

HOME Program COMPLIANCE MANUAL LEASE PURCHASE



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PREFACE

This manual is a training and reference guide for the administration of the HOME Lease Purchase Program. It is intended to answer questions regarding the procedures, rules, and regulations that govern HOME projects. The manual should be used in conjunction with, and as a supplement to 24 CFR Part 92. If a determination is made that any provision of this manual is in conflict with 24 CFR Part 92, 24 CFR Part 92 will govern.

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INTRODUCTION

The South Dakota Housing Development Authority (SDHDA) will monitor the continuing compliance of all HOME projects that have received HOME funds in accordance with regulations contained in 24 CFR Part 92. It is also SDHDA's responsibility to ensure that project owners retain the housing units as affordable to low and very low income persons throughout the period of affordability.

The following procedures apply to all Lease Purchase projects which have received funds under the HOME program. Any violation of the requirements of the HOME program could result in the repayment of funds received under the HOME program.

HOME Lease Purchase Program

Program Objective: To provide financing for acquisition (existing or new construction) of single family residences or townhouses that are initially available as rental units to low income families. The homebuyer must initially qualify as low income at the time the lease purchase agreement is signed. Tenants have the chance to buy the rental units after a lease period of three years. A portion of the tenant's rent is set aside for downpayment and closing costs. The purchase price is agreed upon at the time the lease is signed.

Compliance Requirements: Period of Affordability; Rents

Project owners will be required to keep the property in compliance with HOME guidelines for years specified below.

Lease Purchase Period	3 years- maximum
Conversion to Rental	20 years- minimum or term of mortgage

INITIALLY, rental housing will qualify as affordable if the lease purchase rental units are occupied by families with annual gross incomes that are 80 percent or less of the area median income. Rents must be at or below the High HOME rents.

If the rental units are not purchased during or at the end of the initial three year period, the lease purchase unit converts to a rental unit.

At that time, at least 20 percent of the HOME rental units must be occupied by families with annual gross incomes at or below 50 percent of the area median income. Rents must be at or below the Low HOME rent. The remainder of the rental units could be occupied by families with annual gross incomes that are 80 percent or less of the area median income. Rents must be at or below the High HOME rents.

In the event Fair Market Rents decrease for an area, the owner need not lower rents below those in effect at the time of project commitment.

Owners should refer to the Declaration of Land Use Restrictive Covenants agreement with SDHDA to determine specific terms and conditions which may govern their project.

Owner Responsibilities

Project records must be maintained by the owner for a minimum of three years beyond the project's required period of affordability.

Tenant Lease Purchase Agreements or leases must be kept on file. Lease Purchase Agreements specify a term of three years. A rental lease would specify a term of at least one year, unless by mutual consent, the owner and tenant agree to a lesser term. Leases must not contain any of the prohibited lease terms, and any nonrenewal or termination of leases must be within the accepted reasons for nonrenewal or termination.

The owner may request a rent increase one year from the date the project was placed in service and annually thereafter. The owner must submit a budget to justify rental increase.

All rent increases and utility allowances must have prior approval from SDHDA. Utility allowances must be reviewed and documented by the owner on an annual basis.

The owner must initially verify lease/purchase tenant eligibility at move-in. Lease/purchase tenants do not have to be annually recertified. Tenants under lease in unsold units which have converted to rentals must be initially verified for eligibility and subsequently recertified annually. Tenants must certify to their anticipated income, family size, and composition. Third party income verifications or other forms of documentation must be obtained by the owner and kept on file.

The owner must assure that any family whose income increases above the HOME income eligibility guidelines pays not less than 30 percent of their **adjusted** monthly income for rent, or the owner may charge market rent. The unit must be marketed to eligible tenants when vacated.

The owner must keep all units in compliance with HUD Housing Quality Standards and other pertinent building codes to assure the units are decent, safe, and sanitary at all times.

The owner must adopt written tenant selection policies and criteria and submit the policies to SDHDA.

Families receiving rental assistance must not be refused tenancy in a HOME assisted unit.

The owner must adhere to Equal Opportunity, Affirmative Marketing, and Fair Housing practices in all marketing efforts, eligibility determinations, and other transactions. Owners must solicit applications for vacant units from persons in the housing market least likely to apply without special outreach efforts. The Equal Housing Opportunity logo or statement, Exhibit E, must be used in all advertising of vacant units. A file must be kept of all marketing efforts.

The owner must provide SDHDA with an annual written narrative assessment of the affirmative marketing program and the efforts taken to market the development using the above guidelines. Copies of advertising and the methods used to advertise shall be included in the assessment. The assessment must be submitted with the Annual Owner Certification, Exhibit A, sent to SDHDA.

The owner must maintain listings of all tenants residing in each unit at the time of application through the end of the compliance period, using the Monthly Occupancy Report, Exhibit B, and the Move-In, Move-Out Report, Exhibit C.

Owners not complying with the affordability requirements or Housing Quality Standards will be required to repay all HOME funds extended to the development.

SDHDA Responsibilities

SDHDA will monitor for Program compliance by requiring annual owner certifications of compliance. On-site reviews will be conducted every two years for projects with 25 units or less and each year for projects with more than 25 units.

On-site reviews will consist of, but are not limited to, a physical review of HOME assisted units, file reviews of HOME tenant's income certifications, third party verifications or other forms of income documentation, leases, and other pertinent information, and a review of the marketing file and efforts of the owner.

Other areas may be reviewed for compliance, according to specific written agreements between the owners and SDHDA at the time of commitment.

SDHDA will send owners updated income and rent limits for the HOME program as they become available. This is done approximately once per year.

GENERAL OCCUPANCY GUIDELINES

QUALIFICATION OF APPLICANTS

Applicants for low income, rent-restricted units shall be advised early in their initial visit to the project that there are maximum income limits which apply to these units. They shall also be made aware that the anticipated income of all persons expecting to occupy the unit must be verified and included on a HOME Tenant Questionnaire prior to occupancy, and that their financial status will be reviewed annually. It shall also be explained that if the tenant's household income goes above the income limits, they may continue to reside in the unit; but the rent will be equal to 30% of the family's **adjusted** income or market rent. Tenants whose income exceeds the limits must not be permitted to move to any other low income unit.

The Questionnaire

A fully completed Questionnaire is critical to an accurate determination of eligibility. The information furnished on the Questionnaire should be used as a tool to determine all sources of anticipated income and assets. SDHDA requires the use of the Home Tenant Questionnaire, Exhibit I. It is recommended that roommates, other than the immediate family, complete separate Questionnaires.

After the household completes the HOME Tenant Questionnaire, the owner must have all income and assets certified either by a third party or by obtaining proof of income documentation. The Questionnaire, income verification, and lease are to be executed prior to move-in. All occupants must be certified and have a valid lease on file.

Prior to each anniversary date of the tenant's move-in, a subsequent Questionnaire must be completed and all resident's anticipated income reverified. This must be done to determine if the unit is still occupied by an eligible household.

A unit does not lose its status as a low income unit solely because of an increase in the household's income. Once a unit qualifies as a low income unit, it continues to qualify as such until the tenant's income exceeds the

HOME applicable income limit. Even then, the unit remains a low income unit as long as the tenant pays 30% of **adjusted** income towards rent and continues to occupy the same unit. The unit must be marketed to eligible tenants when vacated.

Change in Household Composition

All household members must be certified and included on the unit's lease. In the event the tenant in a HOME assisted unit later wishes to have an additional person move into the unit, the following steps must be taken:

1. the prospective tenant must complete a HOME Tenant Questionnaire and allow for verification of income and assets as required of the initial tenant; and
2. the prospective tenant's income must be added to the current tenant's previously certified income and a determination made as to whether the household is still within the HOME income guidelines. If the anticipated household income exceeds the guidelines, the household must pay 30% of their **adjusted** income for rent or market rent.

The lease must include the legal name(s) of the parties to the agreement and all other occupants, a description of the unit to be rented, the term of the lease, the rental amount, the use of the premises, and the rights and obligations of the parties.

The lease shall also inform the tenant that fraudulent statements are grounds for eviction.

The tenant file shall be documented when any household member vacates the unit.

Should existing tenant(s) wish to transfer to a different low income unit, the tenant(s) must be treated exactly as prospective tenants in a new move-in. Therefore, all application, verification and certification procedures must be completed for the transferring tenant(s) as of the transfer date.

Number of Persons Per Unit

There is no Federal regulation governing the number of persons allowed to occupy a unit based on size. It is important, though, to be consistent when accepting or rejecting applications. It is recommended that the owner determine the minimum and maximum number of people that will be allowed to occupy each size unit and put that formula in writing as part of the tenant selection policies and/or management plan.

General Income Verification Requirements

All regular anticipated income sources, including asset income, must be verified. Income verification forms may be used for obtaining third party written verification and will be reviewed by SDHDA staff during an on-site review.

Written verification of income directly from the source (third-party verification) or supporting documentation of income must be obtained. When using third-party verification:

- * Applicants must be asked to sign two copies of each verification form. The second copy may be used if the first request has not been returned in a timely manner.
- * Income verification requests must be sent directly to and from the source, not through the tenant. It is suggested that a self-addressed, stamped envelope be included with the request for verification.

