

TERM SHEET - SERVICES AGREEMENT: CAPACITY

#	Key Term	Clause	Explanation
Overview and Specified Key Terms Section			
1.	<u>Agreement</u>	Agreement	The parties agree to be bound by the terms (set out in the Key Terms section and the Schedules) of the Services Agreement.
2.	<u>Key Terms Section</u>	Key Terms	<p>This section of the Services Agreement sets out the key commercial terms and conditions on which MSD agrees to fund and to procure from the Provider, and the Provider agrees to make available, public housing properties for Eligible Tenants on a capacity basis (meaning that MSD pays the Provider for Tenancies in respect of Properties made Available for the duration of each of those Tenancies from an Agreed number of Properties).</p> <p>These Key Terms will be populated by the parties at the time the Services Agreement is entered into, and some are explained in further detail below:</p>
	<p><u>Structure of Documents</u></p> <ul style="list-style-type: none"> The Services Agreement (will take precedence over the Relationship Agreement). The Services Agreement and the Relationship Agreement are each subject to the terms of any Financier Direct Deed. 		<p>The Services Agreement is supplementary to the Relationship Agreement between MSD and the Provider.</p> <p>The terms of the Relationship Agreement form part of the Services Agreement.</p> <p>The Relationship Agreement contains further generic detail on some topics dealt with here.</p>
	<p><u>Parties</u></p> <ul style="list-style-type: none"> The Ministry of Social Development (<i>MSD</i>) Provider 		The parties to the Services Agreement will be the same as the parties to the associated Relationship Agreement.
	Term		<p>From the date all Conditions Precedent have been satisfied (or waived) until the:</p> <ul style="list-style-type: none"> end of the Public Housing Phase; or earlier termination of the Services Agreement.
	Conditions Precedent		The Services Agreement is conditional on the Provider being a community housing provider registered under the HRTM Act as a Class 1: Social Landlord.
	Key phases		Public Housing Phase – being the phase in which Properties are tenanted for the purposes of public housing.
	Security protection		MSD may require a registered encumbrance over each of the Properties in the form attached to the Services Agreement.
	Insurances required		<p>The Provider is to take out and keep current the following insurance policies:</p> <ul style="list-style-type: none"> Public Liability;

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			<ul style="list-style-type: none"> Material loss/damage (for full replacement value); and any others required by MSD.
Schedule 1: Services			
This Schedule describes the services to be provided by the Provider and the related requirements for those services.			
3.	IRRS Services	1.1	The Provider will be required to ensure that the Properties are Available at all times during the Public Housing Phase to be tenanted exclusively by Eligible Tenants.
		1.2	The Provider will not: <ul style="list-style-type: none"> otherwise rent out any Property to any person other than an Eligible Tenant; use the Property for any purpose other than renting to an Eligible Tenant; or do, or allow, anything that would compromise the Availability of a Property.
		1.4	The Provider is to maintain all Properties in accordance with the requirements of the Services Agreement, the standards applicable to a Class 1 Social Landlord, all relevant Laws (including the Residential Tenancies Act) and the requirements of the Operational Manual.
		1.5	The Provider is to maintain registration as a Class 1 Social Landlord during the Term. If the Provider does not maintain its registration, the Services Agreement can be suspended or terminated by MSD.
		1.6	The Provider is to comply with the Operational Manual at all times.
		1.7	The Provider must not rent a Property to a person who, at any time in the previous 3 month period, was a tenant of the Provider or any of its related entities in a non-public housing or non-transitional housing tenancy.
		1.8	The Provider is to ensure that each Available Vacant Property is available for an Eligible Tenant to take possession on the start date of the relevant Tenancy Agreement.
		1.9	The Provider is to immediately notify MSD via the MSD Public Housing Client System of any Tenancy terminating and the circumstances of such termination.
		4.	IRRS Eligibility
2.5	MSD will notify the Provider if there is any change in the IRR to be paid by a Tenant.		
2.6	The Provider must seek approval from MSD prior to a Tenant transferring to another property owned or managed by another registered community housing provider.		

