

The Financial Implications of Buying Apartment 32 Brook House, Debden Grange, 6 Rose and Crown Walk, Saffron Walden, Essex, CB10 1JH

Set out below are worked examples of the financial implications of buying the above property. Created on 09/11/2018

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 two bedroom apartment, address 32 Brook House, purchased for **£472,500 (Four Hundred and Seventy-Two Thousand, Five Hundred Pounds)**

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

Costs	Calculation Method	Annual Cost
Service Charge *	Monthly £530.25	£6,363.03
Total (double occupancy) additional cost per annum if applicable	Monthly £25.00	£300.00
Ground Rent [The Ground Rent increases every 20 years inline with CPI]	Monthly £41.66	£500.00
	Monthly £596.91	£7,163.03

*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; 1.5% plus vat when RV Services Ltd undertake sales and marketing or sellers choice of agent
- 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, [Debden Grange Management Limited], 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 **£472,500** 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 changes: it is 2.5% for a sale in the first year, 5% for a sale in the second year, and 10% for all sales after the second year. If you pre-pay the assignment fee on purchase the rate will be 10%.

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		£472,500
The Assignment Fee if paid on sale	10.0% of the sale price	£47,250 Payable when you sell OR
The Assignment Fee if pre-paid	10.0% of the purchase price	£47,250 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		£564,190
The Assignment Fee if paid on sale	10.0% of the sale price	£56,419 Payable when you sell OR
The Assignment Fee if pre-paid	10.0% of the purchase price	£47,250 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		£393,579
The Assignment Fee if paid on sale	10.0% of the sale price	£39,358 Payable when you sell OR
The Assignment Fee if pre-paid	10.0% of the purchase price	£47,250 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		£501,275
The Assignment Fee if paid on sale	5.0% of the sale price	£25,064 Payable when you sell OR
The Assignment Fee if pre-paid	5.0% of the purchase price	£23,625 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		£444,575
The Assignment Fee if paid on sale	5.0% of the sale price	£22,229 Payable when you sell OR
The Assignment Fee if pre-paid	5.0% of the purchase price	£23,625 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		£486,675
The Assignment Fee if paid on sale	2.5% of the sale price	£12,167 Payable when you sell OR
The Assignment Fee if pre-paid	2.5% of the purchase price	£11,813 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		£458,325
The Assignment Fee if paid on sale	2.5% of the sale price	£11,458 Payable when you sell OR
The Assignment Fee if pre-paid	2.5% of the purchase price	£11,813 Net payment