

Hawaiki Street Housing Project –Shared Ownership Scheme

<p>Structure</p>	<p>Whai Rawa¹ will be a co-owner on the title of the home as long as Whai Rawa owns a share of the home, although the "Ownership Share Register" referred to in the Shared Ownership Agreement is paramount. The "Ownership Share Register" is amended to reflect any acquisition of Whai Rawa's co-ownership interests by the Purchaser.</p> <p>Purchaser will meet annually with Whai Rawa to discuss progress towards becoming the sole owner of all the shares. As part of these meetings, Purchaser will need to provide Whai Rawa with information about the financial circumstances of its household, including: household income, savings and other assets or investments, a breakdown of regular household expenses (such as insurance payments and credit card bills) and any known or upcoming changes that could affect future household income (such as a change in employment).</p> <p>Purchaser will need to deliver a "Lease Sale Request" to Whai Rawa if the Purchaser wishes to sell the Lease while Whai Rawa is a co-owner. Any sale must be completed in accordance with the assignment regime in the Lease.</p>
<p>Eligibility Criteria</p>	<p>Purchaser must meet the lending requirements of a participating bank to receive a home loan and be able to contribute a minimum of 5% of the all amounts payable under the Agreement to Build in relation to the Premises. The 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), (iv) gifted by a family member.</p> <p>In addition, the Purchaser must meet:</p> <ul style="list-style-type: none"> (i) the minimum eligibility criteria of Whai Rawa's home ownership scheme; and (ii) the means testing of Whai Rawa to ensure that as a general rule a Purchaser should make use of their own resources in buying a property before shared ownership with Whai Rawa. <p>The offer of shared ownership is entirely at the discretion of Whai Rawa. Applicants will be required to demonstrate to Whai Rawa that they could not proceed with their home ownership application without shared ownership.</p> <p>The Purchaser must meet all requirements of a lessee under the Lease (including requirements around membership of Ngāti Whātua Ōrākei).</p> <p>Any other criteria that Whai Rawa may determine from time to time at its sole discretion.</p>

¹ Whai Rawa will establish a new trust (which is a sister trust of the Ngāti Whātua Ōrākei Housing Trust) solely for the purposes of shared ownership. All shared ownership interests will be held by this trust.

How much of a contribution can Whai Rawa offer?	The maximum contribution Whai Rawa will make towards a home purchase is 25% of the amount payable in respect of the home. Whai Rawa may, from time to time, increase its maximum contribution in its sole discretion.
Onboarding process / documentation	Whai Rawa requires similar on-boarding documentation to a bank funder – in addition to a copy of the bank home loan approval.
What happens if the home is sold?	<p>See calculations and examples in the Appendix.</p> <p>If it is agreed that the home will be sold while Whai Rawa is still a co-owner, the sale proceeds will be split in proportion to the share held by each party. For example, if Whai Rawa owns 10% of the Premises and it sells for \$800,000, Whai Rawa is entitled to receive \$80,000 from the sale.</p>
How to buy back the share owned by Whai Rawa?	<p>Purchaser agrees to use best endeavours to purchase the share owned by Whai Rawa within by the 30th Anniversary Date² or the initial term of the mortgage, whichever is shorter (the "Best Endeavours Period").</p> <p>If Purchaser is unable to achieve this, Whai Rawa will explore options with Purchaser appropriate to the circumstances to ensure Purchaser can buy back the share in full by no later than the one year anniversary of the end of the Best Endeavours Period - either by using the equity in the Premises to fund the purchase of Whai Rawa's share (through refinancing with the mortgagee or another lender) or through the sale of the Premises.</p> <p>Whai Rawa shall have the right to cause the Premises to be sold from the one year anniversary of the end of the Best Endeavours Period.</p> <p>Once the Purchaser has purchased the share owned by Whai Rawa (or if the home is sold), the Shared Ownership Agreement ends.</p> <p>Whai Rawa will write to each Purchaser on 31 March of each year of shared ownership to remind the Purchaser of its best endeavours' obligation to purchase the share owned by Whai Rawa during the Best Endeavours Period. If Purchaser confirms in writing by 1 June that it wishes to purchase a share (in whole or in part) of the home from Whai Rawa, Whai Rawa will undertake a valuation exercise as at 30 June. Buybacks shall settle between 1 July and 30 September of each year – and shall be for a minimum amount that shall be set by Whai Rawa from time to time.</p> <p>The Purchaser will be responsible for the cost of the valuation if the Mortgagee issues a default notice under the mortgage arrangement and Whai Rawa is considering purchasing the Purchaser's share or where the Purchaser wants to sell the Premises or where the Purchaser fails to comply with the Shared Ownership Agreement.</p>