- * When written verification is not possible prior to move-in, direct contact with the source will be acceptable to the SDHDA but must be followed up by written verification. The conversation must be documented in the applicant's file to include all the information that would be included in a written verification. The name and title of the contact, the name of the management representative accepting the information, and the date must be included. Document Viewed or Telephone Information Received Form, Exhibit M, may be used for documentation of a direct contact.
- * Management shall give the applicant the opportunity to explain any significant differences between the amounts reported on the application and amounts reported on third-party verifications in order to determine actual income. The file must be documented to explain the difference.

Effective Term of Verification

Written verifications of income are valid for ninety (90) days prior to move-in and annual recertification. After ninety (90) days, the information may be verbally updated from the source for an additional thirty (30) days. After this time, a new written verification must be obtained. Verbal updates must be documented in the tenant's file on the Document Viewed or Telephone Information Received Form, Exhibit M, or a similar form.

Acceptable Forms of Verification

The annual income for a household receiving housing assistance payments under Section 8 may be verified by obtaining a statement from the Public Housing Authority (PHA). The owner must submit the Section 8 Eligibility Verification, Exhibit S, to the PHA for completion. If the form shows that the tenant's income does not exceed the applicable income limit, the household is eligible to occupy a rent-restricted unit.

Acceptable forms of verification for other specific types of income situations are as follows:

A. Employment Income

- 1st choice: Employment Verification, Exhibit O, completed by the employer, or statement from employer on company letterhead
- 2nd choice: Check stubs or earnings statements showing the employee's gross income per pay period and frequency of income, and a certification from the applicant stating their anticipated income for the 12 months following certification

B. Self-Employment Income

- 1st choice: Federal tax return (Schedule C or F) or accountant's statement of net income
- 2nd choice: Current financial statements of the business and a certification from the applicant giving the anticipated income for the 12 months following certification (This method to be used only for the first year of self-employment.)

C. Social Security

- 1st choice: Social Security Administration Verification, Exhibit T, completed by the agency providing the benefits

2nd choice: Most recent award or benefit notification letter prepared and signed by the authorizing agency

3rd choice: Social Security Check Verification, Exhibit U, completed by the manager and tenant

D. Railroad Retirement

1st choice: Railroad Retirement Verification, Exhibit R, completed by the firm providing the benefits

2nd choice: Most recent award or benefit notification letter prepared and signed by the authorizing firm

E. Unemployment Compensation

1st choice: Unemployment Benefits Verification, Exhibit X, completed by the unemployment compensation agency

2nd choice: Records from the unemployment office stating payment dates and amounts

F. Workers Compensation or other Pension

1st choice: Pension or Workers Comp Verification, Exhibit Q, completed by the agency providing the benefits

2nd choice: Most recent award or benefit notification letter prepared and signed by the authorizing agency

G. Veterans Benefits

1st choice: Veterans Verification, Exhibit Y, completed by the agency providing the benefits

2nd choice: Most recent award or benefit notification letter prepared and signed by the authorizing agency

H. Military Pay

1st choice: Military Pay Verification, Exhibit P, completed by the employer, or statement from employer on business letterhead

2nd choice: Check stubs or earnings statements showing the employee's gross pay per pay period and frequency of pay

I. Child Support and/or Alimony

1st choice: Child Support and/or Alimony Verification, Exhibit K, completed by the Clerk of Court for court ordered support

2nd choice: Child Support and/or Alimony Verification, Exhibit L, completed by spouse

3rd choice: copy of separation or divorce decree stating the amount and type of support payment schedule and a copy of the latest support check

J. Welfare (TANF)

1st choice: Social Services Verification, Exhibit V, completed by the agency providing the benefits

2nd choice: Copy of TANF budget, signed and dated by caseworker

K. Recurring Contributions and Gifts

1st choice: Certification signed by the person providing the assistance, giving the purpose, dates and value of the gifts, or a verification letter from the bank, attorney, or a trustee administering the contribution

2nd choice: Certification from the applicant giving the purpose, dates and value of the gifts

L. Scholarships, Grants, VA Educational Benefits

1st choice: Educational Assistance Verification, Exhibit N, completed by the school

2nd choice: Educational institution's written confirmation (award letter) of amount of assistance and amount designated for rent, utilities, or room and board

3rd choice: Copies of latest benefit checks, canceled checks or receipts for tuition, fees, books, and equipment, (if such income and expenses are not expected to change for the next 12 months)

Unemployed Applicants

The income of unemployed household members with regular income from any source such as Social Security, pension, recurring gifts, etc., must be verified as covered previously.

If a household member is currently unemployed and claiming zero (0) income, the tenant must provide evidence of anticipated income for the certification year by completing an Unemployed Applicant's Affidavit, Exhibit W, and providing a signed copy of the prior year's tax return. Unemployed applicants with no verifiable income (those who check 2(b) on the affidavit) may not be counted as low income, but may occupy a market rate unit if permitted by the management plan. The exception to this would be an applicant whose rent is being paid by a government agency; these applicants may be counted as low income.

If all members of the household are unemployed and intend to live off income from assets only, an Unemployed Applicant Affidavit must be submitted along with the previous year's tax return. The asset income must be verified as described beginning on Page 12.

Annual Income

A determination of annual income must include all of the types of income listed below in the amount **anticipated** to be received by all adult members (18 years of age and older) of the household in the 12 months following certification. However, the head of household and spouse may never be considered minors. All annual income

(as defined in this section) of the head of household and spouse must be counted as income regardless of their age.

Annual Income Includes:

1. the gross amount (before payroll deductions) of wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services of all members of the household, ages 18 and over. (Includes income received from a family-owned business);
2. net income, salaries, and other amounts distributed from a business;
3. the gross amount (before deductions for Medicare, etc.) of periodic Social Security payments. (Includes payments received by adults on behalf of minors or by minors for their own support);
4. annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts;
5. payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay. Any payments that are anticipated during the next 12 months must be included;
6. welfare assistance;
7. alimony and child support;
8. interest, dividends, and other income from assets (including income distributed from trust funds). On deeds of trust or mortgages, only the interest portion of the monthly payments received by the applicant is included;
9. amount by which education grants, scholarships, or Veteran's Administration benefits are intended as a subsistence allowance to cover rent, utility costs, and board of a student living away from home. (No part of a student loan or Title IV scholarship can be included as annual income);
10. recurring monetary contributions or gifts regularly received from persons not living in the unit. (Excludes rent or utility payments regularly paid on behalf of the family by a government agency);
11. lump-sum payments received because of delays in processing unemployment, welfare, or other benefits, excluding Social Security and SSI.

Annual Income Excludes

1. employment income of members of the household, (including foster children) that are under 18. Head of household and spouse may never be considered minors. (Unearned income such as Social Security payments on behalf of minors must be included as income);
2. meals on wheels or other programs that provide food for the needy; groceries provided by persons living in the household;
3. income associated with persons that are living in the unit but are not regular household members, such as payments received for care of foster children or income of live-in attendants;

(A live-in attendant is defined as a person who lives with an elderly, disabled, or handicapped individual and is essential to that individual's care and well-being, is not obligated for the individual's support and would not be living in the unit except to provide the support services);

4. the principal portion of payments received on mortgages or deeds of trust;
5. scholarships or veteran benefits used for tuition, fees, books or equipment, or student loans, regardless of how they are spent;
6. lump-sum additions to family assets such as inheritances, cash from sale of assets, one-time lottery winnings, insurance settlements under health and accident insurance and workmen's compensation, settlement for personal or property losses;
7. nonrecurring or sporadic gifts;
8. annual rent credits or rebates paid to senior citizens by government agencies;
9. hazardous duty pay to a family member in the military;
10. payments received under HUD-funded Comprehensive Improvement Assistance Program;
11. payments received under Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, and Foster Grandparents Program);
12. the value of the allotment made under Food Stamp Act of 1977;
13. payments, rebates, or credits received under Federal Low-Income Home Energy Assistance Programs (LIHEAP);
14. payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farmworkers, Job Corps, veterans employment programs, state job training programs, career intern programs);
15. scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs Student assistance programs, or veteran's benefits that are made available to cover the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses. Examples include Pell Grants, Supplemental Opportunity Grants, State Student Incentive Grants, College work-study, and Bryd Scholarships;
16. payments received under Title V of the Older American Act (Green Thumb, Senior Aides, Older American Community Service Employment Program);
17. lump-sum payments received because of delays in processing Social Security or SSI;
18. earned income tax credit refund payments received on or after January 1, 1991; or
19. child care assistance received under the Child Care and Development Block Grant Act of 1990.

Calculating Annual Income

Owners must convert all verified incomes to annual amounts. To annualize full-time employment, multiply:

1. hourly wages by 2080 hours;
2. weekly wages by 52;
3. bi-weekly amounts by 26;
4. semi-monthly amounts by 24;
5. monthly amounts by 12.

To annualize income from other than full-time employment, multiply:

1. hourly wages by the number of hours the family expects to work annually;
2. average weekly amounts by the number of weeks the family expects to work;
3. other periodic amounts (monthly, bi-weekly, etc.) by the number of periods the family expects to work.

