

From: Ian & Jean Westerland [REDACTED]
Sent: Monday, 13 June 2016 4:59 PM
To: LSIC
Subject: Submission:The Victorian Parliamentary Inquiry into Retirement Housing

Situation : Ian and Jean Westerland, Self-funded retirees. We have been residents for 10 years at [REDACTED] Retirement Village, Ballarat, owned and managed by Country Club Villages (CCV)

Concerns : A . The Contract.

- Before agreeing to the purchase of a villa in the Retirement Village, we thought it would be prudent to ask our solicitor to check the contract for us, which he did.
- He said that the contract seemed satisfactory from a resident's point-of-view, and was typical of contracts from similar villages. This was 10 years ago and he did admit that he had little experience in this area.
- On reviewing the contract, we realise that it does not treat the resident fairly. As lessees we do not own the villa building, but are responsible for the repair and maintenance of the villa plus replacement of any fittings as needed. The contract allows the owners to add to this list without any consultation.
- The contract does not list just what owner is responsible for.
- The contract now needs to be revised and rewritten so that it is fair to both parties, whilst clearly stating the areas of responsibilities, and recognising that the villa is not owned by the resident, but is leased.

B. Deferred Fees.

- All fees and costs should be transparent, and clearly listed for the prospective resident. While the formula for the deferred fees is fixed, the final figure is not. It is determined when the villa is sold, depending on the length of time the villa has been leased and the price of the re-sale.
- Under deferred fee management, residents' rights fall between being a lessee and the CCV, with the owners/managers being able to exploit the situation.
- We have noted the distress of residents leaving the village, after losing large deductions from their villa settlement.
- The deductions include : Deferred fees 36% (6% for 6 years)
 Commission 4% (Average local real estate commission is less than this at 3%)
 Refurbishment fee 2-5%, plus cost replacement of whatever management deems necessary.

- We feel strongly that the deferred fees are far too high, and that there needs to be some regulation of the fees so that a more moderate fee is charged.
- We would also like to see an arrangement where a list of proposed refurbishments is presented to the resident(s) for agreement between resident(s)and CCV before any work is commenced. There should be a tender process, so that there is no exploitation of the resident. The rights of the resident should be protected so that no undue or unfair fees are made.

C. Ombudsman.

We cannot see any way to improve our situation. However, having an ombudsman to see that fairness prevails in the case of a dispute, or negotiation, would be an improvement. There has been a massive growth in the establishment of retirement villages over the last ten years, and much has been learned, which can be used to improve the functioning of these villages.

Conclusion.

After re-reading our contract of ten years ago, we are appalled at the unfairness of the contract to the resident. What we agreed to in 2006 we would not accept in 2016!

We would be prepared to appear before the inquiry if necessary.

Ian Westerland

Jean Westerland