



## Moving into a retirement village

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If you're a prospective resident, or are doing some research for someone you know, here are some of the issues you should consider, such as the type of 'tenancy', the costs, and understanding and comparing the contracts that different villages offer. This page also has useful resources to help you make an informed choice.

Village operators will also find on this page your obligations when entering into contracts with residents and give you links to the documents you'll need.

### Type of tenancy – know what you're buying

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*"Take time to consider your options and discuss them with family, friends and advisers to determine if retirement village living is right for you."*

There are different types of occupancy and ownership arrangements in retirement villages.

Let's look at the types of tenancy before moving on to costs and contracts.

#### Select one of the options below:

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#### 1. Leasehold arrangement

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##### What is it?

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- A leasehold arrangement is when the village operator owns the units and each resident signs a lease. Leases in retirement villages are commonly for 99 years or more. These leases will be registered on the title deed held by Land Registry Services
- You are considered a 'registered interest holder' if your lease is over 50 years, or a 'non-registered interest holder' if your lease is under 50 years.

##### What are the costs?

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- You will pay an 'entry payment' (eg an ingoing contribution or interest-free loan). The amount you will pay to move into a village under a leasehold arrangement will depend on market conditions, similar to if you were buying the unit

- At some villages, you can enter into a village contract and pay the ingoing contribution or purchase price at a later date once your home is sold. In this instance you might be asked to pay a deposit
- There will be legal and conveyancing costs as with any property purchase
- The operator must register your lease with Land Registry Services. Generally, the resident pays this one-off registration fee
- You'll also pay ongoing charges. These cover the running costs of the entire village. Costs might include the upkeep of facilities, water rates from common areas, security, staffing costs, insurance (including workers compensation and public liability), contents insurance for common areas, as well as village building insurance.

Other potential costs

### **Contract preparation costs**

- The operator usually pays to prepare village contracts such as legal and administrative expenses
- The maximum amount a resident can be asked to pay towards these expenses is \$50.

### **Waiting list fees**

- Some retirement villages have a waiting list and can charge a fee for you to add your name to their waiting list. The maximum fee they can charge is \$200. If they do charge a fee, they must give you a copy of their written waiting list policy and a receipt
- The waiting list fee is fully refundable if you decide not to enter the village as a resident. The operator must provide a refund within 14 days after you notify them of your decision in writing.

### **Holding deposits**

- To secure a unit some operators allow people to pay a holding deposit before you sign a village contract. Holding deposit amounts differ depending on the operator
- A holding deposit can only be charged on a vacant unit or if the existing resident is leaving
- Holding deposits must be fully refunded if the prospective resident changes their mind and no longer wishes to move into the unit. The operator must refund the holding deposit within 14 days of being notified in writing by the prospective resident.

## **2. Loan or licence arrangement**

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### **What is it?**

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- Loan or licence arrangements are mainly offered by non-profit organisations such as religious or charitable village operators. This arrangement allows you to live in the unit, but you do not own it or have a registered interest in it

- You are considered a 'non-registered interest holder'.

### **What are the initial costs?**

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- You will pay an entry payment. It might be similar to an ingoing contribution or interest-free loan. The amount you will pay to move into a village under a leasehold arrangement will depend on market conditions, similar as if you were buying the unit
- At some villages you can enter a village contract and pay the ingoing contribution or purchase price at a later date, such as once your home is sold. In this instance you might be asked to pay a deposit
- You will also pay regular ongoing charges under a loan or licence arrangement. Check your contract carefully to know what you're agreeing to
- There will be legal and conveyancing costs as with any property agreement
- You'll also pay ongoing charges in a loan or licence arrangement. These cover the running costs of the entire village. Costs might include the upkeep of facilities, water rates from common areas, security, staffing costs, insurance (including workers compensation and public liability), contents insurance for common areas, as well as village building insurance.

Other potential costs

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### 3. Strata or community schemes

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#### What is it?

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- Buying a unit in a strata or community scheme is where you pay the agreed purchase price to the owner of the unit under a sale of land contract
- This makes you the owner of the unit and you automatically become a member of the owners corporation or community association
- You are considered a 'registered interest holder'.

#### What are the initial costs?

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- You will pay a purchase price to own the unit under a sale of land contract.
- There will be legal and conveyancing costs as with any property purchase.
- You'll also pay recurrent charges in a strata or community scheme arrangement. These cover the running costs of the entire village. Costs might include the upkeep of facilities, water rates from common areas, security, staffing costs, insurance (including workers compensation and public liability), contents insurance for common areas, as well as village building insurance.

Other potential costs

#### Contract preparation

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#### Holding deposits

- To secure a unit some operators allow people to pay a holding deposit before you sign a village contract. Holding deposit amounts differ depending on the operator.
- A holding deposit can only be charged on a vacant unit or if the existing resident is leaving.

- Holding deposits must be fully refunded if the prospective resident changes their mind and no longer wishes to move into the unit. The operator must refund the holding deposit within 14 days of being notified in writing by the prospective resident.

#### **4. Company title schemes (you have shares in the village)**

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##### **What is it?**

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- A small number of villages operate under company title. The village is owned by a company, and you can buy shares at market value
- The shares give you the right to occupy the unit. You have similar selling rights as strata villages. A Board of Directors, appointed by the shareholders, manages the property and you need to comply with the company's constitution
- You are considered a 'registered interest holder'.

##### **What are the initial costs?**

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- You will pay a price to purchase shares. These shares are at market value.
- There will be legal and conveyancing costs as with any property purchase.
- You'll also pay ongoing charges in a loan or licence arrangement. These cover the running costs of the entire village. Costs might include the upkeep of facilities, water rates from common areas, security, staffing costs, insurance (including workers compensation and public liability), contents insurance for common areas, as well as village building insurance.

Other potential costs

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## 5. Rentals

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### What is it?

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A small number of villages offer units for rent to retired people. Generally, these types of arrangements are the same as private rental agreements.

### What are the costs?

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- You will generally pay a rental bond (maximum four weeks' rent), regular rent payments and water usage (if you have a separate meter). There are no fees and charges to pay when you leave
- Visit the renting page for more information on renting.

### When you make an initial enquiry

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Retirement village operators must provide a general enquiry document within 14 days of receiving an initial enquiry from (or on behalf of) a prospective resident. This sets out basic information about the village, including the village type, facilities and costs, as well as whether village rules are in force.

## Asset Management Plans

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Operators must maintain an asset management plan for each village they manage or operate and make the plan available to current and prospective residents.

An asset management plan is a 10-year plan, documenting the costs of purchase, and ongoing maintenance, repairs and replacement of a retirement village's major items of capital, including shared major items of capital and, who will pay for them.

The information in the asset management plan must include:

- costs associated with both maintaining and replacing items of capital
- reasons for decreases or increases in costs
- how often costs are incurred and
- the expected lifespans of items of capital.

The plan must include the following components:

1. an **asset register** of the village's major items of capital, including information about the effective life of items of capital, and
2. a **maintenance schedule** of the village's major items of capital, including information about capital replacement.

Operators must also prepare a **three-year report** for capital maintenance extracted from the asset management plan to inform expenditure for major items of capital in the annual budget.

Reviewing the village's asset management plan will give you an indication of upcoming costs you may need to pay.

More information can be found in the Secretary's guidelines for asset management plans.

Find out what village budgets and financial accounts should include and how they should be executed.

## **What are the villages' major items of capital?**

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The asset management plan requires operators to record major items of capital, including major items of capital shared with the operator's other businesses or aged care facilities.

A major item of capital is an item of capital for which the operator of a retirement village is responsible that:

- has a purchase price of \$1,000 or more, or
- is part of a group of similar items of capital of the same effective life and acquisition date, and
- have a combined total purchase price of \$1,000 or more.

Major items of capital exclude any item that is a consumable used in the operation of an item of capital or in the day-to-day operation of the village, for example, the blades used in the lawn mower or the printer paper used in a printer.

More information can be found in the Secretary's guidelines for asset management plans.

## **Who must have access to the asset management plan?**

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Operators must make the most up to date version of the asset management plan available at your village or at a place of business in New South Wales, for inspection by you. Operators must also make a hard copy or an electronic copy available seven days after receiving a request from you or a prospective resident.

The asset management plans amendments to the Retirement Villages Act commenced on 1 January 2021 and the amendments to the Retirement Villages Regulation commenced in February 2021.

To allow time for operators to prepare the asset management plans penalty provisions for non-compliance will not commence until 1 September 2021.

Find out what village budgets and financial accounts should include and how they should be executed.

More information can be found in the Secretary's guidelines for asset management plans and on the asset management plans page.

### **Use the retirement village calculator**

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Our retirement village calculator gives an estimate of the total costs you might have.

There are two options to choose from: basic and detailed.

1. Use the **basic calculator** if you only have basic information like your budget and the area you would like to live in.
2. Use the **detailed calculator** if you have found a suitable retirement village and have a disclosure statement and would like to get a more detailed costs estimate.

You usually receive a disclosure statement before you receive a contract when you have found a unit you are interested in.





Watch Video At: <https://youtu.be/OyClchLjm78>

## Contracts

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*"If you're a prospective resident and you're unsure about the contents of a contract, ask the village operator to explain it. Obtain independent legal and financial advice before signing any contract."*

Unless moving in with an existing resident or signing a rental agreement, there must be a written contract between the village operator and each resident before they move in.

The prospective resident must be provided with a copy of the contract at least 14 days before signing it.

Operators must use a 'standard contract' (with two exceptions). Operators can add to them, but they can't be inconsistent with the standard contract.

### What the standard contract covers:

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- residents' rights
- entry costs
- the settling-in period
- recurrent charges
- services and facilities
- alterations and additions
- repairs and maintenance
- sharing of capital gains
- departure fees.

A standard contract form does not have to be used for:

- a separate contract that is just for a garage or storage space
- a sale of land contract where a resident buys a strata or community scheme unit, or an agreement to buy company title shares – however, these residents must sign a service contract in the standard form.

### Standard contract forms

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Depending on the type of tenancy, the resident will be either a registered interest holder or a non-registered interest holder and this will affect the type of contract they are offered.

You can use 'one-size-fits-all' forms that can be adapted for any tenancy type:

Standard contract - general

Use one of these two forms for residents who are non-registered interest holders:

Non-registered interest holders - general contract

Assignable registered long-term lessees contract

Use one of these three forms for residents who are registered interest holders:

Assignable registered long-term lessees contract

Non-assignable registered long-term lessees contract

Strata, company title or community scheme contract

All contracts must also include:

- the disclosure statement DOC, 71 KB
- the condition report (PDF, 433.28 KB) (if one is required)
- the average resident comparison figure
- a list of the village services and facilities, and
- the village rules (if any).

## **Cooling-off period**

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All residents have a seven-day cooling-off period after signing the contract.

During this time, either party can end the contract (for any reason) by notifying the other party in writing.

Generally, any money paid under the village contract must be fully refunded.

If a resident moves in during the cooling-off period, the cooling off period ends immediately.

## **Settling-in period**

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All residents are entitled to a 90-day settling-in period.

This means if a resident needs to move out (for any reason) within the first 90 days, they only have to pay:

- fair market rent for that period,
- the cost of any repairs for damage (this does not include general wear and tear),
- an administration fee of no more than \$200, and
- to reimburse the operator for the reasonable costs of making any alterations or adding any fixtures or fittings at your request.

No departure fee can be charged. The amount paid to move into the village will be refunded (depending on the contract).

