



Robb Report

Worth

WEALTH IN PERSPECTIVE

YOUR FAMILY'S 100 YEAR PLAN

Wrestling for Control of the Family Business

PART ONE: *The Unique Conflict Between
the First & Second Generations*

HEDGE FUNDS: PART 2 OF A SPECIAL REPORT
Finding Front-Runners and Skirting Scandals

COMFORTING THE AFFLICTED
Estate Planning for Children with Special Needs

GIVING TILL IT HURTS
What Do the Ethics of Affluence Demand?



La Dolce Villa

Buying our dream home in Italy requires deciphering perplexing “adjustments” and enduring endless rubber stamps.

By Bryant Urstadt

ROBERTO ZECCA FOCUSED on finding his villa in Italy with the same care that had seen him through decades as an international banker. First, he and his wife, Christine, rented an apartment in Milan, even though they were sure they did not want to live in that city. Zecca, born in Genoa, had worked in Brazil for years before he retired, and they wanted to find a villa in the old country. They took day trips, scouring the countryside. “We started in the lakes region,” Zecca says. “Como was gorgeous, but we were competing with the commuters, and the traffic was overwhelming. Then we went to the Veneto. In Venice and Verona, the properties were astounding, but we just couldn’t handle the idea of having to maintain gold-leaf inlay on the ceiling. Then we hit Tuscany. Almost immediately, we found our home.”

The Zeccas settled on, or, more accurately, were swept away by, Villa Ugnana, a property with roots stretching back over a millennium. Ugnana overlooks the Greve Valley, home of Chianti Classico, and is only 18 miles outside of Florence. Complete with swimming pool and sublime views, Ugnana is flanked by olive groves, as well as a vineyard of certified DOCG vines and the obligatory cypress trees.

“Villa” usually denotes a country home constructed for a person of wealth. It can include everything from the Capri villa of Emperor Tiberius to Casa Malaparte, the modernist classic on the same island. Most true villas were not centers for agriculture, but many of them are surrounded by farmland.

Many of us with a passion for travel have entertained the dream of owning one of these Italian classics. Making the vision a reality, however, calls on our inner banker as much as it does on our inner romantic. The process

requires sharp-penciled attention to the details of this confusing and chaotic country, and careful effort when choosing an agent, navigating Italy’s legal system and deciding whether to take on the burden of a full restoration.

CAVEAT EMPEROR

Agents stress the importance of becoming intimately familiar with Italy before investing in such a home. “Don’t start with the property,” says Tristan Walker, a founding partner of real estate agency Stiglitz and Walker, which specializes in Tuscan property. “Find the area that suits you first.” The disparities among cities, provinces and, ultimately, the divide between the north and the south are compounded by the fact that, in Italy, even neighborhoods within the same locale can differ markedly. Sections of the city of Siena, for instance, have been at each other’s throats for generations. The Zeccas’ approach, renting a home base and looking from there, is ideal; Italy has no shortage of fine properties to let.

The agent can make the difference between a smooth transaction and a *molto difficile* slog. While working with an English-speaking agent near home is a great convenience, that person’s relationship with the Italians will be the true indicator of worth. Many excellent properties, for example, are not widely marketed. This fact prompted Walker to partner with Giuliano Stiglitz, an Italian broker based in Grosseto. In Walker’s search for a home in Tuscany, he says he found very few of the good properties were being advertised outside the country. Brokers with little command of English had listed those few.

Italy has nothing like the Multiple Listing Service used in the United States, so agents rarely know what their colleagues and competitors are offering. The best substitute we can hope for is an agent with top-flight Italian connections, and one who is willing to hustle on our behalf. Most agents ask approximately 6 percent of the transaction price as their fee, which is split between buyer and seller.

