

## The Financial Implications of Buying Plot 4, Flat 4 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 4, Flat 4 Gallop Court, 19 Gradwell End, South Chailey, , BN8 4FL, purchased for **£455,000 (Four Hundred and Fifty-Five Thousand 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.

<b>Deferred Management Fee</b>	<b>Annual Increase</b>
<b>Option 1</b> – 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%
<b>Option 2</b> – 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 £455,000 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
<b>EXAMPLE A: If you sell the property after 6 years and the property has <u>not</u> changed in value</b>		
Sale Price		£455,000
The Deferred Management Fee if paid on sale	15% of the sale price	£68,250 Payable when you sell OR
The Deferred Management Fee	15% of the purchase price	£68,250 Payable when you purchase

FEE	Calculation Method	Cost
<b>EXAMPLE B: If you sell the property after 6 years and the property has increased in value by 3% per annum.</b>		
Sale Price		£543,294
The Deferred Management Fee if paid on sale	15% of the sale price	£81,494 Payable when you sell OR
The Deferred Management Fee	15% of the purchase price	£68,250 Payable when you purchase

FEE	Calculation Method	Cost
<b>EXAMPLE C: If you sell the property after 6 years and the property has decreased in value by 3% per annum.</b>		
Sale Price		£379,002
The Deferred Management Fee if paid on sale	15% of the sale price	£56,850 Payable when you sell OR
The Deferred Management Fee	15% of the purchase price	£68,250 Payable when you purchase

FEE	Calculation Method	Cost
<b>EXAMPLE D: If you sell the property within 2 years and the property has increased in value by 3% per annum.</b>		
Sale Price		£482,710
The Deferred Management Fee if paid on sale	6% of the sale price	£28,963 Payable when you sell OR
The Deferred Management Fee	6% of the purchase price	£27,300 Net payment

FEE	Calculation Method	Cost
<b>EXAMPLE E: If you sell the property within 2 years and the property has decreased in value by 3% per annum.</b>		
Sale Price		£428,110
The Deferred Management Fee if paid on sale	6% of the sale price	£25,687 Payable when you sell OR
The Deferred Management Fee	6% of the purchase price	£27,300 Net payment

FEE	Calculation Method	Cost
<b>EXAMPLE F: If you sell the property within 1 year and the property has increased in value by 3% per annum.</b>		
Sale Price		£468,650
The Deferred Management Fee if paid on sale	3% of the sale price	£14,060 Payable when you sell OR
The Deferred Management Fee	3% of the purchase price	£13,650 Net payment

FEE	Calculation Method	Cost
<b>EXAMPLE G: If you sell the property within 1 year and the property has decreased in value by 3% per annum.</b>		
Sale Price		£441,350
The Deferred Management Fee if paid on sale	3% of the sale price	£13,240 Payable when you sell OR
The Deferred Management Fee	3% of the purchase price	£13,650 Net payment

## OPTION TWO: 30%

FEE	Calculation Method	Cost
<b>EXAMPLE A: If you sell the property after 6 years and the property has <u>not changed</u> in value</b>		
Sale Price		£455,000
The Deferred Management Fee if paid on sale	30% of the sale price	£136,500 Payable when you sell OR
The Deferred Management Fee	30% of the purchase price	£136,500 Payable when you purchase

FEE	Calculation Method	Cost
<b>EXAMPLE B: If you sell the property after 6 years and the property has increased in value by 3% per annum.</b>		
Sale Price		£543,294
The Deferred Management Fee if paid on sale	30% of the sale price	£162,988 Payable when you sell OR
The Deferred Management Fee	30% of the purchase price	£136,500 Payable when you purchase

FEE	Calculation Method	Cost
<b>EXAMPLE C: If you sell the property after 6 years and the property has decreased in value by 3% per annum.</b>		
Sale Price		£379,002
The Deferred Management Fee if paid on sale	30% of the sale price	£113,701 Payable when you sell OR
The Deferred Management Fee	30% of the purchase price	£136,500 Payable when you purchase

FEE	Calculation Method	Cost
<b>EXAMPLE D: If you sell the property within 2 years and the property has increased in value by 3% per annum.</b>		
Sale Price		£482,710
The Deferred Management Fee if paid on sale	12% of the sale price	£57,925 Payable when you sell OR
The Deferred Management Fee	12% of the purchase price	£54,600 Net payment

FEE	Calculation Method	Cost
<b>EXAMPLE E: If you sell the property within 2 years and the property has decreased in value by 3% per annum.</b>		
Sale Price		£428,110
The Deferred Management Fee if paid on sale	12% of the sale price	£51,373 Payable when you sell OR
The Deferred Management Fee	12% of the purchase price	£54,600 Net payment

FEE	Calculation Method	Cost
<b>EXAMPLE F: If you sell the property within 1 year and the property has increased in value by 3% per annum.</b>		
Sale Price		£468,650
The Deferred Management Fee if paid on sale	6% of the sale price	£28,119 Payable when you sell OR
The Deferred Management Fee	6% of the purchase price	£27,300 Net payment

FEE	Calculation Method	Cost
<b>EXAMPLE G: If you sell the property within 1 year and the property has decreased in value by 3% per annum.</b>		
Sale Price		£441,350
The Deferred Management Fee if paid on sale	6% of the sale price	£26,481 Payable when you sell OR
The Deferred Management Fee	6% of the purchase price	£27,300 Net payment