



Buying into a village

Information Sheet B5

Exit Fees

One of the largest fees for home owners, may be a **Deferred Management Fee (DMF)** or as it is often known, an **Exit Fee**. Not all village owners charge DMFs but they are currently quite common.

This fee is one that home owners must pay to the village owner upon the sale of their home. The fee may be based on the **selling price** of the home but more often it is based on a **percentage of the purchase price of the home**. An example of how this fee may work is as follows:

A person purchases the manufactured home for \$400,000. As part of their agreement, a DMF applies. The DMF is set at 4% of the purchase price per year of occupancy and maybe capped at 20%. Therefore, if a person lives in this home for 5 years or more, upon selling this home, the home owner would be required to pay the village owner \$80,000 (or 20% of the purchase price).

As with DMFs, all other charges and fees must be listed in the site agreement, showing the amount, the purpose; the basis on which the charges are calculated, reviewed, and adjusted. This includes any commission (if any) that may be charged by the villager owner for the sale of the home owner's manufactured dwelling.

All charges must be in accordance with of the **Residential Tenancies Act 1977, Section 206S (1)**.

A village owner must not request payment of any amount if the amount has not been disclosed in the site agreement, in accordance with the law.

MHOA SUGGESTS THAT POTENTIAL HOME OWNERS CAREFULLY SCRUTINISE THE SITE AGREEMENT FOR THE FEES AND CHARGES THAT APPLY, BEFORE SIGNING THE AGREEMENT. IT MAY ALSO BE WISE TO OBTAIN LEGAL ADVICE.

Disclaimer: Any information provided by MHOA (Vic) is opinion only - not legal advice



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