Use an annual wage without additional calculations. For example, if a teacher is paid \$18,000 a year, use \$18,000 whether the payment is made in 12 monthly installments, 9 installments, or some other payment schedule.

Assets

Assets, other than necessary personal items, are considered along with verified income in determining the eligibility of a household.

Valuing Assets

In computing assets, owners must use the cash value of the asset - the amount the family would receive if the asset was converted to cash. Cash value is the market value of the asset less reasonable costs that were or would be incurred in selling or converting the asset to cash. SDHDA considers 10% as a reasonable basis for the costs of conversion.

Example: An applicant owns a home with a market value of \$30,000 and a loan against the home of \$18,000. The cash value of the asset would be shown as \$9,000 (\$30,000 less 10% less \$18,000).

If assets are owned by more than one person, prorate the assets according to their percentage of ownership. If no percentage is specified, prorate the assets evenly among all owners.

Assets Include

1. cash held in savings and checking accounts, safety deposit boxes, homes, etc;
2. trusts - include the principal value of any trust available to the household. (Do not include irrevocable trusts, i.e. ones that no household or family member can control);
3. equity in rental property or other capital investments. Include the current market value less

- a. any unpaid balance on any loans secured by the property, and
 - b. reasonable costs that would be incurred in selling the asset - penalties, broker fees, etc.;
4. stocks, bonds, treasury bills, certificates of deposits, money market funds, etc.;
 5. Individual Retirement and Keogh Accounts;
 6. retirement and pension funds:
 - a. while the person is employed- include only amounts the family can withdraw without retiring or terminating employment;
 - b. at retirement or termination of employment- if benefits will be received in a lump sum, include the benefits in Net Family Assets. If benefits will be received through periodic payments, include the benefits in annual income;
 7. lump sum receipts - include inheritances, capital gains, one-time lottery winnings, settlements on insurance and other claims;
 8. personal property held as an investment - include gems, jewelry, coin collections, or antique cars held as an investment. An applicant's wedding ring and other personal jewelry is not counted as an asset; or
 9. assets disposed of within two years before effective date of certification/recertification:
 - a. If the cash value of the disposed assets exceeds the actual amount the family received by more than \$1,000, include the whole difference between the cash value and the amounts received. Do not include if the difference is less than \$1,000.

Example: On 6/1/91 a couple gave \$2,000 to each of their three grandchildren and deeded a home to their son. The home had a cash value of \$40,000 and the son paid his parents \$12,000 for the home. \$34,000 (\$40,000 less \$12,000 plus \$2,000 x 3) is counted as an asset until such time as the household can certify on an Income Certification form that they did not dispose of any assets during the two years preceding the certification date. (The \$12,000 paid by the son may also be counted as an asset, depending on what was done with the payment.)

- b. do not consider assets disposed of for less than fair market value as a result of a foreclosure, bankruptcy, or a divorce or separation agreement.
- c. do consider:
 - i) assets put into trusts,
 - ii) business assets disposed of for less than fair market value. (Business assets are excluded from net family assets only while they are part of an active business.

Net Family Assets Do Not Include

1. necessary personal property (clothing, furniture, cars, etc.);

2. life insurance policies;
3. assets that are part of an active business. "Business" does not include rental of properties that are held as investment and not a main occupation;
4. assets that are not effectively owned by the applicant - i.e., when assets are held in an individual's name but:
 - a. the assets and any income they earn accrue to the benefit of someone else; and
 - b. that another person is responsible for income taxes incurred on income generated by the assets.

Example: Assets held pursuant to a power of attorney because one party is not competent to manage the assets or assets held in a joint account solely to facilitate access to assets in the event of an emergency.

5. assets that are not accessible to the applicant and provide no income to the applicant.

Example: A battered spouse owns a house jointly but because of the domestic situation receives no income from the asset and cannot convert the asset to cash.

Asset Verification Guidelines

Checking accounts, savings accounts, certificates of deposit, and money market accounts may be third party verified using Asset Verification Form, Exhibit J, or a similar form. Checking accounts must use the average balance for the last six months, while savings accounts, CD's, etc. must use the current balance or value. Those assets and others such as bonds, stocks, IRA's, and retirement funds may also be verified by documentation provided by the tenant, such as copies of statements.

After arriving at a total value of the assets, if the asset value is \$5,000 or less, add the actual amount of income to be derived from the assets to the other verified household income. When assets exceed \$5,000, add the greater of 1) the actual annual income to be derived from these assets, or 2) the imputed income using the passbook interest rate (currently set at 2.00%) to the total verified household income. The household's combined total income cannot exceed the applicable low income limits at move-in.

THE ANNUAL OWNER CERTIFICATION REPORT

The Annual Owner Certification, Exhibit A, must be completed and submitted to SDHDA between January 1 and January 15 each year and certifies to the activities of the past calendar year. The Annual Owner Certification Report and Monthly Occupancy Reports must be received by SDHDA on or before January 15. Nonreceipt of the reports by the due date will automatically prompt a notice of noncompliance to the owner. All owners are required to submit the Annual Owner Certification, Monthly Occupancy Reports, and Move-In Move-Out Report.

DESIGNATION OF AUTHORIZED REPRESENTATIVE

The Designation of Authorized Representative, Exhibit D, if applicable, must be submitted to SDHDA with the Annual Owner Certification. Once this form is submitted, it will not need to be completed again unless the Authorized Representative changes or the owner chooses to revoke the original submission.

THE MONTHLY OCCUPANCY REPORT

A Monthly Occupancy Report, Exhibit B, calculated as of the last day of the month, must be completed on a monthly basis and retained in the project's files. When completing the Monthly Occupancy Report, enter either 50% or 80% under the column entitled "% Median Income." For projects with less than 100% low income dedication, enter NR in this column for the non-restricted units. The actual income for households occupying rent-restricted units shall be entered under the "Income" column. Income for non-restricted units shall be designated by N/A.

Copies of these monthly reports must be submitted to SDHDA along with the Annual Owner Certification, Exhibit A, each year. The 12 reports submitted shall be for the preceding calendar year.

THE MOVE-IN MOVE-OUT REPORT

A Move-In Move-Out Report, Exhibit C, must be kept for each year. List each unit under the "Unit" column and enter R (restricted) or N (non-restricted) under the "Unit Type" column. When someone moves in, enter the last name in the appropriate month's column. When someone moves out and the unit is vacant, enter the letter "V" in the appropriate monthly column.

This report tracks the project's vacancies and rentals. A copy of the report must be submitted with the other required documentation each year.

THE ON-SITE COMPLIANCE REVIEW

SDHDA staff will conduct on-site compliance reviews every two years of all HOME projects with 25 units or less and each year for projects with more than 25 units. This visit will include, but is not limited to, a review of some or all tenant files and an inspection of the general physical condition of the project.

NONCOMPLIANCE

If SDHDA does not receive the required certifications when due or if SDHDA discovers on audit, inspection, or review, or in some other manner that the project is not in compliance with HOME regulations, SDHDA will notify the owner as soon as possible.

The owner will have an opportunity to supply missing certifications or to correct noncompliance within a specified correction period, not to exceed 30 days from the date of the notice to the owner. At the sole discretion of SDHDA, the correction period may be extended for a period of up to six months if there is good cause for granting an extension.

LIABILITY

Compliance under the requirements of the HOME Program is the responsibility of the owner of the project. SDHDA's obligation to monitor for compliance with the requirements of the Program does not make SDHDA liable for an owner's noncompliance.

Exhibit A

SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY

HOME Program

ANNUAL OWNER CERTIFICATION Lease Purchase

Owner Name _____

Address _____

Project Name _____

Address(s) _____

City, Zip _____

Total Units in Project _____ Date of Initial Occupancy _____

No. of Low Income Units _____

1. The Owner certifies that, **initially**:

That 80% of the HOME assisted units in the Project have rents at or below the High HOME Rents and are occupied by individuals whose income is 80% or less of area median income.

___YES ___NO

2. **Subsequent to Lease Purchase period**, the Owner certifies that:

At least 20% or more of the HOME assisted units in the Project have rents at or below the Low HOME Rents and are occupied by individuals whose income is 50% or less of area median income.

___YES ___NO ___N/A

The remaining 80% of the HOME assisted units in the Project have rents at or below the High HOME Rents and are occupied by individuals whose income is 80% or less of area median income.

___YES ___NO ___N/A

3. The Owner certifies that each low-income unit has a gross rent (rent paid by tenant plus any utility allowance) that does not exceed the maximum allowed under the HOME Program.

___YES ___NO

4. The Owner certifies that an initial determination has been made as to whether each tenant meets the low-income rental requirements using anticipated income. An income certification form for each low-income tenant (HOME Tenant Questionnaire, Exhibit I) and supporting documentation is available for inspection.

___YES ___NO

5. The Owner certifies that each unit and building in the project is suitable for occupancy taking into account local health, safety, and building codes and HUD Housing Quality Standards.

___YES ___NO

6. The Owner certifies that the utility allowance is reviewed annually and is obtained through the local PHA or directly from the applicable utility companies.

___YES ___NO ___N/A

7. The Owner certifies that Equal Opportunity, Fair Housing, and Affirmative Marketing Guidelines and Regulations have been followed in all business transactions.

