

CAPITOL AREA DEVELOPMENTS, INC. (CAD)
TENANT SELECTION POLICY

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Section 1: Introduction

Introduction

Capitol Area Developments, Inc. is a 501(c)(3) non-profit organization that provides market rate affordable housing. This housing is targeted to households whose income falls at or below 80% of the current Area Median Income (AMI).

Fair Housing and Equal Opportunity

The primary goal of this policy is to specify the criteria for selecting tenants for affordable market-rate rental units owned by Capitol Area Developments, Inc. This policy ensures compliance with program requirements and regulations while providing equal opportunity for residency in accordance with Federal, State and local laws. Practices are in place to ensure applicants and tenants are not discriminated against. Qualified persons will not be denied housing or otherwise discouraged from obtaining housing because of his/her protected class status including: race, color, religion, national origin, sex, familial status, or disability.

Section 2: Applications

Advertisement of Housing Availability

Current and upcoming housing availability will be advertised in a variety of locations and ways to best attract families whose income falls within the targeted ranges. CAD will utilize its website as well as other internet sites and/or resources for advertisement. Particular care will be given to advertising housing availability at locations that may have a higher visibility for lower income, work force individuals and families.

Application Intake

Applications are available at all CAD leasing offices, online at www.cadcommunities.com, and may be mailed upon request. Completed applications may be submitted to CAD leasing office drop boxes, in person or by mail. Applications will be date- and time-stamped on the working day received. If returned by mail, the time of the receipt will automatically be marked as date and time processed. Applications that are not complete or do not have a signature of all adult applicants will not be processed until all missing information is provided.

Applications will not be considered without the following:

- A complete housing application with all questions answered, signed and dated. Items not answered or left blank are considered incomplete.
- Provide full legal name, social security numbers, and birthdates for all household members intending to reside on the property.
- Application fee paid in full (one cashier's check or money order per application).
- Copy of government-issued photo ID for all household members age 18 and older.
- Copy of Social Security card or statement that provides proof of numbers for all household occupants.
- Accurate and verifiable income documentation (list of required documents can be found under the Income Requirements section).

Interest List/Waiting List

Applications received are taken and used to compile site-specific waiting lists. Additionally, CAD communities may keep a list of interested individuals who have expressed interest in leasing but

have not submitted a complete application. Interest lists and waiting lists may be organized and maintained by:

- Anticipated availability date;
- Bedroom size;
- Preferred floor plan;
- Accessibility features; and
- Household income level.

It is the responsibility of every applicant to notify CAD of any changes to contact information, household composition or other changes that would affect the household's eligibility for tenancy. Notification of household and contact information should be made in writing. If it is found that the household is no longer eligible or cannot be reached at the contact information provided, then the application may be withdrawn from the interest and/or waiting list.

Application Screening Process

Applicants are screened for housing eligibility until the first reason for disqualification is met. Applicants will be provided with a notice of housing eligibility after a determination has been made. Denial status will be reconsidered if an applicant can provide documentation that disproves the reasons for ineligibility. If sufficient evidence is provided to staff that the reason for denial is incorrect and/or inaccurate, then screening will resume until all required screening has been completed.

Section 3: Housing Criteria and Selection

Age Requirements

All head of household and co-head applicants must be 18 years of age and older, unless deemed to be an adult under applicable law with respect to the execution of contracts. All household members age 18 and older must sign the Application.

Acceptable Identification

Applicants must present a valid government-issued photo ID including, but not limited to:

- State-issued driver's license;
- State-issued identification card;
- U.S. passport or passport card;
- U.S. CIS Form I-551 permanent resident card;
- U.S. Military ID Card; or
- A student, employment, or travel visa issued by the United States with an expiration date later than the proposed lease termination date.

Income Requirements

The combined household gross income of all members age 18 and older must be a minimum of three (3) times the monthly unit rent. To verify that an applicant household meets the income requirements, CAD requires the following:

Employment Status	Required Documentation
Employed (currently)	A paystub with a "Year to Date" figure may be used if the date of the check is within 15 days of application submittal. If the paystub does not

	have “Year to Date”, current pay stubs for the past six (6) consecutive weeks will be required.
Employed (starting new job)	A signed and dated offer letter on official company letterhead with hourly rate/salary and start date. New employment offer letter with annual wages at or above previous employment will be acceptable.
Employed (transfer)	Employees staying with their current employer but transferring to a new location or continuing to work remotely must submit a signed transfer/employment letter on official company letterhead. Letter must include hourly rate/salary and start date.
Self-employed	Personal income tax returns for the past two (2) years. Averages of gross annual net income over the two (2) year period will be used to calculate average monthly income. If tax returns have not been filed, please provide six (6) months of personal bank statements. Business tax returns and business bank statements will not be accepted.
Contractor/Sharing/On-demand work	Provide three consecutive monthly statement of all earnings from the entity who will provide a 1099 at year-end for tax filing.
Retired	Current statement from entity issuing pension AND bank statements for the last three (3) consecutive months.
Social Security, Child Support, Disability, GI Benefits, etc.	Award letter or statement from issuing agency.
Other	<p>Personal bank statements for the last six (6) consecutive months for: bonuses, tips, or any other deposits. Deposits must be greater than monthly withdrawals.</p> <p>In lieu of monthly income, bank account statements may be provided. A minimum balance of three (3) times the total rent due for the term of the lease must be shown in order for the applicant to qualify under this method.</p>

NOTE: Some credit and income scoring results may require further income verification and additional financial information including verbal or written correspondence with an employer.

