indicated in your commercial lease that it has been properly calculated. This index is calculated by the Ministry on the basis of a panel of new constructions costs.

Buy-to-let: the rent review is calculated with the index called IRL (Indice de Révision des Loyers). This is a mix between the former index (ICC), cost of life and cost of maintenance of property.

- *Can I check the split between expenses due by owner and expenses due by tenant?*

This concerns all the expenses of the bailleur (landlord) that can be reimbursed by the tenant. The reimbursable charges are distinct from the main rent. As far as residential leases are concerned, the deductible charges are limitatively listed by the Decree of 26 August 1987. They concern expenses relating to the routine maintenance of the property, the equipment mentioned in the contract, as well as minor repairs and certain taxes

25/05/2007

Leaseback: the commercial lease you signed mentions the expenses due by the owner: art. 606 of the Civil Code says all works which allow to use the building as planned: main walls, full replacement of a roof, lift, heating system...the maintenance is paid by the management company but the difference between art 606 and maintenance is very difficult and need to be checked very carefully. We will do it regularly.

Buy-to-let: example:

<u>EXPENSES</u>	<u>TENANT</u>	<u>OWNER</u>
Heating system	Nedd to subscribe an annual maintenance contract, cleaning, chimney-sweeping, protect again frost, descaling.	Replacement of heating system,
Fire place	Chimney-sweeping, repair of visible parts.	Reparation of the main pipe
Electricity	Maintenance and repair of electric disorders, fuse replacement,	Full replacement of electric wires and system, conformity.
Windows/doors	Repair of splinter, crack, replacement of keys,	Painting, replacement of locking mechanism,
Walls: paintings	Repair if stains, tear	New painting after 9 years
Ceillings	Cleaning	Painting
Water plumbing	Protection against frost, water problem	Main repair on water pipes
Bath-tube, WC...	Maintenance and cleaning,	Full replacement
Tiles	Repair of broken tiles if due to the tenant	Full replacement
Floors	If stain only	Replacement every 5 years minimum,
<u>OUTSIDE</u>		
Bell	Maintenance and repairs	Replacement if old bell
Windows/doors	Nothing	Painting, maintenance and replacement
Roof	Nothing	Maintenance and repairs
Glasses	Replacement when broken	Replacement when broken if due to storm/weather

- Insurance : do I have to insure my property ?

Leaseback: the Syndic will sign a insurance policy covering any responsibility of the co-ownership and any damage from and to the community parts. Regarding the private parts (your property), the management company will sign (we will check your lease contract) an insurance policy covering any responsibility and damaged caused by and to your property: fire, water, damage on furniture, burglary... We will ask for a copy of the insurance policy of the building (Syndic) and the one from the management company. The cost is paid by the Management Company who will re-invoice this cost to all owners.

Buy-to-let: we recommend asking to the tenant for a copy of the insurance policy which is compulsory. If you cannot get it we recommend subscribing a PNO (Propriétaire Non Occupant, owner not living in the property).

- Can I terminate a lease contract whenever?

Leaseback: you cannot terminate the commercial lease before 9 or 11 years. Depending on the lease contract the management company cannot terminate the lease contract either. At the renewal you can terminate the lease contract with the appropriate notice but the management company may claim a compensation for a loss of activity. In fact nothing is claimed. However you may be ask to install individual water and electric meters.

Buy-to-let: you cannot terminate the lease contract before the period of 3 years except if you plan to sell your property or plan to live in.

3. Syndic

- What is the role of the syndic?

This is someone who represents the group of copropriétaires (co-owners). It is often difficult for all the copropriétaires (co-owners) to act at the same time. To represent them, the 'syndicat' (that is to say the co-owners association) elects a 'syndic' (representative) during an assemblée générale (general assembly). This is generally a professional who takes out insurance policies, employs any personnel for the building, acts on decisions made in the meetings, supervises the application of the règlement de copropriété (co-ownership property regulations), initiates legal proceedings, and generally ensures that the building is managed correctly. It is the representative who controls the funds of the copropriété (co-ownership property) and looks after the accounting. They are thus responsible for payment of charges and also look after the payment of suppliers. Every year, during the general meeting, they justify and explain the accounts. They can be elected for a period of one or several years.

- Who will pay the fees of the Syndic?

The cost is approximately between 100 and 160 € per unit per year. The owner has to pay for these fees, whatever the property scheme: leaseback, buy-to-let or bare ownership.

25/05/2007

We check that the contract of syndic has been properly prepared according to French law, fees, duration, renewal.

What some clients ask, say.....and testimonies

"Your company has provided excellent service & i would probably have not proceeded without your help.

I would like to say 'Un spécial vous remercie' to Valerie & Nic"

Regards

M. D

"the management company - xxx - have not forwarded a lease contract as yet, and therefore no rent amounts have been paid over to my AXA account. i am a little worried that my account will go into overdraft too much and therefore will be cancelled. xxx are now forwarding a new lease contract for signing.

i also received a letter discussing an overdraft facility. do i need to sign and return this to your office?

can you advise me on the above? also, have credit foncier arranged their mortgage direct debit on a quarterly basis as the rental payments are paid on the same basis?

your help in this matter will be greatly appreciated as usual."

P. K

"Thanks again for all your assistance here.

We can touch base again next week when you have the update on the VAT situation. "

Cheers. J. C

Hi B.,

Thanks for your time on the phone. Just to recapitulate for my colleagues. As discussed we will send a letter each (recommandee) with yourself in copy. This letter will explain the problem and the delta between price and value of the furniture and will request transparency on the matter.

I will type the letter and send to my colleagues.

That's the first step and with your support we will move forward.

Thanks again,

R. B

25/05/2007

I will forward you my bank details by fax. We would be grateful if you could then arrange for the rent to go directly to our Soc Gen account.

I would also appreciate your confirmation of how much rent we should receive. The information we received when buying the apartment stated that we would get £8107 per year. Assuming we are being paid the same each quarter, and therefore dividing this by 4 gives £2,026.75 per month. Yet we have been paid £1,968.38. Could you advise us on this please.

Also will there be a regular date each quarter when we will receive rent? We need to ensure that there is sufficient money to pay the mortgage each month so we need to know that there will be a degree of reliability from xxxx. I understand the next payment is due next month but I don't know when.

We appreciate your help as always,

Thanks & Regards, M. V