

Letter of Offer

20 June 2007

The Chief Executive
Waitakere City Council
Private Bag 93 109
Henderson
Waitakere

Dear Sir,

Housing New Zealand Corporation, in order to assist and promote the growth of social housing delivered by Local Government Authorities, is pleased to confirm the availability of the following facilities, on the following terms:

Lender: Housing New Zealand Corporation (the Corporation)

Borrower: Waitakere City Council (the Council)

THE FACILITIES

THE LIMITS

Housing Innovation Fund Local Government Modernisation Loan	\$ 1,500,000.00
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TERMS AND CONDITIONS OF YOUR FACILITIES

Conditions

- The facility will be advanced solely for the purpose of modernising and reconfiguring 106 units of accommodation for housing older adults in the following Council villages:
 - "Flagstaff Court" – 6 Flagstaff Place, Massey, Waitakere City
 - "Jack Smyth Court" – 14 Royal Road, Massey, Waitakere City
 - "Kaurilands Court" – 18 Kaurilands Road, Titirangi, Waitakere City
 - "North Karaka Court" – 19 Karaka Street, New Lynn, Waitakere City
 - "Kaumatua Village" – 11 Kaumatua Place, Te Atatu, Waitakere City
- The Chief Executive is to provide a certificate to confirm that the Council has complied with the Local Government Act (LGA) 2002 in connection with this transaction. The certificate explicitly states that the Chief Executive Officer of the Council can sub-delegate authority to appropriate officers to manage the practicalities of the implementation in compliance with the LGA 2002.
- If the lien A288557 registered against certificate of title NA14C/149 (11 Kaumatua Place) has not been withdrawn or discharged prior to the date upon which money is drawn down for the modernising and reconfiguring of units at that property, the Council will continue to use its best endeavours to procure a withdrawal or discharge of that lien without delay. Prior to the drawdown of funds, the Council will enter into an undertaking to indemnify the Corporation against any prejudice to the Corporation's security as a result of a claim for payment under the lien A288557 from the certificate of title NA14C/149.
- Plans for the final designs of the development are to be provided to the Corporation.
- Fixed price contracts for the development are to be obtained by the Council and provided to the Corporation.
- Details of the successful tender(s) for the development are to be provided to the Corporation and are subject to the Corporation's approval.

A68

- Applicable resource and building consents for the development are to be obtained prior to any drawdown of funds with confirmation to be provided to the Corporation.
- The facility of \$1,500,000.00 for the development is to be drawn on a progress payment basis, with payments to be at approximately \$30,000 intervals, or as convenient to the work programme of the Council, and subject to the production of appropriate invoices by the Council.
- The development is required to be completed in accordance with the approved timeline or as extended with the approval of HNZC, such approval not to be unreasonably withheld.
- Audited annual financial accounts are to be provided to the Corporation within five months of the Council's end of year financial date.
- The development is to be subject to an annual review by the Corporation during the term of the lending.

SCHEDULE OF FACILITIES

Subject to the above conditions being met, the Facilities will be subject to the following terms.

HOUSING INNOVATION FUND LOCAL GOVERNMENT MODERNISATION LOAN

Term: 20 Years

Interest Free Period: 20 Years (subject to the repayment conditions expressed below).

Repayment: The Loan documentation will record a repayment condition to the effect that the Loan shall become repayable, together with interest calculated as set out below, if at any time, within 20 years of the date on which the Loan is drawn down by the Council, the Council either abandons the housing project or elects not to complete it and does not re-apply the funds for another social housing project approved by the Corporation, or the Council makes a decision pursuant to the relevant provisions of the Local Government Act 2002 to alter its long-term council community plan in a manner that affects the provision by the Council of social housing, or to otherwise withdraw or significantly alter its investment in joint funded social housing ("**repayment events**"). If any of these repayment events occurs, the Council will upon written demand by the Corporation, pay to the Corporation on the date specified in the demand the aggregate of:

- The principal amount of the Loan; and
- An amount, as interest on the Loan, calculated at an interest rate reasonably determined by the Corporation, for the period from that event up to, and including, the date which is 20 years from the date on which the loan was drawn down.

If any of the repayment events occurs after 20 years of the date on which the Loan is drawn down by the Council the amount of the Loan, together with any interest, shall not be recoverable.

If the Council intends at any time to sell all or any part of the relevant land or all or any part of the residential dwellings refurbished or constructed with this funding or any replacement project approved by the Corporation (before 20 years from the date on which the Loan is drawn down), then the Council will first offer to sell those dwellings or that land to the Corporation or to a social housing provider approved by the Corporation at market value.

During the 20 years from the date the Loan is drawn down and thereafter, the Council retains the right to amend or introduce new policies, guidelines, procedures and practices in relation to the Alacos and provided that the housing remains social housing this will not constitute a repayment event (with the consent of the Corporation (such consent not to be unreasonably withheld)).

A69

Security:

A first charge registered mortgage, in favour of the Corporation, will be taken over all five properties where these facilities are being utilised.

This security will secure all of the Council's financial obligations to the Corporation and will contain a Property Law Act Section 80A(2) priority of \$2,250,000.00.

Insurance:

The Council will be required to insure each property for full replacement value (or as agreed by the Corporation) and otherwise on terms acceptable to the Corporation. The interest of the Corporation must be noted on all insurance policies.

A70

Availability Period:

- This offer is open for acceptance until 5.00pm on the 29th June 2007.
- The initial draw-down of the above facilities must be drawn within 150 days of the acceptance of this letter of offer.

If the terms and conditions of this letter of offer are acceptable to the Council please sign and return the duplicate copy. Funds will be made available once all legal documentation has been signed, identity details confirmed and all conditions described in this letter and in the legal documents have been satisfied unless, prior to draw-down, an event occurs or information becomes known to the Corporation which, in its opinion, might materially affect the Council's facilities, creditworthiness, the creditworthiness of any guarantor or the basis on which the Corporation agreed to enter into these facilities.

Should you have any questions regarding this offer please contact me on (09) 261 5198.

Yours Sincerely

Maree King
Project Manager
Housing Innovations

A71

Acceptance

We accept the facilities offered on the terms and conditions contained in this letter of offer.

Signed by the Borrower **WAITAKERE CITY COUNCIL**

This Letter of Offer must be legally signed in accordance with the constitution/mandate of the Waitakere City Council.

Date of acceptance: _____

Solicitor's Name: _____

Solicitor's Firm: _____

Solicitors Address: _____

A72