* Please attach a narrative regarding marketing efforts during the past year.

___YES ___NO ___N/A

8. The Owner certifies that all tenant facilities of any building in the project are provided on a comparable basis to all tenants in the building.

___YES ___NO

9. The Owner certifies that no tenants have been evicted or not had leases renewed, except as allowed by law.

___YES ___NO

10. The Owner certifies that all tenants have signed the "Lead Based Paint" form and have been given a copy.

___YES ___NO

11. The Owner certifies that if the income of tenants in low-income units increases, above the limit allowed, the tenant's rent is adjusted to 30% of the family's adjusted income or market rent, and the unit is marketed to an eligible tenant when vacated.

___YES ___NO

12. The Owner certifies that any added requirements, as stated in the written agreements, have been adhered to.

___YES ___NO ___N/A

The undersigned hereby certifies that the information presented herein is true and correct to the best of his or her knowledge and belief.

Report Submitted By: _____
Name of Project/Owner

Signature of General Partner or Authorized Representative*

Owner Address _____

Phone Number _____ Date Submitted _____

* If completed and signed by other than the general partner, a signed and notarized authorization form must be on file at SDHDA. See Exhibit D.

Project Name _____

Period Report Covers _____

Unit No.	Square Feet	Move In Date	Resident Name (or vacant)	No. of Bdrms	Utility Allowance	Rent (Include Utility Allowance)	Income (Restricted Units Only)	% of Area Median Income (50/60/80/NR)	R: H: Hou (se

*Nonrestricted (Not a HOME unit)

Race of Head of Household Code	Head of Household Code
1 - White/Non Hispanic	1 - Single/Non-Elderly
2 - Black/Non-Hispanic	2 - Elderly
3 - Native American	3 - Related/One Parent
4 - Asian	4 - Related/Two-Parent
5 - Hispanic	5 - Other
- Vacant	9 - Vacant

Exhibit D
DESIGNATION OF AUTHORIZED REPRESENTATIVE

I, _____, duly recognized owner of the HOME Project known as _____ hereby authorize the following individual to act as representative and signatory to required documents in my behalf:

Name of Authorized Representative _____

Title of Authorized Representative _____

Address of Authorized Representative _____

I understand that this authorization will remain in effect until revoked by me in writing.

Dated this _____ date of _____ 19_____

Signature of Owner

State of _____)

County of _____)

On this _____ day of _____ 19_____, before me a Notary Public in and for the State of _____, personally appeared _____, known to me to be the person named in and who executed the foregoing instrument.

(SEAL)

Notary Public
State of _____
My Commission Expires _____

**Exhibit E
EQUAL HOUSING OPPORTUNITY
LOGO AND SLOGAN**

**SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
HOME PROGRAM**



We do business in accordance with the Federal Fair Housing Law. It is illegal to discriminate against any person because of race, color, religion, sex, handicap, familial status, or national origin.

Exhibit F

ALLOWANCES TO GROSS INCOME

When determining eligibility to occupy a HOME unit, the household's gross income must always be considered. However, if a tenant goes over the income guidelines after move-in, the owner must charge the tenant 30% of their adjusted income for rent. To determine adjusted income, the following allowances may be given.

1. \$480 allowance for each dependent. A dependent may not be a head of house, co-head, spouse, foster child, or a live-in attendant. A dependent must be younger than 18, or handicapped or disabled, or a full-time student.
2. Allowance for child care expense. This may not include child support payments or expenses for the care of a handicapped or disabled family member age 13 or older. Child care may only be deducted if the care enables a family member to attend school, work, or seek employment, there is no adult in the household capable of providing the care during these times, the amount deducted is reasonable, not paid to a family member living in the household, or is not reimbursed by any other person or agency.
3. Allowance for handicap assistance expenses. The allowance is the lessor of:
 - a. the amount of these expenses which exceeds 3% of annual gross income, OR
 - b. the employment income adult members of the household earn because the handicap assistance is available.
4. Allowance for medical expenses. This allowance is permitted only for those households whose head or spouse is age 62 or older, handicapped, or disabled. If the household has no handicap assistance expenses, the allowance is limited to the total of medical expenses that exceed 3% of annual gross income. If the household also has handicap assistance expenses, the amount is limited to the amount by which the total of the two expenses exceeds 3 percent of gross income.
5. \$400 allowance per household if the head or spouse is age 62 or older, handicapped or disabled.

EXHIBIT G

HOME PROGRAM LEASE PURCHASE AGREEMENT

This is an agreement by Purchaser (whether one or more) to lease the Property from Seller for the Lease Term to purchase the Property from Seller at the conclusion of the Lease Term on the following terms and conditions.

1. Purchaser. _____ is the Purchaser. _____ is the Seller.
2. Purchase Price. The Purchase Price is \$_____.
3. Property. The Property includes (i) the real property described on Exhibit A which is attached and is a part of the Agreement, and (ii) the personal property described on such Exhibit A.
4. Deposit. The Deposit is \$_____ (normally unless agreed otherwise by Seller to be equal to one month's rent) which shall be made with the Seller and shall secure performance of this Agreement. If not otherwise used it shall become part of the Earned Credit.
5. Lease. The Purchaser leases the Property from Seller, and the Seller leases the Property to Purchaser for the Lease Term in accordance with the Lease provisions which are attached as Exhibit B and are a part of this Agreement. The Lease Term begins on _____ and continues for 36 calendar months (the last day being _____) thereafter unless sooner terminated in accordance with the Lease Provisions.
6. Lease Term. The Lease Term can be terminated at any time upon 30 days written notice to Seller, by the Purchaser's election in writing by notice to the Seller to complete the purchase of the Property. Purchaser shall complete the Purchase of the Property upon the termination of Lease Term.
7. Earned Credit. Provided that Purchaser fully complies with this Agreement including Closing and the purchase of the Property, an Earned Credit shall be created at the rate of \$_____ per month of the Lease Term completed at the Closing Date to be used as provided herein. This Earned Credit shall not come into existence if the Purchaser defaults or fails to complete the Lease Term without Closing.
8. Closing Costs. Closing Costs shall include (i) the costs of the owner's title policy (ii) the charges of the title company for any escrow, (iii) fees for the completion of the documentation necessary to Close including an appropriate warranty deed (but not including the release of any mortgage lien which will be the Seller's responsibility) and (iv) all other expenses customarily associated with the Closing of the transactions contemplated herein. Purchaser shall be responsible for all costs associated with obtaining financing of any portion of the Purchase Price provided that at Purchaser's election the Earned Credit may be applied to pay such costs and upon such election, such costs will become Closing Costs. Purchaser shall not be responsible for any fees payable to any licensed real estate broker in connection with this agreement or the Closing thereof.
9. Prorations. Taxes, rent and homeowner association fees are to be prorated to the Closing Date with tax proration to be based as determined by Seller, on previous year's taxes or the most current information available on the Closing Date.

EXHIBIT G

10. Closing. The completion of the Purchase of the Property is called the "Closing." The Closing Date shall be the last day of the Lease Term. On the Closing Date (which may be delayed up to 30 days at Purchaser's election provided the Purchaser pays the rent and other payments owing under the Lease Provisions for such period of extension and otherwise complies with the Lease Provisions), Purchaser shall:

- (1) Pay the balance of the Closing Costs, if any, which are not paid from the Earned Credit;
- (2) Pay in cash (U.S. Dollars) the balance of the Purchase Price to Seller after applying the remaining Earned Credit;
- (3) Execute an acknowledgment that the Property is purchased subject to the Townhouse Association and Common Area Declaration, a copy of which is attached hereto as Exhibit C and is a part hereof and all Supplements and amendments thereto from time to time (the "Townhouse Declaration"), and that the Purchaser is a party thereto; and
- (4) Execute and deliver to Seller such other documents as may be reasonably and customarily required in connection with the sale and purchase of residential townhouse properties.

Seller shall deliver:

- (1) A Warranty Deed conveying good and marketable title to the Property (and a related Bill of Sale to personal property included in the Property) subject to conditions, zoning, restrictions and easements of record, if any, which do not interfere with or restrict the existing use of the Property and subject to the Townhouse Declaration covering the Property and any bylaws, resolutions, customs or procedures of the Townhouse Association.
- (2) An Owner's Policy of Title Insurance to the Property in the amount of the Purchase Price; and
- (3) a survey showing the location of the Property and the boundaries of the common areas.

Purchaser and Seller may accomplish the payments and deliveries to be made at Closing, by paying or delivering the cash or items to the title company designated by Seller.