Seasoned agents can also help us navigate the labyrinthine Italian real estate laws. Buying in Italy can be just a bit complicated, suggests Benedetta Vigano, an agent in

TOP VIEW | For thousands of years, the Italian villa has symbolized a haven for the civilized pleasures offered by this nation of vineyards and olive groves. But buying a home in Italy is a complex, multifarious process that can trip up the unprepared. Becoming intimately familiar with the country, hiring agents with excellent contacts and familiarizing ourselves with the real estate process can help us maximize our investment in time and money.



Greg Evans recently restored Il Granaio near Peccioli, Tuscany. Above, the villa before restoration, and, top, the villa afterward. The muddy creek was transformed into a pool.

Milan, with some understatement. Italy is often caricatured as a nation of crazed bureaucrats; doubters need only try to leave a grocery store without getting a receipt for a soda (it is actually illegal). As for real estate transactions, there are not two, but three legal and binding stages of the purchase. The first is the offer, which includes a nonrefundable deposit; the amount is negotiated between the buyer and the seller, but normally ranges from 2 to 3 percent of the total asking price. Inspections, title searches and lien checks are done before this stage, unlike in the United States. Careful preparation before this point is the best way to avoid disappointment.

Happily, however, if the seller backs out at this time, he is generally required to return the deposit, with a 100 percent penalty. This affects the negotiation of the deposit amount. A seller hoping to land a better offer from another buyer will request a smaller deposit; a very committed buyer will try to run it as high as possible to prevent the seller from walking away.

Approximately one month after the offer, the parties move to the second stage, called *il compromesso*, or the full preliminary contract. At this point, the buyer hands over 20

to 30 percent of the sales price, minus the deposit, and the agent's commission is paid. Two to three months later, the buyer and seller sign the final transfer deed, or *rogito*, and a bank check changes hands.

In addition to an agent, a buyer will also rely on the services of an Italian notary, or *notaio*. Our agent will probably

recommend one who will handle the official records and check for title discrepancies, liens or other outstanding claims. A good agent will have access to reputable people, and a licensed local agent will carry insurance against some mishaps, such as title squabbles. A buyer will also require a local *geometra*, or surveyor, who will inspect the land and ensure that it matches its registered description. The *geometra* prepares a report describing the boundaries of the property and its overall condition.

GRAY AREAS

Taxes and fees can add up quite quickly. These include a stamp duty that ranges from 3 to 7 percent; the *notaio's* fee, which can run more than \$5,000 on a \$2.5 million property; the *geometra's* fee, which may be \$1,000 to \$2,000; a real estate tax of 3 percent, if you are buying



Before and after photographs of the Il Granaio kitchen and dining room restoration. Materials original to the structure were used when possible, including 230-year-old terra-cotta floor tiles.

from an individual; and local taxes, generally 0.4 to 0.8 percent of the assessed value. Italy is also notorious for “adjustments” made between the actual and the declared value of a home; buyers are generally expected to make a cash payment to cover the difference. Although sellers do not demand these adjustments with quite as much swagger as in the past, it pays to be aware of this cultural anachronism. “It’s sort of legal and sort of not—and sort of standard,” says Barbara Schaefer, a broker with New York-based Eychner Associates. Today, we can pay for the adjustments with a bank check, rather than a pile of cash in a briefcase. Italy also charges nonresidents a premium on many services.

This can be as much as 50 percent more on expenses such as property taxes and water, electricity and phone bills. These charges vary from region to region, and from town to town.

Whether we emerge unscathed from these negotiations depends greatly on the expertise of our local legal team. Buyers at the higher end of the market do enjoy some advantage here, as reputable well-established agents with strong networks of trustworthy people will be easier to find. But Italy’s mania for such idiosyncrasies as the infamous rubber stamps are part of the country’s charms and are to be embraced if we hope for a relatively angst-free transaction. “Once people get here, they want to stay,” says Schaefer, who lived in Italy for 12 years. “With all of its difficulties and contradictions, it’s still a warm and wonderful place. You take it to heart.”

