

The Financial Implications of Buying 3 Benningfield Gardens, Castle Village, Berkhamsted, Hertfordshire HP4 2GS

Set out below are worked examples of the financial implications of buying the above property. Created on 20/03/2019

Note: These worked examples are for guidance only. Please discuss your individual circumstances and financial commitments with your solicitor, other legal or financial adviser.

This illustration is not a forecast and, like any other investment, the value of properties in the village could go down as well as up.

EXAMPLE 1: TYPICAL ANNUAL COSTS

This first example deals with the potential annual costs of buying a retirement property. **It excludes:**

- The cost of any **mortgage** you may have, and;
- The **personal monthly bills** for which you would be liable, such as council tax, electricity, gas, water, telephone rates and charges, (if applicable), contents insurance, television licence, broadband / satellite / cable subscriptions and any other bills.

The costs shown are based upon the purchase cost and service charge costs for single or double occupancy of a 2 bedroom cottage, address 3 Benningfield Gardens, purchased for **£425,000 (four hundred and twenty five thousand pounds)**

As a leasehold owner, you will be responsible for the following costs, which are applicable from: 1st April 2019 to 31st March 2020 and annually thereafter.

Costs	Calculation Method	Annual Cost
Service Charge *	Monthly £466.91	£5,603.00
Total (double occupancy) additional cost per annum if applicable	Monthly £16.66	£200.00
Ground Rent	Monthly £20.83	£250.00
	Monthly £504.40	£6,053.00

*The service charge is reviewed every year in consultation with residents.

EXAMPLE 2: A SALE (Otherwise known as assignment) of your property

This second example deals with some of the one-off costs if you were to sell (otherwise known as to “assign”) your property. **It excludes:**

- Any outstanding ground rent or service charge that you owe;
- Any mortgage costs, including the cost of paying off (sometimes referred to as redeeming) your mortgage;
- The costs of any solicitor, conveyancer or legal adviser you appoint to deal with the sale/assignment;
- Any estate agents fees; Inclusive if using RV Services property re-sales service
- Any tax which you may have to pay, including stamp duty;
- Any costs of moving;
- The cost of ensuring the property is in good decorative order prior to the resale.

The assignment fee, which is payable to the landlord, [Castle Village Management Ltd], provides a return on the original investment in developing the communal facilities in the Village. It does not contribute towards the costs of any services that are provided or to a sinking fund and accordingly is not held in trust for residents

If you purchase the property for **£425,000** and in the future sell/assign it for the sale prices below, examples of the corresponding assignment fees incurred on the sale/assignment of the property are indicated underneath the sale prices:-

'The proportion of the sales price payable does not change over time: it is 10% whenever a property is sold. It is also 10% if the fee is pre-paid on purchase.

Fee	Calculation Method	Cost
Example A: If you sell the property after 6 years and the property has <u>not</u> changed in value.		
Sale Price		£425,000
The Assignment Fee if paid on sale	10.0% of the sale price	£42,500 Payable when you sell OR
The Assignment Fee if pre-paid	10.0% of the purchase price	£42,500 Payable when you purchase
Fee	Calculation Method	Cost
Example B: If you sell the property after 6 years and the property has increased in value by 3% per annum.		
Sale Price		£507,472
The Assignment Fee if paid on sale	10.0% of the sale price	£50,747 Payable when you sell OR
The Assignment Fee if pre-paid	10.0% of the purchase price	£42,500 Payable when you purchase
Fee	Calculation Method	Cost
Example C: If you sell the property after 6 years and the property has decreased in value by 3% per annum.		
Sale Price		£354,013
The Assignment Fee if paid on sale	10.0% of the sale price	£35,401 Payable when you sell OR
The Assignment Fee if pre-paid	10.0% of the purchase price	£42,500 Payable when you purchase
Fee	Calculation Method	Cost
Example D: If you sell the property within 2 years and the property has increased in value by 3% per annum.		
Sale Price		£450,883
The Assignment Fee if paid on sale	10.0% of the sale price	£45,088 Payable when you sell OR
The Assignment Fee if pre-paid	10.0% of the purchase price	£42,500 Net payment
Fee	Calculation Method	Cost
Example E: If you sell the property within 2 years and the property has decreased in value by 3% per annum.		
Sale Price		£399,883
The Assignment Fee if paid on sale	10.0% of the sale price	£39,988 Payable when you sell OR
The Assignment Fee if pre-paid	10.0% of the purchase price	£42,500 Net payment
Fee	Calculation Method	Cost
Example F: If you sell the property within 1 year and the property has increased in value by 3% per annum.		
Sale Price		£437,750
The Assignment Fee if paid on sale	10.0% of the sale price	£43,775 Payable when you sell OR
The Assignment Fee if pre-paid	10.0% of the purchase price	£42,500 Net payment
Fee	Calculation Method	Cost
Example G: If you sell the property within 1 year and the property has decreased in value by 3% per annum.		
Sale Price		£412,250
The Assignment Fee if paid on sale	10.0% of the sale price	£41,225 Payable when you sell OR
The Assignment Fee if pre-paid	10.0% of the purchase price	£42,500 Net payment