

Proposed Amendments to the Retirement Villages Act NSW

The NSW Fair Trading Minister, Dianne Beamer announced on 15 August 2006 over 50 proposed amendments to the Retirement Villages Act. The reforms were prompted by recent retirement village schemes becoming insolvent, however the reforms will not have retrospective application and therefore will not assist existing village residents.



The proposed amendments have not been made available for review, however the proposed new measures include:

- A 90 day cooling off period for new retirement village residents;
- Protection for retirement village residents from budget increases of the operators of the retirement village;
- Simplification of accounting and budget procedures for the operators of the retirement village;
- Ensuring that retirement village residents are secured creditors in the event that the retirement village becomes insolvent. This may

include the retention of money as security for the operator's obligations to the residents for payment of their termination payment.

The Retirement Village Resident's Association would have preferred that a central trust fund for residents deposits was included in the amendments to bolster residents security in the event that the retirement village become insolvent.

The Aged and Community Services Association supported the proposed amendments generally, however was concerned that the legislation may have unintended consequences.

Elevating residents to secured creditor status may have a significant impact on village operators and lenders to the industry.

A more comprehensive update will be made available once the amendments to the Retirement Villages Act have been introduced as a Bill into Parliament.

For further information, contact:
ROGER MATTAR on +61 2 9225 2563
E. mattarr@kempstrang.com.au or
JIM EAGER on +61 2 9225 2511
E. eagerj@kempstrang.com.au

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