With millions of readers raptly following every slap of the trowel in Frances Mayes’ *Under the Tuscan Sun*, it almost seems like a buyer is missing out if he is not getting frustrated with the “colorful” workers who restore—or

REGIONAL TASTES

IN ITALY, where we buy is at least as important as what we buy; the country’s geography offers everything from sun-drenched beaches to snowbound passes. It is necessary to become thoroughly accustomed with Italy’s most popular—and commonly overlooked—regions.

The lake district has long been a center of wealth and glamour. At Lake Como, George Clooney, who bought his Villa Oleandra there for \$7 million last year, has practically redefined the region. “It was just like when the Duchess of York went to Maremma, in Tuscany. Everyone had to be in Maremma,” says Benedetta Vigano, an agent in Milan, and a member of Sotheby’s international network of brokers. Vigano is currently representing the Villa Fuoco, on the western shore of Como, about a mile from Clooney’s retreat. Dancer Sofia Fuoco built the house in 1846. Unlike most properties in the area, it rests directly on the lakefront. It has nine bedrooms, not including the staff quarters, and includes a boat-house with a terrace affording panoramic views of Como and the Alps. The asking price is about \$5.5 million.

Sardinia is still very much a hot spot, says Vigano and other brokers, although the crowd is typically more continental European, with fewer English and Americans. Russians, in particular, have favored the island recently.

Tuscany, of course, is hardly undiscovered. In fact, the area has long been called “Chiantishire,” poking fun at the overwhelming number of English who have been settling there for decades. Nearby Umbria, constantly touted as the next Tuscany, exhibits a similarly international cross-section; its resident star is the musician Sting.

South of Rome, high-end options center on the island of Capri and the cliff-hanging towns near Naples: places such as Positano, Sorrento and Ravello. With the exception of pockets of Sicily, the rest of the south seems to appeal mainly to those in search of value.

neglect to restore—a recently purchased villa. In reality, Zecca remembers the shock he felt when the master mason showed up. “He basically had a bucket and two hammers. Three years later, though, our home was perfect.” But it was three years of careful oversight, with the Zeccas living just down the road all the while, visiting the house constantly. Zecca does not believe he could have done it any other way.

Those who cannot devote this amount of time can work with an agent who specializes in restorations, such as Greg Evans of Tuscan Hills, a real estate and furnishings company based in Princeton, N.J. Although Evans also handles properties in mint condition, he primarily offers help restoring the Mayes-type ruin in Tuscany. In this region, a fixer-upper is often the best option, according to Evans, as new construction in rural Tus-

cany is restricted, and many of the most interesting properties remaining are in need of ground-up renovation. Evans will do as much or as little of the work as his customer desires, in concert with a sister office in San Gimignano. “We have some clients who are very hands-on, flying in constantly to visit the property,” Evans says, “and some who are completely hands-off, doing everything by email.” Evans, who restored a 200-year-old farmhouse for himself, suggests that it could take \$1 million to \$2 million to restore a five- or six-bedroom farmhouse to luxury standards. Expect the process to take 12 to 14 months. Evans believes this is money well spent. One of his clients recently purchased a Tuscan farmhouse for \$300,000, and invested \$1.2 million in a restoration project. Evans believes it would sell for between \$2.5 million and \$2.75 million now.

Zecca currently keeps a full-time staff of four, and says Ugnana costs him a couple of hundred thousand dollars a year to run. Although profit was never his primary motive, he is able to defray his expenses by selling grapes from the registered vineyard and leasing the villa to tenants. As an investment, he admits, the villa has certainly increased in value. Moreover, Zecca, finding himself surrounded by 40 acres of ancient olive trees, found that he could not help but try making his own olive oil. His hobby blossomed into international renown and a restaurant in San Francisco. He still spends three or four months a year at Ugnano, but now also runs Frantoio in San Francisco, the only restaurant in the country with an in-house olive-oil-making operation. In Italy, business and pleasure often commingle; this is certainly the case in real estate. **W**



Tuscan Hills, LLC
342 Nassau Street
Princeton, New Jersey 08540

609.921.9015 (ph)
609.921.9024 (fax)

www.tuscan-hills.com