

Buying into a land lease community

In a land lease community you own the home but lease the land on which the home sits from the community operator. The home may be a manufactured home or a moveable dwelling such as a caravan. You pay site fees (rent) for the right to occupy the site.

Entering into an agreement

Buying a home in a land lease community usually involves buying an existing home from an outgoing home owner or buying a home directly from the operator. These may be advertised in a number of places, including various websites. To buy a home you will need to agree on a price and sign some form of contract for sale. Before you sign anything, remember that:

- The operator must give you a disclosure statement. This statement highlights the key aspects, including details of the fees and charges that will be payable for a particular site and the services and facilities available in the community. Comparing disclosure statements from different land lease communities can help you make a more informed decision.
- You must have the disclosure statement for at least 14 days before signing a site agreement. Do not rely solely on the disclosure statement - use this time to think things over and seek advice. You can also ask for a sample site agreement, any community rules and the community map. This 14 day period cannot be waived.
- Buying a home in a land lease community is a major legal and financial commitment - visit the community at least once.

The next step is to sign a contract for sale to buy the home from the seller and a standard site agreement to rent the site from the operator. Make sure you understand all the terms and conditions and read the fine print before you sign. Ask questions and think about negotiating any terms that are negotiable. You can take the contracts away and bring them back later.

A site agreement does not have to be for any fixed period of time. The law provides statutory security of tenure. This means an agreement can only be terminated based

on the limited grounds set out in the law. If an agreement is to be for a fixed period, it must be for at least 3 years.

As well as a site agreement, you must be given a site condition report. This sets out the condition of the site you will be leasing. Check this document carefully and add your comments if necessary.

Once you have signed the site agreement the law gives you a 14 day cooling-off period if you change your mind. You can cancel the arrangement without penalty during this period as long as you have not started living in the home (or have not put a home on the site). If you are buying the home from an outgoing home owner (rather than the operator), you should check the terms of your Contract for Sale to ensure you can also cancel that contract.

Costs of moving into a community

You will need to pay the agreed price for purchasing your home.

Site fees are your main, regular charge and will be listed in your site agreement. They are payable on a routine basis (eg. weekly or fortnightly). Be aware that the operator cannot ask you to pay more than 2 weeks of site fees in advance.

You may also be required to pay the cost of registering the site agreement with NSW Land and Property Information (LPI), but only if it is for a fixed period of 3 years or more.

An operator may request a refundable deposit (no greater than \$25) for a key or access device to the community.

You may also agree to pay a specified entry fee as part of a voluntary sharing arrangement.

The above fees and charges only apply once you sign a site agreement. The operator cannot require a prospective home owner to pay any fees and charges.

Fees and charges which cannot be requested or received include:

- charges for supplying disclosure material and other document
- a fee to assess or consider an application to be a home owner
- any amount for the cost of supplying or preparing a site agreement
- a reservation fee or holding deposit, other than a deposit to build or supply a home on the site under a separate agreement
- a rental bond
- bonds for the provisions of utilities.