



## **A guide to fees and other important information about purchasing your apartment**

*We know that choosing to move to The Chocolate Quarter is an important decision. You will have lots of questions, particularly about costs, what is covered by the fees and what will be extra, so that you can be sure you're making a sound financial decision. Further information about the fees and other frequently asked questions are included in the following pages.*

*If you have any further questions, please do not hesitate to get in touch with our dedicated sales team. Our aim is to be completely open and transparent about the cost of living in a St Monica Trust apartment so that you can feel comfortable with your move.*

## How much does it cost?

Purchasers at The Chocolate Quarter pay three fees:

1. A **Capital Payment** for the purchase of the lease.
2. An ongoing **Annual Service Charge**, which covers the upkeep and maintenance of the facilities and the provision of various services.
3. A **Surrender Fee** (also known as a 'deferred', or 'event fee') when the property is resold.

## Own your own home

When you buy in The Chocolate Quarter, you purchase a long lease for your apartment (125 years).

The purchase price (we call it the *capital payment*) is based on the market value of the property and includes the right to occupy your home and enjoy all of the facilities on site. Each of the apartments are priced individually and an up-to-date list of prices and availability is available from the sales team.

As the owner of your lease, you are free to sell at any time and the Trust is responsible for finding the next owner of the property. Part of the process includes making the necessary arrangements for any decoration or upgrades that are needed, all of which are covered by the *surrender fee* (see page 6).

All you will need to do is instruct a solicitor to deal with the surrender of your lease on your behalf. Further details of the fees that are associated with ending your lease are provided in the section *Ending your occupation of an apartment* on page 6.

## Monthly service charge

The *service charge* is an annual payment that is charged monthly in advance by direct debit. It covers a number of different services:

- Overheads, provision of, and upkeep of the facilities including the restaurant, bistro, cinema, hairdressers/barbers, nail bar, swimming pool and health spa, car club and transport, plus all the infrastructure for gaining access: lifts, door entry systems, security etc.
- Provision of the staff who work within the development. This includes (amongst others) hospitality workers, housekeepers, chefs and kitchen staff, concierge and security personnel, activities staff, administrators and management colleagues. Our team of trained staff are also on hand to provide a quick response in an emergency.
- Running and maintaining all parts of the buildings that are for use by residents and other visitors to The Chocolate Quarter. This includes carpets, flooring, lighting, heating, windows, gardens, fences and so on.

- Keeping the exterior of the buildings in a good state of repair and condition, which includes cleaning the windows (at least twice a year), cleaning out the guttering and maintaining paintwork, exterior wood and other materials on the façade, including the structural parts of the patios and balconies of the apartments (flag stones, partitions, etc.) where they exist.
- The provision of a range of infrastructure, including a communal satellite connection, internet access, high-tech assisted living devices (such as a hotel menu system for booking dinner, treatments in the spa, the car club or activities/excursions), emergency call button, health monitoring gadgets, and a door entry system for giving visitors access from the comfort of your home.
- Insurance of the buildings and other fees associated with health and safety, installation tests of the heating in the apartments (every five years), rates, other professional fees and a proportion of the Trust's central management costs.

*The full list of services that are provided can be found in the lease agreement, which you may wish to go through with your solicitor when you instruct them to act for you in the purchase of your new home in The Chocolate Quarter.*

## How much is the monthly service charge?

The amount of service charge you pay depends on whether you choose a one or a two bedroom apartment in The Chocolate Quarter.

The charges that will apply for 2020 are:

	Annual Charge	Monthly
One bedroom	£6,771	£564.25
Two bedroom	£7,278	£606.50

*The service charge is a 'fixed' charge (it changes according to a fixed formula). It changes on 1 January each year based on the October Retail Price Index from the previous year.*

We give residents at least 28 days' notice of the revised service charge. If there is a significant failure to provide a service covered by the charge we will manage the situation (e.g. by making alternative arrangements).

