



OPISAS[®]

OVERSEAS PROPERTY INVESTMENT SOLUTIONS AND SERVICES

Frequently Asked Questions - USA



www.opisas.com

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General Information



Do I need to become a citizen to buy a home in the U.S.?

No, you won't need your citizenship or a green card, but you will need an Individual Taxpayer Identification Number (ITIN) or an Employer Identification Number (EIN) if purchasing as a company. That's a tax-processing number assigned to foreign nationals who are required to have a U.S. taxpayer identification number, but do not have one and are ineligible for Social Security numbers.



Do I need a VISA to travel to the USA - What is ESTA?

ESTA is the Electronic System for Travel Authorisation. International travellers who are seeking to travel to the United States under the Visa Waiver Program (VWP) are now subject to enhanced security requirements and will be required to pay an administrative fee. All eligible travellers who wish to travel to the U.S. under the Visa Waiver Program must apply for authorisation and then pay the fee using the following process:

To see if you are eligible please follow the link to the online application verification process.

<https://www.estavisaonline.org/>



Should I Have Homeowners Insurance?

If you own the property out right...the choice is ultimately yours. However, most property management companies require insurance for everyone's protection included the management company. Although it is strongly recommended that you take out a Home Owners Insurance to protect your investment in case of any natural disasters, fire, lightning, hurricanes or any other extenuating circumstances. You should always check with your Insurance Company to understand what IS, and what IS NOT covered in your policy.



What kind of risks does Homeowners Insurance protect against?

Although policies may vary, the major risks covered by homeowners insurance are:

- Damage or loss to the home itself, as well as other structures on the land; (leaks for pipe breaks, a/c leaks, fire)
- Damage or loss to the items of personal property in the home and other structures; and
- Injury or harm to third parties (typically guests and others who come to your home).

What are the ongoing costs associated to owning/buying a property in the United States of America?

A property has three main ongoing costs:

Property Tax, which varies from 1% to 2% of the cadastral value of a property which is equivalent to approximately 35/40% less than the present market value. The property taxes are fully utilised by the state and federal infrastructure expenses are visible online. Property tax demands vary by state although these are either either issued annually or bi-annually.

HOA Fees, payable monthly, the Home Owners Association (HOA) fee includes insurance policy on the management/ordinary and maintenance of the common areas included but not limited to the property facade and roof.

Property Management Fee, payable monthly, to the property management company that manages the day-to-day running of your property. The fee is a percentage of the monthly rent collected, typically between 8% - 12%. The cost includes such services as creating utility accounts, payment of assessments, rental collection, owner payments and much more.

How do I open a personal or business bank account in United States of America?

OPISAS will assist you in every step; we have agreements in place with a number of the leading banks in America and can help you through the process of creating a business or personal checking account with access to E-Banking and with a VISA Debit card.

How do I open a personal bank account in United States of America on behalf of my new company?

OPISAS will assist you in every step; we have agreements in place with a number of the leading banks in America and can create a current (checking) account within 30 minutes with access to E-Banking and with a VISA Debit card.

02

Legal and fiscal affairs

 I would like to set up a LLC company to buy the property, what are the procedures?

An LLC (Limited Liability Company), which would be a limited liability company type, can be created and incorporated via the internet at www.sunbiz.org. OPISAS can provide advice on this and also the steps necessary to obtain the Employer Identification Number (EIN), which is essential to make the company active.

 Do I have to form a Limited Liability Company (LLC) to buy a property in the United States of America?

No; however OPISAS does recommend this practice and can assist in all aspect of set-up.

The purchasing costs in the United States of America are the same in both cases whether buying personally or as a corporation. From the point of view of American taxation, it tends to be always more advantageous to buy as a corporation/partnership/LLC as costs can be deducted (including air travel to visit the property, living expenses, maintenance costs and management fees, etc). Including also is the depreciation of the unit which is calculated at 27 years (1/27th) of the property purchase price.

 What business purpose is more suitable for a company formed to buy properties in the US?

In the United States, as in the UK, the business purpose is not strictly binding and may provide more than one type of business. It is indeed very broad, and includes " any activity that may be conducted in the State ", with the exception of certain assets, such as the banking or trust, import-export, etc.

 What are the renewal costs to keep a company in the US?

The cost of annual renewal for a company in the United States amounts to \$ 138.75. The operation is very simple and the customer can quickly perform it online at www.sunbiz.org. Alternatively, Opisas' staff will annually renew the company with no additional costs.



What are the costs of the annual accounts for a US company?

Opisas has reached an agreement with a US company of tax professionals, that provides a cost between \$ 500 and \$ 800 for a single member LLC, depending on the number and scope of the operations made by the company.



What is the Income Tax amount against a company in the US?

Since they are a confederation, the United States have different levels of taxation.

Income taxes are divided into:

FEDERAL TAX, which is the same for all states for both individual subjects and for companies. The brackets provided for this tax vary from a minimum rate of 15 % to a maximum rate of 38 % .

STATE TAX, the rates of which vary depending on the state of reference.

In most cases, a company that owns a limited number of properties will fall in the minimum rate (and is not expected to pay any fee), thanks to the deduction of almost all the costs from the tax total.

03

Buying Procedures



How do I reserve a property?

Reservation Form

To begin the process of purchasing a property through OPISAS first you must complete the Reservation Form below with the full details of the person(s) buying the property, signing at the bottom of the form agreeing to the terms and conditions of the reservation. To accompany the completed form a wire transfer confirmation of the administration fee must be provided, admin fee includes, contract drafting, document recording, pro-rated taxes & closing fees. If you choose the additional service of an American LLC company formation (incl. company address, mailing service and Employer Identification Number (EIN), this carries an additional fee.

Sales & Purchase Contract

Once the reservation has been confirmed by way of deposit, client copy passport & completed reservation agreement, the Buyer will be presented with The Standard Florida 'Purchase & Sale Agreement'. Ordinarily this 10+ page document will be completed with all details of the Buyer and Seller confirming also the property specific details, schedule of payment, closing date and any other important property information relating to the terms of sale. Once the fully executed Buyer and Seller purchase contract is signed, the contract is sent to the nominated Title Company to begin the diligence process and to prepare the closing paperwork.

Final Documents

Once the transaction is ready to close, the Buyer & Seller will be provided with a closing statement by the nominated seller appointed Title Company/Settlement Agent. A standard settlement statement, also known as the U.S Department of Housing and Urban Development (HUD) statement will list all the amounts relating to the purchase of the property, including but not limited to, taxes, rent pro-rations, closings costs, and title insurance costs and so on.

Closing costs

The costs for the closing and subsequent deed issue may vary depending on the rates of the lawyer or Title Company facilitating the closing.

Warranty Deed?

Once the purchase has closed, the new Buyer will be sent by post the original Recorded Warranty Deed with Owners Policy issued by the Title Company, you should allow up to four weeks for the documents to arrive in original format. These documents confirm that the property has legally transferred into the name of the new owner. An electronic Warranty Deed is available on the County Public Records and is typically viewable within 7 days of Settlement. A copy of which can be emailed to the Buyer upon request.



What are the associated closing costs when purchasing a property?

The costs for the closing and subsequent deed issue may vary depending on the rates of the lawyer or Title Company facilitating the closing; approximately these are between 1% and 3% of the total property consideration price.

Typically costs expected during the closing of a property are broken down as follows:

- Legal fees/Closing Fee \$400
- Registration Tax approximately 0.6% of purchase value
- Other costs about \$300.

These costs relate to taxes and stamps, administrative costs and expenses. These charges refer to sending documents by courier, transfer fees and so on.

- Outstanding home owners association fees by the seller, if any.
- Broker commissions.
- Recording Fees.

Opisas has simplified all of this thanks to the agreements we have, a client will have to pay a total amount of \$3,200 (\$4,000 with LLC formation included) that will cover everything necessary to complete the closing of the property.



What is Homeowner Association (HOA) or Condominium Owners Association (COA) Insurance?

A homeowners' association (known as an HOA) is an organisation that oversees a communal housing development, condominium complex, or other such subdivision, where members are responsible for creating and enforcing rules. Often times homeowners' associations will collect fees or dues in order to cover maintenance and upkeep cost for common areas such as parks and pools.

As such, Homeowner Association Insurance is intended to cover the association, its members, and the exterior structure including the roof as well as its physical assets (if any) from damages arising from property and liability claims. However, homeowner association insurance can help you avoid many of the most common problems faced by communities.



What kind of risks does Homeowners Association Insurance protect against?

