

How to Estimate Your New Purchase Price

For Sanctuary Belize and Kanantik lot owners



For lot owners, the calculation of new lot contract prices is an important part of the proposed [Compensation Plan](#). When compared to the old contracts, new contract prices will mean a reduction in the total cost of between 25% and 45%, but the specifics may be complicated. The Receiver will give you your new contract price – called the **Purchase Price** – with plenty of time to decide if you want to keep the lot.

If you'd like to estimate your **Purchase Price** now, here are instructions on how to calculate it. The formula is detailed, so we'll use the example of a hypothetical person called Lot Owner ABC. Take it step by step to get the **Purchase Price**.

Where to start

The proposed Compensation Plan defines Purchase Price as equal to the Seller Deceptive Price multiplied by the applicable Price Multiplier, divided by the Tax Adjustment Factor.¹ (The relevant provisions of the proposed Compensation Plan are paraphrased here. The notes at the end refer you to the exact language.)

To estimate your Purchase Price, you'll need to make these three calculations:

STEP 1 Seller Deceptive Price

STEP 2 Price Multiplier

STEP 3 Tax Adjustment Factor

Let's take those one at a time to figure out the Purchase Price, using Lot Owner ABC as an example.

STEP 1 Seller Deceptive Price

The Seller Deceptive Price is the amount you would have paid under the original contract. Under the proposed Compensation Plan, that means the total amount the Receiver estimates you would have paid if you had made all timely payments.² The Seller Deceptive Price includes principal, interest, Belize General Sales Tax, and any other consideration or charges, but not HOA fees.

Assume these are the numbers for Lot Owner ABC.

- Original listed contract price: \$200,000
- Total interest payments over the term of contract: \$50,000
- Original General Sales Tax payments required for lot purchase: 12.5% of \$200,000 = \$25,000
- Other consideration or charges (other than HOA fees): \$0

So to determine the **Seller Deceptive Price**, Lot Buyer ABC would add:

\$200,000	Contract price
\$50,000	Total interest payments
\$25,000	Belize General Sales Tax
+ \$0	Other charges
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\$275,000	Seller Deceptive Price

STEP 1
SELLER DECEPTIVE PRICE
 FOR LOT OWNER ABC
\$275,000

The Seller Deceptive Price is higher than the contract list price because it includes both interest payments and the General Sales Tax the Lot Owner would have to pay to gain ownership of the lot.

STEP 2 Price Multiplier

The Price Multiplier tells you how your new price compares to what you had to pay under the old contract. If a lot owner elects to receive a New Sanctuary Lot, the Price Multiplier depends on two things:

- whether the person is a Sanctuary Belize Lot Buyer or a Kanantik Lot Buyer, and
- how long a transfer restriction the owner agrees to, if any. (A transfer restriction is the length of time the owner must hold on to the property before selling it).³

The definition in the proposed Compensation Plan is long,⁴ so here is a summary:

Transfer Restriction Chosen	Sanctuary Belize Lot Buyer	Kanantik Lot Buyer
0 years (<i>no restriction</i>)	75%	65%
1 year	73%	63%
2 years	71%	61%
3 years	69%	59%
4 years	67%	57%
5 years	65%	55%

(If a Kanantik Lot Owner chooses to keep a Kanantik Lot, the Price Multiplier is 100%.)

Let's calculate that for hypothetical Sanctuary Belize Lot Owner ABC. Assume Lot Owner ABC agrees to a three-year Transfer Restriction. Looking at the table, the applicable **Price Multiplier** is **69%** (69% = 0.69).

STEP 2
PRICE MULTIPLIER
 FOR LOT OWNER ABC
0.69

STEP 3 Tax Adjustment Factor

The Tax Adjustment Factor reduces the new price to take into account the amount of General Sales Tax you must pay under the new contract. To get the Tax Adjustment Factor, take the Belize General Sales Tax rate on the day the Court officially approves the Compensation Plan and add 1 to it.⁵ Assuming no change to current Belize General Sales tax of 12.5% (0.125), the Tax Adjustment Factor would be:

$$0.125 + 1.00 = 1.125$$

That's the third number Lot Buyer ABC will need to calculate the **Purchase Price**.



