

1. SHARED OWNERSHIP AGREEMENT – LEGAL SUMMARY

- 1.1 The Shared Ownership Agreement is an agreement between you, as the Homeowner, and the Sister Trust as the Provider. The goal is for you to eventually purchase the Sister Trust's full share while occupying the Premises as a co-owner until purchasing the full share is achieved.
- 1.2 The Shared Ownership Agreement is structured to support shared ownership of the Premises between you and the Sister Trust as tenants in common. It sets out the Goals, terms and conditions for co-ownership of the Premises.
- 1.3 The Sister Trust's maximum contribution towards a home purchase is 25% of the amount payable in respect of the home. The Sister Trust may, from time to time, increase its maximum contribution in its sole discretion.

Eligibility Criteria

- 1.4 The Shared Ownership Agreement sets out the eligibility criteria. Some of the key criteria are set out below:
- (a) you must meet the lending requirements of a participating bank to receive a home loan;
 - (b) you must be able to contribute a minimum of 5% of all amounts payable under the Agreement to Build. This minimum contribution can include money:
 - (i) saved in the bank;
 - (ii) from KiwiSaver first-home withdrawal;
 - (iii) from a first home grant approval (eg. Kāinga Ora – if eligible); and / or
 - (iv) gifted by a family member;
 - (c) you must meet the means testing requirements of the Sister Trust to ensure that as a general rule a purchaser should make use of their own resources in buying a property before shared ownership; and
 - (d) any other criteria the Sister Trust may determine from time to time in its sole discretion.

Buying a full share in one lump-sum or progressively

- 1.5 You agree to use your best endeavours to buy the Sister Trust's full Share prior to the expiry of the Best Endeavours Period (being the 30th Anniversary Date or the expiry of the Initial Mortgage Term, whichever is shorter).
- 1.6 You may choose to purchase the Sister Trust's share in one lump-sum or over time in smaller payments provided the Minimum Purchase Amount is met.

- 1.7 You will need to submit a Share Purchase Request and follow the process set out in the Shared Ownership Agreement should you wish to buy some or all of the Sister Trust's Share.
- 1.8 Where you have not purchased the Sister Trust's full Share by the Best Endeavours Date or it is reasonably foreseeable to the Sister Trust that you will not be in a position to purchase the Sister Trust's full Share by the Best Endeavours Date you commit to working collaboratively with the Sister Trust to explore and implement all reasonably practicable alternative options available so that you and your household can continue to achieve the Goals, including but not limited to, you using your equity in the Premises to fund the purchase of the Sister Trust's full Share (through refinancing with the Mortgagee or another lender).

Ownership Share Register

- 1.9 The Ownership Share Register records your and the Sister Trust's respective shares in the Premises expressed as a percentage.

Your rights and responsibilities as a tenant in common

- 1.10 You will be subject to an Initial Home Loan Limit and Other Loan Limit which limits the amount of loans or financial indebtedness you may incur while you are using the shared ownership scheme.
- 1.11 Other Loans can include but not limited to any type of credit card debt or any loans from a bank or non-bank. The initial Other Loan Limit is \$10,000.
- 1.12 By signing the Shared Ownership Agreement you agree that you will not grant any legal or beneficial interest in the premises to a third party unless we have agreed in writing.
- 1.13 You agree to always keep the Premises in good condition and to repair or replace any broken or damaged parts of the Premises as soon as reasonably possible.
- 1.14 In addition to any requirements in any Lease documents, you agree to pay all premises expenses when they are due and meet all payment and other obligations you have under a Home Loan when they are due.

Selling the Lease

- 1.15 If you want to sell the Lease while using the shared ownership scheme, you will need to submit a Lease Sale Request and follow the process set out in the Shared Ownership Agreement.

Option Notice

- 1.16 The Shared Ownership Agreement contains an Option Notice regime which applies if you don't comply with your obligations under the Shared Ownership Agreement. Under this regime, the Sister Trust may elect to buy your Share and/or the Lease may be sold.
- 1.17 The Shared Ownership Agreement contains detailed information around how these mechanisms can be used.

Sale proceeds

- 1.18 Sale proceeds will be calculated by splitting the total sale proceeds in accordance with your and the Sister Trust's respective shares on the Ownership Share Register.
- 1.19 Any money payable to the Mortgagee in relation to your Home Loan will be paid out of your share. If your share is insufficient to repay the Home Loan, the remaining amounts owing to the Mortgagee will be treated as having been paid out of the Sister Trust's Share (but the Sister Trust will not be liable for any amounts owing to the Mortgagee after this).
- 1.20 Any leftover sale proceeds (if any) will be divided between you and the Sister Trust so that:
- (a) the Sister Trust receives all money up to the amount equal to its Share of the total sale proceeds; and
 - (b) you receive any leftover sale proceeds net of any other amounts owing to the Sister Trust, including any unpaid Service Fee, together with the costs of obtaining the Improvements Valuation (if applicable) and any Premises Expenses. (You might be required by the Mortgagee to pay those leftover sale proceeds towards repayment of any Other Loan you have with the Mortgagee.)

Personal Information

- 1.21 By signing the Shared Ownership Agreement you agree that the Sister Trust can share your Personal Information with any person considered to have an interest in receiving, using and /or disclosing your Personal Information for the purposes of the Shared Ownership Agreement.

Termination

- 1.22 The Shared Ownership Agreement will end when:
- (a) you buy the Sister Trust's full Share;
 - (b) you and the Sister Trust sell the Lease; or
 - (c) the Sister Trust buys your full Share.

Administration Fees

- 1.23 The Sister Trust may charge you a service fee to cover its reasonable costs of administering the scheme if you have not purchased the Sister Trust's full share by the 15th Anniversary Date.