

The Financial Implications of Buying Plot 6, Flat 6 Gallop Court, 19 Gradwell End, South Chailey, , BN8 4FL

Set out below are worked examples of the financial implications of buying the above property. Created on 13/8/2020.

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 Deferred Management Fee costs for single or double occupancy of a 2 bedroom Ground Floor Apartment, address Plot 6, Flat 6 Gallop Court, 19 Gradwell End, South Chailey, , BN8 4FL, purchased for **£532,500 (Five Hundred and Thirty-Two Thousand, Five Hundred Pounds)**.

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

Deferred Management Fee	Annual Increase
Option 1 – 15% DMF with a monthly fee of £750 rising annually by RPI.	The annual increase in the DMF is year 1 - 3%, year 2 – 6%, year 3 – 9%, year 4 - 12%, year 5 and after 15%
Option 2 – 30% DMF with a monthly fee of £366.67 fixed for the duration of their occupation.	The annual increase in the DMF is year 1 - 6%, year 2 – 12%, year 3 – 18%, year 4 – 24%, year 5 and after 30%

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 **monthly fee** 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 Gradwell 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 Deferred Management Fee, which is payable to the landlord, Gradwell 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 £532,500 and in the future sell/assign it for the sale prices below, examples of the corresponding deferred management fee incurred on the sale/assignment of the property are indicated underneath the sale prices:-

OPTION ONE: 15%

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		£532,500
The Deferred Management Fee if paid on sale	15% of the sale price	£79,875 Payable when you sell OR
The Deferred Management Fee	15% of the purchase price	£79,875 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		£635,833
The Deferred Management Fee if paid on sale	15% of the sale price	£95,375 Payable when you sell OR
The Deferred Management Fee	15% of the purchase price	£79,875 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		£443,558
The Deferred Management Fee if paid on sale	15% of the sale price	£66,534 Payable when you sell OR
The Deferred Management Fee	15% of the purchase price	£79,875 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		£564,929
The Deferred Management Fee if paid on sale	6% of the sale price	£33,896 Payable when you sell OR
The Deferred Management Fee	6% of the purchase price	£31,950 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		£501,029
The Deferred Management Fee if paid on sale	6% of the sale price	£30,062 Payable when you sell OR
The Deferred Management Fee	6% of the purchase price	£31,950 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		£548,475
The Deferred Management Fee if paid on sale	3% of the sale price	£16,454 Payable when you sell OR
The Deferred Management Fee	3% of the purchase price	£15,975 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		£516,525
The Deferred Management Fee if paid on sale	3% of the sale price	£15,496 Payable when you sell OR
The Deferred Management Fee	3% of the purchase price	£15,975 Net payment

OPTION TWO: 30%

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		£532,500
The Deferred Management Fee if paid on sale	30% of the sale price	£159,750 Payable when you sell OR
The Deferred Management Fee	30% of the purchase price	£159,750 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		£635,833
The Deferred Management Fee if paid on sale	30% of the sale price	£190,750 Payable when you sell OR
The Deferred Management Fee	30% of the purchase price	£159,750 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		£443,558
The Deferred Management Fee if paid on sale	30% of the sale price	£133,067 Payable when you sell OR
The Deferred Management Fee	30% of the purchase price	£159,750 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		£564,929
The Deferred Management Fee if paid on sale	12% of the sale price	£67,791 Payable when you sell OR
The Deferred Management Fee	12% of the purchase price	£63,900 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		£501,029
The Deferred Management Fee if paid on sale	12% of the sale price	£60,123 Payable when you sell OR
The Deferred Management Fee	12% of the purchase price	£63,900 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		£548,475
The Deferred Management Fee if paid on sale	6% of the sale price	£32,908 Payable when you sell OR
The Deferred Management Fee	6% of the purchase price	£31,950 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		£516,525
The Deferred Management Fee if paid on sale	6% of the sale price	£30,992 Payable when you sell OR
The Deferred Management Fee	6% of the purchase price	£31,950 Net payment