## **Further information**

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### **Registered interest holders and non-registered interest holders**

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These terms are used to broadly describe different tenancy types in retirement villages.

Registered interest holders generally have more responsibility and independent decision making in relation to their property but can face more expenses when leaving the village.

Registered interest holders are:

- strata or community scheme units
- company title (shares) units
- leasehold arrangements where the lease is registered for 50 years or more and where the resident is entitled to at least 50 per cent of the capital gain.

Non-registered interest holders are:

- loan or licence arrangements
- leasehold arrangements where the lease is less than 50 years
- tenants.

### **Average resident comparison figure**

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The average resident comparison figure (ARCF) adds up the total of the main fees a resident is likely to be charged when living in a particular village. It is designed to help residents understand and compare the financial cost of living in different villages.

Operators must provide this figure to prospective residents in the disclosure statement DOC, 137.5 KB before they sign any contract.

The ARCF is an indicative only and residents should refer to the terms in their contract for actual costs.

Calculating the ARCF

### **Retirement Villages Register**

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Land being used as a retirement village must be registered with NSW Land Registry Services (NSW LRS).

If you are an operator you must notify the NSW LRS' Registrar General in writing by lodging a request form (before entering into any village contracts with residents).

Further information is available on the NSW LRS website.

Once the land is registered, the operator needs to contact Fair Trading directly to provide further information so the village can be added to our retirement villages register. Please email [accommodationregister@customerservice.nsw.gov.au](mailto:accommodationregister@customerservice.nsw.gov.au)

If you are a prospective resident, you can use the register to locate a village in the area you are considering. If a village isn't appearing on the register, you can let us know by emailing [accommodationregister@customerservice.nsw.gov.au](mailto:accommodationregister@customerservice.nsw.gov.au)

## **Contacts**

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### **For residents and owners, prospective residents and their families**

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#### **Seniors rights service**

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Provides free, confidential advocacy, advice, education and legal services to older people in NSW. This includes advice to residents of retirement villages about retirement village contracts and other disputes.

Tel: 1800 424 079 or (02) 9281 3600

[www.seniorsrightsservice.org.au](http://www.seniorsrightsservice.org.au)

#### **Solicitor referral service of the Law Society of NSW**

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Can refer you to a solicitor specialising in retirement village matters.

Tel: (02) 9926 0300

Email: [lawsociety@lawsociety.com.au](mailto:lawsociety@lawsociety.com.au)

#### **Council on the Ageing (COTA)**

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Produces directories of retirement villages in both the metropolitan and country areas. These include details about the contracts, services and costs of each village.

Tel: 1800 449 102 or (02) 9286 3860

[www.cotansw.com.au](http://www.cotansw.com.au)

#### **Law Access Service**

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Provides free legal information and advice in NSW.

Tel: 1300 888 529

TTY: 1300 889 529

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### **Retirement Village Residents Association (RVRA)**

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A non-profit organisation which represents the interests of residents.

Tel: 1300 787 213

[www.rvra.org.au](http://www.rvra.org.au)

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### **Seniors Information Service**

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Provides information to seniors and others on a variety of issues.

Tel: 13 12 44

[www.seniorsinfo.nsw.gov.au](http://www.seniorsinfo.nsw.gov.au)

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### **For operators**

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#### **Retirement Living Council, a division of the Property Council**

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Represents the retirement village industry including investors, property owners, developers, the industry's professional service and trade providers.

Tel: (02) 9033 1900

[www.retirementliving.org.au/industry](http://www.retirementliving.org.au/industry)

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#### **Aged & Community Services Association of NSW & ACT**

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Represents retirement village owners and managers within the non-profit sector.

Tel: 1800 424 770 or (02) 8754 0400

[www.agedservices.asn.au](http://www.agedservices.asn.au)

Next Living in a retirement village

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<https://www.fairtrading.nsw.gov.au/housing-and-property/retirement-villages/moving-into-a-retirement-village> 8-02-21

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