11. Limitation of Warranties. As stated in the Lease Provisions, Purchaser is responsible for the condition of the Property (including any pest infestation) during the Lease Term. PURCHASER SHALL PURCHASE THE PROPERTY AT CLOSING IN THE CONDITION IT IS IN ON THAT DATE "AS IS WHERE IS." SELLER'S RESPONSIBILITY FOR THE PROPERTY IS LIMITED AS PROVIDED BELOW IN CONNECTION WITH INSPECTIONS. PURCHASER SHALL BE RESPONSIBLE FOR INSURANCE FOR THE CONTENTS OF THE PROPERTY DURING THE LEASE TERM. SELLER SHALL BE RESPONSIBLE FOR INSURANCE OF THE PROPERTY ITSELF. Purchaser's rights in the event of partial or total destruction of or damage to the Townhouse prior to Closing caused by a casualty thereto which is not brought about by the Purchaser, or Purchaser's family, tenants or contract purchasers, shall be as follows:

- (i) If the Townhouse thereby becomes uninhabitable, this Agreement shall terminate effective as of the date the Townhouse becomes uninhabitable and Purchaser shall be entitled to the return of the Deposit (after application to any amounts owing hereunder through such date) and

EXHIBIT G

thereupon (A) purchaser shall have no further responsibility to purchase or lease the Townhouse after such a date from Seller and (B) Seller shall have no further responsibility to Purchaser under this Agreement.

- (ii) If the Townhouse thereby does not become uninhabitable and the cause of such partial destruction or damage is not the result of negligence by the Purchaser or Purchaser's family, tenants or contract purchasers, then Seller shall repair the partial destruction or damage to the extent of the proceeds of insurance which Seller has obtained on the Property, Seller shall purchase insurance on the Property to the extent required in its mortgage of the Property to the South Dakota Housing Development Authority.

12. Acknowledgments by Purchaser. Purchaser acknowledges the following:

- (a) Receipt of Seller's property conditions disclosure statement as required by SDCL 43-4-38 through 43-4-43 prior to signing this Agreement.

(Purchaser's Initials)

- (b) Seller has recommended to Purchaser that at Purchaser's expense, Purchaser shall engage the services of a professional inspector to inspect the property for condition (including structure, mechanical, electrical, hazardous conditions or damage) and for pest infestation. Inspections should be completed and an inspection report delivered to Purchaser before _____. Inspections shall be either approved or disapproved by Purchaser within ___ days or receipt of the inspection report. Should the results of any inspections not be satisfactory to Purchaser, within such period of time, Purchaser shall notify Seller in writing of the specific dissatisfaction. At such time and in such event if the dissatisfaction is as to a material matter, the parties may renegotiate this Agreement or either party may terminate this Agreement (and the Deposit shall be promptly returned). If Purchaser fails to approve or disapprove the results of the inspections as herein provided, Purchaser shall be deemed to have approved such results and have accepted the property in its then current condition and the Seller and licensed brokers involved in the Sale contemplated herein shall have no further responsibility with respect to the inspections or to this Agreement.

(Purchaser's Initials)

13. Possession. Possession of the Property shall be given to Purchaser on the first day of the Lease Term.

14. Dispute Resolution. Any dispute or claim arising out of or relating to this Agreement shall be submitted to mediation in accordance with the rules and procedures of the Sellers/Buyers Designated Resolution System promulgated by Midwest Mediation and Facilitation System. Costs of mediation shall be shared equally between Purchaser and Seller.

15. TIME IS OF THE ESSENCE OF THIS AGREEMENT.

16. Amendment. This Agreement cannot be amended unless in writing agreed to by all parties.

EXHIBIT G

- 17. Successors. This Agreement shall inure to the benefit of and bind the successors, assigns, estates and legal representatives of the parties, provided that in the event of death or incapacity of the Purchaser, this Agreement shall terminate if not specifically assumed by the Purchaser's legal representative or the administrator, executor or legal representative of the Purchaser or Purchaser's estate within 60 days of such death or incapacity.

- 18. Purchaser's Financing. It is assumed that in order for Purchaser to Close the Sale, the Purchaser will need financing of the Purchase Price or a part thereof. Purchaser undertakes to meet the qualifications for a loan in the amount of 97% of the Purchase Price on the projected date of Closing on the assumption that such loan will be made by South Dakota Housing Development Authority ("SDHDA"). Purchaser agrees to seek counseling from a reputable credit counselor immediately on or prior to the execution of this Agreement and to prepare and submit to Seller a written plan to qualify for such a loan at the completion of lease term.

Dated this ____ day of _____, 19__.

SELLER:

By: _____

PURCHASER:

EXHIBIT G

EXHIBIT A

Real Property:

Personal Property:

EXHIBIT G

EXHIBIT B

LEASE PROVISIONS

1. Utilities and Other Occupancy Costs. Purchaser shall be responsible for all utilities and other occupancy costs except the fees for water and garbage pickup, snow removal, common area maintenance and other services to be provided under the Townhouse Declaration. Seller undertakes to pay the necessary dues and otherwise assure performance of the Townhouse Association.
2. Rents. The monthly rent initially shall be \$_____. Seller may increase such rents once in any calendar year during the Lease Term by no more than _____.
3. Condition of Dwelling Unit: By signing this Agreement, Purchaser acknowledges that the Property is safe, clean and in good condition (subject to the Inspection Rights) and that the appliances and equipment included in the Property are in good working order.
4. Maintenance: Except for the maintenance to be provided by the Townhouse Association, Purchaser is responsible for all maintenance and the condition of the Property during the Lease Term, except as provided in paragraph 11 of the Agreement.
5. Keys and Locks: Purchaser agrees not to install additional or different locks on any doors or windows of the Property without the written permission of Seller.
6. HOME PROGRAM: The HOME Investment Partnership Program (hereafter known as the HOME Program) was first authorized in the National Affordable Housing Act of 1990 to expand the supply of long-term affordable housing for low income families. The South Dakota Housing Development Authority (SDHDA) was then designated as the agency to administer federal HOME Funds in South Dakota. The Seller certifies that SDHDA has authorized Seller to collect the rents shown and that it is in accordance with the limits as required in the South Dakota HOME Program guidelines.
7. Changes in the Purchaser's Rent: The Purchaser agrees that the amount of rent the tenant pays may be changed during the term of this Agreement if:
 - a. new HOME rents are established by HUD; or
 - b. The Purchaser fails to provide information on family income, family composition, or other factors as required by the Seller.

The Seller agrees to implement changes in the Purchaser's rent or any assistance payment only in accordance with the time frames and administrative procedures set

EXHIBIT G

forth by the HOME program. The Seller agrees to give the Purchaser at least 30 days advance written notice of any increase in the Purchaser's rent. The Notice will state the new amount the Purchaser is required to pay, the date the new amount is effective, and the reasons for the change in rent. The Notice will also advise the Purchaser that the Purchaser may meet with the Seller to discuss the rent change.

8. Purchaser Obligation to Repay: If the Purchaser submits false information on any application, or recertification, and as a result, is charged a rent less than the amount required by the HOME Program, the Purchaser agrees to reimburse the Seller for the difference between the rent the Purchaser should have paid and the rent the Purchaser was charged. The Purchaser is not required to reimburse the Seller for undercharges caused solely by the Seller's failure to follow HOME Procedures for computing rent or assistance.
9. Damages: Whenever damage is caused by carelessness, misuse, or neglect on the part of the Purchaser, the Purchaser's family or visitors, the Purchaser agrees to pay:
 - a. the cost of all repairs and to do so within a time frame established by the Seller and Purchaser, to be not less than 30 days after receipt of the Seller's demand for the repair charges; and
 - b. rent for the period the unit is damaged whether or not the unit is habitable.
10. Restrictions on Alterations: The Purchaser agrees not to do any of the following without first obtaining the Seller's written permission:
 - a. Change or remove any part of the appliances, fixtures, or equipment in the unit;
 - b. Paint or install wallpaper or contact paper in the unit;
 - c. attach awnings or window guards in the unit;
 - d. attach or place any fixtures, signs, or fences on building(s) or the project ground;
11. General Restrictions: The Purchaser shall use the premises only as a private dwelling for the individuals listed on the certification of purchaser eligibility.

The Purchaser agrees NOT to:

- a. sublet or assign the unit, or any part of the unit;
- b. use the unit for unlawful purposes;

EXHIBIT G

12. Access by Seller: The Seller reserves the right to enter the unit at reasonable hours, except as prescribed in conjunction with the services provided, and to provide advance notice if reasonable, except when emergency situations make such notices impossible, and/or entry must be made in conjunction with services provided by Seller.
- a. The Purchaser agrees to permit the Seller, the Seller's agents, or other persons, when authorized by the Seller, to enter the unit for the purpose of making periodic inspections.
 - b. If the Purchaser moves before this Agreement ends, the Seller may enter the unit to decorate, remodel, alter, or otherwise prepare the unit for re-occupancy.
 - c. If the Purchaser leaves any property in the rental unit after the end of the lease, the Seller may dispose of the property according to the state abandoned property law.
13. DISCRIMINATION PROHIBITED: THE SELLER AGREES NOT TO DISCRIMINATE BASED UPON RACE, COLOR, RELIGION, CREED, NATIONAL ORIGIN, SEX, AGE, HANDICAP, OR FAMILIAL STATUS.
14. Termination of Tenancy:
- a. Purchaser may not terminate this Agreement except by Seller's written consent or material default.
 - b. Seller may terminate this Agreement because of:
 - (1) The Purchaser's serious violations of the terms of this agreement;
or
 - (2) The Purchaser's material failure to carry out obligations under any State Seller and Purchaser Act.

