

My name is Gerry Nelson and am a resident together with my wife [REDACTED] in the [REDACTED] Retirement Village.

The Village was developed by [REDACTED] and consist of [REDACTED] individual units each on a separate title and is therefore comparable with in some ways with a strata title development, plus a manager's unit and a communal Village House which is available for residents use.

The Village is administered by the Owners Corporation [REDACTED] through the Owners Corporation Committee in accordance with the Owners Corporation Act who appointed and employ managers who are financed entirely by the unit owners by way of a maintenance fee paid monthly and accounted for by the employed managers.

A Management Agreement made between [REDACTED] and each purchaser of a unit includes the following clause-----“The Purchaser under the aforesaid Deed of Trust to which the Vendor is a party has agreed. *Saving and except to the extent prohibited or limited by the Retirement Villages Act 1986 (as amended) or the regulations thereunder, and further subject to the proviso that in all circumstance the right of the purchaser to vote at any annual general meeting or extraordinary general meeting of the Body Corporate is preserved and maintained, **to irrevocably appoint the Vendor as its delegate on the Body Corporate in relation to the lot the subject of*** this Management Agreement (as will the owners of all other Lots in the subdivision other than those registered in the name of the vendor) and as a result it is desirable to create rights powers and duties similar to those provided under the Subdivision Act 1988 and the regulations thereto which rights powers and duties are intended to be provided by this Agreement.”

Advice has been received that due to the assignment of the owner's rights by the appointment of the vendor as delegate on the Body Corporate (Owners Corporation) **the Owners Corporation Committee was improperly formed** and can therefore not comply with the provisions of the Owners Corporation Act 2006.

The Company which holds the Management Rights take little part in the administration.

The company that holds the Management Rights charges a Deferred Management Fee of 3% per annum payable on the sale of the property with a maximum of 30% after a period of 10 years. On the basis of a sale price of \$270000 this equates to an annual income of \$348300 to the Company that holds the Management Rights. There seems to be no correlation between the costs to residents and any benefit to residents. This Deferred Management Fee is ongoing and will continue to be charged in perpetuity.

It should be a requirement that the Deferred Management Fee be justified and that a report be made to all residents at Annual General Meetings.

Most units have had enhancements made at the unit owners cost, these include kitchen and bathroom renovations, installation of solar panels, solar hot water systems, air conditioners etc. Each of these enhance the value of the property and are reflected in the sale price of the unit. The deferred management fee also applies to these enhancements. It is common that most units are sold well within the 10 year period with a large proportion being sold on numerous occasions within the 10 year period. In fact, of the 43 units that are presently in individual ownership, only 5 have not been transferred within the 10 year period. Of the remaining 38 units many have been transferred multiple times.

The solicitor who acts on behalf of the Company which holds the Management rights charge the vendor of the property a conveyancing fee which typically is in the order of \$ 5000. I have been advised that a solicitors typical fee circa \$1000 would be charged for the simple conveyance of a property.

In view of the above it is clear that the residents of the Village are being charged exorbitant fees for little if any benefit to them.

It should be noted that the original purchase price of units was comparable to that of units in similar strata title developments not subject to the Retirement Village Act. There was no discounted price as an incentive to purchasers contrary to the statement in clause 3.4.1 of the Issues Paper of the Review of the Retirement Villages Act 1986.

Regards Gerry Nelson