

Leaving the village

How does the sales process work?

When a resident leaves a village, it's usually (but not always) the operator's responsibility to sell the licence to occupy for the vacant unit. So, how does the sales process work?

Some common questions we get asked about the sales process include:

- When will the former resident(s) receive their exit payment?
- Will they need to continue paying fees until the licence is sold?
- Do they have any control over how quickly the village operator sells the licence?

Every village has a slightly different sales process, which should be clearly outlined in the Occupation Right Agreement that a resident signs when they buy into a village. However, at a minimum, **all villages must** adhere to the guidelines for selling vacant units outlined in the [Retirement Villages Code of Practice 2008](#) (clause 51).

This article summarises the guidelines in the Code of Practice and also includes some questions that residents should ask the village operator about the sales process.

Operator's responsibilities for selling a vacant unit

Marketing

The operator must "take proper steps to market the residential unit" and consult with the former resident about the marketing process, including when the unit goes up for sale, the "general nature of the marketing plan", and any charges relating to the marketing and sale of the residential unit. The operator must update the former resident on the progress of marketing on a monthly basis.

Fees

The resident's occupation right agreement will set out whether weekly fees cease when the resident provides vacant possession or if they continue through until the residential unit is sold.

If the latter applies, then the operator of the village must reduce any outgoing fees by at least 50% by the later of either the date the resident stops living in the unit (and removes all their possessions) or six months after the date that the former resident's occupation licence terminates.

All fees for personal services must cease as soon as a resident stops living permanently in the unit.

Exit payment

Once the licence to occupy is sold, the operator must pay the former resident all money owing to them under their occupation right agreement within five working days of receiving payment in full from the new resident.

Please note, this is subject to the new resident's cooling off period having expired. Also, if the former resident has died, probate will be required before payment can be made. Note that some operators agree to pay out earlier or pay interest after a certain period.

After three months

If a new occupation right agreement has not been entered into within three months, the operator must report in writing to the former resident, and provide detailed monthly updates from then on. The monthly reports must clearly outline the steps the operator is taking to market the unit.

After six months

If the unit is still vacant after six months, the operator must get an independent valuation of the unit (at their expense) to make sure the asking price is a suitable price. The former resident may also obtain an independent valuation (at their own cost) if they feel the first valuation is inaccurate and the operator must consider this when determining a suitable price.

After nine months

If an occupation right has not been sold for the unit after nine months, the former resident may choose to take a dispute notice to the Retirement Villages Disputes Panel, if grounds for a dispute have arisen.

Complaints

Former residents may make a complaint about the sales process at any time.

Questions to ask the sales manager about the sales process

Prospective residents should discuss the sales process with the sales manager before they buy a licence to occupy to avoid any unwelcome surprises when they leave. Many operators go above and beyond the Code of Practice or may be willing to negotiate their sales process terms, so it's worth checking.

- Am I liable for capital loss?
- How soon will weekly fees be stopped after the termination of my contract?
- Can I apply for an early repayment sum?
- Will I receive interest on the capital amount owed to me if my home is not re-licensed after a certain time period?
- Is there anything else your village has in place to support the sales process or minimise my costs during the sales process?

Further information Read the [Retirement Villages Code of Practice 2008 in full here](#).