



Manufactured Home Owners
Association (Vic) Inc
A01179410

Own your Home

but

Rent their Land



INFORMATION BOOKLET FOR LAND-LEASE LIVING

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Because this publication avoids the use of legal language, information about the law may have been expressed in general statements. This guide should not be relied upon as a substitute for the *Residential Tenancies Act 1997* or professional legal advice.

If you are considering the move into a land-lease village/park this booklet aims to provide you with sufficient information on the various aspects of your move, so you can make the decision with confidence.

This information has been compiled by people who are long term residents of land-lease villages, who have the lived experience.

A land lease village or park contains homes that are designed, built or manufactured to be transportable from one place to another for use as a residence. Such homes are generally termed as manufactured homes.

A movable dwelling does not include those that can be registered, such as a caravan.

The legislation that covers these types of homes is the Residential Tenancies Act, where Part 4A of the ACT defines regulations specifically for movable homes.

Not practical to relocate

"Residential villages and manufactured homes have evolved. Modern manufactured homes can no longer be practically or affordably relocated from one village to another (or to another place), and the cost of a home cannot be recovered by taking it out of the village and selling it as a significant portion of the home's value is attributable to its position within a residential village and access to the services and facilities provided.

These barriers to exit limit the bargaining power of home owners during negotiations about site rent as they are unable to take their business elsewhere.

Queensland Government – Summary/Manufactured homes feedback – 26/6/2023

Victorian Legislation usually refers to these locations as parks, but the large majority of advertising and marketing call them villages, to distinguish them from caravan parks.

**This booklet focuses on the land-lease
manufactured home village option**

All information was applicable at time of printing.

Topics covered in this booklet:

1. GENERAL INFORMATION

- Considering a land-lease manufactured home purchase
- Village facilities and common areas
- Legal advice
- Legislation involved
- Home/dwelling warranty
- When two becomes one

2. BUYING

- You will be required to sign a site/lease agreement
- Condition Report- Part 4A Site
- Security of tenure

3. LIVING

- Living in a land-lease situation
- Site Fees / Rental Assistance
- Maintenance responsibilities
- Dispute resolution

4. SELLING

- Selling your home
- Condition Report- Part 4A Site
- Exit Fees / deferred management fees
- Clearance certificate

5. Key questions to ask



1. GENERAL INFORMATION

Considering a land-lease lifestyle village?

Is this choice the right one for me?

This housing option is generally referred to as a lifestyle village for over-55's. The "land-lease" being referred to is where you own your home but lease the land on which that home is situated. The "lifestyle" refers to the aspects of living in a village of like-minded people of a similar age group, where resort-style facilities are provided in a secure gated community.

People make this move for various reasons, including downsizing with less maintenance, security of a gated community, releasing some funds from the sale of your previous home and the social aspects of communal living with like-minded residents.

Village facilities and common areas

One of the attractive things about living in a land-lease village can be the access to facilities such as swimming pools, tennis courts, bowling greens, gyms, barbecues, and other common areas. The rent that you pay as a homeowner in a land-lease village contributes to the maintenance of these facilities. The village owner must ensure that you have reasonable access to those common areas and facilities.

Another attractive consideration is the social aspect of communal living. Many surveys have shown that the happiness level is high in this type of setting, with many social events organised by the residents' social clubs, or fellow residents of similar age groups and interests.

These locations may be called manufactured home parks, residential parks, or lifestyle villages.

They may be a dedicated village, or a section of a caravan park (mixed use). However, it is important to understand that owning a manufactured home is not the same as owning a house or living in a retirement village.

Because you don't own the land, you will not be entitled to access the government Home Equity Access Scheme that allows aged pensioner home owners to receive extra income based on your home value.

Before buying and moving into a manufactured home in a land lease village, you need to understand that: You will not own the land that your home is situated on.

- You are required to sign a site/lease agreement
- You are required to pay rent for the land that your home is situated on. This will be in addition to the cost of buying the home.
- The rent that you pay for your site will be increased annually.
- You will usually have to continue to pay rent for as long as your home is on the site (even if you are no longer living in it; for example, if you moved to an aged care facility but have not yet sold your home).
- There are no Government charges such as stamp duty or council rates, as you do not own the land.
- There may be exit fees involved when you, or your children, eventually sell your village home.