Serious violations include, but are not limited to, nonpayment of rent when due; failure to reimburse the Seller within the time frame established for repairs made under this Agreement; repeated late payment of rent or repeated violations of this lease; permitting unauthorized persons to live in the unit; serious or repeated damage to the unit; creation of physical hazards or other hazards that will increase the project's hazard insurance premium; serious repeated violations of the rental agreement that disrupt the livability of the unit, adversely affect the health or safety of any person or have an adverse financial effect on the unit, interfere with the management of the unit or interfere with the rights and quiet enjoyment of

EXHIBIT G

other neighbors; giving the Seller false information regarding income or other factors considered in determining the Purchaser's rent.

- c. If the Seller proposes to terminate this Agreement, the Seller agrees to give the Purchaser not less than 30 days written notice of the proposed termination. All termination notices will:
 - (1) specify the date this agreement will be terminated;
 - (2) state the grounds for termination with enough detail for the Purchaser to prepare a defense;

15. Penalties for Submitting False Information: If the Purchaser deliberately submits false information regarding income, family composition, or other data on which the Purchaser's eligibility or rent is determined, the Seller may require the Purchaser to pay the higher, HOME approve market rent for as long as the Purchaser remains in the project. In addition, the Purchaser could become subject to penalties available under Federal law.

16. Contents of the Agreement: This Agreement any approved attachments make up the entire Agreement between the Purchaser and the Seller regarding the unit. If any Court declares a particular provision of this Agreement to be invalid or illegal, all other terms of this Agreement will remain in effect; and both the Seller and Purchaser will continue to be bound by them.

17. Copy of the Agreement: The Purchaser certifies that the Seller has provided, and the Purchaser has received a copy of this agreement as indicated by the Purchaser's initials on each page of this Agreement.

INITIALS: SELLER _____
 PURCHASER _____

Exhibit H
HOME Program LEASE AGREEMENT

The HOME Investment Partnership Program (hereafter known as the HOME Program) was first authorized in the National Affordable Housing Act of 1990 to expand the supply of long-term affordable housing for low income families. The South Dakota Housing Development Authority (SDHDA) was then designated as the agency to administer federal HOME Funds in South Dakota.

1. Parties and Dwelling Unit: The parties to this Agreement are _____, referred to as the Landlord and _____ referred to as the Tenant. The Landlord leases to the tenant the unit numbered _____ and located at _____.
_____.
2. Length of Time (Term): The initial term of the Agreement shall be for one year unless by mutual agreement. This agreement shall begin on _____ and end on the last day of _____. After the initial term ends, the agreement will continue for successive terms of one month each unless automatically terminated as permitted by paragraph 19 of this agreement.
3. Rent: The tenant agrees to pay rent of \$ _____ per month. This amount is due on the first day of the month at the offices of _____ located at _____. The Tenant agrees to pay the Landlord the amount shown below, on the date the rent is due. The Landlord certifies that SDHDA has authorized the Landlord to collect the amount shown and that it is in accordance with the limits as required in the South Dakota HOME Program guidelines.
4. Changes in the Tenant's Rent: The Tenant agrees that the amount of rent the tenant pays may be changed during the term of this Agreement if:
 - a. new HOME rents are established by HUD;
 - b. changes in the Tenant's rent are required by annual recertification/or a change in family composition;
 - c. HOME procedures for computing the Tenant's rent change; or
 - d. the Tenant fails to provide information on family income, family composition, or other factors as required by the Landlord.

The Landlord agrees to implement changes in the Tenant's rent or any assistance payment only in accordance with the time frames and administrative procedures set forth by the HOME program. The Landlord agrees to give the Tenant at least 30 days advance written notice of any increase in the Tenant's rent except as noted in Paragraph 14. The Notice will state the new amount the Tenant is required to pay, the date the new amount is effective, and the reasons for the change in rent. The Notice will also advise the Tenant that the Tenant may meet with the Landlord to discuss the rent change.

- 5. Condition of Dwelling Unit: By signing this Agreement, the Tenant acknowledges that the unit is safe, clean and in good condition. The Tenant also agrees that all appliances and equipment in the unit are in good working order.
- 6. Charges for Utilities and Services: The following charts describe how the cost of utilities and services related to occupancy of the unit will be paid. The Tenant agrees that these charts accurately describe the utilities and services to be paid by the Landlord and those to be paid by the Tenant.
 - a. The Tenant must pay for the utilities listed in Column 1 below. Payments should be made directly to the appropriate utility company. The items in column 2 are included in the Tenant's rent.

Column 1		Column 2
Put "X" by Utility Tenant Pays <u>Directly</u> _____ _____ _____ _____ _____	Type of <u>Utility</u> Heat Lights, Elec. Cooking Water Other (specify)	Put "X" by Utility Included in <u>Tenant's Rent</u> _____ _____ _____ _____ _____

- 7. Security Deposits: The Tenant has deposited \$_____ with the Landlord. The Landlord will hold this security deposit for the period the Tenant occupies the unit. Prior to the tenant moving from the unit, the owner and tenant will complete a Move-Out Inspection. At that time, the Landlord will determine whether the Tenant is eligible for a refund of any or all the security deposit. The owner will let the tenant know at that time whether the tenant is eligible for a refund.

The amount of the refund will be determined in accordance with the following conditions and procedures;

- a. The Landlord will refund to the Tenant the amount of the security deposit less any money needed to pay the cost of:
 - (1) unpaid rent;
 - (2) damages that are not due to normal wear and tear;
 - (3) charges for late payment of rent and returned checks;
- b. The Landlord agrees to refund the amount computed or to provide a written statement showing the specific reason(s) for the failure to return it within two weeks after the Tenant has permanently moved out of the unit and the Landlord's receipt of the tenant's mailing address or delivery instructions.

- c. If the unit is rented by more than one person, the tenants agree that they will work out the details of dividing any refund among themselves.
 - d. The Tenant understands that the Landlord will not count the Security Deposit towards the last month's rent or towards repair charges owed by the Tenant in accordance with Paragraph 10.
8. Keys and Locks: The Tenant agrees not to install additional or different locks on any doors or window of the unit without the written permission of the Landlord. When this Agreement ends, the Tenant agrees to return all keys to the dwelling unit to the Landlord.
9. Maintenance:
- a. The Landlord agrees to:
 - (1)
 - (2)
 - (3)
 - (4)
 - b. The Tenant agrees to:
 - (1)
 - (2)
 - (3)
 - (4)
10. Damages: Whenever damage is caused by carelessness, misuse, or neglect on the part of the Tenant, the Tenant's family or visitors, the Tenant agrees to pay:
- a. the cost of all repairs and within a time frame established by the owner and tenant, to be not less than 30 days after receipt of the Landlord's demand for the repair charges; and
 - b. rent for the period the unit is damaged whether or not the unit is habitable.
11. Restrictions on Alterations: The Tenant agrees not to do any of the following without first obtaining the Landlord's written permission:
- a. Change or remove any part of the appliances, fixtures, or equipment in the unit;
 - b. Paint or install wallpaper or contact paper in the unit;
 - c. attach awnings or window guards in the unit;

- d. attach or place any fixtures, signs, or fences on building(s), or the project ground;
12. General Restrictions: The Tenant shall use the premises only as a private dwelling for the individuals listed on the certification and recertification of tenant eligibility. The Tenant shall notify the Landlord when family composition changes.

The Tenant agrees NOT to:

- a. sublet or assign the unit, or any part of the unit;
- b. use the unit for unlawful purposes;
13. Regularly Scheduled Recertification: Every year on or about the _____ day of _____, the Landlord will request the Tenant to report the income and composition of the Tenant's household and to supply any other information required by the HOME Program for determining the Tenant's rent. The Tenant agrees to provide accurate statements of this information and to do so by the date specified in the Landlord's request. The Landlord will verify the information supplied by the Tenant and use the verified information to recompute the amount of the Tenant's rent.
- a. If the Tenant does not submit the required recertification information by the date specified in the Landlord's request, the Landlord may impose the following penalties. The Landlord may implement these penalties only in accordance and time frames specified in the SDHDA regulations, handbooks, and instructions related to the administration of the HOME Program.
- (1) Require the Tenant to pay the higher, HUD-approved Home market rent for the unit.
- (2) Implement any increase in rent resulting from the recertification processing without providing the 30-day notice otherwise required by Paragraph 4 of this Agreement.
- b. The Tenant may request to meet with the Landlord to discuss any change in rent resulting from recertification processing.
14. Tenant Obligation to Repay: If the Tenant submits false information on any application, or recertification, and as a result, is charged a rent less than the amount required by the HOME Program, the Tenant agrees to reimburse the Landlord for the difference between the rent the Tenant should have paid and the rent the Tenant was charged. The Tenant is not required to reimburse the Landlord for undercharges caused solely by the Landlord's failure to follow HOME procedures for computing rent or assistance.
15. Access by Landlord: The Landlord reserves the right to enter the unit at reasonable hours, except as prescribed in conjunction with the services provided, and to provide advance notice if reasonable, except when emergency situations make such notices impossible, and/or entry must be made in conjunction with services provided by Landlord.
- a. The Tenant agrees to permit the Landlord, the Landlord's agents, or other persons, when authorized by the Landlord, to enter the unit for the purpose of making reasonable repairs and periodic inspections.

