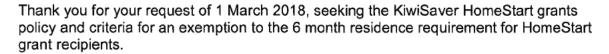


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Below is the relevant extract from the Operational policy guidelines for administering the deposit subsidy and guidelines on first home withdrawal eligibility for previous home owners dated 2010.

Exemption from the six month minimum occupancy period

The recipient must inform the Corporation prior to moving or selling the property within the six month occupancy period.

The recipient of the deposit subsidy is not expected to repay the grant where:

- the recipient is unable to meet minimum living expenses¹, and refinancing the mortgage to reduce repayments, or selling the property and buying again are not reasonable alternatives
- the recipient is not able to carry out his/her usual occupation because of his/her temporary or permanent illness, injury or disability
- the property is no longer suitable for the recipient or a recipient's dependent because of a permanent illness, injury or disability
- the recipient or co-mortgagor's loss of employment
- the recipient or co-mortgagor relocates jobs and needs to move
- the recipient's relationship ends and it is appropriate for the recipient to move out of the property
- other out of the ordinary circumstances, to be determined by the Corporation on a case-by-case basis.

Documentary evidence is required to substantiate that a recipient's circumstances fall within one of the exemptions listed above.

Appendix A: If a recipient dies, the estate will not be required to repay the grant.

¹ Based on the estimates of minimum living expenses and residual income as outlined in the Corporation's Prudential Lending Standards

I trust this information is of assistance.

Should you have any further queries regarding application of the HomeStart exemption clauses I invite you to contact Iain Duncan, Senior Product Analyst, on (09) 261 5285 or iain.duncan@hnzc.co.nz

Yours sincerely

Rachel Kelly

Manager Government Relations