- You will need to get as much information as possible from the sales people, but there are also other avenues of valuable information, such as Manufactured Homeowners Association (Vic) Inc (MHOA)

Legal advice

Buying a home for your retirement is a major financial commitment and, like any other decision of this scale, you should seek legal advice beforehand. There are different types of agreements depending on the village you choose. It is not a run-of-the-mill property purchase, so this makes it extremely important to find a solicitor experienced in the **Residential Tenancies Act 1997 Part 4A** to advise you.

They can help you to identify exactly what's involved in your site/lease agreement, so you know what to expect and can hopefully prevent any surprises.

Most importantly, it helps to provide peace of mind for you and your family that what you are signing up for is exactly what you want and need.

"Despite precontractual disclosure requirements, it is often only after moving into the village that some home owners become aware of the consequences of their decision. The residential village model, the Act, and site agreements are complex; and choices are often based on the appeal of the lifestyle offered in a village. Many home owners buy into residential villages without legal advice, and those that receive legal advice may not receive expert advice that is tailored to their circumstances. These issues can result in consumers entering site agreements which become unaffordable for home owners over time."

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Legislation involved

The relevant legislation involved with land-lease villages consists of the following:

- Residential Tenancies Act 1997 Part 4A
- Residential Tenancies (Caravan Parks and Movable Dwellings Registration and Standards) Regulations 2020

The regulations require villages/parks to register with local Councils and comply with the standards for:

- Fire prevention and safety.
- Emergency management plans.
- Supply and standard of water.
- Sewage and wastewater.
- Laundry facilities
- Street Lighting
- Garbage bins
- Smoke alarms.

To find your local council, visit <https://www.vec.vic.gov.au/electoral-boundaries/which-boundaries-cover-where-i-live>

Home/Dwelling Warranty

Before buying a new movable home/dwelling in a Part 4A land lease village ensure that you obtain a **written** warranty (**not verbal**) from the manufacturer or vendor with a minimum of six years covering structural defects and two years for non-structural defects.

A warranty should be transferable to subsequent owners of a Part 4A dwelling until the expiry date of the warranty. Enquire if the carport, shed and any solar panels are included in the purchase, and if so, these additions should be detailed in your site agreement.

Dispute resolution and jurisdiction will apply as per Part 4 and Part 5 of the Domestic Building contracts Act 1995.

A buyer will have (5) business days to cancel the home/dwelling purchase, if you change your mind.

MHOA have produced *BUYING INTO A VILLAGE* detailed Information Sheets covering the topics of:

- B1 Manufactured Homes in Land-Lease Villages
- B2 Site Agreement & Legislation
- B3 Prohibited Terms
- B4 Site Condition Reports
- B5 Exit Fees

2. BUYING

You will be required to sign a site/lease agreement.

You have 20 days (including weekends), starting the day after you receive the site/lease agreement, to consider whether to sign.

The park owner/operator cannot ask you to sign the agreement until the 21 days after they provided you with the agreement, then-

- you and the village owner sign the site agreement.
- you have a cooling off period: You may cancel a site/lease agreement within 5 business days from the date that you signed the site/lease agreement.

Before you actually move into your home, you must sign a site tenancy agreement. Once you sign a site/lease agreement this then comes with a number of obligations.

A site/lease agreement describes the rights and responsibilities you have as a site tenant as well as the rights of your village owner. Other details include the length of tenure and the amount you will need to pay in rent.

The village owner will offer you a standard site lease agreement.

The village owner must give you the following disclosure documents prior to signing your site agreement:

- Full name and address of the village/park owners or their agent for service of documents.
- Written notification if the village/park is in an area liable to flooding.
- Plan of the village/park, showing the location of your dwelling.
- Blank copy of Home Purchase agreement.
- Blank copy of site/lease agreement 20 days before asking you to sign it. **It is an offence for the village owner to ask you to sign the site agreement with the 20 days.**
- Copy of Consumer Affairs Victoria's Movable Dwelling Guide.
- Copy of village/park rules.
- Condition report of the site, including photos.
(Refer Pages 11 and 15)



Change of circumstances - When two becomes one:

Many land-lease residents enter that situation as a couple, and you may be able to get along financially while getting a couple's Age Pension. However, at some time in the future, two may become one, where one of the partners leaves the partnership, dies, or is admitted to Aged Care facility. In this situation, the couple's pension will become a Single Age Pension.

It is not usually thought of, but please consider if financially are you able to sustain rent increases yearly during your years of living in a village. Will you be able to cope financially should your situation change?

