

CAZ Estates – FAQ's

1. Where is CAZ Estates (to be referred to as CAZ moving forward) based?

CAZ is a company run from Cyprus; the CEO Constantinos Zavos has been involved heavily in the US amongst other markets for the past 5 years. In those 5 years, the CAZ team's knowledge of the market has grown rapidly enabling them to assist agents in marketing their product.

2. What markets are CAZ involved in?

CAZ are predominantly involved in the USA distressed property market, offering low entry level investment for a high yield return in a market which should see good capital appreciation too. As well as this, CAZ is developing vacation homes in the vicinity of Disneyworld Florida. The first project consists of 126 town homes and the other is for 285 homes. CAZ also have a minority share in a golf course in Paphos (Cyprus) that are building off plan villas. This is a product we currently have exclusivity on through our agents. We also have stock in Greece and various other parts of Cyprus.

3. Who do CAZ sell to?

CAZ have a strict B2B sales policy. This means that they strike partnerships with agents around the world who have the ability and investor contact base to generate sales in the market(s) we are involved in. CAZ have never and will never sell direct to investors, thus protecting the agent and their commissions.

4. Why is the USA a market which is currently seen as ripe for investment?

The economic downturn in the US and tanking of financial institutions and the automobile and other industries has resulted in areas in the USA being plunged into a real estate depression not seen since the 1920s. It also provides the opportunity for astute investors to profit (achieving high yields) while rebuilding blue collar homes and neighbourhoods to provide affordable housing now and in a recovering future economy.

5. In which areas do CAZ have such product?

CAZ has product in Indianapolis, Cleveland, Toledo, Dayton Buffalo, Rochester and even Florida. Over the past 5 years CAZ have built strong relationships with companies on the ground who can source suitable property in a suitable neighbourhood, along with management companies that work hard to ensure that investor's property is constantly tenanted with no issues.

6. With which criteria do CAZ source the property?

Having been involved in the market for the past 5 years CAZ have been able to really detail how they source the property which they bring to market. The 3 most important criteria are; an area with low crime rate, a high occupancy rate and an area with a strongly perceived capital appreciation.

7. How do CAZ acquire the ideal investment?

CAZ employ local lawyers and accountants and a local project management firm to oversee renovating, renting and property management. But we go one step farther: we personally stand in every home before we buy it. We verify it is a viable home on a viable street in a viable neighbourhood before we put a dollar down or offer it to a potential investor.

8. Is the investment property rehabbed and title cleared of any outstanding debt?

Yes. CAZ ensure that the property meets the required standards upon rehabbing. Specific areas/appliances of the property (for example the boiler) are checked with every property. An inspection report is also provided to the investor before any deal is closed. Title is also cleared of any debt.

9. Is the property tenanted from the start?

Yes. All properties delivered by CAZ are done so tenanted from the point of exchange, this means that the 15-21% NET yield (In Florida from 6-10%) your investor is to achieve starts straight away. They are usually tenanted for an initial period of 12 months however other options are available

10. Can prospective investors see the property before they invest?

While we are happy to welcome and accommodate those who want to visit their home(s), investors need never even see their investment property to enjoy the profits from it.

11. What are restrictions on foreigners purchasing property in the USA?

There are no restrictions; the USA does not discriminate against any nationality so your investors can own as much property as they want regardless of their nationality. You can purchase property in your own name or through other entities.

12. What are the costs involved in purchasing a property other than the purchase price?

CAZ Estates charges an enabling fee (please see document provided), which covers all costs leading to the purchase of the property by your investor. Costs vary based on price of property. In other occasions closing costs do exist which are approx. 4-5% of the amount purchased.

13. What are the associated running costs?

Real estate taxes are paid annually. HOA's (Home Owners Association Fees) are due monthly where applicable. Management Fees are to be considered and on some occasions utility bills and insurance. All of these costs are broken down for you by CAZ and are included in the sums which ultimately generate the final NET yield.

14. What about income tax? Does my client have to declare in the USA and pay in my own country?

Your client will be issued with an individual tax payer identification number (ITIN). Rental income for tax purposes this should be declared in the USA. Once income is transferred outside the USA then this will be taxed in the country of residence added on depending on double tax treaties. The USA tax rate varies and is based on the level of NET INCOME from your rented property(s) after all deductions. USA Income tax is paid annually and is due 1st November each year and is paid in arrears, your client has until April the following year to pay but should they pay in November they will receive 4% discount. This will all be explained to your client. Tax exemptions exist and also. We will introduce a fully qualified accountant for you to use. Please be aware the information in this paragraph should be used as general guidance notes only.