## Parking

Parking on-site is restricted and we are therefore unable to offer allocated spaces for every apartment at The Chocolate Quarter. During the initial reservations programme, a total of 100 spaces are being made available at an annual fee of £600 for the first year, which will be designated to the resident for their exclusive use.

Parking will be situated in various locations around The Chocolate Quarter and we will work with purchasers to identify the most appropriate space for their needs. However, it may not be possible to offer everyone their first choice.

Over time, it is possible that more spaces will be made available and we will inform you should this occur.

Rental of your parking space is covered by a separate agreement, which can be terminated at any time during your occupation, should you decide you no longer want or need the space. Don't forget, there is a car club available on-site, which is available to residents (for an additional fee) for short journeys or longer outings.

## Additional services - pay as you go

Whilst the service charge covers the provision of certain services, residents will pay an additional fee for using particular ones.

In the restaurant and bistro residents will pay for their refreshments and meals as they go (which can be put on a monthly account), but with a resident discount.

Spa treatments, hair and nails are all subject to additional charges, which will be published once the building is operational. There will also be a ticket price for showings at the cinema.

Residents will also pay a discounted fee for the use of the car club and there will be a charge for the use of other transport services that are provided.

The events programme, activities and excursions may also require an additional payment, which is usually to cover the costs of refreshments, payments to visiting speakers or tutors and expenses for transport. All of these are published in advance and are only there to cover costs.

Whilst support in an emergency is always available, activation of the apartment's emergency call system does carry a monthly fee. Please ask for further details.

Arrangements for care and support can be discussed with the Trust's care and support team at any stage before or during your occupation and details of our fee structure is available from the team.

The provision of additional technology that makes living at home a little easier can make a big difference in people's lives, and The Chocolate Quarter has been built to allow us to provide a whole range of up-to-the-minute gadgets and systems that can make this a reality.

Certain elements are included as standard, but residents will pay for other tailored equipment and systems.

## Other costs

Residents at the Chocolate Quarter will pay for their own utilities and council tax in the same way they would do in their own home.

There will also be Stamp Duty Land Tax (applied at the point of completion), which is calculated on a sliding scale. Your solicitor will be able to provide you with further information or you can visit the Gov.uk website for more information at:

[www.gov.uk/stamp-duty-land-tax](http://www.gov.uk/stamp-duty-land-tax)

The Trust will take care of buildings insurance as part of the service charge (see above), but residents are required as part of their obligations under the terms of the lease to arrange their own contents insurance. This needs to include an alternative accommodation clause, which would cover you in the unlikely event of having to move out of your apartment at The Chocolate Quarter for any period of time.



## Ending your occupation of an apartment

Before you complete your purchase at The Chocolate Quarter you will need to decide what will happen when the time comes for you to surrender the lease on your apartment. You will have two options:

1. **Fixed Refund** - where the Trust buys the property back at the original price you paid, less the *surrender fee*.
2. **Equity Participation** - where the Trust arranges the sale to the next resident and the proceeds from the sale are returned to you as the original buyer, less the *surrender fee*.

Whichever option you choose, we will handle any decoration or upgrades that might be needed and act as an estate agent too. All you will need to do is instruct a solicitor to deal with the legal side of the surrender on your behalf.

The *surrender fee* calculation is slightly different, depending on which option you choose, and is shown in more detail below. Before you complete your purchase you will need to choose your option so that we can include this in the lease agreement and provide you with a summary of the terms to which you have agreed. Please be aware that you cannot switch to a different method after completing your purchase at The Chocolate Quarter.

## What is the surrender fee?

The surrender fee is paid to the St Monica Trust and used to ensure that the Trust is able to maintain the first-class standard of accommodation and facilities at The Chocolate Quarter. This arrangement means that these costs do not have to be recovered through the service charge, which is accordingly much lower than it would otherwise be. This fee is commonly referred to by other providers as an 'event fee', 'exit fee', 'sales administration fee' or 'deferred management charge.'