Condition Report- Site Part 4A

When buying into a land-lease village, prospective buyers must be given two copies of a **Condition Report-Site** prepared by the village owner or their agent, before moving in.

The report must be created using the condition report template as can be found at www.consumer.vic.gov.au/library/forms/housing-and-accomadation/renting/condition-report-word.docx.

It can be given to the prospective buyer on paper or electronically.

It is a good idea for both the buyer and village owner to take photos of the site at the start of the agreement, particularly of any damage. Date and label photos and attach them to the condition report.

The buyer should check the report and if anything is not right, refer to the owner/operator to have changes made. The buyer should send a signed copy to the village owner and keep one for themselves. **The buyer must return the report** within 5 days of moving into the property.

Security of tenure

Dedicated villages will generally offer 5–99 years lease term on the land. The relevant legislation, which is the *Residential Tenancies Act 1997—Part 4A*, requires a minimum of five (5) years. That is a very short term, considering what you may pay for your home, as the Act does not specifically require a village owner to continue your lease at the expiry time.

3. LIVING

Living in a land lease situation

During the period that you are living in a land-lease village, there are several factors that you will need to understand. Summaries of these can be found in the Information Sheets at the end of this booklet:

- Rental Fees and Annual Increases – you must be aware of these factors – New home owners may pay more for site fees than existing home owners. Enquire before you buy. Remember that **the village owner cannot charge any fees unless they are detailed in your site/lease agreement.**
- Utilities and other charges – these charges must also be detailed in your site/lease agreement. If there is an embedded network, the village owner/operator cannot charge you more than you would pay if you were dealing directly with a utility provider.
- Residents' Committee – the village owner/operator cannot stop your village having a Residents', or sometimes referred to as a Homeowners', Committee. The committee is formed to assist all residents in dealing with the village owner/manager.
- Rights and Obligations – you need to know what rights you have and what you are also obliged to do under the legislation.
- Know the village/park rules, as these rules are how you co-exist with your fellow residents.
- Dispute resolution – this is how you manage disputes with fellow residents and also with the village owners/managers.

Rental Assistance

If you are eligible for a government payment, rental assistance is paid on your site fees or payments through Centrelink or Veterans' Affairs, as long as your home has been designed to be relocatable. The amount of rental assistance will depend on your individual circumstances.

Maintenance Responsibilities

Make sure you know who is responsible for what.

Village owner/operator responsibilities:

- Communal facilities, roadways, paths, communal gardens and recreation areas kept clean, safe and fit for use by home owners. The provision for maintenance of front lawns/gardens on each site will be defined in **your** site/lease agreement. Check your site/lease agreement to determine who is responsible.
- Depending on the village, the owner may also be responsible for all front and roadside gardens and trees, including trees on your site. Trees should not pose a risk to any person or property.
- Any upgrade of communal facilities and all fences.

Home owners' responsibilities:

- Generally, your home maintenance is your responsibility as you own the dwelling.
- Maintaining your home so it is clean and fit to live in.
- You may also be required to maintain the site, however, responsibility for maintenance of the rest of your site (i.e. the grounds immediately surrounding your home) will depend upon the terms of your site/lease agreement.

Dispute Resolution

Preparation for VCAT (Victorian Civil Administrative Tribunal)

If you cannot get agreement with the village owner/manager (or even a fellow resident), your next port of call would be Consumer Affairs Victoria (CAV) or VCAT to obtain advice. Before undertaking such actions seek legal advice. The MHOA is seeking to have a less onerous and more achievable system made available.

MHOA have produced detailed *LIVING IN A VILLAGE* Information Sheets covering the topics of-

- L1 Rights and obligations
- L2 Village Rules
- L3 Dispute Resolution
- L4 Rental Fees & Annual Increases
- L5 Utilities & Other Charges
- L6 Residents'/Home Owners' Committees
- L7 Maintenance Responsibilities
- L8 How to effectively manage disputes with your site owner/manager

4. SELLING



Selling your home

Your site/lease agreement will detail the process of selling your home. The legislation requires the village owner to allow you to organize the sale of your property (by yourself or with an external real estate agent), or they may offer resale services.

In any case, **all fees are required to be disclosed in your site/lease agreement**, otherwise they cannot be charged. It is usual for an administrative fee to be charged to cover paperwork involved in the transfer of a home and the site/lease agreement to a new owner.

