

The Financial Implications of Buying 18 Cedars Walk, Cedars Villages, Chorleywood, Hertfordshire, WD3 5GD

Set out below are worked examples of the financial implications of buying the above property. Created on 15/10/2019.

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 18 Cedars Walk, Cedars Villages, Chorleywood, Hertfordshire, WD3 5GD, purchased for **£420,000 (Four Hundred and Twenty Thousand Pounds)**.

As a leasehold owner, you will be responsible for the following costs, which are applicable from: Oct 2019 to Sep 2020 and annually thereafter.

Costs	Calculation Method	Annual Cost
Service Charge * Total (double occupancy) additional cost per annum if applicable	Monthly £559 Monthly £25.00	£6,708.00 £300.00
Ground Rent	Monthly £21.25	£255
	Monthly £605.25	£7,263.00

*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 PROPERTY HOLDINGS LTD 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, 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 £420,000 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 12.5% whenever a property is sold. It is also 12.5% 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 changed</u> in value.		
Sale Price		£420,000
The Assignment Fee if paid on sale	12.5% of the sale price	£52,500 Payable when you sell OR
The Assignment Fee if pre-paid	12.5% of the purchase price	£52,500 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		£501,502
The Assignment Fee if paid on sale	12.5% of the sale price	£62,688 Payable when you sell OR
The Assignment Fee if pre-paid	12.5% of the purchase price	£52,500 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		£349,848
The Assignment Fee if paid on sale	12.5% of the sale price	£43,731 Payable when you sell OR
The Assignment Fee if pre-paid	12.5% of the purchase price	£52,500 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		£445,578
The Assignment Fee if paid on sale	12.5% of the sale price	£55,697 Payable when you sell OR
The Assignment Fee if pre-paid	12.5% of the purchase price	£52,500 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		£395,178
The Assignment Fee if paid on sale	12.5% of the sale price	£49,397 Payable when you sell OR
The Assignment Fee if pre-paid	12.5% of the purchase price	£52,500 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		£432,600
The Assignment Fee if paid on sale	12.5% of the sale price	£54,075 Payable when you sell OR
The Assignment Fee if pre-paid	12.5% of the purchase price	£52,500 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		£407,400
The Assignment Fee if paid on sale	12.5% of the sale price	£50,925 Payable when you sell OR
The Assignment Fee if pre-paid	12.5% of the purchase price	£52,500 Net payment