15. What about inheritance tax?

The rate can be up to 50%. Advice needs to be requested.

16. Can you open Bank accounts in the USA?

We our long standing relationship with banks has enabled us to open bank accounts for investors in the USA with the ability of issuing a debit Card too.

17. When does my client achieve the rental income?

The rental payments will be paid at the beginning of the following month from purchase. Generally they are paid monthly but other options can be explored if your client wishes.

18. How simple is the procedure for us and the investor once an investor decides to purchase?

Due to their being no restrictions on different nationalities buying property in the USA the procedure is pretty simple; please see document provided stating procedures). CAZ allow 6-8 weeks for the full completion of a sale including commissions being paid to agents, however, sometimes this can be a lot quicker dependant on how fast the investor is willing to move.

19. Will my client receive a title deed on completion of their property?

Yes. Once all payments have been made we will register along with our lawyers, the title deed with the USA land registry as the new owner.

20. What happens if a tenant leaves or does not pay their rent on time?

Due to the long standing relationships CAZ has with their management companies on the ground and their experience in the market, we ensure that non-paying tenants are evicted quickly and effectively usually within 30 days with a new tenant being sourced immediately. In the case of a tent moving out then again, the management company will work quickly and effectively to replace the tenants so that the yield is not effected at all or too much.

21. Do CAZ do anything to ensure quick tenant placement and longevity of their stay?

Yes. CAZ along with their management companies offer the properties at a slightly lower rate than the average for the area. We have found that this means we are able to source tenants quicker and they stay a lot longer; as well as paying on time. Our experience in the market has made this possible.

22. What happens if there are damages and repairs that need to be addressed? Will my client be directly contacted?

No. any issues that occur will be directed to the management company in charge of this property. If repairs need to be carried out then the investor will be made aware of this as it may affect their yield. This is paramount as it is your investor that ultimately owns the asset.

23. This is very much seen as a hands off turnkey investment then?

Yes. All your client's needs to do is purchase the property and let CAZ and its management teams on the ground in the USA do the rest whilst they achieve their monthly yields. It couldn't be simpler.

24. What happens when my client wants to sell?

Ultimately, this is an investment that needs to be seen as mid to long term to achieve the full market benefits. This is currently predicted at around 4-6 years where the investor should also see healthy capital appreciation when the investor wishes to sell then CAZ along with their partners in the USA will assist with this.

25. So there is no clear cut exit strategy?

There is an exit strategy. Your client can decide to sell at any point (with the assistance of CAZ), however, in the first few years you can only expect to break even upon selling, holding onto it for longer you are likely to see a profit from capital growth. The USA, particularly in the areas we currently sell is very much a rental market. This is predicted to change over the coming years as the market picks up. As it does you will see more USA citizens wanting to own their own homes again so it is likely that tenants may be the ones that ultimately exit you from your investment? This however is only a prediction.

26. Can my client achieve finance on these types of properties?

It is recommended by CAZ that these are sold as a cash purchase. There are far more implications when it comes to financing such properties. That being said, there are options we can offer but your investor would be looking at investing \$500,000 plus for it to be worthwhile. However, CAZ would be happy to assist in exploring the option further along with its partners.

27. How much commission do you pay agents?

Commission can vary based on whether you are an introducer or a master agent or just a regular agent for us. It also depends on the product in which you sell for us. As previously mentioned we have access to other stock including Cyprus and Greece as well as more recently bringing our own development to market. (Please see separate FAQ's for Crystal Ridge, Orlando, Florida and Elea golf residences, Paphos, Cyprus). You will be informed of commission levels personally.

28. When are commissions paid?

CAZ will always endeavour to pay commissions within 14 days of completion of purchase. These terms are within the agreement which we provide you. Please take your time to read this and make sure you are happy with its content.

29. Do CAZ provide all the marketing materials necessary to market the product?

Yes. CAZ does provide marketing tools to help you achieve sales. Our website is equipped to help you with this. Please ask your network manager (if they haven't already done so) to run you through the options available to you on the website. All of our material is available white labelled for your own branding.

30. I noticed your website is only accessible with a username and password?

This is because only agents who partner with us are given access. Once both agent and CAZ are happy with relevant due diligence and an agency agreement is signed, a username and password personal to you will be provided.