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Code of Practice 2008

Steps for selling a unit

With the imminent implementation of the Retirement Villages Code of Practice 2008 on 2 October 2009, managers and sales staff will be focussed on the sale process. This is particularly the case in the current economic environment where sales can be slower to achieve. You can expect former residents or their families to be shining a spotlight on Villages' marketing strategies and the timeliness of implementing these.

We set out the Code requirements relating to the sales process briefly below, noting however, that these provisions in the Code of Practice only apply where the Operator is responsible for selling the unit. If the Operator

plays no role in the sale process then these provisions do not apply.

The Operator must promptly:

- start the process of finding a new resident;
- take proper steps to market the unit;
- respond to all enquiries about the unit in a timely and helpful way;
- take all reasonable steps to find a new resident in a timely manner and for the best price reasonably obtainable.

See page 2 for more...

Our New Settlements Manager

Jaya Muthu is a lawyer with commercial and property law experience. This experience, combined with his interest in computer technology, makes him an ideal person to manage the settlements team.

A recent addition to the settlements team, Jaya brings skills in contract interpretation, knowledge of settlement processing, a good understanding of clients' needs and a practical approach to problem solving.

With his legal qualifications, Jaya is able to undertake, in conjunction with Burke Melrose, the management of unit title, crosslease based and licence to occupy settlements.



Conference

Thank you to everyone who attended our trade stand at Conference. It is always a pleasure to catch up with our clients and hear how our services are helping their businesses. Occasions such as Conference are an excellent opportunity for our clients to discuss how we can further add value to reporting systems. We always welcome feedback on how the notifications and VillageInfoNet are working for you. As a result of client feedback, we have added a new notification which lets you know when agreements have been cancelled.

Congratulations to Brien Cree of Radius who won our stand champagne draw.

Code of Practice 2008 (continued)

An Operator must **consult** with the exiting resident or their family about the marketing of their unit and in particular, as a minimum consult with them about:

- when the residential unit goes on the market;
- the general nature of the marketing plan for the residential unit;
- the actual charges relating to marketing and sale that the former resident is liable to pay.

Also during this process the Operator must keep the former resident informed on at least a monthly basis about progress. If the property is ready for sale immediately after the former resident has removed all their personal belongings, then the Operator must immediately supply monthly reports to the former resident about the marketing process.

If there is no new Occupation Right Agreement entered into within 3 months of the termination date, then the Operator must report in writing. The Operator must then provide monthly reports until a new Occupation Right Agreement is entered into.

It is important to note that except for the 3-monthly report, none of the above steps are required to be in writing. However, sensible and good operational practice would dictate that this provision of information and reporting should be in writing.

After 6 months, if a new Occupation Right Agreement has not been entered into, the Operator must obtain a valuation of the unit and that is the price at which the unit must be marketed unless the former resident obtains a second valuation that is different.

This provision could cause difficulties in the present market as sometimes, to achieve a sale, it is necessary to obtain a price which may be less than the valuation. In this case, we recommend the Operator seeks the agreement of the former resident.

It is our experience that by and large where residents are kept fully informed and regular reports are provided about the Operator's marketing attempt, then former residents and their families are more likely to accept any delay in selling a unit, as frustrating as they may be for all parties.

*The information in this article is necessarily general.
Please contact your legal advisers if you have specific questions.*

Changes to Email Notifications Service

Settlement Services provides, as a standard service to all clients, email notifications on the status of resident settlements with resident and dwelling details. These notifications include:

- **Conditional applications**
Includes all conditional applications, with or without a fixed settlement date. This notification runs weekly each Monday at 4pm.
- **Unconditional applications**
(Upcoming settlements) Includes only unconditional applications with a settlement date. Therefore, please provide us with all known settlement dates to ensure accurate figures in this report. This report runs weekly each Monday at 4pm.
- **Start of cooling off period**
Advises the start date of the cooling off period. Please note that you will usually receive this notification after the cooling off date has started, as we can only give confirmation once our settlements officers have received residents' documents from their solicitors and are satisfied that documentation is correctly executed. The report is generated daily at 4pm.
- **Completed settlements**
Lists all settlements completed in the last week, if any and runs weekly each Monday at 4pm.



We have introduced a new notification:

- **Cancelled agreements**
Once we are notified that an agreement will not proceed for any reason, you will receive this notification advising of the cancellation. This notification runs daily at 4pm.

We have made a change to:

- **Expiration of cooling off period**
This now notes the actual date the cooling off period expired for each resident and runs daily at 4pm.

Exporting reports to Excel:

There has been an update to the Excel reports to make reading of reports easier.

- **Period of occupation**
The number of years now reports in decimal format rather than text format: 82.5 rather than 82 years 5 months.
- **Description of dwelling**
Dwelling ID is now clearly separated into accommodation type and unit number.

Ensuring that these reports are valuable to you, our clients, is critical. If you have any ideas that may assist in adding to the value of these reports for your organisation, please email Jo Robertson at jrobertson@settlementservices.co.nz

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