



# Retirement villages: buying off the plan



## IMPORTANT

*This might be one of the biggest decisions of your life, so don't be rushed.*



## QUICK TIP

*Make sure you obtain good advice on the best time to put your home on the market if you have chosen to sell up to finance your move to a retirement village.*

Sometimes retirement village units are advertised even before they have been built. Potential residents are invited to buy 'off the plan' or to reserve the unit of their choice before 'it is too late'. Often a deposit is required with settlement to be made when the unit is ready for occupation.

There are pitfalls associated with entering into arrangements of this nature and there are some matters that should be carefully considered before making a decision.

One matter that needs particular caution is arranging for the sale of your own home before the village unit is actually completed and available for occupation. The worst scenario could be that you have to move out of your home to allow the purchaser to move in yet there is nowhere else for you to live because the village unit is not ready. Make sure you obtain good advice on the best time to put your home on the market if you have chosen to sell up to finance your move to a retirement village.

## Potential pitfalls when buying off the plan

Potential residents should be careful signing contracts in connection with any premises that are still on the drawing board. Some of the things that can go wrong include:

- the unit may not be ready for occupation by the time promised
- the village may not end up being built at all
- there is no guarantee as to the quality of the building, fixtures and fittings
- it can not always be accurately forecast whether any financial arrangements entered into will reflect the market at the time the unit is ready to occupy (you could be paying too much)
- your circumstances could change (eg. your state of health might change and a self-care unit becomes inappropriate and supported accommodation becomes necessary) but you have already entered into a binding contract.

## Points to consider before you make any decisions

The Office of Fair Trading suggests that you consider the following checklist before making a decision to pay any money or sign any contract for retirement village accommodation that has not yet been constructed or is not ready for occupation:

- make sure that you do not sell your present home too early
- make sure you discuss your plans with people you can trust

- make sure you understand the type of arrangement under which you would be entering the village (ie. loan/licence, leasehold, rental, company title or strata scheme)
- make sure that any contract offered to you in connection with the village unit is closely examined by a suitably experienced solicitor
- make sure the contract gives you proper protection in the event of something going wrong with the completion of the village or with your own circumstances
- make sure that you do not pay too much money up front
- look at other villages built by the operator or builder concerned to check the likely standard
- check whether you are able to make customised changes (eg. the colour and style of tiles, carpets and internal painting and the type of items like stoves and dishwashers)
- check whether you can visit the village during construction
- confirm that you will have your finances in place if the village is finished earlier than expected.

## Don't rush into anything

Remember, this might be one of the biggest decisions of your life, so don't be rushed. Take time to obtain all the information and advice that you need.

## Summary

The Office of Fair Trading recommends that persons contemplating entering into 'off the plan' retirement village arrangements exercise caution in making their decisions. Appropriate legal and other advice should be obtained before signing any documents or paying any money.

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### Where to get more information

Fair Trading Centres

Tel. 13 32 20

TTY Tel. 9338 4943

*Telephone service for hearing impaired.*

Language assistance Tel. 13 14 50

*Ask for an interpreter in your language*

[www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au)

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 13 32 20  
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