- b. After the Tenant has been given notice of intent to move, the Tenant agrees to permit the Landlord to show the unit to prospective tenants during reasonable hours.
 - c. If the Tenant moves before this Agreement ends, the Landlord may enter the unit to decorate, remodel, alter, or otherwise prepare the unit for re-occupancy.
 - d. If the Tenant leaves any property in the rental unit after the end of the lease, the Landlord may dispose of the property according to the state abandoned property law.
16. **Discrimination Prohibited:** The Landlord agrees not to discriminate based upon race, color, religion, creed, national origin, sex, age, handicap, or familial status.
17. **Change in Rental Agreement:** The Landlord may, with the prior approval of SDHDA, change the terms and conditions of this Agreement other than changing the rent as provided for in Paragraph 4. Any changes will become effective at the end of the initial term or successive term. The Landlord must notify the Tenant of any change and must offer the Tenant a new Agreement. The Tenant must receive the notice at least 60 days before the proposed effective date of change. If the Tenant does not accept the new terms and conditions of the Agreement, Tenant must notify the Landlord within 30 days of effective date of new agreement that Tenant intends to terminate the tenancy.
18. **Termination of Tenancy:**
- a. To terminate this Agreement, the Tenant must give the Landlord not less than 30 days written notice on the first of the month before moving from the unit. If the Tenant does not give the full 30-day notice, the Tenant will be liable for rent up to the end of the month for which notice was required or to the date the unit is re-rented, whichever comes first.
 - b. Any terminations of this Agreement by the landlord must be carried out in accordance with the HOME regulations, state and local law and the terms of this Agreement. The Landlord may terminate this Agreement only for:
 - (1) the Tenant's serious violations of the terms of this agreement;
 - (2) the Tenant's material failure to carry out obligations under any State Landlord and Tenant Act; or

Serious violations include, but are not limited to, nonpayment of rent when due; failure to reimburse the Landlord within the time frame established for repairs made under Paragraph 10 of this agreement; repeated late payment of rent or repeated violations of this lease; permitting unauthorized persons to live in the unit; serious or repeated damage to the unit; creation of physical hazards or other hazards that will increase the project's hazard insurance premium; serious or repeated violations of the rental agreement that disrupt the livability of the unit, adversely affect the health or safety of any person or have an adverse financial effect on the unit, interfere with the management of the unit or interfere with the rights and quiet enjoyment of other neighbors; giving the Landlord false information regarding income or other factors considered in determining the Tenant's rent .

c. If the Landlord proposes to terminate this Agreement, the Landlord agrees to give the Tenant not less than 30 days written notice of the proposed termination. All termination notices will:

- (1) specify the date this agreement will be terminated;
- (2) state the grounds for termination with enough detail for the tenant to prepare a defense;
- (3) advise the Tenant that the Tenant has 10 days within which to discuss the proposed termination of tenancy with the Landlord. The 10 day period will begin on the earlier of the date the notice was hand-delivered to the Tenant or the day after the date the notice is mailed.

19. Penalties for Submitting False Information: If the Tenant deliberately submits false information regarding income, family composition, or other data on which the Tenant's eligibility or rent is determined, the Landlord may require the Tenant to pay the higher, HOME approved market rent for as long as the Tenant remains in the project. In addition, the Tenant could become subject to penalties available under Federal Law.

20. Contents of the Agreement: This Agreement and any approved attachments make up the entire Agreement between the Tenant and the Landlord regarding the unit. If any Court declares a particular provision of this Agreement to be invalid or illegal, all other terms of this Agreement will remain in effect; and both the Landlord and Tenant will continue to be bound by them.

21. The Tenant certifies that the Landlord has provided, and the Tenant has received a copy of this agreement as indicated by the Tenant's initials on each page of this Agreement.

22. TENANT

BY: _____ Date Signed _____

BY: _____ Date Signed _____

BY: _____ Date Signed _____

BY: _____ Date Signed _____

LANDLORD: _____

By: _____ Date Signed _____

6. **Do you currently receive rental assistance?** Yes () No ()

		Amount Per Month
If yes, are you receiving:	Section 8 Certificate ()	_____
	Section 8 Voucher ()	_____
	Other ()	_____

7. **Please answer each of the following questions. For each "Yes" answer provide details in the chart below.**

	<u>Yes</u>	<u>No</u>
Is any member of your household employed, full-time, part-time, or seasonally?	_____	_____
Does any member of your household expect to work for any period during the next 12 months?	_____	_____
Does any member of your household work for someone who pays them in cash?	_____	_____
Is any member of your household on leave of absence from work due to lay-off, medical, maternity, or military leave?	_____	_____
Does any member of your household now receive or expect to receive unemployment benefits?	_____	_____
Does any member of your household now receive or expect to receive child support?	_____	_____
Is any member of your household entitled to child support that he/she is not now receiving?	_____	_____
Does any member of your household now receive or expect to receive alimony payments?	_____	_____
Is any member of your household entitled to alimony payments that he/she is not now receiving?	_____	_____
Does any member of your household receive or expect to receive welfare assistance?	_____	_____
Does any member of your household receive or expect to receive Social Security benefits?	_____	_____
Does any member of your household receive or expect to receive income from a pension or annuity?	_____	_____
Does any member of your household receive regular cash contributions from individuals not living in the unit or from agencies?	_____	_____
Does any member of your household receive income from assets, including interest on checking or savings accounts, interest and dividends from certificates of deposit, stocks, or bonds, or income from the rental of property?	_____	_____

For each type of income that your household receives, give the source of the income and the amount of income that can be expected from that source during the next 12 months.

FAMILY MEMBER	SOURCE OF INCOME/ TYPE OF INCOME	ANNUAL INCOME

If additional space is needed attach a separate sheet.

8. List all checking and savings accounts (including IRA's, Keough accounts, and Certificates of Deposit) of all household members, including accounts disposed of during the past two years.

FAMILY MEMBER	FINANCIAL INSTITUTION	ACCOUNT NUMBER	TYPE	BALANCE

List value of all stocks, bonds, trusts, pension contributions, or other assets: _____

Do you own a home or other real estate? _____

Did you have any assets in the last two years not listed above? _____
 If yes, did you dispose of any assets for less than fair market value? yes or no _____
 (This means that the assets were either given away or sold at less than the allotted market value.)
 What were the assets, the market value at the time of disposition, the amount received, and date you disposed of the assets? _____

Any assets listed as disposed of for less than fair market value in the two years preceding the effective date of the certification or recertification will be counted as assets if the difference between the value and the amount received exceeds \$1000.

RESIDENT'S STATEMENT: I understand that the above information is being collected to determine my eligibility for residency. I authorize the owner/manager to verify all information provided on this application and my signature is consent to obtain such verification. I certify that I have revealed all assets currently held or previously disposed of and that I have no assets other than those listed on this form (other than personal property). I further certify that the statements made in this application are true and complete to the best of my knowledge and belief and am aware that false statements are punishable under Federal law and grounds for eviction.

Signature of Head: _____ Date: _____
 Signature of Spouse or Co-Tenant: _____ Date: _____

Project Use Only

Household Income from Section #7: _____

Actual Income from Assets: _____

Asset Value _____ X imputed rate of _____ = _____

(If \$5000 or greater then impute)

Greater of Actual or Imputed Income from Assets _____

Total Household Income: _____

Exhibit J
ASSET VERIFICATION FORM

Name of Bank

Address

Re:

SS#

The person listed above has indicated that he or she has assets in your institution. Information provided will remain confidential and will be used solely for the purpose of determining eligibility for occupancy.

Sincerely,

Project Management Agent



I hereby authorize the above named management agent to make inquiries regarding my financial circumstances.

Signed _____ Date _____



Checking Account Balance _____ Rate of Interest _____

Average Balance for Previous Six months _____

Current Savings Account Balance _____ Rate of Interest _____

Certificates of Deposit # _____ Value _____ Interest Rate _____

Certificates of Deposit # _____ Value _____ Interest Rate _____

Certificates of Deposit # _____ Value _____ Interest Rate _____

Certificates of Deposit # _____ Value _____ Interest Rate _____

Money Market Certificate Value _____ Interest Rate _____

Other Accounts _____

Signature of Authorized Representative _____

Title _____

Date _____

Exhibit K
CHILD SUPPORT AND/OR ALIMONY VERIFICATION
(Completed by Clerk of Court)

TO: _____ DATE _____

RE: _____

The person listed above has indicated that he or she is receiving court ordered support. Information provided will remain confidential and will be used solely for the purpose of determining eligibility for occupancy.

Sincerely,

Project Management Agent

I hereby authorize the above named management agent to make inquiries regarding my child support/alimony for the purpose of determining my eligibility for occupancy.

SIGNED _____ DATE _____

This will certify that the above named person receives \$ _____
per _____ in child support and \$ _____ per _____
in alimony. (A copy of the account ledger may be substituted.)

PLEASE RETURN FORM TO:

Exhibit L
CHILD SUPPORT AND/OR ALIMONY VERIFICATION
(Completed by Former Spouse)

TO: _____ DATE _____

RE: _____

The person listed above has indicated that he or she is receiving support from you. Information provided will remain confidential and will be used solely for the purpose of determining eligibility for occupancy.

