

> Late in 2008, my mother, who was at the time 89 years old, decided that she would like to move into an Aged care facility. She had been living on her own and had been burgled, and was very nervous. Although we wanted her to stay in our home, where she sometimes stayed with us quite happily, she insisted she did not want to be a "burden".

> As my husband and I were at the time, heading off for a trip, she was keen to find something and get settled in.

> We inspected a couple of places, including a retirement village not far from home. We inspected both "independent living" apartments and "assisted living apartments". We were given brochures on both and discussed both at length with the sales representative. The independent living apartments started at \$231,000 and the weekly fees were \$119.00 per week, they were all in the same building. The assisted living apartments started at \$75,000.00 and the weekly fees had just gone up to \$448.00 per week. My mother felt that \$448.00 per week, was a lot of money, particularly when you own the apartment. We asked why the assisted living apartment (which was very small) had a fee of \$448.00 and the large independent living apartment only paid \$119.00 per week. We were quite clearly told that this was because assisted living apartments included three meals per day, cleaning of the apartment and laundering of the sheets and towels. The independent living apartments DID NOT include three meals per day (independent living residents pay for their meals at \$15.50 per three course meal) and their apartments are not cleaned. So, basically, they were quite clearly representing that the difference between \$119.00 per week and \$448.00 per week (\$329.00 per week), was the worth of 3 meals per day and cleaning. This appeared to ring true also, because the brochures we were given showed that independent living apartments basically got all of the same services and features as assisted living apartments EXCEPT for three meals per day and cleaning.

> We purchased an assisted living apartment for \$75,000.00 and signed a contract and settled in November 2008.

> My mother lived there quite happily until she left there in September 2009 and entered hospital, where she passed away on 16th October 2009. She had not even lived in the apartment for 12 months.

> When we purchased the apartment, in the contract there was a clause stating that in accordance with the Retirements Villages Act, once the unit is vacant, the weekly fees have to be reduced by the value of meals and cleaning. As mentioned, we were led to believe by the sales representative that the value of meals and cleaning was in line with the difference between independent living fees and assisted living fees (A difference then of \$329.00 per week.) Once my mother's room was vacant we tried on several occasions to have the company adjust the accounts and we found it difficult to make contact with the right person there. In the end, we were advised that we would get a discount of \$333.80 PER MONTH in relation to meals and cleaning. A far cry from the sort of meal and cleaning value represented prior to purchase. We had always expected that once vacant, the fees would be reduced to the same level as independent living as the meals and cleaning were no longer provided to our room.

> When my mother moved in, we received a monthly account that simply stated that we owed \$1975.00 per month. There was no separation of various items (including the value of meals and cleaning) or Body Corporate charges etc. The accounts are now split up, but one has to wonder how these items were separated and by who.

> We were advised that the discount given was "the vacant room rate" a term which we had never heard from them before.

>

> We gave the apartment to the retirement village to sell in February 2009. A sole agency was signed with a real estate agency, which is a company "affiliated" with the company managing the retirement village. Although they are on the authority as the Agent, the unit is marketed by

people who work for the retirement village and hand out village business cards (not estate agency cards) naming them as "Sales Manager". So, it seems to be a conflict of interest that they are supposedly selling the apartment for you, but the longer it is not sold, the higher the deferred management fee at the end - 33% after 2 years and one day!!!! The village also buys back units at fairly cheap prices I am told, and have done some up and furnished them as displays, and they market these in competition to those belonging to other owners, such as ourselves. The apartments are never open for inspection, there is no permanent sales representative on site and there seems to be very little advertising. In recent times they have tried to encourage us to let them offer the unit for Respite. Once again, they benefit. I understand their charges to occupants for respite is quite high. They charge these people high weekly fees, and still charge us our weekly fees and give us back \$32.00 per day!!!! They would probably cancel the vacant room rebate which would negate our payment for respite, and we would probably be required to re-instate the room again with repainting, recarpeting etc. at the end. So once again the only winner would be the management company.

> We enquired some time ago as to whether they would be interested in buying our unit back. Their reply was "No, your situation is not dire enough yet". I guess they are waiting until we have no equity and they will simply take the unit back.

> In summing up, my mother purchased the unit for \$75,000.00 and settled in November 2008, paid her monthly fees, up until she vacated in September 2009 and the last account we received for the time from her departure until now, totals \$33,287.00. This is just for the monthly fees and does not include the 33% we have to pay at the end, which would be a minimum of around \$25,000.00. So, the entire value of the apartment is slowly being eroded.

> When my mother moved in and was fully residing there, and receiving 3 meals per day and cleaning of the apartment, she was paying \$1975.00 per month in November 2009 and now she has not been living there for nearly a year and a half, and for that time we are still paying \$1710.05 per month for an empty room.

> When we inspected that apartment, prior to purchase, we were told how wonderful the complex was and so highly sought after. The brochures and the staff made glowing remarks. Now when we are trying to sell the apartment, the staff say that their village is older and dated and does not have the same facilities as some other places, so it is difficult to sell.

> In a recent meeting, with the "current" Sales Manager, we were discussing why our unit had not sold. Once again, she commented on the size of the apartment and the age of the village etc. I said to her that I felt the fees there seemed quite high. She said that it was a little difficult discussing fees with prospective buyers and they didn't tend to go into too much detail so as not to worry them. She also stated quite clearly that the current fees at the village are \$62.00 per day which is for three meals and cleaning of the apartment. I asked her to repeat this information, which she did. At that point I said, if that is the case, we should be getting an adjustment of \$62.00 per day!!!! She quickly retracted what she said and commented, that you own the apartment so there are other things that you have to pay!!! This is exactly the sort of misleading information that you get prior to purchase!

> We believe that we were presented with misleading information prior to purchase, information which led us into the decision to purchase the apartment. We believe that there is a lack of incentive for them to sell the apartment and a lack of action. We believe that there is also a conflict of interest in that the party supposedly trying to sell the apartment, earns income from the apartment whilst it is not sold, and offers apartments of their own at the same time.

> We believe that the ongoing costs should have been clearly defined at the beginning, prior to purchase. The Management Fee at the end of 33% was clearly outlined, and although we thought it was high, it was clear and could be factored into our decision making and end

calculations. The level of the ongoing fees was not clear and had we known they would be so high we clearly would not have purchased this apartment.

> We also make the point that we are an owner of an apartment, have a Title to the apartment, but are not advised of or invited to Body Corporate Meetings. We have requested copies of the last Body Corporate Meeting, but none have been forthcoming.

> As I understand with Leasehold arrangements, people going into that type of accommodation pay a high ingoing bond which is invested by the company and the company gets the interest. In this situation I believe by law, these people can only be charged weekly fees for a maximum of 6 months.

> This situation is bad enough, but in our case where we have Freehold Title, these enormous ongoing fees (which are not discounted at a level they are represented to be) can just go on forever!!!

> We believe that ongoing costs should be clearly defined prior to purchase. If fees are to be reduced by the value of meals and cleaning, then the value of these items should be clearly defined, so that people can, prior to purchase, accurately formulate the level of ongoing costs.  
>

Name withheld