

The Financial Implications of Buying 5 Elmbridge Manor, Elmbridge Village, Cranleigh, Surrey, GU6 8FT

Set out below are worked examples of the financial implications of buying the above property. Created on 27/5/2021.

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 5 Elmbridge Manor, Elmbridge Village, Cranleigh, Surrey, GU6 8FT, purchased for **£565,000 (Five Hundred and Sixty-Five Thousand Pounds)**.

As a leasehold owner, you will be responsible for the following costs, which are applicable from: Apr 2021 to Mar 2022 and annually thereafter.

| Costs | Calculation Method | Annual Cost |
|--|------------------------|------------------|
| Service Charge * | Monthly £487 | £5,840.00 |
| Ground Rent Currently £300.00 per annum, doubling every 20 years from the start of the lease | Monthly £25.00 | £300 |
| | Monthly £511.67 | £6,140.00 |

*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**; (1.5% plus vat when Elmbridge Village 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, Elmbridge Village 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 £565,000 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, and 10% for all sales after the second year.

| FEE | Calculation Method | Cost |
|---|-----------------------|-------------------------------|
| EXAMPLE A: If you sell the property after 6 years and the property has <u>not changed</u> in value | | |
| Sale Price | | £565,000 |
| The Assignment Fee if paid on sale | 10% of the sale price | £56,500 Payable when you sell |

| 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 | | £674,640 |
| The Assignment Fee if paid on sale | 10% of the sale price | £67,464 Payable when you sell |

| 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 | | £470,629 |
| The Assignment Fee if paid on sale | 10% of the sale price | £47,063 Payable when you sell |

| 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 | | £599,408 |
| The Assignment Fee if paid on sale | 5% of the sale price | £29,970 Payable when you sell |

| 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 | | £531,608 |
| The Assignment Fee if paid on sale | 5% of the sale price | £26,580 Payable when you sell |

| 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 | | £581,950 |
| The Assignment Fee if paid on sale | 2.5% of the sale price | £14,549 Payable when you sell |

| 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 | | £548,050 |
| The Assignment Fee if paid on sale | 2.5% of the sale price | £13,701 Payable when you sell |