Department of Local Government, Industry Regulation and Safety

GOVERNMENT OF WESTERN AUSTRALIA

CONSUMER PROTECTION WESTERN AUSTRALIA

Form RP2B

**Information for Tenant**

# VOLUNTARY SHARING ARRANGEMENT EXAMPLES

*Residential Parks (Long-stay Tenants) Act 2006* Section 13A(2)(b)

| NOTE FOR PROSPECTIVE TENANT |
| --- |
| • If your long-stay agreement allows for a voluntary sharing arrangement (exit fee arrangement), the information in this document may assist you in deciding whether that arrangement is right for you.<br>• This document shows what arrangement options are available for your long-stay site. If you are leasing a relocatable home, only the deferred rent option is available. The document also provides worked examples of how a voluntary sharing arrangement in your long-stay agreement may operate.<br>• The park operator must give you this document before you sign a long-stay agreement with a voluntary sharing arrangement. If you own the relocatable home, this document must be given to you at least 5 working days before you sign the long-stay agreement.<br>• Please seek independent advice if you have any questions. |
| **NOTE FOR PARK OPERATOR** |
| • Please fill out this document. Guidance notes are provided in *italics (…)*<br>• You must give this completed document to the prospective tenant before they sign a long-stay agreement with a voluntary sharing arrangement. If the tenant is purchasing or owns the relocatable home, this document must be given at least 5 working days before the tenant signs the long-stay agreement. |

A **voluntary sharing arrangement** (VSA) generally involves –

- an arrangement between the park operator and the tenant to defer a portion of the rent, which becomes payable at the end of the tenancy, or if the home is sold or removed from the site; or
- a loan arrangement between the park operator and the owner of a relocatable home whereby the cost of a relocatable home is reduced in return for the park operator receiving either a specified share of the capital gain in respect of the home, or a specified amount of the total sale price from the proceeds of the sale, when the home is sold; or
- the payment of a specified exit fee to the park operator if the home is sold or removed from the site.

| 1. Site details | |
| --- | --- |
| Park name and address | |
| Site Number | |

| **2. Which Voluntary sharing arrangement is available for this site?** | | |
|---|---|---|
| Type of Arrangement | Payable at end of the lease | *(Tick one)* |
| Deferred rent<br><br>*(e.g. portion of rent deferred is to be paid when home is sold or removed from site)* | Fixed amount, payable on termination<br>$......................... | ☐ |
| | Determined by formula, payable on termination<br>…………………………….. *(specify formula)* | ☐ |
| Exit fee if the relocatable home is sold | Fixed amount<br>$......................... | ☐ |
| | Determined by formula<br>………………………………. *(specify formula)* | ☐ |
| Share in the proceeds of sale of the relocatable home if it is sold on-site<br><br>*(e.g. the initial cost of purchasing a relocatable home is reduced in return for the park operator receiving a share of the sale price when the home is sold)* | Share in capital gain<br>..........................% | ☐ |
| | Share in total sale price<br><br>..........................% | ☐ |

| **3. What will the tenant receive in return for the VSA?** |
|---|
| *(Please provide details. Examples include reduced regular rent or reduced initial cost of relocatable home)* |
| |

| **4. Examples of how a VSA would operate** |
|---|
| The tables below provide worked examples to provide a guide about how a VSA for your site may operate. If you are leasing your relocatable home, please go to Table 2. |

**Table 1: VSA Example – Rent reduction in return for exit fee of 10% (share in sale price) when the relocatable home is sold**

| | | Amount payable by tenant when relocatable home is sold<br>Based on 10% exit fee | | | |
|---|---|---|---|---|---|
| | | Column A<br>1 year | Column B<br>5 years | Column C<br>10 years | Column D<br>15 years |
| Home<br>purchase price **$300,000** | Sale price is unchanged **$300,000** | **$30,000** | **$30,000** | **$30,000** | **$30,000** |
| | Sale price is<br>**$330,000** | **$33,000** | **$33,000** | **$33,000** | **$33,000** |
| | Sale price is<br>**$270,000** | **$27,000** | **$27,000** | **$27,000** | **$27,000** |
| | | | | | |
| Total of amount of rent reduced based on a rent reduction of $**80 per week** | | **$4,160** | **$20,800** | **$41,600** | **$62,400** |

