
RETIREMENT VILLAGE CONTRACTS



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RESIDENCE CONTRACT

The Residence Contract you sign on entering a Retirement Village sets out your rights and obligations and ultimately governs the relationship between you and the village. In addition, the Retirement Villages legislation contains provisions to protect residents.

It is very important that you fully understand all documents you receive and what the legal and financial implications are for entering, remaining in and leaving the village, as well as the implications for any spouse or partner you may have.

Double check that any verbal promises discussed with the Village have been included in your contract.

OWNERSHIP OF UNIT

In a retirement village you do not own the residence in which you live, but rather have a lease or licence giving you the right to occupy that residence. You will not be able to transfer your interest in the residence and you will not be able to borrow money against the property.

COOLING OFF

After signing a residence contract and receiving all relevant documents, there is a 15-business day cooling-off period. It is during this period that you can also withdraw from the contract and receive a refund of any money paid by you under the contract. However, some administrative charges may be incurred.

PREMISES CONDITION REPORT

The Premises Condition Report will be provided with the contract and this gives you information about the condition of the fixtures, fittings and furnishings, who will be responsible for repairing or replacing any item, when any item is due to be repaired or replaced and how the cost of repairing any item is to be funded. This document should be completed at the same time as the contract. Before signing this document you should ensure that you are satisfied with the information contained in the Report.

SETTLING-IN

You are entitled to a settling-in period, which is 90 calendar days after you take occupation of your residence. It is during this time that you may decide that the retirement village is not suitable for you and you may elect to leave the village. If so, you may be required to pay costs and market rent for the period of occupancy, as detailed in your contractual documents. You are likely to receive a 100% refund of any premium paid.

MAINTENANCE FUND

Recurrent charges are payable at regular intervals eg fortnightly or monthly. Recurrent charges might cover expenses such as:

- administration (eg stationery, office equipment);
- wages, salaries and related costs (eg village manager, or gardener);
- property management (eg council rates, insurance); &/or
- food and catering.

All fees and charges are subject to increases, usually annually but some villages increase fees more often. It's a good idea to check what the annual increases have been in the past.

OTHER FUNDS

You may also be required to contribute to a Capital Replacement Fund or a Sinking Fund. These funds are used to replace capital items or to meet non-budgeted, unplanned expenses or items requiring long term maintenance.

TERMINATING THE CONTRACT

You can terminate your residence contract at any time by providing written notice to the village. The circumstances where a village can terminate your occupation include:

- breach of the residence contract &/or rules,
- your residence becoming unsuitable due to physical or mental incapacity, or
- your death

REFUND OF PREMIUM

Once your residence has been re-licensed, you will be advised as to the amount you will be refunded. There may be deductions from this refund which may include:

- any outstanding charges;
- costs associated with refurbishment, remarketing, management, depreciation;
- an amount indicating a percentage of the premium retained by the administering authority (their profit); &/or
- an amount retained for capital replacement (often calculated on your length of stay in the village eg x% for period of occupancy).

It is important to be aware that it is unlikely that the amount of your refund when exiting the village will be equal to or greater than the amount you paid to enter the village. It is not usually an investment in property but should be treated as an investment in lifestyle.

REMARKETING

Each village is required at law to have its own remarketing policy which clearly outlines the rights and obligations of both the village and the outgoing resident. Once you have decided to terminate your contract and have provided written notice

to the village, the village can take preliminary steps to remarket your residence in accordance with their remarketing policy.

We recommend you obtain legal advice about the documents before signing them so you fully understand all implications including the effect on your Will and estate planning wishes.

We offer a home visit service for those unable to get to one of our offices.

Check our website for more information at www.adelta.com.au