

Fact Sheet 2: Buying a Manufactured Home



Right where you live

Better rights for home owners in residential parks

What is a Manufactured Home in a Residential Park?

Residential Parks are housing developments built under the *Manufactured Homes (Residential Parks) Act 2003 (the Act)*. They are often specifically designed with older people in mind and as such marketed as 'over 50s lifestyle resorts'. However, in addition to these purpose built developments, there are also mixed parks with both Manufactured Homes and caravans, and holiday parks with mainly caravans and a smaller number of Manufactured Homes.

Regardless of the type of park, owning a Manufactured Home Park is not the same as owning a conventional house.

Did You Know?

- Manufactured homes are subject to their own unique legislation;
- You do not own the land the manufactured home is on. You will have one contract for purchasing the home and another contract for renting a site from a park owner. These are completely separate transactions;
- You only have limited influence over how the residential park is managed and operated. You are also required to abide by prescribed rules;
- In certain limited circumstances, the park owner can terminate your site agreement, requiring you to remove your home and vacate your home site.

The Purchase Process

You can buy a new manufactured home from a park owner, or you can buy an existing home from a current home owner, often with the park owner acting as an agent for the seller. Either way, two separate legal transactions are involved. The first is the purchasing of the home. If you buy a new home, your contract will usually carry certain warranties regarding building defects.

If, however, you buy an existing home from a previous home owner, it may not be covered by any warranty. If you are considering purchasing an existing manufactured home, it is recommended that you obtain legal advice about the purchase contract, and any warranty that may or may not apply.

It is also strongly recommended that you obtain a Building & Pest Report before finalising the sale.

The second legal transaction is a site agreement which allows your home to occupy land in the residential park.

The Act provides that the site agreement in force with the seller can be assigned (transferred) to you, the buyer, on the same rent and conditions.

Well in advance of accepting the assignment of an existing site agreement or entering into a new one, you must be provided with the precontractual disclosure documents for the park, including:

- The *Initial Disclosure Document* (Form 1A) detailing the site rent that currently is, or is to be, payable for the home site, how site rent is calculated, the history of changes over the last three years and when the next increase is due;
- The Park Rules and any proposed changes to those rules;
- The *Supplementary Disclosure Document* (Form 1B) detailing the facilities available in the park and the responsibilities and obligations of the park owner and home owners;
- Two copies of the proposed site agreement, OR
- A copy of the existing site agreement with the current home owner

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Site Agreements

A site agreement covers all the terms and conditions for occupation of the land that you will rent, including the obligations and responsibilities of each party and how site rent is to be varied. It contains both 'standard' and 'special terms'. Standard terms are conditions outlined in legislation and included in all site agreements. Special terms relate to an individual residential park, and are not prescribed by legislation. In theory, these special terms can be negotiated, however each park is different and as such, you may need to get specific advice about what obligations these special terms impose before you sign a contract.

It is important to note that a wide range of special terms are now **prohibited** under the *Manufactured Homes (Residential Parks) Regulation 2017* – for specific information, see 'Fact Sheet 7: Prohibited Special Terms'.

Legal Advice

Before making a final decision to buy a manufactured home, everyone should seek help from a lawyer who is familiar with the *Manufactured Homes (Residential Parks) Act 2003* and the *Manufactured Homes (Residential Parks) Regulation 2017*, to get advice on any potential issues, contractual rights and obligations, and general information about living in a residential park.

It is also advisable to obtain financial advice on the impact site rent increases may have on future income.

Considerable caution is exercised when buying a conventional house because of the magnitude of the decision. The same caution needs to be exercised when buying a manufactured home.

Please contact Queensland Manufactured Home Owners Association Inc. (QMHOA) for more information Phone: (07) 3040 2344
www.arpq.org.au

Queensland Retirement Village and Parks Advice Service

QRVPAS situated at Caxton Legal Centre, provides information, advice and assistance on the law relating to manufactured homes
Phone: 07 3214 6333

Do you have a hearing or speech impairment?

If you are deaf, or have a hearing or speech impairment, contact us through the National Relay Service. For more information, visit:
www.relayservice.gov.au

Do you speak a language other than English?

If you need an interpreter, please contact the Translating and Interpreting Service (TIS) on **131 450** and provide them with the number you want to call

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Disclaimer: This fact sheet provides information only and is not intended to provide legal advice