



PEARSON VILLAGE

SUMMARY OF KEY ISSUES

Ownership and Management

Pearson Village is situated at 26 Pinaster Street, Menora and is owned by the RSL Retirement and Aged Care Association Incorporated trading as RSL Care WA.

Residency Rights

A resident is granted a long term lease to occupy a Residence, subject to early termination if the resident's health prevents the resident from safely living in the Residence.

To qualify for residency the resident/s must be retired from full-time employment or have attained the age of 55 years or more. The Village Owner reserves the right at its' sole discretion, to allow a second resident who may be under the age of 55.

The resident is entitled with other village residents, to use the RSL Pearson Villages Recreation room and other services such as the hairdressing salon, medical consulting room which are located at 16 Freedman Road, Menora.

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 Stamp Duty payable on the lease. The result is a lower purchase price to you.

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.

Loan

No rent is paid for the Lease. Instead, the resident lends to the Lessor a "Fixed Loan" free of any interest, for the duration of the Lease.

Administration Fee by Incoming Residents

An Administration Fee is payable by residents on entry. This fee covers administration expenses incurred by the Village Owner in arranging the disclosure and grant of the Residence Lease and settling the transaction. It is currently \$330.00 including GST.

If you Decide 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 usually transferred.

When the Loan is repaid to the outgoing resident the RSL Care WA is entitled to deduct:

1. An Amenities Fee

One bedroom \$ actual price given at time of offer

This is paid for the provision of the village common areas and facilities such as The Club House. It is calculated over a period of 7 years to a maximum of 25% of lease price. 8% for the first year and 3% for the each of the second, third, fourth, fifth and sixth year and then 2% for the seventh year.

Two bedroom \$ actual price given at time of offer

This is paid for the provision of the village common areas and facilities such as The Club House. It is calculated over a period of 7 years to a maximum of 25% of lease price. 8% for the first year and 3% for the each of the second, third, fourth, fifth and sixth year, and then 2% for the seventh year.

2. Refurbishment Costs and Supervising Fee

These are costs paid by the outgoing resident as necessary to cover such items as internal painting and carpet replacement so that the premises are more or less in at least the same condition as they were in at the commencement date of lease. The Supervising Fee is 10% of the costs plus GST.

3. Village Operating Costs

Any outstanding fees due but not paid.

4. Marketing Expenses

Any marketing costs associated with the transfer of an interest in the lease of the home if applicable.

Operating Costs

You must pay to us the Operating Costs Charge as a contribution to Operating Costs by monthly instalments payable in advance.

The monthly Operating Costs Charge from commencement of your Lease term is stated in the answer to Question 1 and for sole occupant equals 25% of the Single Aged Pension and for couples equals 30% of the Single Aged Pension.

The monthly Operating Costs Charge is varied as and when the Single Aged Pension increases (twice yearly March & September).

The Operating Costs for the Village are currently, sole occupant \$74.55 per week or \$323.00 per calendar month and couple \$142.00 per week or \$618.00 per calendar month as at May 2011.

These Operating Costs mainly comprise rates and taxes, water rates and service charges, insurance costs, water, gas, electricity etc. for common services, routine repairs, maintenance, common areas cleaning and gardening expenses, costs of providing common services and operating Community Facilities and management costs.

The General Operating Costs are shared equally between all existing Village Residences (totalling 58). Therefore each Residence bears a 1/58th share.

Resident's Own Outgoings

Residents pay for electricity, gas, telephone and other services consumed in their Residence. In addition, residents are responsible for their own contents insurance and workers compensation insurance if engaging employees privately to assist around their home.

Emergency Call System

All Residences have an emergency alarm installed on the outside of the Residence. The alarm is not connected to an external monitoring service. Residents can install Emergency Call Systems to their phone line which monitors on a 24 hour a day basis.

Maintenance of your Home

The resident must during the residency keep the Residence and its Fixtures and Fittings in good tenable repair.

The resident is responsible for internal maintenance and cleaning of the Residence and must maintain the resident's own improvements and alterations. The Village Owner is responsible for structural repairs, external maintenance and replacement of original household plant at the end of its' useful economic life but only to the extent funds are available out of Operating Costs or the Reserve Fund.

Termination

The Lease may 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.

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 Disputes Tribunal.

Marketing for Replacement Resident

We are responsible for re-letting your residence to a new resident after you decide to surrender your lease or your lease has otherwise come to an end. We are responsible for marketing the Residence.

NOTE

The above Summary sets out some of the important Village Scheme provisions in an abbreviated form only. You should refer to a copy of the Village Scheme and Residency Lease and the Disclosure Booklet to obtain full details and a proper understanding of the Village Scheme.

For further information please call

Menora Gardens Lifestyle Manager

Kaye Ireland

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Monday – Friday 8.30am -4.30pm