



THE VILLAGE AT ST. ELIZABETH MILLS



FREQUENTLY ASKED QUESTIONS

The Life Lease Concept

1. What is Market Value Life Lease Housing?

Life Lease is a form of real estate tenure that has been popular in North America and Europe for many years. There are an estimated 150 Life Lease projects now operating in Ontario, representing some 12,000 residential units, geared to mature adults and seniors.

Under a Market Value Life Lease arrangement, residents acquire their Life Lease interest based on the market value of the unit, and sell or transfer this interest at the market value when they wish to sell, like buying a single-family home or condominium. The Life Lease agreement used at *The Village at St. Elizabeth Mills* is based on market value, has no termination date, and the interest can pass to a resident's family upon death. Therefore, residents can protect their investment and earn a return similar to the equity growth in their home or condominium.

2. What are the benefits of Life Lease Housing?

One of the main benefits is that residents retain the equity in their home or unit – unlike typical “retirement” communities where residents pay a monthly rent with no opportunity to preserve their equity. When the unit is sold, the equity belongs to the resident or their estate. In addition, the Life Lease structure ensures residents that the community will remain age-exclusive and focused on mature adults and seniors. Life Lease is more about creating a community of people with shared interests and values than it is about bricks and mortar. Communities are designed for active adults with similar interests and backgrounds to fully enjoy their retirement years without the headaches associated with maintaining a single-family home.

As residents age, support services may also be provided by the owners allowing them to maintain their independence for a longer period. These communities are designed to enhance the resident's quality of life through facilities such as wellness and fitness centres and easy-living features such as wider doorways, walk-in shower stalls with moulded seats and grab bars.

In summary, under a Life Lease arrangement, residents have exclusive use of their unit, an opportunity for market value return, and many of the same benefits as traditional home ownership. Life Lease enables active adults and seniors to acquire a unit and live in communities designed to meet their changing needs.

3. Who can live in a Life Lease community?

The actual age criteria may differ slightly between communities; however, most are geared to individuals 55 years of age and older who are capable of independent living. This is the age requirement for *The Village at St. Elizabeth Mills*. In cases where one spouse or partner is not yet of the required age, the spouse of the partner is still able to reside in the unit. Children may also purchase a Life Lease interest for their parent's; however, they may not occupy it until they reach the prescribed age.

4. Who owns and operates the community?

ZEST Communities Inc. is a for-profit corporation which owns title to *The Village at St. Elizabeth Mills*, however, it has assigned responsibility for the day-to-day operation to a not-for-profit corporation called *NovaCare Retirement Communities Association*. It is *NovaCare's* responsibility to administer the Life Lease arrangement and operate and maintain the building(s), common areas, and overall *St. Elizabeth Mills* campus.

5. Can I register my Life Lease Agreement on title?

Yes, in fact, *ZEST* and *NovaCare* encourage purchasers to register a “Notice of Agreement” or “Notice of Lease” on title to the property. Registration will ensure that your interest in the community is formally acknowledged on title and, once registered, you will receive notice of any future easements, encumbrances, liens, financing, etc. which might affect the property. Therefore, registration will protect your investment like registering a deed on title to a house or condominium. It is also important

to note that title to the individual development phases at *The Village at St. Elizabeth Mills* will be held separately so that the purchasers and residents of one project will not be impacted by another.

6. Do Life Lease communities come under the Condominium Act?

No. However, *The Village at St. Elizabeth Mills* has incorporated many provisions outlined under the Condominium Act into its Life Lease Agreement. In addition, the Ontario Ministry of Municipal Affairs and Housing recently published a Life Lease Resource Guide (February 2014) and these best practices have also been incorporated into the agreements used for *St. Elizabeth Mills*. The Life Lease Agreement being utilized for *St. Elizabeth Mills* is now being utilized by most communities in Ontario and incorporates the disclosure and protection provisions recommended by the Ministry of Municipal Affairs and Housing.

Purchase and Sale

7. What happens to my Life Lease interest if ZEST sells the property?

The intent of ZEST is to develop *The Village at St. Elizabeth Mills* as a model for other communities across Ontario. However, should ZEST ever convey or sell its ownership or fee simple title in the property, the Life Lease Agreement stipulates that residents must first be provided with formal written notice of such transfer, and any transferee would be required to agree to the terms and conditions contained within this Agreement.

8. Can I customize my unit?

ZEST has learned that purchasers do not wish to be burdened by being offered low-level finishes and forced to pay additional up-charges to achieve the quality that they desire. Therefore, ZEST's finish selection packages have been set at the highest possible standard. Each purchaser will be provided with a selection of quality flooring, cabinetry and paint colours to choose from. Purchasers can also select from a wide range of upgrades to these finishes, at additional cost; however, we believe upgrading is a personal preference not a necessity at *St. Elizabeth Mills*.

9. Do I have to pay Land Transfer Tax on closing?

Yes. When real estate is purchased in Ontario, the buyer is required to pay a provincial "land transfer tax" to the Ministry of Finance. This requirement relates to any transfer of beneficial interest in property, whether this be freehold or condominium ownership, or Life Lease tenure. Therefore, this requirement applies to your purchase of a Life Lease interest at *The Village at St. Elizabeth Mills*.

10. What happens to our Life Lease interest upon death?

Upon death of one spouse or partner, the Life Lease interest automatically passes to the surviving spouse or partner. Upon the death of both spouses or partners, your market value Life Lease interest transfers to your Estate in accordance with your Will. Your beneficiaries may decide to retain the Life Lease interest and unit, or transfer or sell this to another party at the current market value. It is up to your Estate to establish the selling price and negotiate the final transfer price, the same as establishing an asking price for a home or condominium. ZEST will maintain a waiting list of interested buyers and their sales team will assist in every way possible to find a suitable purchaser for your Life Lease interest when you wish to sell.

11. Can I purchase a unit in the names of my children?

Yes, you can note any family member you wish on your Life Lease Agreement as the "Purchaser" or owner of the Life Lease interest, however, only those noted as "Residents" can occupy your unit. Whoever is noted as "Resident" must meet the age requirement of 55 years or older and be approved by ZEST.

You may wish to place your Life Lease interest and agreement in the names of your children with yourselves as the "Residents" thereby avoiding the Ontario estate administration tax ("probate fees"). However, it is important to note that the savings that a purchaser attempts to realize in reduced probate fees by adding their children as joint tenant purchasers may be outweighed by adverse income tax consequences to the children, unless appropriate legal structures are put into place. Please consult with your lawyer or accountant if you wish to pursue this option.

12. How much does my estate or I pay on sale or transfer?

Purchasers may sell or transfer their Life Lease interest at any time at an asking or selling price established by them. This asking or selling price is based on the market value of the unit at the time of sale or transfer. The Life Lease Agreement stipulates that ZEST receives an administration fee equal to 5% of the sale or transfer price, if the unit is transferred within five (5) years, increasing by one percent (1%) per year after the fifth year to a maximum of ten percent (10%). This fee, which is like a real estate commission, will provide funds to ZEST coordinate the sale or transfer of the Life Lease interest and unit, as well as funds for ongoing marketing of *Upper Mill Pond*. This fee is paid from the closing proceeds received from the new purchaser, with the selling resident retaining the remaining 90% to 95%, as applicable. Unlike a typical real estate transaction, it is the owner that must coordinate the transfer of the Life Lease interest on behalf of the seller, and deal with the new purchaser and/or their lawyer to ensure all documentation is provided.

Any surplus portion of the administration and transfer fee becomes an asset of *ZEST Communities* and can be expended on other facilities and services for mature adults and seniors as dictated by its mandate.

13. What is ZEST Communities' mandate?

ZEST Communities brings innovation and energy to 55+ communities; providing a bright new vision to the retirement residence experience through holistic, comprehensive community building, integrating major lifestyle components into each community and providing purchasers with the peace of mind of an appreciating real estate value. ZEST'S goal is to redevelop St. Elizabeth Village and to create Ontario's first resort-style community, which it can introduce to other communities across the province.

Management and Operation

1. Are pets permitted?

ZEST and NovaCare have adopted a pet policy. Every Pet Owner must register their pet with the Corporation and execute a Pet Policy thereby agreeing to the terms and conditions contained therein. This paperwork is completed at Offer stage.

2. What is the Monthly Occupancy Charge and is H.S.T. included?

Each resident pays a Monthly Occupancy Charge based on the size of their selected unit. The Monthly Occupancy Charge includes H.S.T. and this is calculated in the same manner as a condominium fee. NovaCare has also arranged for bulk service contracts, at very favourable rates, for basic television, internet and telephone service (currently with Source Cable), and for the rental, repair, maintenance and replacement of heat pumps and mechanical systems (currently with Reliance Home Comfort). Although these bulk service packages are paid by the residents, these bulk service contracts help reduce the overall monthly operating costs and fees. The items not covered under the Monthly Occupancy Charge and paid separately by residents include: hydro for the unit; content and liability insurance; and, property taxes.

3. What happens to my Monthly Charge when operating costs increase?

The Monthly Occupancy Charge are set at the break-even cost of operating The Village at St. Elizabeth Mills. The actual operating costs are reviewed annually by NovaCare Retirement Communities Association, in conjunction with the executive committee comprised of residents of the Village, with the goal of maintaining the monthly fees as low as possible while responding to cost-of-living increases. With assistance from residents, the goal is to keep the monthly costs as low as possible so that future increases can be minimized.

4. Who is responsible for management and maintenance?

The Monthly Occupancy Charge paid by each resident covers the cost of administration and maintenance which will be overseen by a not-for-profit corporation called NovaCare Retirement Communities Association. A Replacement Reserve Fund is established within the Occupancy Charge to cover the replacement of major capital building components. Repairs, maintenance and replacement of finishes and fixtures within each unit are the responsibility of the resident.

5. Who is responsible for repair and replacement of appliances?

Six (6) quality appliances are included in the purchase price of each Garden Home at the Village at St. Elizabeth Mills. Once residents take possession of their unit, they are responsible for repairs and maintenance associated with these appliances after the included one year manufacturer warranty is complete. All appliances are owned by the purchasers/residents and can be transferred or sold with the unit or upgraded at the purchaser's/resident's discretion.

FOR MORE INFORMATION

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