Condos must maintain a minimum amount of insurance coverage through a master policy, which differs from the homeowner's insurance policy you purchase for your individual unit.

The condo insurance master policy covers claims for major work and repairs to the commonly shared parts of the structure after a hazardous or inclement weather event. The type of hazards the policy protects against are outlined in the policy and may include natural disasters, hurricanes, earthquakes, floods, fire and vandalism. A commercial insurance provider is used for HOA hazard insurance. Items covered by the master policy vary by complex and by state law.

Liability insurance protects the association from claims of bodily injury or property damage for which the association is legally liable and which is caused by an occurrence covered by the insurance policy.

The HOA or COA insurance does not cover the owner's personal items or the tenants. Your personal insurance coverage does not cover the tenant or the HOA/COA.

What is included in the cost of the monthly Homeowners Association Fee (HOA)?

For condominiums in general, including even those of luxury, the cost of maintenance as standard includes, except for very short lease durations, the tenant ordinarily pays all costs relating to the supply of consumption of utilities such as electricity, telephone, television and internet. While all the other expenses such as water, waste and building expenses are borne by the owner through the HOA fee. In the case of a single family dwelling even these costs will be paid by the tenant. Other fees, service charges included in the HOA may include the community security service, ascetic upkeep, the use of the communal facilities i.e. tennis courts, gymnasiums, swimming pools, barbeque and picnicking area, boat moorings and the list goes on. So dependant by the community in which you purchase ultimately determines the HOA fee.

Once a tenant is secured how do they pay my rent?

The tenant(s) make payment to the management company looking after your property. From this rental the property manager will first subtract and pay on your behalf any utility bills, condo fees and property taxes at year-end. The management company shall transfer the balance of funds to an account nominated by the owner (whichever county you desire) on a monthly, quarterly or annual basis. All incomes and expenses are clearly itemised on your monthly property management account statement.

Do I have the choice to lease out my property weekly or monthly in Miami?

This is regulated by the municipality and the community, such as June 9, 2010 the municipality of Miami Beach voted "no" against the short-term rentals. The town of Miami Beach is divided into several areas including the areas in which the exercises are permitted commercial and residential areas.

There are three types of residential areas in Miami:

RM- 1: Residential Multifamily, low density. Generally fall into this area all the apartments and houses in the avenues and streets from Drexel Avenue to Bay Road (to the west towards the bay). In the RM- 1 may not rent apartments for less than 6 months.

RM- 2: Residential Multifamily, medium density. Generally fall into this area all apartments on Washington and Collins Avenue. In the RM- 2 is permitted to rent for less than 6 months.

RM- 3: Residential Multifamily, high density. Generally fall into this area all apartments on Ocean Drive. In the RM- 3 is allowed to rent for less than 6 months.

What happens if my tenant stops paying rent and I want to find a new tenant?

An eviction notice in writing is issued for non-payment of the rent. The tenant has 3 days to rectify or to vacate the premises.

The next 3 days, the owner instigates a lawsuit to the tenant to court. The management company will begin all procedures for the owner and after warnings are issued.

Upon receipt of the summons, the tenant has 5 days to respond in his defence at the court and in order to expose the case even if it is obliged to deposit, always at the court, the total amount due.

If the tenant does not respond to the summons, the court will authorise the Sheriff to evict the tenant. If you respond to the summons, a date will be fixed for the hearing.

If at the hearing the tenant loses the case, the tenant will have to pay double the rent due, the expenses of the tribunal, and any attorney's fees of the owner. If the tenant does not appear at the hearing, he automatically loses the case.

If the landlord wins the case, the judge may issue a warrant to the Sheriff which entitles the owner to take possession of the apartment which occurs only after 24 hours after a written notice is issued of property eviction. At this point the owner or administrator can legally change the lock and, after 48 hours of the sheriff take possession of any personal effects that can be sold to recover the rent and other expenses.

Do I have to buy furniture to go in my property?

No. The apartments are almost always rented without furniture. For the typical annual renter it is cheaper to rent without furniture because it is customary for the tenant to bring with them their own possessions.

05

Resale

 What happens when I am ready to sell my property or need to liquidate funds?

OPISAS will be able to assist you with this. The properties on offer are all high income generating properties, when you decide the time is right to sell; OPISAS will have investors ready to invest in the lucrative industry of buy-to-let property ownership and investment.



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