² Being the 30th anniversary of the Completion Date in the Agreement to Lease or the date of settlement in respect of any subsequent transfer of the Lease (as applicable).

	<p>Whai Rawa will be responsible for the cost of valuation when the Purchaser wants to purchase some or all of Whai Rawa's share. However, if a valuation is undertaken and the share purchase does not go through, Whai Rawa may require the Purchaser to bear the valuation costs.</p> <p>The Ownership Share Register shall be updated following any buyback.</p> <p>The valuation methodology in the shared ownership agreement incorporates by reference the valuation methodology in the Agreement to Lease.</p>
Shared Ownership Agreement	<p>Agreement which governs the rights and responsibilities of the Purchaser, as the majority homeowner, and Whai Rawa as a tenant in common co-owner, Purchaser's responsibilities to maintain the home, requirements to seek prior approval from Whai Rawa for any improvements or renovations to the home, the process for obtaining valuations, selling the home and responsibility for any costs incurred, the "Ownership Register", the Purchaser's obligations around the journey to 100% ownership of all the shares.</p>
Mortgage and Land Covenant	<p>Mortgage is limited recourse to the Purchaser only.</p> <p>Land Covenant registered on the title to give effect to the Shared Ownership Agreement.</p>
Tax	<p>Income tax (at 17.5%) and GST (at 15%) will be payable in respect of any gain made by the group on the co-ownership interest it holds. This tax will only be payable on the sale of interests to either the Purchaser or on the sale of the Premises.</p>
Does First Home Partner have administration fees?	<p>Whai Rawa may charge Purchasers a service fee to cover Whai Rawa's reasonable costs of administering the scheme if the Purchaser has not purchased Whai Rawa's full Share by the 15th Anniversary Date. The Shared Ownership Agreement provides for a fee of \$2500 (plus GST) or such other amount as Whai Rawa may notify to the Purchaser.</p>

Examples Showing Distribution of Sale Proceeds

Within the table “Your” means the home owner and “Our” is referring to Whai Rawa.

Original purchase of the Property	Where the sale price is higher than the original purchase price	Where the sale price is lower than the original purchase price	Where the sale price is lower than the amount owing to the Bank
Purchase Price \$900,000	Sale Price \$1,000,000	Sale Price \$800,000	Sale Price \$600,000
Your Share (75%) \$675,000 Paid to: <ul style="list-style-type: none"> \$630,000 (home loan) \$45,000 (your equity) (*) 	Your Share (75%) \$750,000 Paid to: <ul style="list-style-type: none"> \$630,000 (repay home loan) \$120,000 (you as equity) 	Your Share (75%) \$600,000 Paid to: <ul style="list-style-type: none"> \$600,000 (repay home loan) \$0 (you as equity) 	Your Share (75%) \$450,000 Paid to: <ul style="list-style-type: none"> \$450,000 (repay home loan) \$0 (you as equity) (#)
Our Share (25%) \$225,000 Paid as our equity	Our Share (25%) \$250,000 Paid to us as our equity	Our Share (25%) \$200,000 Paid to: <ul style="list-style-type: none"> \$30,000 (repay home loan) \$170,000 (us as our equity) 	Our Share (25%) \$150,000 Paid to: <ul style="list-style-type: none"> \$150,000 (repay home loan) \$0 (us as our equity)

(*) Based on 5% of the purchase price as a deposit.

(#) In addition to no return on your equity, you will have a \$30,000 shortfall owing to the Bank.