

Queenstown Country Club

Located on Ladies Mile, Frankton, Queenstown Country Club is a proposed retirement village offering 235 homes, 67 apartments, 30 serviced units as well as a medical centre and rest home facility.

What does it mean in legal terms to purchase a right to occupy in a retirement village such as Queenstown Country Club?

A resident's legal rights are outlined in the Occupation Right Agreement, which sets out the terms on which the resident can occupy a particular villa, unit or apartment within the village.

A right to occupy differs from regular property ownership, as you do not have a legal interest in the land so do not own the property as such, but you have a contractual right to occupy that particular dwelling. You will not be able to mortgage the property, nor will you have any rights to sell or transfer your right to occupy.

It is important to be aware from the outset that the exit payment you receive on termination of your right to occupy will be discounted by up to 30% of your investment. This is because you (or your estate) will have to pay a "Village Contribution" which amortises on a pro rata basis at 6% per annum for a villa, and 10% per annum for an apartment, on the initial purchase price up to a maximum of 30%.

You will not be entitled to any capital gain on the on-sale of your right to occupy, and nor will any capital loss be attributable to you.

In addition to the purchase price you will pay a weekly fee which is subject to annual increase based on an increase in the Consumer Price Index, as well as any additional care services that you opt for such as meals, healthcare, cleaning etc. This weekly fee continues to be payable even after termination, until such time as a new resident has signed a new Occupation Right Agreement for the villa, unit or apartment.

Of recent interest is the question of what happens to your right to occupy in the event of a natural disaster such as an earthquake? The Village Operator will not be required to spend any more money than it receives under the insurance claim, so if they decide it is not viable to rebuild, then you will either be offered a right to occupy another dwelling within the village or in another village in reasonable proximity, or your agreement will be terminated. If the agreement is terminated the purchase price will be paid back to you. If you decide not to accept the transfer to another villa or village, the purchase price will be paid back to you less the Village contribution (up to 30%). Either way, termination can jeopardise your ability to repurchase elsewhere, particularly with increasing property values.

We stress that the above is purely a summary of a few points contained in the Occupation Right Agreement, which is otherwise a very complex agreement. If you are considering purchasing at Queenstown Country Club and would like us to act on your behalf, please do not hesitate to get in touch with the team at TODD & WALKER Law.

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