Explanation of Event Fee

DURRANTS
BY INSPIRED VILLAGES

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Retirement villages the world over generally follow a model based on three payments and we are no exception:

- A capital sum to buy the property (in our case, you will be buying a 125-year lease);
- A monthly service charge to cover management and provision of services provided within the village (see Service Charge information sheet);
- An event fee payable when you sell or leave your property or someone else moves into

the property and occupies it as their main home (but excluding your spouse or partner who shares the property with you or short term guests or carers).

Often this property purchase is the last a resident will make and so the event fee is paid out of the estate, allowing people to realise certain benefits without paying immediately for them out of hard-earned savings and income. This fits with the ethos of Inspired Villages believing that later living can and should be the best years of your life. The event fee is calculated as a percentage of the property resale price and this percentage increases as you spend more time in the village to reflect an increasing level of benefit.

The event fee provides buyers with the following distinct benefits:

1. **Return on investment in the central facilities.** The event fee allows the operator to charge the buyer less for the property at the time of the purchase, as they recover some of the cost of the central facilities via the event fee;
2. **Long-term maintenance of the village.** Whilst day-to-day maintenance of the village is covered by the monthly service charge, it is essential that money is available for long-term maintenance such as window replacement or roof repairs. We prepare a long-term maintenance plan and it is funded by the event fee. This ensures that the village will always offer a first-class environment and helps sustain property resale prices within the village;

Deed of Variation (DoV) on Resale

At Durrants we're making changes to how the service charge is structured to give you more flexibility and clarity. These changes are outlined in a Deed of Variation Insert which can be provide. Below we explain what these changes mean in straight forward terms.

We are offering residents the option to stop contributing to the reserve fund through your service charge. This means your annual service charge will be lower, giving you more money in your pocket now. This is done through a DoV, where your Lease will be amended to reflect the change in payments you will make.

If you choose this option, you will no longer pay into the reserve fund and your contributions will be made by the landlord. Additionally, those who sign up to the DoV will also have the benefit of their homes being refurbished by the Landlord ahead of a resale. In return, there will be a small increase in the event fee when you sell your home. The event fee is a percentage of the sale price of your property that is paid to the landlord when you sell.

A new purchaser will have the option to adopt the terms of the varied lease or inherit the previous lease of the previous resident without any changes. The varied lease will have the following resale fee structure:

- 8% if you sell your home in the first year of ownership;
- 11% if you sell your home in the second year of ownership;
- 14% if you sell your home in the third year of ownership;
- 17% if you sell your home in the fourth year ownership; and
- A cap of 20% if you sell your home after five years and onwards.

Alternatively, you'll continue to contribute towards the reserve fund through your service charge payments, along with an event fee of:

- 5% in the first 3 years of ownership; and
- A cap of 10% if you sell your home after 3 years of ownership.

Below are worked examples of how both events fee structures compare;

Event fees vary across all operators with the more established villages overseas charging 30% and operators in the UK charging anywhere between 3% and 30%. The percentages at Durrants Village are 5% during the first 3 years of the term, 10% thereafter or 20% if Deed of Variation applies. Please refer to your specific lease.

For example, a property purchased for £500,000 that decreases in value by £20,000 each year will attract the following event fees on resale:

Year	Example Decrease Price	Current Percentage	Current Event Fee	DoV Percentage	DoV Event Fee
1	£480,000	5%	£24,000	8%	£38,400
2	£460,000	5%	£23,000	11%	£50,600
3	£440,000	5%	£22,000	14%	£61,600
4	£420,000	10%	£42,000	17%	£71,400
5	£400,000	10%	£40,000	20%	£80,000
10	£380,000	10%	£38,000	20%	£76,000

For example, a property purchased for £500,000 that maintains that value will attract the following event fees on resale:

Year	Example Maintain Price	Current Percentage	Current Event Fee	DoV Percentage	DoV Event Fee
1	£500,000	5%	£25,000	8%	£40,000
2	£500,000	5%	£25,000	11%	£55,000
3	£500,000	5%	£25,000	14%	£70,000
4	£500,000	10%	£50,000	17%	£85,000
5	£500,000	10%	£50,000	20%	£100,000
10	£500,000	10%	£50,000	20%	£100,000

For example, a property purchased for £500,000 that increases in value by £20,000 each year will attract the following event fees on resale:

Year	Example Increase Price	Current Percentage	Current Event Fee	DoV Percentage	DoV Event Fee
1	£500,000	5%	£25,000	8%	£40,000
2	£520,000	5%	£26,000	11%	£57,200
3	£540,000	5%	£27,000	14%	£75,600
4	£560,000	10%	£56,000	17%	£95,000
5	£580,000	10%	£58,000	20%	£116,000
10	£600,000	10%	£60,000	20%	£120,000

Bespoke illustrations can be provided for customers for any specific property, sale value and percentage change in value. Buyers also have the option instead of paying the event fee as an agreed percentage (currently set at 10%) of the purchase price prior to the completion of the purchase.

Full details of these charges and options are set out in the lease and related documentation which is available from the village adviser. We would encourage you to discuss this with your family and your legal advisers in detail. We would be happy to talk through any issues where you feel you need further information or explanation.

We have taken every care to ensure the accuracy of this leaflet, but you will need to refer to the legal documentation which, when made available, will cover in detail the rights and obligations of the parties, together with the commercial terms that will apply to our contracts.

For more information on any aspect of Durrants, please contact us:
Telephone: **01293 854 090** or email: **resales@durrantsvillage.co.uk**