

The Financial Implications of Buying 10 Alexander Hall, Avonpark, Limpley Stoke, Bath BA2 7ff

Set out below are worked examples of the financial implications of buying the above property. Created on 16.07.2019

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 1 bedroom apartment, address 10 Alexander Hall, purchased for **£285,000 (two hundred and eighty five thousand pounds)**

As a leasehold owner, you will be responsible for the following costs, which are applicable from: 1st July 2019 to 30th June 2020 and annually thereafter.

| Costs | Calculation Method | Annual Cost |
|---|--------------------|------------------|
| Service Charge * | Monthly £485.36 | £5,824.43 |
| Ground Rent Ground rents are subject to a 20 year review, please ask for details. | Monthly £20.83 | £250.00 |
| | Monthly £506.20 | £6,074.43 |

*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% No 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, RV Avonpark 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 **£285,000** 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 changes: it is 5% for a sale in the first year, 10% for all sales after the second year.

If you pre-pay the assignment fee on purchase the rate will be 10%. If you sell the property within 1 year of occupation and you have pre-paid the full assignment fee of 10% the difference will be refunded.

| 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 | | £285,000 |
| The Assignment Fee if paid on sale | 10.0% of the sale price | £28,500 Payable when you sell OR |
| The Assignment Fee if pre-paid | 10.0% of the purchase price | £28,500 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 | | £340,305 |
| The Assignment Fee if paid on sale | 10.0% of the sale price | £34,030 Payable when you sell OR |
| The Assignment Fee if pre-paid | 10.0% of the purchase price | £28,500 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 | | £237,397 |
| The Assignment Fee if paid on sale | 10.0% of the sale price | £23,740 Payable when you sell OR |
| The Assignment Fee if pre-paid | 10.0% of the purchase price | £28,500 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 | | £302,357 |
| The Assignment Fee if paid on sale | 10.0% of the sale price | £30,236 Payable when you sell OR |
| The Assignment Fee if pre-paid | 10.0% of the purchase price | £28,500 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 | | £268,157 |
| The Assignment Fee if paid on sale | 10.0% of the sale price | £26,816 Payable when you sell OR |
| The Assignment Fee if pre-paid | 10.0% of the purchase price | £28,500 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 | | £293,550 |
| The Assignment Fee if paid on sale | 5.0% of the sale price | £14,678 Payable when you sell OR |
| The Assignment Fee if pre-paid | 5.0% of the purchase price | £14,250 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 | | £276,450 |
| The Assignment Fee if paid on sale | 5.0% of the sale price | £13,823 Payable when you sell OR |
| The Assignment Fee if pre-paid | 5.0% of the purchase price | £14,250 Net payment |