



# CORAL ESTATE

## SUMMARY OF KEY ISSUES

### Ownership and Management

Coral Estate is owned and operated by the RSL Care WA, who also operates a 55 bed aged-care hostel facility nearby at Meadow Springs.

There are 27 units in the adjoining Mandurah Village and also the hall used by Mandurah RSL sub-branch.

### Occupancy Rights

To qualify for residency of a Residence in the Village, at least one of the persons occupying the Residence must comply with criteria imposed by specific laws relating to Retirement Villages, including the Retirement Villages Act (WA). Currently, those criteria require that at least 1 occupant is over the age of 55 years or permanently retired and is capable of maintaining their own safety, health and wellbeing as a resident of the Village.

### Long Term Lease

Residents receive security of tenure by way of a lifetime lease for the exclusive lifetime occupancy of their Residence. Residents also have the right to use on a shared basis with other residents the common areas and facilities of the Village.

The 'Lease Purchase Price' usually represents the current market value of the Residence within the Village.

### Why a Lease?

Leases are widely used by Retirement Village operators in Western Australia as being the most practical and cost effective method for residency contracts.

A lease gives you the security of tenure you reasonably expect and ensures that the whole Village is maintained to a continually high standard by the Village Managers who are responsible to all residents to ensure this happens.

This type of agreement also keeps down the cost of developing such a Village as there are no separate titles and there is no GST payable on the lease, although there may be stamp duty in some cases. The result is a lower purchase price to you.

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## **Why a Lease? *continued***

### **Your Interests are Protected**

Your lease provides a secure and legally binding interest that is protected by your Residency Agreement, the Retirement Villages Act 1992 and a Memorial which is lodged over the title of the Village protecting your rights under the Retirement Villages Act. The Village cannot be sold for any other purpose than as a Retirement Village so your investment is secure.

### **Do I own the Land?**

Whilst you don't own the land, when you purchase a lease your payment means that when there is capital growth on the property upon resale, you can share in this growth. Naturally, values go up and down over time in much the same way as your current residence. Village schemes can also vary so you should check as to whether your agreement allows you to benefit from any capital growth. You do receive the benefit of any capital growth at 'Coral Estate' subject to conditions upon resale.

### **Resident's Ongoing Costs**

Each resident pays a proportion of the Village Operating Costs on a monthly basis.

This is currently \$66.92 per week (\$290.00 per calendar month) as at December 2011, payable monthly in advance, and includes:

- Gardening and ground maintenance of common areas;
- Insurance of common facilities and individual homes (Resident responsible for contents insurance);
- Rubbish removal – including residences;
- Depreciation of buildings;
- Operation of 24 hr emergency call system;
- External building maintenance including external painting;
- Utility services including power and water for common areas;
- Water and shire rates and water consumption;
- Village staff salaries and wages;
- Village operation and maintenance costs;
- Village management and administration.

Residents are responsible for:

- Contents insurance, and if not separately insured, workers compensation insurance for privately employed workers providing personal support services to the resident;
- Maintenance to the interior and private garden area of their home;
- Personal use of gas, electricity, phone and any other services provided to their residence.

## **Maintenance of the Home**

The resident keeps the residence and its fixtures and fittings in good repair, fair wear and tear accepted.

The resident is responsible for internal maintenance and cleaning of the home, maintenance of any courtyard or rear garden and the RSL Care WA is responsible for structural repairs and external maintenance.

## **Emergency Call System**

The RSL Care WA provides an emergency call system. Depending on the nature of the emergency, either the Resident's family doctor or ambulance service will be contacted.

## **If a Resident decides to Sell**

As homes are held under a lease, they are not actually 'sold' in the legal meaning of the word. Rather, the lease is terminated and the home re-leased to the new resident.

When residents sell their interest, it is usually at the current market value. The outgoing resident receives the benefit of any growth in the market value of the home including the value of any capital improvements.

When the Lease Purchase Price is paid by the new resident the RSL Care WA is entitled to:

- 1. A Deferred Management Fee**

It is calculated at 2.5% per annum to a maximum of 25% of the new Lease Purchase Price

- 2. A Deferred Sinking Fund**

Covers the cost of major and infrequent repairs and replacement in the Village in order to ensure the high standards are maintained to achieve the best resale prices for the homes. Calculated at the rate of 1% per annum to a maximum of 5% of the new Lease Purchase Price.

- 3. Refurbishment Costs**

These are costs paid by the outgoing resident if necessary to cover such items as internal painting and carpet replacement in order to bring the home up to a marketable standard and achieve the best price.

- 4. Village Operating Costs**

Any outstanding fees due but not paid

- 5. Marketing Expenses**

Any marketing costs associated with the sale of the home.

## **Termination**

The lease may only be terminated where:

1. The resident wishes to terminate
2. The resident dies, or if the residence is leased to more than one resident the last surviving resident dies
3. Due to health reasons it is not suitable for the resident to reside in the Village
4. The resident is in serious default under the Lease and fails to rectify that default;  
or
5. Circumstances exist as provided for in the Retirement Villages Act 1992 which entitle termination.
- 6.

In cases numbered 3, 4 and 5, except where there is agreement to terminate, the termination must be made by an order of the Retirement Villages Dispute Tribunal.

## **Marketing Rights**

The RSL Care WA will market the premises and may appoint an Agent. The resident has the right to nominate a licensed Real Estate Agent if leaving the Village.

The new Lease Purchase Price is agreed by the outgoing resident and the RSL Care WA and is based on fair current market value.

## **Importance of Reading Residence Documents, including Information Statement**

This document is a summary of aspects of the Residency Documents and does not deal with all the rights and obligations under those documents. This document is not a substitution for those documents and a resident must read and understand these documents, including the Information Statement which will be provided before entering into a Contract.

**For further information please contact us:**

**RSL Care WA  
82 Oakmont Avenue, Mandurah  
Tel: (08) 9535 0200**

or

**RSL Care WA  
16 Freedman Road, Menora  
Tel: (08) 9370 0200**

***Monday – Friday 8:30am – 4:30pm***