"Village owners receive site rent from home owners who are selling their home, even if the home owner no longer lives in the village but derive no income from a new manufactured home that the village owner has built, until it is sold. This incentivises village owners to prioritise the sale of new homes over existing homes, particularly in slower markets where supply outstrips demand. This can contribute to delays in the sale of pre-owned homes, with the extent of the delays also influenced by market conditions."

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Exit section of Condition Report- Part 4A Site

At the end of your tenure, (when selling your home), the village owner, or their agent, must complete the **Exit section of the original condition report**. (as described on Page 11.) It is advisable that the homeowner, village owner, or their agent be present when the 'Exit' site condition inspection takes place.

Within 10 days at the end of the agreement, the village owner, or their agent, must complete the 'exit' section of the original condition report document. The homeowner must be present when this happens or have been given reasonable opportunity to be there or be represented.

How are exit fees or deferred management fees calculated?

An exit fee, also known as a deferred management fee (DMF), is a fee charged by many land lease village owners. The exit fee may be based on a percentage of the purchase price, or the sale price of your home.

This is why it's important to fully understand the entry and exit fees associated with living in a land lease community before you sign on the dotted line.

Some land lease villages do not have exit fees, so it would be wise to research and compare. Where they do apply, they are usually capped at a certain percentage, over a period of years.

Where an exit fee is applied, they can be complex and often depend on a range of variables. Different villages will have their own unique deferred management fees which may be based on:

- A percentage of your **purchase price**, multiplied by the number of years you've lived there, or
- A percentage of the **sale price**, multiplied by the number of years you've lived there.

In the case where the sale price is used, the village owner unfairly shares in your capital growth brought about by capital improvements to your home that the village owner did not contribute to.

Rather than share a chunk of your capital-improved sale profits with your village owner, isn't it better to keep it in your pocket and spend it on you?

Where exit fee is imposed, most villages use the sale price as the basis for exit fee calculation, MHOA (Vic) believes exit fees are unfair and exploitative.

In short, these fees can erode your equity in your home over a long term, resulting in a greatly reduced profit (and often a loss) when it's time to sell your home.

In some cases, this fee can add up to 40% of the total sale value of your home.

While you may consider that the final value of your home is not of much interest to you before you die, don't forget that at some time in the future you may have to go into an aged care facility and that the value of your home at that time could negatively affect the level of care you can afford.

The seller and village owner sign the agreement to end the seller's site/lease agreement. A new site agreement now exists between the purchaser of your home and the village owner.

Clearance Certificate

Australian residents and foreign residents (also known as non-residents) when selling their home must complete a Clearance Certificate.

In summary, FRCGW (foreign resident capital gains withholding) applies to a sale of certain taxable real property by a foreign resident. Australian tax residents must obtain a clearance certificate issued by the ATO at, or before settlement, otherwise FRCGW must be withheld from the sale proceeds by the purchaser and paid to the ATO.

At time of printing, the sale of a mobile or manufactured home is subject to FRCGW where part of what is being disposed includes an interest in real property. This is the case where the right to occupy the land on which that home is placed, either directly or indirectly. This includes a site agreement giving occupancy rights, such as with a caravan park owner or other land holder.

MHOA advises you check with the ATO for further information or clarification regarding clearance certificates by contacting. [www.ato.gov.au/clearance certificate](http://www.ato.gov.au/clearance_certificate) OR phone 13 28 66 Option 4 then 2.

Below is an extract from ATO website which was updated 28 Jan 2025:

“Australian residents and clearance certificates

Australians selling property need a clearance certificate to avoid having an amount withheld from the sale price.

On this page

- [Clearance certificates for Australian residents](#)
- [Rate of withholding from a property sale](#)
- [Types of property](#)
- [Applying for a clearance certificate](#)
- [Clearance certificates in certain circumstances](#)

Clearance certificates for Australian residents

Foreign resident capital gains withholding (FRCGW) must be withheld on all [real property](#) (property) sales unless the vendor is an Australian resident for tax purposes.

All [Australian residents \(for tax purposes\)](#) selling or disposing of Australian real property (property) **must** have a [clearance certificate](#) and give it to the purchaser at, or before settlement.

Without a clearance certificate, the purchaser must withhold up to 15% of the sale (or [market value](#) if not sold at arm's length) for foreign resident capital gains withholding (FRCGW) purposes. “

MHOA have produced detailed *SELLING YOUR HOME* Information Sheets covering the following topics:

- S1 Sale of a Part 4A Dwelling
- S2 Closure of a Part 4A Village



5. Key questions to ask include the following:

Initial Detail

- Details on who owns the village. e.g. Name and contact details.
- Is there a mortgage on the land?
- Can you please provide a blank copy of the Site/Lease Agreement?
- Can you please provide a blank copy of the Home Purchase Agreement?
- What privacy policy documentation do you have relating to my private details?
- How many years is the tenure of the lease?
- What warranty is there on my home and what does the warranty cover?
Are the carport, shed and solar panels included the purchase price of the dwelling?
- Has my dwelling been designed as a relocatable home, making me potentially eligible for Rent Assistance?
- Are there any costs associated with preparing the site/lease agreements?
- What is the owner/manager's and my rights to terminate the contract?
- What is the cooling off period?
- Do you require me to take out any form of insurance?
- If I buy a home, will a Site Condition Report be provided?
- What advantages does an embedded system provide for residents?
- Is the village on an embedded system for electricity, gas or water. If yes, can I be provided with the Essential Services Commission information document defining what is an embedded system, and the current rates for each utility?
- Are there any hidden fees not already mentioned?
- Am I allowed to keep a pet if I want to?
- If I plan to have family or friends stay with me sometimes, what are the rules that apply to visitors?

Leases

- Can you provide me with the Community Policy – Village/Park Rules?

Fees & Charges

- Do I pay water or land rates and are there any subsidies that you receive on my behalf for either of these items?
- Is there an exit fee or deferred management fee (DMF)?
- What DMF am I required to pay?
- What does my DMF cover?
- What do my site fees cover?
- What advance rent is required?
- What notice period is provided on rent increases?
- What are the current site fees charged for existing home owners?
- What do the present site fees cost for singles and couples?
- How often, and when, are site fees increased?
- What is the mechanism used to increase site fees?
- How much have site fees gone up over the last five years?
- How much DMF will I be required to pay after one year - two years - three years - four years - five years?
- Is DMF calculated on the sale of my home. If so, how would I be able to obtain a final figure of cost?
- Is DMF calculated on the price I pay for my home? If yes, please supply final figure.

Maintenance

- Does the site owner maintain the fences, house footings, trees and other structures on my site?
- As the land is owned by the village owner, do they accept responsibility for drainage issues on my home site?
- Am I required to maintain the site either front or rear?
- How is maintenance on community facilities organized?
- Will I be allowed to make modifications to my home, such as handrails or ramps, if I need them?

Residents' Issues

- Is there, or will there be, a Residents' Committee (or Homeowners' Committee), and what support do you provide for that Committee?
- What dispute resolution system do you have?
- How do you manage changes in the village, whether it be village rules or facilities?
- If I have a dispute with another resident that we cannot resolve, what assistance can I get from village management?

Change of circumstances

- If I come into the village as a single, or become single later, what is the process if I wish to take on a new partner?
- When I die, or need to go into a nursing home, what costs would be incurred?
- What happens when I die, and my partner is the only one in the home?
- What happens if I go into permanent external care and my partner is the only one in the home?

Selling

- Can I get an outside agent to sell my home?
- Can I sell my home myself?
- If my home is listed for sale and is not occupied, what is the rule for rent payments?
- Can my family inherit my home?
- Can my family move into my home under my current site agreement?
- Would my family need to agree to a new site agreement, and if so, why?
- If the village owner/manager sells my home for me or my family, what are the costs?

As you will have seen, there is a lot to consider in making this life-changing decision. If you need further assistance, please contact us at MHOA Victoria by:

- Enquiry page on our website at www.mhoavic.com
- Email: info.mhoa.vic@gmail.com
- Telephone on 0431 347 797
- Mail to PO Box 427, Kilmore Vic 3764

NOTE:

Forms listed below are available in WORD on the Consumer Affairs Victoria (CAV) website.

FORMS YOU MAY NEED**From owner to site tenant**

[Condition report - Part 4A site](#)

[Notice of breach of duty from site owner to Part 4A site tenant](#)

[Notice of cooling off period for site tenants](#)

[Notice of proposed rent increase to site tenant - non-fixed amount](#)

[Notice of proposed rent increase to site tenant - fixed amount](#)

[Notices to vacate to site tenant](#)

[Statement of information for site agreement applicants](#)

From site tenant to owner

[Notice to Part 4A site owner](#)

[Notice of breach of duty from site tenant to Part 4A owner](#)

[Checklist: signing a site agreement](#)

[Guideline 3 - Damage and fair wear & tear](#)

[Guideline 4 - Urgent repairs](#)



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professional legal advice.

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