



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

For Equity Participation Leases

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 at 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.

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, health spa, 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, 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 (not contents insurance) 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 at 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 2024 are:

	Annual Charge	Monthly
One bedroom	£8,768	£730.67
Two bedroom	£9,424	£785.33

This 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

The current annual fee is £700 per annum for your own exclusive parking space. Parking on site is restricted and we are therefore unable to offer allocated spaces for every apartment at The Chocolate Quarter.

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

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.

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

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

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.

The charge for maintaining the emergency call system, should residents choose to have this service, is £38 per month. SMT will support all residents in an emergency but it may take those who do not have the call system longer to summon help.

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 are available from the team.

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.

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

When the time comes for you to surrender the lease on your apartment the Trust will facilitate the sale to the next resident just as an estate agent would. The resale will adopt the same model of lease as your current lease and the proceeds from the sale will be returned to you as the original buyer, less the surrender fee. The surrender fee calculation is shown in more detail in the following pages.

You will need to instruct a solicitor to deal with the legal side of the transaction.

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

Part of the surrender fee will provide a sinking fund for ongoing improvements to The Chocolate Quarter. 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 the 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.

Equity Participation

Based on the resale price

Your lease is based on an equity participation model and attracts a surrender fee of 2% for each full or part year of ownership (capped at 10%) calculated against the resale price of the apartment.

This model 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.

As soon as the new occupant completes their 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 their purchase.

With this model, which reflects a traditional sale and purchase arrangement for a private property, 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 ensure that you understand the implications of this model.

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

Example 1

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%
Total Refund (£)	301,350	302,580	303,683	304,652	305,480	313,117	345,623

Example 2

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%
Total Refund (£)	286,650	273,780	261,375	249,417	237,896	231,948	209,609

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 over twenty 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 is 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 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, 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 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?

A solicitor must be engaged to conduct the necessary conveyance as per a normal property purchase.

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

You will no doubt be aware of our commitment to ensuring 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 are open to non-residents including the restaurant, bistro, cinema, health spa and swimming pool, hairdressers/barbers, 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.



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

Tel: 0117 363 7160

Email: sales.team@stmonicatrust.org.uk

The Chocolate Quarter, Trajectus Way, Keynsham, BS31 2GJ

Head Office, St Monica Trust, Cote Lane, Westbury-on-Trym, Bristol BS9 3UN

Registered charity 202151

January 2024