Sincerely,

Project Management Agent

I hereby authorize the above named management agent to make inquiries regarding my child support/alimony for the purpose of determining my eligibility for occupancy.

SIGNED _____ DATE _____

This will certify that I pay \$_____ per _____
in child support to _____
for support of _____

This will certify that I pay \$_____ per month in alimony to

Name

Signature of Former Spouse _____

PLEASE RETURN FORM TO:

Exhibit M
DOCUMENT VIEWED OR TELEPHONE INFORMATION RECEIVED FORM

(Verification Received by Telephone, Personal Contact,
or from Document Retained by Applicant/Tenant)

RE: _____
Applicant/Tenant

DATE: _____

Documents Viewed: _____

Or Person Contacted: _____

Representing: _____

Item Verified: _____

Information Supplied: _____

Comments: _____

Project Name: _____

Signed: _____
Authorized Representative

Exhibit N
EDUCATIONAL ASSISTANCE VERIFICATION

TO: _____

DATE _____

RE: _____

The person listed above has indicated that he or she is receiving educational assistance. Information provided will remain confidential and will be used solely for the purpose of determining eligibility for occupancy.

Sincerely,

Project Management Agent

I hereby authorize the above named management agent to make inquiries regarding my educational assistance for the purpose of determining my eligibility for occupancy.

SIGNED _____

DATE _____

	Amount	Period of Time it Covers
BEOG	_____	_____
SEOG	_____	_____
GI Bill	_____	_____
CETA	_____	_____
Vocational Rehab	_____	_____
Other _____	_____	_____

Portion of above amounts intended as a subsistence allowance to cover such costs as rent, utilities, and board. _____

Signature of authorized representative _____

Official position of signer _____

Date _____

Telephone Number _____

PLEASE RETURN FORM TO:

Exhibit P
MILITARY PAY VERIFICATION

TO (Name & Address of Employer)

Date: _____

Re: _____

The person listed above has indicated that he or she is employed by the military. Information provided will remain confidential and will be used solely for the purpose of determining eligibility for occupancy.

Sincerely,

Project Management Agent



I hereby authorize the above named management agent to make inquiries regarding my employment for the purpose of determining my eligibility for occupancy.

Signed: _____

Date: _____



Gross Earnings anticipated over next 12 months:

Monthly Base Pay _____

BAQ _____

FED-RATE _____

Commuted Rations _____

Clothing Allowance _____

Other Special Pay _____

Total Annual Entitlement _____ Total Monthly Entitlement _____

Grade Level _____ Probability of Continued Enlistment: _____



Authorized Official Name and Title:

Signature: _____

Date: _____

Military Agency: _____

Address: _____ Phone: _____

City: _____ State: _____

Zip: _____

PLEASE RETURN TO:

Exhibit Q
PENSION OR WORKERS COMP VERIFICATION

DATE _____

RE: _____
Client or Employee

TO WHOM IT MAY CONCERN:

The person listed above has indicated that he or she is receiving payment from you. Information provided will remain confidential and will be used solely for the purpose of determining eligibility for occupancy.

Sincerely,

Project Management Agent

You are hereby authorized to furnish all information requested on this inquiry.

SIGNED: _____ DATE: _____

Weekly _____ Monthly _____ Payments to Employee \$ _____

Weeks or amount still to be paid _____

Effective Date _____ Ending Date if known _____

Retirement Pension Number _____

Current Gross Monthly Retirement Income \$ _____

Total Gross Pension Income expected for the next 12 months \$ _____

Remarks: (Please indicate any anticipated changes.) _____

By: _____

Date: _____

Title: _____

Phone: _____

PLEASE RETURN FORM TO:

Exhibit R
RAILROAD RETIREMENT VERIFICATION

RAILROAD RETIREMENT BOARD CLAIM NUMBER

SOCIAL SECURITY ACCOUNT NUMBER

Date _____

Railroad Retirement Board

I, _____
First Name Middle Name Last Name

Number and Street City or Town State Zip Code

do hereby authorize the Railroad Retirement Board to furnish to the

_____ the following information.

Project Name _____

Signature of Applicant/Tenant

Date

Gross Amount of Pension \$ _____

Effective Date _____

Comments _____

SIGNATURE AND TITLE OF AUTHORIZED RAILROAD RETIREMENT

Official _____

DATE _____

Exhibit S
SECTION 8 ELIGIBILITY VERIFICATION

DATE: _____

CLIENT: _____

ADDRESS: _____

SS#: _____

TO WHOM ITMAY CONERN:

The client listed above has indicated that he or she is receiving Section 8 Housing Assistance from your gency. Information provided will remain confidential and will be used solely for the purpose of determining eligibility for occupancy in a HOME project.

Sincerely,

HOME Project Manager

I hereby authorize the above named management agent to make inquiries regarding my income for the purpose of determining my eligibility for occupancy.

Signed _____

Date _____

The total annual gross income for the above named household, as verified by this PHA, is :

\$_____.

Please attach a copy of the most recent 50059.

Signature of PHA Worker: _____

Name of PHA: _____

Date _____

Telephone _____

PLEASE RETURN TO:

Exhibit T
SOCIAL SECURITY ADMINISTRATION VERIFICATION

CLAIMANT NAME _____ DATE OF BIRTH _____

SOCIAL SECURITY # _____ S.S.CLAIM # _____

ADDRESS _____

I do hereby authorize the Social Security Administration to furnish to the _____
information regarding the amount of the monthly payment made to me. Project Name

Signature _____ Date _____

Indicate information needed by checking spaces below:

___ The gross amount of the monthly social security benefit is \$ _____

___ The amount deducted for Medicare is \$ _____

___ The net amount of the social security check each month is \$ _____

The amount became effective _____
Month Year

___ The monthly amount of the supplemental security income payment is \$ _____

The amount became effective _____
Month Year

___ Other information needed: Please specify on reverse side.

Complete only if you are unable to verify information requested:

___ Claim still pending

___ No record based on identifying information

___ Other - see reverse side of form.

SIGNATURE AND TITLE OF AUTHORIZED SOCIAL SECURITY

OFFICIAL _____

DATE _____ PHONE NUMBER _____

PLEASE RETURN TO:

Exhibit U
SOCIAL SECURITY CHECK VERIFICATION

I, _____, certify that I viewed Check No. _____
Owner/Manager

issued to _____ on _____
Tenant/Applicant Issue Date of Check

in the amount of \$ _____.
Net Amount

The amount of the check represented the regular monthly income from
Social Security, etc. Tenant/Applicant for _____.

The amount of \$ _____ has been deducted for Medicare premium.

The gross amount of the check before any deductions was \$ _____.

Signature

Title

Date

I hereby certify that the information reported above concerning my Social Security and/or SSI income is correct. I understand that the amount of the medicare premium, if any, must be included in my income for the purpose of determining my eligibility for occupancy in a HOME Project.

Tenant/Applicant Signature

Date

Exhibit V
SOCIAL SERVICES VERIFICATION

DATE: _____

CLIENT: _____

ADDRESS: _____

TO WHOM IT MAY CONCERN:

The client listed above has indicated that he or she is receiving income from your agency. Information provided will remain confidential and will be used solely for the purpose of determining eligibility for occupancy.

Sincerely,

Project Management Agent

I hereby authorize the above named management agent to make inquiries regarding my income for the purpose of determining my eligibility for occupancy.

Signed _____

Date _____

Detailed Budget Statement Provided _____

Monthly Payment From This Agency: AFCE \$ _____ GA \$ _____

Child Support Pass Through _____

Other _____

Other Known Income _____

Payments over the last 6 months _____

Remarks - Please indicate any anticipated changes in:

(1) The monthly payment: _____

(2) The family status of the Applicant: _____

Signature of Social Service Worker: _____

Title: _____

Date: _____

Phone: _____

PLEASE RETURN TO:

q:\web\website\sdhda\homelp.doc
December 1998

Exhibit W
UNEMPLOYED APPLICANT'S AFFIDAVIT

1. I have made application to rent an apartment in _____
_____.

2. Check (a) or (b) as applicable:

____ (a) I am not presently employed but anticipate becoming becoming employed within the next twelve months.

____ (b) I am not presently employed and do not anticipate becoming employed within the next twelve months.

3. Based on my past work experience, skills, and income history as reflects in my income tax return for the most recent tax year (copy attached) and with adjustments to reflect circumstances anticipated within the next twelve months, I expect to earn \$ _____ per year when I am employed.

Applicant

Date

Exhibit X
UNEMPLOYMENT BENEFITS VERIFICATION

RE: CLIENT: _____

ADDRESS: _____

CLAIM NO: _____

The above individual has indicated he/she is receiving benefits from your agency. Information provided will remain confidential and will be used solely for the purpose of determining eligibility for occupancy.

BY: _____

TITLE: _____

I hereby authorize the above named management agent to make inquiries regarding my household income for the purpose of determining my eligibility for occupancy.

Signature of Applicant

Date

Weekly payments to client _____

Beginning date of payments _____ Ending date (if known) _____

Is this client entitled to an extension of benefits? _____ If yes, for how long? _____

REMARKS: _____

BY: _____

DATE: _____

TITLE: _____

PHONE: _____

PLEASE RETURN TO:

