

A dead easy way to buy a place in France

The French have a way of buying properties that gives the vendor an income and the buyer a cheaper property which they get to keep when the vendor dies. Carolyn Reynier reports

THINKING of investing in a place in the sun for your retirement? It is worth looking at the French *vente en viager*.

The term *viager* owes its origin to the old French word *viage* meaning "duration of life".

This element of unpredictability is the essential characteristic of a sale *en viager* which relies on converting all or part of the sale price into a regular annual revenue for life paid by the buyer to the seller which expires the same day the seller does.

A property purchased *en viager occupé* gives the seller (*crédirentier*) use of the property for the duration of their lives while creating an additional guaranteed tax-efficient pension.

The buyer (*débirentier*) pays a reduced price - up to 40 per cent below free market value - and thus has the opportunity to buy in areas that might otherwise prove unaffordable.

The sale price is the difference between the freehold market value of the property and the value placed on the dwelling rights which in turn depends on the life expectancy of the seller/s. This calculation is based on regularly updated mortality statistics.

The method of payment is then established, taking into account the wishes of both parties: it can be made in full on the day the deed of sale is signed; a down payment (*bouquet*) can be paid at signature with the balance paid as a *viager* rent monthly or quarterly; or the



entire amount can be converted into a rent for life.

Hervé Odent at Etude Lodel is selling, on behalf of a couple in their early 80s, a one-bedroom Cannes apartment in need of a lick of paint but with fine sea views. The down payment is €125,000 with a monthly rent of €1,100. The current market value is €380,000. He is marketing another one-bedroom apartment in Nice, owned by an older

couple (she's 87, he's 90). In a modern building with pool and gardens, the rent is €765 and down payment €149,000.

The rent is calculated with the objective of meeting the seller's needs and is index-linked on an annual basis.

The payment of charges is the subject of private agreement between the two parties.

Generally speaking, the seller continues to pay all the running

costs (heating, electricity, water, running repairs, general repairs, management company fees, and so on) and the buyer pays for major repairs, land tax and fire insurance for the building.

At any time, the seller may release the property to the buyer who then pays, in exchange, an increased rent; or a capital payment calculated according to the value of the recovered usage. It is best to make provisions for

any possible early vacation of the premises at the time of the sale.

The *viager libre* operates in a similar way but, as the name implies, the property is sold with vacant possession. There is no reduction in price linked to occupancy. When an owner possesses a property other than his/her principal residence or has to leave this principal residence, the free *viager* ensures a fixed, regular income with

attractive tax benefits without the inconveniences attached to renting. The buyer either takes possession or rents out the property.

Philippe Vaudois and daughter Caroline at Union Foncière, are selling an exceptional property with vacant possession up in Les Hauts de Saint Paul de Vence on behalf of a couple (she's 71, he's 79).

Their eight-room villa with



A place in the sun: above, an apartment in Cannes worth €380,000 with a down payment of €125,000; below, €1.8m down payment for villa in Les Hauts de Saint Paul de Vence worth €5.2m



panoramic sea views stands in its own grounds of 5,000sq m (53,819sq ft). There is a separate studio, pool with pool-house and tennis court. The down payment is €1,800,000 with a monthly rent of €15,490. The current free market value is €5,200,000.

A third fixed-term method is also available. Here the seller may occupy the property for an agreed period (reflected in the price) or vacate it on the day of

the sale. The payments continue until the fixed expiry date, are tax-free and index-linked. If the seller dies before this date, payments continue to be made to the account of the beneficiaries.

Jean-Paul Sarr at Aparté Immobilier recently sold a studio to a young Irish buyer in the much sought-after Carré d'Or area of central Nice. He used the proceeds from the sale of his Dublin home - €100,000 - for the down payment: "For me *viager libre* was a great deal because I could move in immediately. I didn't have to wait until people passed away. It's in a great location. I get to live in it at a very small rent - €170 a month - and at the end of the seven-year term, my rent stops."

Just about anything can be sold *en viager*. The seller benefits from advantageous tax reductions on rent received of up to 70 per cent for 70-year-olds and over. *Viagers* can be sold on; there is no limit to the number of properties which can be bought.

It can provide a serendipitous solution for sellers allowing them to settle their estate during their lifetime thus avoiding any possible problems among heirs.

If your children are divvying up the diamonds while you're still wearing them or rowing over the Rembrandt while you're still looking at it, selling *en viager* could be the answer. "We are seeing more and more foreign buyers," says Hervé Odent.

"Irish, Scots, English but also Scandinavian and mainland Europe purchasers as well. They're buying studios up to very large properties, predominantly *en viager occupé*. Today, there are more buyers than sellers."

Mais attention! Some folk, like Madame Calment in Arles, defy the mortality statistics. Her purchaser predeceased her having forked out three times the value of her home. She eventually shuffled off this mortal coil aged 122.

If, however, having signed the deed of sale, the seller walks out of the notary's office and under a passing Peugeot, you're quids in.

Think this would make a good comedy? You're right - it's called *Le Viager*.

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