

What is Life Right?

The developer and the retired person (Life Right Holder) must enter into a contract in terms of which the retired person acquires the right to occupy until their death (life right) a specific residential unit in the scheme against payment of consideration to the developer. The consideration could be structured as an interest free loan or a purchase price and is normally payable on occupation of the residential unit. On termination of the contract a percentage of the consideration will be refunded to the life right holder or to his or her estate.

How is Life Rights Regulated?

The Housing Development Schemes for Retired Persons Act 65 of 1988 (Act) regulates the alienation of interests in housing development schemes (schemes) for retired persons.

DIFFERENCE BETWEEN LIFE RIGHTS AND SECTIONAL SCHEMES:

SECTIONAL SCHEME	LIFE RIGHT
<ul style="list-style-type: none"> • Pay a purchase price for the property 	<ul style="list-style-type: none"> • Pay an interest free loan to the Developer
<ul style="list-style-type: none"> • Property is registered in purchasers name, and transfer and transfer duties are payable 	<ul style="list-style-type: none"> • Life-right is considered like a long-term lease, no transfer-duty or transfer fees is payable
<ul style="list-style-type: none"> • Must wait for registration of unit or pay occupational rent 	<ul style="list-style-type: none"> • Much quicker, pay today and move in tomorrow
<ul style="list-style-type: none"> • All cost of ownership and stress is for the owners account 	<ul style="list-style-type: none"> • Enjoy the privileges of ownership without the stress
<ul style="list-style-type: none"> • Owner sells the property and obtain full purchase price. 	<ul style="list-style-type: none"> • Life-right holder receives refund of interest free loan minus deduction ranging from 10% - 30% depending on duration of occupation. These retained funds are utilized in assisting to subsidise communal expenses • like:
<ul style="list-style-type: none"> • Higher levies • Special Levies • No medical services on site 	<ul style="list-style-type: none"> • Lower levies • No Special levies • Medical services like: care givers, nurses, doctors, and age-related services



<ul style="list-style-type: none"> No reinvestment by developer, only by body corporate through levies. 	<ul style="list-style-type: none"> Higher reinvestment by developer in: Gardens, Building and Communal facilities.
<ul style="list-style-type: none"> Get the unit as the previous owner left it. 	<ul style="list-style-type: none"> Unit gets revamped after every sale.
<ul style="list-style-type: none"> Property can be rented to any person older than 50. 	<ul style="list-style-type: none"> More exclusive as no rentals are allowed.
<ul style="list-style-type: none"> Based on what is covered by the levy and rules a body corporate is only obliged to include insurance. 	<ul style="list-style-type: none"> All maintenance, gardening, insurance, provision of services is managed by and is the responsibility of the developer
<ul style="list-style-type: none"> Can also provide exceptional lifestyle, but at higher cost and higher levies. 	<ul style="list-style-type: none"> Primary focus is exceptional lifestyle at affordable price
<ul style="list-style-type: none"> Deceased estate is entitled to growth in property value on sale of property. 	<ul style="list-style-type: none"> Deceased estate / Life Right Holder will receive between 90% - 70% of the resale price.

Should you need more information about our **Life Right Model**, please don't hesitate to contact our office directly.

Regards,
The Lifestyle Edge Team