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5.	Tenancy Requirements	3.1	The Provider is to advise each Tenant of any change to his or her IRR in accordance with the Residential Tenancies Act.
		3.2	The Provider is to notify MSD of any change in circumstances of a Tenant that may affect a Tenant's rate of IRR of which the Provider becomes aware.
		3.3	The Provider must only charge the Tenant of a Property rent at the lower of IRR and Market Rent.
		3.5	The Provider is to: <ul style="list-style-type: none"> comply with the Tenancy Management Requirements; ensure that each Tenant has a written Tenancy Agreement that meets the requirements of the Residential Tenancies Act; and ensure that the Tenant is informed of all relevant information related to the Property prior to signing the Tenancy Agreement.
		3.6	The Provider may transfer a Tenant to another Property, with MSD's prior approval, provided the Property vacated is re-let to another Eligible Tenant.
6.	Agreed Rent	4.1	The Initial Agreed Rent will be set out in a Schedule.
		4.2	If applicable, the Market Rent may be reviewed on the dates specified in the Key Terms of the Services Agreement.
		4.3	If a Property will be subject to the Services Agreement after the commencement of the Public Housing Phase, the Agreed Rent will be proposed by the Provider and verified by MSD.
7.	Availability, Substitutability and Release of Properties	5.2	The Provider can make a request to MSD to add an additional property to the Services Agreement, or substitute a Property with an alternative property.
		5.3	MSD may allow the Provider to temporarily substitute a Property.
		5.4	If a property is added or substituted, MSD shall update the list of Properties in the relevant Schedule.
		5.5	MSD may notify the Provider that one or more Properties is not required to be Available. The Provider will then attempt to find a short term private rental for such Property (and, the IRRS will be reduced accordingly).
		5.7	MSD may at any time and from time to time during the Term require the release of nominated Properties from the Services Agreement.
8.	Additional Services	6	The Provider is to provide any Additional Services as required.

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Schedule 2: Services Payment for public housing			
This Schedule describes how and under what circumstances MSD will pay the Provider.			
9.	Services Payment	1	MSD will pay the Services Payment in accordance with the following formula: Services Payment = Total IRRS Payment + Total Vacant Day Payment + Total Top-up Payment – Total Unavailability Deduction Unavailability Deductions relate to specified circumstances, for example the Property being tenanted by an Ineligible Tenant.
10.	Total IRRS Payment	2.1	The Total IRRS Payment will be an amount equal to the sum of the Daily IRRS (Agreed Rent – IRR) for each Available Tenanted Property in the relevant Payment Period.
11.	Total Vacant Day Payment	3.1	The Total Vacant Day Payment will be the sum of the Agreed Rent for each Available Vacant Property.
12.	Total Top-up Payment	4.1	The Total Top-up Payment will be the sum of the Agreed Rent for each Property that is a Short Term Private Rental less: (i) any rent received from the private tenant of that Short Term Private Rental, and (ii) any amounts received by the Provider which exceed the Agreed Rent for the Property.
13.	Total Unavailability Deduction	5	The Total Unavailability Deduction will be the sum of the Unavailability Deductions for each applicable Property.
14.	Report and invoice	7	No earlier than the first Business Day after the end of each Payment Period (and no later than 12 months after the relevant Payment Period), the Provider is to submit to MSD: <ul style="list-style-type: none"> • a report certified by the Provider containing the required information; and • a tax invoice for the Services Payment.
Schedule 3: Security			
15.	Encumbrance, land covenant and caveat	1 - 3	In addition to any specified encumbrance in the Key Terms, MSD will have rights to register security interests over the Properties. The Provider will do everything necessary to support the registration any such security interest.
Schedule 4 : Step-in Rights			
16.	When Step-in applies	1	MSD will have Step-in Rights, so that it can step in and provide some or all of the Services where it reasonably considers that it needs to due to serious circumstances such as: <ul style="list-style-type: none"> • because of serious injury or death to persons, serious risk to the health and safety of persons, serious risk of material damage or destruction or serious risk to property, or the Provider's registration under the HRTM Act has been revoked; or • to enable MSD to meet any statutory duty.

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17.	No Obligation on MSD	7	MSD is not obliged to exercise Step-in Rights if the Provider is in breach of a Contract Document or some other trigger event has occurred. The exercise of Step-in Rights is entirely discretionary and does not affect any other rights or remedies available to MSD.
Schedule 5: Schedule of Properties			
This Schedule sets out the Properties as at the Commencement Date and the information contained in this Schedule will be made available by MSD in the MSD Public Housing Client System. Please note that this information contained in this Schedule will be updated by MSD periodically in the MSD Public Housing Client System.			
Schedule 6: Performance Measures			
This Schedule sets out the Performance Measures that will apply during the Term.			
18.	Performance Measures		Specified Performance Measures will apply from the Commencement Date. MSD may also amend the Performances Measures set out in this Schedule 6 by giving notice to the Provider.
Schedule 7: Interpretation			
This Schedule defines terms used throughout the Services Agreement, incorporates the definitions from the Relationship Agreement and sets out some interpretation rules.			
Attachment: Form of Encumbrance			
A standard form of Encumbrance is Attached at the end of the Services Agreement.			