Part of the surrender fee will provide a sinking fund for ongoing improvements to The Chocolate Quarter. Some of it is allocated to reinstatement and continuing upgrades of the apartments, for example kitchens and bathrooms as they reach the end of their life.

We complete regular asset surveys and have a phased plan of investment in capital works. If the fund was insufficient to meet the costs we would finance the works, so that they could proceed and, if we wished to recover the deficit from residents, would discuss with residents how it might best be funded.

The surrender fee will also be used for ongoing upkeep and future enhancement of the facilities (such as the health spa, restaurant and bistro, cinema and other areas that are available to residents and visitors). There will also be a contribution to cover elements of the Trust's general management and administration costs that are not met from the service charge.

## Fixed Refund

*Based on your purchase price*

If you choose this option, we will apply a surrender fee of 1% of the price you paid for your apartment for each full or part year of ownership (capped at 10%).

This option gives you price certainty when you surrender the apartment regardless of any changes to the value of the property (up or down). Also you don't have to wait until we have found a new purchaser, which makes it possible for you to have a refund on your purchase sooner.

As soon as your solicitor has completed the necessary paperwork for completion of the surrender, we promise to return the funds, less the surrender fee, within 28 days.

You will continue to pay the service charge and utilities such as Council Tax and electricity bills until the day you return the property to the Trust.

If you choose this option, you will always get less back than you paid.

## Equity Participation

*Based on the resale price*

This option attracts a *surrender fee* of 2% for each full or part year of ownership (also capped at 10%), but it is calculated against the *resale price* of the apartment.

This option allows you to take advantage of any increase in values, but you will not receive your funds until a new buyer has completed their purchase. This will usually take longer and you are also exposed to any potential fall in property values.

As soon as the new occupant completes the purchase of the property we will make arrangements to return the funds, less the Surrender Fee, to your solicitor.

You will continue to pay the service charge, utilities and Council Tax until the day that the new occupant completes the purchase. The period for which charges remain payable varies but is usually around six months from the date you give notice.

If you choose this option, you may still get less back than you put in. This depends on how long you live in your apartment; changes to property values during that time, and how long it takes to sell your apartment.

## Worked examples

We have created a worked example, based on our experiences of the retirement housing market. This is for illustrative purposes only and we would advise you to seek financial advice to help you decide which option best suits your needs and your attitude to risk.

Once in occupation, residents will receive an annual statement in which we will outline the anticipated surrender fees for their particular property based on your choice of surrender fee, the length of occupation and (where relevant) our experiences of the property market at that time. This example is based on a **purchase price of £300,000**.

## Fixed Refund option

*Based on original purchase price*

	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6	End of Year 10
Purchase Price (£)	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Surrender Fee (£)	3,000 1%	6,000 2%	9,000 3%	12,000 4%	15,000 5%	18,000 6%	30,000 10%
<b>Total Refund (£)</b>	<b>297,000</b>	<b>294,000</b>	<b>291,000</b>	<b>288,000</b>	<b>285,000</b>	<b>282,000</b>	<b>270,000</b>

*These examples are illustrations only for specific ownership periods and property value assumptions. Property prices may fall or rise and by different amounts to those shown.*

A personalised illustration will be provided for any intending purchaser based on the actual purchase price of their apartment.

## Equity Participation option

*In a rising market (based on an annual increase in value of 2.5%)*

	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6	End of Year 10
Resale Price (£)	307,500	315,188	323,067	331,144	339,422	347,908	384,026
Surrender Fee (£)	6,150 2%	12,608 4%	19,384 6%	26,492 8%	33,942 10%	34,791 10%	38,403 10%
<b>Total Refund (£)</b>	<b>301,350</b>	<b>302,580</b>	<b>303,683</b>	<b>304,652</b>	<b>305,480</b>	<b>313,117</b>	<b>345,623</b>

## Equity Participation option

*In a falling market (based on an annual fall in value of 2.5%)*

	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6	End of Year 10
Resale Price (£)	292,500	285,188	278,058	271,106	264,329	257,720	232,899
Surrender Fee (£)	5,850 2%	11,408 4%	16,683 6%	21,689 8%	26,433 10%	25,772 10%	23,290 10%
<b>Total Refund (£)</b>	<b>286,650</b>	<b>273,780</b>	<b>261,375</b>	<b>249,417</b>	<b>237,896</b>	<b>231,948</b>	<b>209,609</b>

*These examples are illustrations only for specific ownership periods and property value assumptions. Property prices may fall or rise and by different amounts to those shown.*

A personalised illustration will be provided for any intending purchaser based on the actual purchase price of their apartment.

