

The Financial Implications of Buying 16 The Priory, Abbotskerswell, Newton Abbott, Devon, TQ12 5PP

Set out below are worked examples of the financial implications of buying the above property. Created on 13/10/2020.

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 First Floor Apartment, address 16 The Priory, Abbotskerswell, Newton Abbott, Devon, TQ12 5PP, purchased for **£330,000 (Three Hundred and Thirty Thousand Pounds)**.

As a leasehold owner, you will be responsible for the following costs, which are applicable from: May 2020 to Apr 2021 and annually thereafter.

| Costs | Calculation Method | Annual Cost |
|------------------|------------------------|------------------|
| Service Charge * | Monthly £630 | £7,559.23 |
| Ground Rent | Monthly £0.00 | £0 |
| | Monthly £629.94 | £7,559.23 |

*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% when RV PROPERTY HOLDINGS 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 PROPERTY HOLDINGS 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 £330,000 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 2.5% for a sale in the first year, 5% for a sale in the second year, 7.5% for a sale in the third year, 10% for a sale in the fourth year, and 12.5% for all sales after the fourth year.

| 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 | | £330,000 |
| The Assignment Fee if paid on sale | 12.5% of the sale price | £41,250 Payable when you sell OR |

| 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 | | £394,037 |
| The Assignment Fee if paid on sale | 12.5% of the sale price | £49,255 Payable when you sell OR |

| 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 | | £274,881 |
| The Assignment Fee if paid on sale | 12.5% of the sale price | £34,360 Payable when you sell OR |

| FEE | Calculation Method | Cost |
|---|-----------------------|----------------------------------|
| EXAMPLE D: If you sell the property between 3 & 4 years and the property has increased in value by 3% per annum. | | |
| Sale Price | | £371,418 |
| The Assignment Fee if paid on sale | 10% of the sale price | £37,142 Payable when you sell OR |

| FEE | Calculation Method | Cost |
|---|-----------------------|----------------------------------|
| EXAMPLE E: If you sell the property between 3 & 4 years and the property has decreased in value by 3% per annum. | | |
| Sale Price | | £292,147 |
| The Assignment Fee if paid on sale | 10% of the sale price | £29,215 Payable when you sell OR |

| FEE | Calculation Method | Cost |
|---|------------------------|----------------------------------|
| EXAMPLE F: If you sell the property between 2 & 3 years and the property has increased in value by 3% per annum. | | |
| Sale Price | | £360,600 |
| The Assignment Fee if paid on sale | 7.5% of the sale price | £27,045 Payable when you sell OR |

| FEE | Calculation Method | Cost |
|---|------------------------|----------------------------------|
| EXAMPLE G: If you sell the property between 2 & 3 years and the property has decreased in value by 3% per annum. | | |
| Sale Price | | £301,182 |
| The Assignment Fee if paid on sale | 7.5% of the sale price | £22,589 Payable when you sell OR |

| FEE | Calculation Method | Cost |
|---|----------------------|----------------------------------|
| EXAMPLE I: If you sell the property between 1 & 2 years and the property has decreased in value by 3% per annum. | | |
| Sale Price | | £310,497 |
| The Assignment Fee if paid on sale | 5% of the sale price | £15,525 Payable when you sell OR |

| FEE | Calculation Method | Cost |
|---|----------------------|----------------------------------|
| EXAMPLE H: If you sell the property between 1 & 2 years and the property has increased in value by 3% per annum. | | |
| Sale Price | | £350,097 |
| The Assignment Fee if paid on sale | 5% of the sale price | £17,505 Payable when you sell OR |

| FEE | Calculation Method | Cost |
|---|------------------------|---------------------------------|
| EXAMPLE J: If you sell the property within 1 year and the property has increased in value by 3% per annum. | | |
| Sale Price | | £339,900 |
| The Assignment Fee if paid on sale | 2.5% of the sale price | £8,498 Payable when you sell OR |

| FEE | Calculation Method | Cost |
|---|------------------------|---------------------------------|
| EXAMPLE K: If you sell the property within 1 year and the property has decreased in value by 3% per annum. | | |
| Sale Price | | £320,100 |
| The Assignment Fee if paid on sale | 2.5% of the sale price | £8,002 Payable when you sell OR |