Note made on 12 May 2017 updated 16-06-2017

Dear Notary M Rodolphe Remark

Thank you very much for giving us your time for a meeting at your office on 18 April this year. The subject for the meeting was to arrange a so-called “Usufruit, nue propriété” document in order to prepare the takeover of our apartment 004 Bd. Martinique, Cap Coudalere, 66420 Le Barcares to our two daughters.

Explanation of the “Usufruit, nue propriété” model

This model operates with a full ownership (which my wife Lis and I have now). Furthermore full ownership can be divided into the right to use the property and the so called “naked” ownership.

The right to use is as it says the right to use the property, to collect revenue (rent for example) and have the right to dispose of the property with the agreement of the “naked” ownership.

The “naked” ownership is the right to dispose of the property with the agreement of the usufruitior, but not to use the property (is not entitled to enjoyment), or the right to collect revenues.

Therefore, when we together with our daughters sign a “Usufruit, nue propriété” document/deed our daughters take over the “naked” ownership (could be explained it as the walls or the shell of the apartment) and Lis and I retain the right to use it fully also including the obligation to pay for the property expenses (taxes, water, electricity, maintenance, etc.) as long as we ore one of us is alive. In this situation we cannot sell the apartment, nor can our daughters if this is mentioned in the document. On the other hand if we and both our daughters unanimously want to sell this is possible if such a notice is made in the document.

Therefore, when one of Lis and I dies the survivor has the same right to use the apartment as we both had before also including the obligation to pay for the property expenses. The survivor must be sure that the tax system, electricity system, water supply system, bank system etc. has the correct legal name, email etc. of the survivor, but apart from this, nothing has to be done.

When the last of us dies our two daughters (In equal fellowship) automatically takes over the full ownership of the apartment. Besides from changing names for tax system, electricity, water supply, bank etc., our daughters only have to send our death certificates to the notary. Apart from that they have nothing else to do or pay for in terms of takeover administration. Of cause from this time our daughters take over the obligation to pay for the property expenses.

Administrative tasks in France

We discussed what an appropriate formal selling price for the property should be and agreed on 110.000€. The cost of the notary’s work and the taxes etc. will in our situation be approximately 3.700€ based on the selling price and the fact that my wife and I this summer will sign the document - both at the age of 69 years. The 3.700€ must be paid to the notary before we meet for signing the document.

The calculation of the 3.700€ in our situation is shown on the attached paper (Prevision de Taxe No 23621).

From the internet you can find:

Barème fiscal de la nue-propriété

La valeur fiscale de la nue-propriété est calculée par soustraction.

- 90% de la pleine propriété quand l'usufruitier est âgé de 91 ans ou plus,
- 80% quand il est âgé de 81 à 90 ans,
- 70% quand il est âgé de 71 à 80 ans,
- 60% quand il est âgé de 61 à 70 ans,
- 50% quand il est âgé de 51 à 60 ans,
- 40% quand il est âgé de 41 à 50 ans,
- 30% quand il est âgé de 31 à 40 ans,
- 20% quand il est âgé de 21 à 30 ans,
- et 10% en deçà.

Barème fiscal de l'usufruit

L'usufruit viager est égal à :

- **10%** de la pleine propriété quand l'usufruitier est âgé de plus de **91** ans,
- **20%** quand il est âgé de **81 à 90 ans,**
- **30%** quand il est âgé de **71 à 80 ans,**
- **40%** quand il est âgé de **61 à 70 ans,**
- **50%** quand il est âgé de **51 à 60 ans,**
- **60%** quand il est âgé de **41 à 50 ans,**
- **70%** quand il est âgé de **31 à 40 ans,**
- **80%** quand il est âgé de **21 à 30 ans,**
- **90%** quand il est âgé de **20 ans ou moins.**

Necessary document to be sent to the notary in advance

Lis, Erik, Mette and Anne: Personal identification number in DK, copy of passport, documentation of address in DK, birth certificate, marriage certificate and information of profession.

Administrative tasks in Denmark

The selling price 110.000€ will be realized and documented in the way that our Danish lawyer/notary will establish a so-called “Emergency Debt Letter” (in Danish “Anfordringsgaeldsbrev”) explaining that each of our daughters owes Lis and I jointly 55.000€ (Converted into Danish crown). When this depth letter is signed our Danish lawyer/notary will document for the French notary that the selling price has been paid. In future according to Danish tax system each of Lis and I each year have the possibility to give each of our daughters a tax free gift on approximately 8.000€, i.e. approximately 16.000€ to each daughter each year and in this way reduce their debt to us.

Aalborg 12 May 2017, Lis and Erik Bejder