

From: [Inquiry into the Retirement Housing Sector POV eSubmission Form](#)
To: [LSIC](#)
Subject: New Submission to Inquiry into the Retirement Housing Sector
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Inquiry Name: Inquiry into the Retirement Housing Sector

Mr. Norman Fetherstonhaugh

[REDACTED]

Resident

[REDACTED]

SUBMISSION CONTENT:

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The Deferred Service Fee.

Government should take steps to standardize this fee and regulate the percentage taken.

Original residents in our village have a deferred service fee of 2.5% capped at 10 years on the selling price of their unit.

In later years the deferred service fee was changed to 3% of the original purchase price and 30% of the capital gain.

In other villages the deferred service fee of 3% is capped at 12 years.

If the apartment changes owners in less than 10 years then the percentage of deferred service should be prorated in the final year. Not a full year when the resident has sold out a quarter or halfway through the year.

In some villages the apartments forming a hostel style accommodation, where meals are taken in a communal dining room, a deferred service fee of 5% for the first two years, reverting to 3% after two years and capped at 10 years. Statistically this style of apartment changes over every 2 years hence the 5% is a nice little earner for the owners.

Previous governments have taken steps to ensure standardized contracts are provided for prospective residents and these contracts are easily understandable and comparable. They are to be commended on outlawing some of the outrageous financial restrictions placed on deceased estates.

Governments should also mandate that a percentage of the deferred service fee is paid into the village sinking fund upon settlement of the sale of a unit. A figure of 5% is not unreasonable and this arrangement is not new to the industry.

I strongly support the appointment of an ombudsman. Many residents are at a very vulnerable stage of their life and do not always have family close at hand to defend their interests nor are they always keenly aware of their rights or the owners obligations.

Norman M Fetherstonhaugh



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File1:

File2:

File3: