



Moving into a Retirement Village

A clear legal guide for residents and families.

What you and your family should understand before signing an Occupation Right Agreement.

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Welcome

Moving into a retirement village is a significant life step.

For many people it comes after decades in the same home, a place filled with memories, routines, and independence. Some people plan it well in advance. For others it follows a fall, illness, or the loss of a partner.

It is completely normal to feel two things at the same time:

- Relief that life may become easier and safer, and
- Concern about finances, independence, and commitment.

This guide has been written to help you understand what you are being asked to sign before you commit.

A retirement village agreement is not the same as buying or selling a house. Many people only realise this after they have already signed. Our aim is to help you understand it beforehand.

In this guide we explain:

- What an Occupation Right Agreement (ORA) is
- What you are actually buying
- How the money works
- What your rights are
- What happens if your health changes
- What happens when you leave
- Where legal advice protects you and your family

You do not need to read this in one sitting. Many residents read it with family members and bring questions to their legal appointment.

Purpose of this Guide

Many people sign a retirement village agreement believing it works like selling one house and buying another. **It does not.**

The purpose of this guide is to help you understand the differences early so you can make a calm and informed decision.

Important: This guide provides general information, not legal advice. ORAs differ between villages and operators. You should get independent legal advice before signing.

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1. Thinking About the Move

People move into retirement villages for many reasons.

- Some want freedom from maintaining a property.
- Some want companionship and security.
- Some want to plan ahead so help is nearby if needed.

At the same time, many people worry about:

- Losing independence
- Protecting their savings
- How their children will be affected

These are sensible concerns. Understanding the ORA helps you decide whether village living is the right thing for you.

2. What an ORA Actually Is

An Occupation Right Agreement (ORA) is a legal contract between you and the retirement village operator.

The most important point is **you are usually not buying the unit. You are buying the right to live in the unit.**

The ORA explains:

- Your occupation rights
- Village services
- Fees payable
- What happens when you leave

Because this is a contractual right, rather than property ownership, repayment of your money works differently from selling a home.

3. Legal Protections

Retirement villages in New Zealand are regulated to protect residents.

Operators must follow:

- Retirement Villages Act 2003
- Retirement Villages Regulations 2006
- Code of Practice 2008
- Code of Residents' Rights

These rules require disclosure, complaints processes, and dispute resolution procedures. They provide safeguards, **but you should still obtain legal advice about your specific agreement.**

4. The Documents You Must Receive

Before signing you must receive:

- Disclosure Statement
- Proposed ORA
- Code of Practice
- Code of Residents' Rights

Take these home. There is no need to rush. Many families read them together and then meet with their lawyer.



5. Understanding the Financial Arrangements

Most misunderstandings arise from the financial structure. The best way to think of it is consisting of in three stages: **entering, living, and leaving.**

Entering

Here, you make a large payment to obtain the right to occupy the unit. This could be called a capital sum, licence fee, or purchase price, but it is not the same as property ownership.

Living There

Here you pay regular village fees covering operating costs and shared facilities. The ORA should explain what is included and what costs extra.

Leaving

When the ORA ends, deductions are usually made before repayment.

These may include:

- A Deferred Management Fee (DMF)
- Refurbishment contributions
- Administration or marketing fees

The amount repaid and when repayment occurs are among the most important matters your lawyer will explain.



6. Living in the Village

Your agreement should describe everyday living, including:

- Services
- Maintenance responsibilities
- Community rules
- Visitors, pets, and alterations

Villages operate as communities so residents can live comfortably together.

7. If Your Health Changes

One reason for moving is planning for the future.

You should understand:

- Whether support can be provided in your unit
- Whether you can transfer within the village
- What happens if care is required
- How fees change

Knowing these things early helps families avoid difficult decisions later.

8. Complaints and Concerns

Villages must have a complaints process.

Most issues are resolved informally with management. If not, a structured process allows independent review by a disputes panel.

Keeping written records of concerns is helpful.

9. Leaving the Village

ORAs end when:

- You choose to leave
- Care needs increase
- After death

The ORA explains:

- Notice requirements
- Deductions
- Repayment timing

Repayment is often linked to a new resident moving into the unit, which families should plan for.

10. How Your Lawyer Helps

Your lawyer explains the practical effect of the agreement.

They will:

- Review the ORA
- Explain financial deductions
- Clarify repayment timing
- Answer questions
- Help your family understand implications

Many clients find this meeting very reassuring.

11. How an ORA Differs From Selling Your Home

When you sell your house:

- You own the property
- You negotiate the price
- You receive sale proceeds on settlement

Under an ORA:

- You do not own the unit
- You hold a contractual right to occupy
- The operator relicenses the unit
- Deductions apply before repayment

An ORA is therefore closer to a long-term licence than a property purchase.

12. Questions to Ask Your Lawyer

About the Money

- How much might my estate receive back?
- What is the maximum deduction?
- How long might repayment take?

About Risk

- What is the main financial risk?
- What happens if the village operator is sold?

About Future Changes

- What happens if I need care?
- Do fees continue?

About My Family

- Should I update my will?
- Should my Enduring Power(s) of Attorney be reviewed?
- What will the executor of my will need to do?

13. Frequently Asked Questions

Do I own the unit?

Usually no. You hold a right to occupy it.

Can I leave?

Yes, but notice and deductions apply.

Is repayment guaranteed?

It occurs under the ORA terms and is often linked to a new resident occupying the unit.

What happens after death?

The ORA ends and repayment occurs after deductions.

Do villages differ?

Yes. Terms vary significantly.

14. Useful Official Links

- **Retirement Commission**
<https://retirement.govt.nz/retirement-villages/our-role>
- **Companies Office**
<https://www.companiesoffice.govt.nz/>
- **Sorted**
sorted.org.nz
- **Citizens Advice Bureau**
<https://www.cab.org.nz/>
- **Eldernet**
<https://www.eldernet.co.nz/>
- **Ministry of Housing and Urban Development**
<https://www.hud.govt.nz/>

These provide general information only and do not replace legal advice.

15. Glossary

Capital Sum / Licence Fee

The upfront payment you make to secure the right to live in a retirement village unit. Although the amount may be like the value of a home, it is not a property purchase. It is the payment for your contractual right to occupy the unit.

Code of Practice

A set of operational standards that retirement village operators must follow. It covers matters such as maintenance, safety, emergency procedures, resident consultation, and how villages must be managed on a day-to-day basis.

Code of Residents' Rights

A document outlining the rights residents are entitled to while living in a retirement village. These include rights to respect, fair treatment, privacy, safety, and access to a proper complaints process.

Cooling-off Period

A legally required period (measured in working days) after signing an Occupation Right Agreement during which you may cancel the agreement. The exact number of days will be set out in your ORA.

Deferred Management Fee (DMF)

A fee that is usually deducted when your Occupation Right Agreement ends. It is typically calculated as a percentage of the amount you paid to enter the village, often increasing over a number of years up to a maximum cap.

Disclosure Statement

A document that the village operator must provide before you sign. It explains key financial information, how the village operates, and important matters you should consider before committing.

Disputes Panel

An independent body that can hear and decide formal disputes between residents and retirement village operators if a complaint cannot be resolved informally.

Enduring Power of Attorney (EPA)

A legal document that allows a person you trust to make decisions for you if you become unable to make decisions yourself. Moving into a retirement village is often a good time to review whether your EPAs are up to date.

Executor

The person named in your will who is responsible for managing your estate after your death. In a retirement village context, your executor will usually deal with ending the ORA and receiving repayment of any balance due.

Occupation Right Agreement (ORA)

The legal contract between you and the retirement village operator that gives you the right to live in a particular unit. It sets out your rights, obligations, fees, and what happens when the agreement ends.

Relicensing / Re-occupation

The process by which the retirement village grants the right to occupy your unit to a new resident after you leave. In many villages, repayment to you (or your estate) is linked to this process.

Repayment

The amount of money returned to you or your estate when your Occupation Right Agreement ends, after any fees or deductions set out in the agreement have been applied.

Village Fees (Outgoings)

The regular payments made while you live in the village. These usually contribute to operating costs such as maintenance of common areas, management, insurance, and shared facilities. The agreement will explain how and when these fees may change.

16. Appendix A

Your Pre-signing Checklist (Quick Reference)

Document checklist

- Disclosure Statement received and read
- Proposed ORA received (all parts/appendices)
- Code of Practice + Code of Residents' Rights provided
- A clear schedule of fees/outgoings/exit deductions is included or attached

Money checklist

- Entry payment amount and timing are clear
- Ongoing charges: what they cover, review mechanism, and how increases happen
- Exit deductions: DMF/fees/refurbishment/marketing/admin and examples of calculation
- Repayment timing and process on exit/death is clear

Living checklist

- What maintenance is operator vs resident?
- What services are included (and what costs extra)?
- Rules for pets, visitors, parking, minor modifications
- What happens if your health needs change?

Process checklist

- Cooling-off period confirmed and diarised
- Independent legal advice booked
- Family/support person has read the key financial pages with you
- Complaints/disputes pathway understood

17. Appendix B

ORA Financial Snapshot (Fees • Exit Deductions • Repayment Timing)

Purpose: This section is designed to give you **a clear financial snapshot** of the most important terms in your Occupation Right Agreement (ORA).

If you cannot complete this section, do not sign the ORA yet.

A. Village & Unit Details

- Retirement Village Name:
- Unit / Apartment Number:
- Operator Name:

B. Entry Payment (Upfront Cost)

- Amount paid to enter the village: \$
(often called a licence fee, capital sum, or purchase price)
- Date payable:
- Is this money held in trust before occupation? Yes No Unsure

Tip. This is not a house purchase. You are buying a right to live in the unit, not ownership.

C. Ongoing Fees (While You Live There)

Fee Type	Amount	How Often	Can It Increase?
Weekly/Monthly Village Fee	\$ <input type="text"/>	<input type="checkbox"/> Weekly <input type="checkbox"/> Monthly	<input type="checkbox"/> Yes <input type="checkbox"/> No
Utilities (power/water/etc)	\$ <input type="text"/>	<input type="checkbox"/> As used	<input type="checkbox"/> Yes <input type="checkbox"/> No
Maintenance Contribution	\$ <input type="text"/>	<input type="checkbox"/> Included <input type="checkbox"/> Extra	<input type="checkbox"/> Yes <input type="checkbox"/> No
Other Fees (specify)	\$ <input type="text"/>	<input type="text"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

How are increases decided?

- Fixed formula Annual review Operator discretion Not clear

D. Exit Deductions (When You Leave or Die)

These deductions can significantly reduce the amount repaid.

- Deferred Management Fee (DMF):
 - Rate: _____ % per year
 - Maximum cap: _____ %
 - Applies for _____ years
- Refurbishment / Reinstatement Costs: Yes No Depends

If yes, explain: _____

- Marketing / Sale / Admin Fees: Yes No
Estimated amount or formula: _____

E. Repayment Timing (Critical)

- When does repayment become due?
 On exit On resale On re-occupation Other: _____
- Is there a guaranteed timeframe for repayment?
 Yes – _____ days / months
 No
 Depends on resale
- Is interest paid if repayment is delayed? Yes No Not stated

F. If You Need to Move into Care

- Does the ORA terminate automatically? Yes No
- Are fees reduced or continue in full? _____
- When does repayment start in this situation? _____

G. Cooling-Off Period

- Cooling-off period: _____ working days
- Last date to cancel (write it down): _____

H. Legal Advice

- Lawyer consulted: _____
- Date advice received: _____

Tip. Independent legal advice is strongly recommended before signing any ORA.

18. Appendix C

Questions Families Should Ask the Village

- **Ownership**

Do we own the unit or have a licence?

- **Fees**

What fees can increase and how often?

- **Exit**

What deductions apply?

- **Repayment**

When will funds be repaid?

- **Health**

What happens if care is needed?

- **General**

Can we take documents away for legal advice?

Before you sign a retirement village agreement, it is worth a conversation.

A short meeting can often answer the questions families worry about most – particularly repayment timing, fees, and future changes in circumstances.

We are happy to meet with residents and family members together.



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