

## WHAT DO I ACTUALLY OWN AT THE RIDGE?

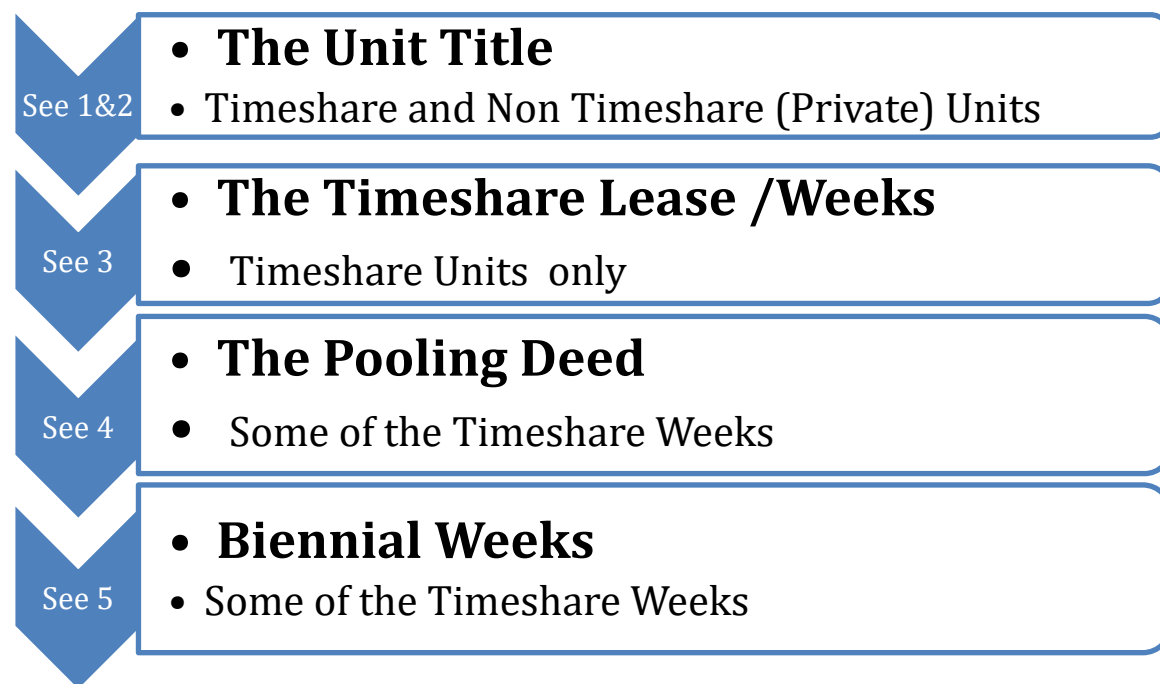
### PROPERTY RESEARCH PAPER NO 1 ( IN A SERIES OF 5 )

#### Introduction

Ownership at the Ridge is commonly verbalised as” I own a Timeshare Week or I own a Private Unit“, but what exactly are these, and how do they work?

The purpose of this paper is to provide a simple (as is practically possible) outline of the ownership structure for The Ridge Resort. This paper does not delve into governance, management or operational aspects, all of which are also dealt with by the Unit Titles Act and Regulations in their various iterations.

The tiered structure utilised at the Ridge is outlined and described as follows:



#### 1. The Unit Titles Act.

- The **Unit Titles Act 2010 (UTA)** governs properties developed into units, including the Ridge Resort Queenstown (**The Ridge**). Under the UTA, multiple owners can hold individual or shared ownership of a **Principal Unit (PU)** and together jointly own the **common property** such as driveways, lawns, and gardens.
- Originally enacted in 1972, updated in 2010 and early 2020s, the UTA enables Land Information New Zealand (LINZ) to issue a **Record of Title (ROT)** for apartments in multi-level buildings. It also allowed developers to obtain registerable titles for Timeshare projects.

- The **ROT** is Freehold, meaning the owner has a fee-simple title, and this stays part of their estate until transferred. Other terms you may have heard used are Unit Titles and Stratum Titles.

## 2. Key Elements of Unit Titles Ownership

### a. Principal Units

- A Principal Unit is a building or part of a building as defined on a **Unit Plan (UP)**. The **UP** for the Ridge is UP 20743 lodged with LINZ, which defines thirty two **Principal Units (PU)** plus areas of **Common Property**. The **UP** defines the location and the extent of each Unit in the horizontal plane and in the vertical plane through upper and lower **height limits** recorded in a table on the face of the plan.
- Separately identifiable **Records of Title** have been issued for each Principal Unit based on the definition of the **PU** detailed on the **UP**.
- The eleven **PU** numbered 17–27 are the **Non-Timeshare Units**, commonly referred to at The Ridge as Private Units. (The Act refers to these Private Units as “a Principal Unit that is not a timeshare unit”.) These typically have one or only a few owners – often owned within one family.
- The nineteen **PU** numbered 1-8, 11- 16 and 28-32, are the **Timeshare Units**. Each of these have 51 Owners, each of whom are issued their own unique record of title, recording that they each own an undivided 1/51<sup>st</sup> share of their specific Unit.
- The **PU** numbered 9 and 10 are named **Future Development Units (FDU)** on the **UP**. Records of titles have been issued for this interest, but these units have not been constructed. The owners’ rights and obligations differ and are outlined in the UTA.

### b. Common Property

- At the Ridge all areas outside of the PU are labelled as **common property** on the **UP**. ( NB. All **PU** including the **FDU** are a 3-dimensional volume, with upper and lower limits and the horizontal extent defined on the **UP**)
- At the Ridge common property includes such things as lawns, gardens , driveways, the Common Room and Management Offices.
- Common property is **collectively** owned by all owners, that is, owners of Non-Timeshare ,Timeshare and Future Development Units, via Body Corporate.
- **No ROT** is issued for **common property**.

### 3. The Timeshare Leases

- As each of the **Timeshare Units** would be collectively owned by fifty-one individual owners, the developers had to establish a mechanism for each owner to have sole and exclusive use of their Unit for one week each year and, to also set aside the remaining week for maintenance.
- The mechanism devised was to overlay the fifty one **Freehold Interests** with **Leasehold Interests** by registering fifty-one Leases on the Records of Title issued for that Unit.
- Each lease runs for 999 years and allows one of the fifty-one Owners the exclusive use of the **Unit on a specific week each year**. The Lease also sets out rules for the use of the Unit, how the unit must be managed and obligations for costs. At the end of the 999-year term the lease will expire, and the Titles will continue indefinitely, but without the usage and operational rules set up through the lease document.
- Put simply the fifty-one Owners of a **Unit** have agreed amongst themselves that each owner shall have exclusive use of that unit for one week, Friday to Friday, each year, referred to in the lease as **The Timeshare Week**.
- For clarification the **Lessor** is all the fifty-one owners of that unit, and the **Lessee** is the owner that has the use of the specified Timeshare Week. The original lease document records **Mountain Holidays (Queenstown) Ltd (MHQ)** as both the lessor and lessee. These **MHQ** interests have been transferred on to the present owner along with the Unit Title.
- **LINZ** have issued what are known as Composite Records of Title, which record both the Freehold Interest and the Leasehold Interest.
- For completeness, **Non-Timeshare Units** do not have leases.

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### 4. The Pooling Deed.

- This is a further and separate agreement between some of the owners of **Timeshare Weeks** who have chosen to **pool** their **Timeshare Weeks** together. The participating owners are then able to reserve any available week in any unit within the **pool**. This provides flexibility with timing, and these are referred to as **Floating Weeks**
- Owners who have not taken part in the Pooling Deed can only use the Unit and the Timeshare Week specified in their Timeshare Lease and these are referred to as **Fixed Weeks**.

## 5 . Biennial Weeks

- These were set up to enable another category of owners, who have use of the Ridge for one week every second year. Their **ROT** is for a 1/102cnd share of a specified **Unit** and their **Timeshare Lease** provides for the Units use for one week every second year. Biennial Weeks can be fixed or floating in the same way as annual weeks .
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## 6. A Summary for Timeshare Ownership

- **Timeshare Ownership** is in the form of a Fee Simple Stratum title of 1/51st share of a **Unit**, as shown on the **Unit Plan**. That ownership is for an undefined share of a whole unit for ever, that is, in perpetuity.
- The 51 Owners of each Unit have then agreed to **lease** to each of them, **use** of that Unit for one week each year. The Lease Period is 999 years from 4 October 1988. On that date in the year 2987 the leases will cease. There is no change in **Ownership** at that point, just the **Lease** expires. All the **UTA** provisions continue unchanged and unaffected. The Lease was the Developers' work and has nothing to do with the **UTA**.
- We typically describe our ownership as " I own a Timeshare week at the Ridge". This is not strictly correct. What we should say is " I own a 1/51 share of a Unit at the Ridge, and I have exclusive use of it for a specified (Fixed) week each year". If I have a floating week, I will add that, "I have then agreed to put that Fixed Week into a Pool with other like owners and each year I can select which week I use from all the weeks still available in the pool."

**Disclaimer: Although this paper aims to present accurate and reliable information, the author does not guarantee complete accuracy or completeness. Readers are encouraged to independently verify critical information.**