

AXIS SERIES - TERMS AND CONDITIONS

The Axis Series Home Buyer form and the below terms and conditions are to be read alongside each other and are together the “Axis Series Terms and Conditions”. While most of the criteria is defined in the Axis Series Home Buyer form and should be straight forward, some points are more complex and require the further explanation that we set out below. We set out below that further detail, some additional provisions and explain the process and matters you are agreeing to when you apply to become an Axis Series Home Buyer. We recommend you read the Axis Series Terms and Conditions in full.

In both these terms and conditions and the Axis Series Home Buyer form “you” means the applicant/s and “we” or “us” means HLC (2017) Limited (“HLC”) and Housing New Zealand Corporation (“HNZC”). Where there is more than one applicant, your obligations and liability is joint and several.

1

No Current or Previous Interest in Property

1.1

As set out in the Axis Series Home Buyer form, to qualify, you must be a first time home buyer with no current or previous interest in property in New Zealand or overseas. If you are successful at the ballot, you will need to obtain and provide to us a letter from your New Zealand based solicitor wherein they “undertake” they have searched Land Information New Zealand and the search results confirm your statement that you have not previously owned property in New Zealand or overseas.

1.2

You must also not have any unregistered interest in land that you could expect to sell or permanently and exclusively live in. Your solicitor must also “undertake” to us that they have no knowledge of any unregistered interest in property that you could reasonably be expected to live in or sell. For example, an interest in property by virtue of marriage or a de-facto relationship.

1.3

You do not need to submit your solicitor’s letter with your application, but you will need to obtain this immediately if you are successful at the ballot. You will not be able to sign an Agreement for Sale and Purchase for an Axis Series Home without first producing this letter. If you have any concerns, we recommend taking the advice of your solicitor.

How Membership of a Trust Affects Eligibility

1.4

By way of explanation only, a typical trust situation involving the ownership of land has:

trustees (one or more people who have legal ownership of the land)

beneficiaries (the people who can receive benefits from the trust)

usually, but not always, some of all of the family lives in a dwelling on the land that is held on trust.

1.5

We may still consider you to be a qualifying Axis Series Home Buyer if you have a legal or beneficial interest in property by virtue of a trust. All such interests must be disclosed in writing to us with the application and we retain full discretion as to whether or not we consider you to be an Axis Series Home Buyer, however, interest in trusts may be disregarded by us in the following scenarios:

Where you are:

a discretionary beneficiary (a beneficiary who is entitled to be considered for an entitlement under the trust but whose entitlement is not automatic);

a contingent beneficiary (a beneficiary whose entitlement to a benefit under the trust depends on an event (such as reaching a certain age)); or

a vested beneficiary (a beneficiary who has already received their entitlement) of a trust

and you do not reasonably expect to be able to occupy the land you have an interest in to the exclusion of the person/s who currently occupies the land (the occupier) as your principal place of residence until the death of the occupier or the death of the occupier's survivor.

Where you are a bare trustee (a bare trustee holds assets and acts as directed by the beneficiaries) holding an interest in land.

Inherited and gifted Land

1.6

How you came about your interest in land whether through purchase, gift or inheritance is irrelevant.

Value and size of land holdings

1.7

The size and value of the interest in land is also irrelevant.

2

No Nominee

2.1

If you are approved as an Axis Series Home Buyer, that approval is personal to you. That means you cannot nominate someone else or a trust or company to complete the purchase of the Axis Series Home. The applicant/s must be the registered proprietors of the Axis Series Home.

3

Evidence of Ability to Finance the Purchase

3.1

The Axis Series Home Buyer form requires you to submit details of how you will fund the purchase of your Axis Series Home if you are successful at the ballot. We reserve our discretion to reject your application if you do not provide sufficient evidence your ability to finance the purchase of an Axis Series Home.

4

Evidence That a Household Meets the Income Cap

4.1

Applicants are required to provide documented evidence of household income as set out in the Axis Home Home Buyer form. The income cap test for salary and wage earners is based on the applicant's gross taxable income.

4.2

Salary and wage earners are required to provide a certificate of all earnings for the past 12 months, which include (but are not limited to):

ordinary salary or wages or primary Work and Income benefits

overtime

shift allowances

second job and casual employment

permanent and part-time employment

ACC payments and private insurance payments, such as income protection.

4.3

Self-employed people are required to provide:

Their most recent financial statements, supported by business and personal tax returns

Up-to-date interim accounts if the end of your last financial year is more than six months ago.

4.4

Excluded from the income cap test are irregular and secondary sources of income including:

secondary benefits, such as Accommodation Supplements

tax credits, such as Working for Families

investment income, such as KiwiSaver investments

non-taxable income, such as allowances and scholarships

4.5

Even if no income has been earned by you or one of the others that you plan to buy a property with, we require confirmation/evidence of this.

4.6

Please note that submitting documents that cover the IRD tax year are not sufficient, as it may not cover the period you are applying for.

5

Previous Home Owners – Additional Eligibility Requirements

5.1

As set out in the Axis Series Home Buyers form, if you have previously owned property you may still be eligible if we determine at our discretion:

That you are in the same position as a first home buyer in terms of assets, income and liabilities; and

You meet all other eligibility criteria.