## Frequently asked questions

### How do you determine the resale value of the property?

The Trust has fifteen years' experience of valuing properties for resale. We are constantly in tune with the local housing market and monitor all the appropriate house price indices.

We take all of this into account, along with recent resales within our developments, to determine the value at which we believe the property should be marketed. During the viewings process, we also seek feedback from prospective purchasers about the price of the property.

That's why people trust our judgement and experience in setting values and our dedicated sales team work with people on a one-to-one basis to come up with the best price to attract a new buyer and allow your obligations under the lease to come to an end. We will also review progress with you on a regular basis.

During your occupation, we will provide you with an annual statement that outlines the current value of the property (where appropriate) and the level of surrender fee that relates to your chosen option and length of occupation at that time.

### How long does it usually take to resell a property?

This can vary a great deal. We usually advise people that it will take around six months from the date you give us notice. However, it is sensible to consider that it might be three months either side of this, depending on the time of year and the personal circumstances of the new purchaser.

In situations where the new purchaser is likely to take longer than nine months, we usually ask them to enter into an assured shorthold tenancy agreement. This would tie them into the purchase and allow you to surrender and receive your refund (less the surrender fee), at that point in the process.

We will keep in touch with you throughout the resale process with information about the number of viewings we have conducted and levels of interest in the property. We will also share any specific feedback we receive from prospective purchasers that we think is useful.

### How does probate affect the surrender process?

This is an important factor for some people. If probate is complicated, it can take some time for people to be in a legal position to sign the property over. Even if you choose the fixed refund option, probate will need to have been granted in order for your solicitor to be in a position to take forward the surrender on your behalf. This can take as long as nine months, if not more and it is

important to remember that during this time, you will continue to be liable for the service charge, your utilities, council tax and any other expenses relating to the property.

## Can someone else buy for me/us?

The Trust wants to keep its dealings with residents as simple as possible and the decision has therefore been taken that the owner and the occupier of each apartment should be one and the same person.

We know that sometimes family members come to their own private arrangement amongst themselves in gathering the capital for purchase, or allocating funds at the time of surrender, but these do not involve the Trust in any way. We usually advise individuals to speak to their own solicitor about any special arrangements of this nature.

## Why do I need to instruct a solicitor?

Independent legal advice is essential for your purchase at The Chocolate Quarter. If you have a genuine reason for not wishing to engage the services of a solicitor, the Trust may ask you to cover any additional legal costs that are accrued by the charity as a result of this.

## Which parts of The Chocolate Quarter are open to non-resident access?

You will, no doubt, be aware of our commitment to ensuring that The Chocolate Quarter maintains a high profile

role in community life within the wider Keynsham area. For this reason there are areas of the ground floor that will be open to non-residents, including the restaurant, bistro, cinema, health spa and swimming pool, hairdressers, nail bar and craft studio.

Individuals who come into The Chocolate Quarter to use our facilities will pay non-resident rates for doing so and the income we receive will go towards the operating costs of the site.

*This leaflet was accurate at the time of printing but certain details may change. If you require clarification please contact us.*





## SHOW HOME

Normal opening times

Weekdays: 10.00am - 4.00pm

Saturday: 11.00am - 4.00pm

If you have any further questions then please contact our friendly sales team.

Tel: 0117 363 7160

Email: [sales.tcq@stmonicatrust.org.uk](mailto:sales.tcq@stmonicatrust.org.uk)

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*Registered charity 202151*