**Table 1** shows an example of how a VSA may operate if you purchased your relocatable home for $300,000 and agree to pay the exit fee that is 10% of your relocatable home's sale price, in return for an $80 reduction in rent per week during your tenancy.

The amounts in Columns A to D show the exit fee you would pay depending on if your home is sold in the 1st, 5th, 10th, or 15th year of the lease. The figures also depend on whether the price of the relocatable home remains unchanged or has increased or decreased when the relocatable home is sold at the end of the long-stay agreement.

The last row shows the total amount of rent reduced (at $80 per week) over the tenancy, depending on which year of the lease your relocatable home is sold.

**Table 2: How would the VSA operate for you?**

<table>
<tr><td colspan="2" rowspan="2"></td><td colspan="4">Amount payable by tenant: (tick one)<br>□ when the home is sold<br>□ when tenancy ends<br>□ other (provide details) ……………………..</td></tr>
<tr><td>Column A<br>1 year</td><td>Column B<br>5 years</td><td>Column C<br>10 years</td><td>Column D<br>15 years</td></tr>
<tr><td rowspan="3">Home<br>purchase price (if applicable)<br>$………………</b><br>Reduction in price of home <i>(if applicable)</i><br><b>$………………</td><td>Row A<br>Sale price is unchanged<br>$…………</b></td><td><b>$…………</td><td>$…………</b></td><td><b>$…………</td><td>$…………</td></tr>
<tr><td>Row B<br>Sale price is (higher than purchase price):<br>$…………</b></td><td><b>$…………</td><td>$…………</b></td><td><b>$…………</td><td>$…………</td></tr>
<tr><td>Row C<br>Sale price is (lower than purchase price):<br>$…………</b></td><td><b>$…………</td><td>$…………</b></td><td><b>$…………</td><td>$…………</td></tr>
<tr><td colspan="6"></td></tr>
<tr><td colspan="2">Row D<br>Total of amount of rent reduced based on a rent reduction of<br>$………………..<i>(insert amount)</i><br>per………………. <i>(insert frequency)</i></td><td><b>$…………</td><td>$…………</b></td><td><b>$…………</td><td>$…………</td></tr>
</table>

**Table 2** has been prepared by the park operator and provides an example of how the VSA in <u>your long-stay agreement</u> may operate. If you are leasing the relocatable home, only Row D applies.

The figures in Columns A to D show how much you may need to pay if your relocatable home is sold or your long-stay agreement ends in the 1st, 5th, 10th or 15th year. The amount payable also depends on whether the price of your relocatable home remains unchanged or has increased or decreased when the relocatable home is sold at the end of your long-stay agreement.

Row D shows the total amount of rent that has been reduced in the 1st, 5th, 10th or 15th year of the lease agreement.

***Notes for park operator when completing Table 2***

If the tenant is purchasing/owns the relocatable home, insert the home purchase price and –

- If tenant is receiving a rent reduction: complete Rows A to C and Columns A to D;
- If the tenant is receiving a reduced relocatable home purchase price: insert the $ amount the purchase price was reduced by, and then complete Rows A to C and Columns A to D.

If the tenant is leasing a home, under "Payable by tenant", tick "when tenancy ends" and only complete Row D (deferred rent option).

How to complete Columns A to D –

- If box is shaded grey: calculate and insert the $ amount that would be payable by the tenant if the home is sold /lease agreement ended in that year.
- If box is unshaded: calculate and insert the $ amount of rent that was reduced if the relocatable home was sold /lease agreement ended after 1, 5, 10 or 15 years.