Realisable Assets

5.2

To be considered, previous home owners must not have realisable assets of more than \$120,000. Realisable assets are assets you possess that we consider you might be able to sell to buy a house.

5.3

Applicants are required to declare their assets during the application process. We have determined that the assets set out in the Axis Series Home Buyer form are realisable, but we reserve the right to ask further questions and request further evidence about your assets and may consider other assets to be realisable and take them into account when assessing your eligibility.

6

Primary Place of Residence for Minimum of 2 Years

6.1

The Axis Series Home must be your principal place of residence for two years from your settlement date.

6.2

Flatmates are permitted as long as you remain living full time in the Axis Series Home.

6.3

We will actively monitor compliance with the occupancy requirement.

7

Agreement with HLC

7.1

Prior to and as a condition of entering into an Agreement for Sale and Purchase of an Axis Series Home, you must sign and deliver to HLC the Agreement with HLC set out below. A copy of that agreement is in Appendix A.

8

Exemption from the two year minimum occupancy period

8.1

As set out in the Agreement with HLC, we may, at our discretion, consider an exemption from the two year minimum occupancy period in some circumstances examples of which might be:

Where you are unable to meet minimum living expenses, and refinancing the mortgage to reduce repayments, or selling the property and buying again are not reasonable alternatives

Where you are not able to carry out your usual occupation because of your temporary or permanent illness, injury or disability

Where the property is no longer suitable for you or your dependents because of a permanent illness, injury or disability

Where you suffer long term loss of employment

Where your job is relocated and you need to move

Other out of the ordinary circumstances which are beyond your control, to be determined by us on a case-by-case basis.

8.2

Satisfactory documentary evidence would be required by us to substantiate your circumstances before we consider any exemption.

9

Fraud

9.1

If we suspect false or fraudulent information has been provided by you, we can in our discretion determine that your approval becomes null and void. We may also report such false or fraudulent behaviour to the NZ Police and other government agencies.

10

Discretions

10.1

We will do all things reasonably possible to ensure that all applications are carefully and objectively considered and reviewed. However, for the avoidance of doubt, we retain full discretion to determine whether or not you qualify and are not obligated to provide you with any explanation as to our decision.

10.2

Our decisions on eligibility are final and we are not required to enter into any correspondence or discussions with you.

10.3

We reserve our discretion to amend, change, delete the Axis Series qualifying criteria, forms and these terms and conditions without notice as we see fit from time to time.

11

General

11.1

While we will use reasonable endeavours to process your application in a timely way, we take no responsibility for lost or late applications.

Appendix A: Axis Series First Home Buyer
Agreement with HLC
Purchaser's Acknowledgement and Covenant

To: HLC (2017) Limited ("HLC") and ("the Builder")
Purchaser's Acknowledgement

The Purchaser acknowledges that:

1

HLC has contracted for value, the delivery of Axis Series affordable homes with its Builder Partners (which includes the Builder) for the benefit of qualifying purchasers.

2

HLC and the Builder are relying on the correctness of the Purchaser's representations and statements, and the acceptance by the Purchaser of the obligation to reside in the property for 2 years following settlement of the Home.

In the event that those representations and statements are found to be incorrect, the Builder, and/or HLC shall be entitled to claim all damages and costs incurred as a result (whether directly or indirectly) from the Purchaser (jointly and severally).

On the basis of those representations and statements, the Purchaser further acknowledges:

3

The Builder has allowed the Purchaser to participate in their ballot for the sale of the Home ("Ballot Offer"); and

If the Purchaser's Ballot Offer is drawn from the ballot by the Builder, the Builder agrees to enter into an Agreement for Sale and Purchase with the Purchaser for the Home ("the Agreement") on terms satisfactory to the Purchaser and the Builder in their absolute discretion.

Purchaser's Covenants

To protect its investment in and integrity of the Axis Series Programme and to ensure purchasers comply with the qualifying criteria and the relevant terms of the Agreement, the Purchaser authorises HLC to lodge and maintain a caveat and/or encumbrance against the title to the Home to ensure the contents of the Statutory Declaration/s are correct and to secure the performance by the Purchaser of the requirement to reside in the Home for 2 years following settlement of the Home (Qualifying Criteria).

The Purchaser covenants and agrees that the Qualifying Criteria is true and correct and that such covenant confers an equitable interest in the Home in favour of HLC and as such, HLC has a caveatable interest in the Home.

The Purchaser understands that they must contact HLC if their circumstances change dramatically and they no longer reside in the Home for any reason within the first two years of settlement of the Home. HLC may, on application and in its sole discretion, grant a dispensation of the requirement for this to be the Purchaser's primary residence in certain circumstances.

The Purchaser covenants that, for the purposes of the Contracts (Privity) Act 1982, it will at all times comply with the requirements of the Agreement.

Signing by Purchaser

The Purchaser confirms it has read and understood the contents of this Agreement. HLC recommends the Purchaser obtain legal advice prior to signing should it require further clarification on any matter set out herein.