STEP 3
TAX ADJUSTMENT FACTOR
FOR LOT OWNER ABC
1.125

Calculating the Purchase Price

Recall that the **Purchase Price** is “equal to the **Seller Deceptive Price** multiplied by the applicable **Price Multiplier**, divided by the **Tax Adjustment Factor**”. So now we have all numbers necessary to calculate the **Purchase Price**.

Let's make that calculation for Lot Owner ABC.



STEP 1
SELLER DECEPTIVE PRICE
FOR LOT OWNER ABC
\$275,000

X

STEP 2
PRICE MULTIPLIER
FOR LOT OWNER ABC
0.69

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STEP 3
TAX ADJUSTMENT FACTOR
FOR LOT OWNER ABC
1.125

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Purchase Price of \$168,666.67

275,000 × 0.69 ÷ 1.125 = Purchase Price of \$168,666.67. So the Purchase Price is about \$169,000, compared to the original contract's list price of \$200,000.

NOTES

- ¹ According to Paragraph 55 of the proposed [Compensation Plan](#), “Purchase Price” means the purchase price of an Eligible Lot, or a New Sanctuary Lot, which is equal to the Seller Deceptive Price multiplied by the applicable Price Multiplier, divided by the Tax Adjustment Factor.
- ² According to Paragraph 76 of the proposed [Compensation Plan](#), “Seller Deceptive Price” means the total amount (including principal, interest, Belize General Sales Tax (“GST”), and any other consideration or charges (but not including HOA fees) that, in the Receiver’s reasonable estimation, the Lot Purchaser would have paid to Subject Sellers or Prior Lot Purchaser if the Lot Purchaser timely paid (but not paid in advance) all amounts due under the operative contract between the Lot Purchaser and Subject Sellers (or Prior Lot Purchaser) concerning an Eligible Lot.
- ³ According to Paragraph 83 of the proposed [Compensation Plan](#), “Transfer Restriction” means a prohibition on the sale of the lot subject to the restriction for the period of the restriction.
- ⁴ According to Paragraph 53 of the proposed [Compensation Plan](#), “Price Multiplier” means: (1) for Sanctuary Belize Lot Purchasers, a percentage equal to (a) 75% (.75), or (b) if the Sanctuary Belize Lot Purchaser agrees to a one-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 73% (.73), (c) if the Sanctuary Belize Lot Purchaser agrees to a two-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 71% (.71), (d) if the Sanctuary Belize Lot Purchaser agrees to a three-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 69% (.69), (e) if the Sanctuary Belize Lot Purchaser agrees to a four-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 67% (.67), or (f) if the Sanctuary Belize Lot Purchaser agrees to a five-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 65% (.65); (2) for Kanantik Lot Purchasers who do not elect to receive a Kanantik Lot, (a) 65% (.65), or (b) if the Kanantik Lot Purchaser agrees to a one-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 63% (.63), (c) if the Kanantik Lot Purchaser agrees to a two-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 61% (.61), (d) if the Kanantik Lot Purchaser agrees to a three-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 59% (.59), (e) if the Kanantik Lot Purchaser agrees to a four-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 57% (.57), or (f) if the Kanantik Lot Purchaser agrees to a five-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 55% (.55); and (3) for Kanantik Lot Purchasers who elect to receive a Kanantik Lot, 100% (1.00).
- ⁵ According to Paragraph 79 of the proposed [Compensation Plan](#), “Tax Adjustment Factor” means the sum of one (1) plus the Belize General Sales Tax (“GST”) rate as of the Effective Date (by way of example, if the GST is 12.5% as of the Effective Date, the Tax Adjustment Factor is 1.125).