Credit History

Full deposit will be required if applicants credit history is unavailable. To verify credit eligibility, a credit report will be obtained from CAD’s screening provider for all adults applying for residency. A credit score falling below 600 points will be denied residency. If no credit score or history is found, further information may be required to make a final determination. Open bankruptcies filed within last 12 months, landlord eviction proceedings within the last seven years, and unpaid utility

balances may result in an automatic denial. The FICO credit score displayed on the CAD acquired credit report will be used to determine residency approval and the amount of security deposit required.

Rental History

Full deposit will be required if prior rental history is unavailable. Prior rental history will be verified and addresses will be compared to those listed on credit reports, provided documentation, and the application packet. Applicants will be automatically denied for the following reasons:

- Eviction proceedings within the last seven years.
- Outstanding debt/judgment to any prior landlord within last seven years. Certified written proof of satisfied judgments may negate this automatic denial.
- Documented history of threatening staff and/or neighbors.
- Documented history of disturbing neighbors or destruction of property.
- Previous landlord history which shows a failure to maintain housing in a decent and safe condition.
- Landlord history indicating household habits that adversely affect the health, safety, or welfare of residents or management.
- Landlord history indicating unsatisfactory rental payment habits over the last twelve (12) months.

Criminal History

A criminal background check will be completed for all household members age 18 and older. Applications will be denied for any criminal activity that has resulted in a conviction within the time period prior to the processing date, as follows:

OFFENSE	FELONY	MISDEMEANOR
Sex offender, Sex-related offenses	Declined regardless of time.	
Appears on an Office of Foreign Assets Control (OFAC) list		
Homicide, voluntary manslaughter		
Drug sale, manufacture, distribution		
Violent crimes against persons, property, or animals	7 years	5 years
Financial crimes including writing bad checks, identity theft, fraud	7 years	5 years
Other crimes related to drug, prostitution, and/or weapons related offenses	7 years	5 years

Criminal history criteria and time frames are subject to change at the discretion of the CAD Board of Directors. These criteria do not constitute a guarantee or representation that residents or occupants residing in CAD homes have not been convicted of, or subject to, deferred adjudication for a felony, certain misdemeanors, or sex offenses requiring registration under applicable law. CAD’s ability to verify this information is limited to the information made available by applicants and credit reporting services. Residents or occupants who are convicted of any of the foregoing offenses after application processing, may be subject to forfeiture of application fees or housing eviction, if conviction occurs after move-in.

Occupancy Standards

Occupancy standards shall be determined based on a maximum of two persons per bedroom. A maximum of two person per studio apartment.

Multiple Applicants

When there is more than one applicant applying to qualify for occupancy together in the “applicant group,” each applicant’s credit history/score will be averaged to determine eligibility. An applicant who is denied due to credit, criminal, or rental history may cause the entire applicant group to be denied.

Guarantors

Applicants must meet all income, credit and eligibility requirements. Guarantors are not accepted.

Section 4: Residency

Resident Selection and Monitoring

Eligible households will be matched to housing on a first-come, first-served basis. At leasing, all household members age 18 and older will be required to sign the Lease Agreement and/or an addendum within 48 hours of notification from management.

If it is determined that current resident incomes within a community are not meeting Internal Revenue Service (IRS) Safe Harbor parameters, priority will be given to applicants whose household income falls within targeted Safe Harbor parameters. If no applicants fall within the targeted Safe Harbor income limits, the first qualified applicant may be allowed to rent the unit, regardless of household income. Income limits referenced in Safe Harbor regulations are updated annually by the Department of Housing and Urban Development (HUD) and posted at www.huduser.gov.

Because CAD developments comply with IRS Safe Harbor limits, households may be prioritized by income level in order to maintain community requirements. If at annual renewal one family self-certifies its household income has increased beyond Safe Harbor thresholds, the next CAD unit must be rented to applicants whose income brings the total income for the community into compliance. For example, if one family self-certifies its income exceeds 140 percent of area median income, the next CAD unit must be rented first to applicants with an income below 80 percent of area median income. However if after a reasonable period of time, there are no lower income applicants eligible and ready to lease, the next available unit will be rented to the next qualified applicant regardless of income levels.

A household’s gross annual income will be verified at move-in. To further ensure CAD’s portfolio of affordable housing is serving those in greatest need and to protect CAD’s IRS Safe Harbor tax-exempt status, all household income will be monitored annually through the self-certification process.

Community Safe Harbor Procedures

CAD regularly monitors Safe Harbor information to ensure each community is in compliance with all requirements. Procedures and processes will be implemented to address and correct Safe Harbor compliance if it is determined to fall outside the required threshold. All households outside the required threshold will be notified in writing of CAD's intended actions to reestablish Safe Harbor compliance. Households will be notified and held to the following procedures:

1. If it is determined at annual self-certification that a household's income exceeds 120% of the area median income limit, CAD will document and notify the tenant of such.
2. If a household's income continues to exceed the threshold at the second annual self-certification, CAD will notify the tenant in writing that their lease will not continue to be renewed. Families must vacate in accordance with the Lease or be subject to lease termination.
3. If the tenant's household income falls below the 80% area median income, then the tenant will no longer be considered over-income and is entitled to a new grace period.