



RESIDENT SELECTION CRITERIA POLICY

HARBOR VILLAGE APARTMENTS

Effective: February 1, 2007

Picerne Real Estate Group is an Equal Opportunity Housing Provider. As such, we comply with the Federal Fair Housing Act as well as all applicable state and local housing laws. Thus, our policies, practices and decisions do not discriminate against any person due to race, color, ancestral origin, religion, sex, mental or physical disability, familial status, age, sexual orientation, marital status, gender expression or identity, or victims of domestic violence or any other protected class.

The following guidelines were designed to ensure that all applicants are treated objectively and without bias.

APPLICANT(S): Each applicant(s) must be at least 18 years of age and qualified to execute a legally binding lease agreement. All persons age 18 and older are considered applicants (dependents of applicants, exclusive of guarantors, are excluded). All applicants and occupants are required to be listed on the signed application and legally binding lease agreement.

A valid, verifiable social security number is required from each applicant(s). The preferred means of verifying a valid social security number is for a member of the property's leasing and/or management staff to view an authentic, non-laminated social security card as issued by the Social Security Administration. Other Acceptable forms of verification are:

- Pay stubs
- W-2 forms
- 1099 forms
- Original notarized employment letter

An I-20 form, I-9 form, or an Individual Tax Identification Number (ITIN) will be accepted for applicants without a valid, verifiable social security number. The preferred means of verifying a valid ITIN is for a member of the property's leasing and/or management staff to view an authentic, non-laminated ITIN card as issued by the Department of the Treasury, Internal Revenue Service.

OCCUPANCY STANDARD: As recommended by the Department of Housing and Urban Development, the maximum number of occupants in an apartment is limited to two (2) persons per bedroom.

APARTMENT AVAILABILITY POLICY: Apartments become available when a current household provides a member of the property's leasing and/or management staff with a written notice of their intention to vacate their apartment. The existing household has the right to rescind or postpone their intention to vacate at any time. In the event that a vacate notice is rescinded, the apartment previously available will no longer be available.

Available apartments and rental rates are subject to change at any time and without notice. Apartments, and their corresponding rental rates, are considered rented when a holding deposit and completed application is provided to a member of the property's leasing and/or management staff. An incomplete application will not be processed.

APPLICATION PROCESS: In order to apply for an apartment, the applicant(s) must submit a completed, signed and dated application along with a non-refundable application fee of \$50.00 per applicant, plus \$150.00 of the holding deposit. The holding deposit is equal to one month's rent, \$150.00 of which is due at the time of application. Once management has approved the application, the balance of the holding deposit is due and payable within one week or at the time of move-in, if sooner. The holding deposit will be applied to the applicant's account. If management rejects the application, the holding deposit will be refunded. If an applicant(s) cancels after 72 hours of the initial time and date of application, the entire balance on account will be forfeited.

In order for an application to be processed, the applicant(s) will be required to provide certain information and/or documentation to the property's leasing or management staff. If an applicant(s) fails to provide the requested information and/or documentation within 72 hours of the initial time and date of application, the applicant(s) may forfeit the right to secure a particular apartment. Each application submitted for processing must include, but is not limited to, the following: household composition; valid, verifiable social security number(s) of applicant(s); valid, verifiable Individual Tax Identification Number(s) of applicant(s); I-20 form(s); date(s) of birth; current and previous physical address (not P.O. boxes); phone number(s); current and previous landlord information; employment/asset information; vehicle identification; description of pets; credit references; emergency contact name, address and phone number. The property's leasing and/or management staff reserves the right to request any additional information deemed necessary to complete the processing of the application.

RENTAL CRITERIA: The applicant(s) is reviewed and evaluated based on landlord/rental history verification, income/asset verification, credit history and a criminal background check. Rental application approvals and denials are made based on the following:

A. Landlord/Rental History Verification: The most recent thirty-six (36) month rental history must be provided. Each applicant(s) is required to provide the name, address and phone number for all current and previous landlords included in the thirty-six (36) month rental history. While the applicant(s) is only required to provide the most recent thirty-six (36) month rental history, all rental history obtained will be evaluated. An applicant(s) that has been evicted, owes an outstanding balance to a previous landlord, or has a negative verified rental history will not be accepted. No applicant(s) will be accepted with a derogatory rental history (payment or otherwise).

B. Income/Asset Verification: The qualifying applicant(s) must be able to verify one of the following:

1. Annual gross income to annual rent must equal or exceed a ratio of 3.5:1
2. Total liquid asset* value to annual rent must equal or exceed a ratio of 4:1
3. Combined annual gross income and total liquid asset* value to annual rent must equal or exceed a ratio of 4:1

For households comprised of more than one applicant, exclusive of guarantors, the combined total annual income/asset verification must equal or exceed the ratios stated above.

*Liquid assets are defined in this policy as money in bank accounts and investments that can be converted quickly to cash and be available to pay the debt of the applicant(s). Liquid assets include money in: savings

accounts, checking accounts (for checking accounts, the average six (6) month balance will be used in determining the value of the asset), U.S. treasury bills, stocks, bonds, stock & bond mutual funds, certificates of deposit, money markets and certain trust funds.

Preferred methods of income and asset verification include: third party verifications, recent pay stubs, W-2 forms, 1099 forms, employment letters on company letterhead, I-20 forms, I-9 forms, and financial statements.

C. Credit History: A credit report will be run on each applicant(s) listed on the application.

An unsatisfactory credit report may disqualify applicant(s) from renting an apartment home at this community. An unsatisfactory credit report is one that reflects past or current bad debts, late payments, unpaid bills, liens, judgments, and/or bankruptcies. Any bankruptcy reflected on applicant(s) credit report must be discharged for more than 12 months for the applicant(s) to be considered for residency.

This community relies on rental scoring to determine the level of financial risk the community will assume if an apartment is leased to applicant(s). For more information on rental scoring, applicant(s) is encouraged to read the attached document called *Rental Scoring & Your Rental Application*. If an applicant(s) is denied occupancy as a result of poor credit history the applicant(s) will be given the name, address, and telephone number of Registry-SafeRent, the provider of credit reports to this community. Copies of credit reports will not be distributed from the apartment community.

A social search will be run for each applicant whose credit report is returned by a national credit-reporting agency highlighting suspect conditions pertaining to the social security number listed on the application provided that the social security number fraud alert does not specify “not issued” or “issued to deceased person”, in which case the applicant(s) will be denied. A social search will provide additional names and addresses of individuals associated with the social security number provided by the applicant in question; verify the authenticity of the social security number; provide maiden, alias, misspelled names and changed identity; provide additional employment information; and help to detect fraudulent activity.

D. Criminal Background check: After an applicant(s) passes the credit history criteria stated above, a criminal background check will be run on each applicant(s) listed on the application. Negative information associated with a criminal conviction against persons, property, society and/or children and/or any drug or gang related crime will result in an automatic denial.

E. Guarantors: If an applicant(s) does not qualify based on the income/asset criteria, a guarantor may be an option. Each guarantor is considered an applicant and is subject to a \$50.00 non-refundable application fee, as well as all of the resident selection criteria, except a Criminal Background check. Each qualifying guarantor must be able to verify one of the following:

1. Annual gross income to annual rent must equal or exceed a ratio of 6:1
2. Total liquid asset* value to annual rent must equal or exceed a ratio of 6.5:1
3. Combined annual gross income and total liquid asset* value to annual rent must equal or exceed a ratio of 6.5:1

F. Corporate Applicants: Corporate applicants must submit all of the following:

1. A completed application signed by an officer of the company
2. A valid verifiable tax ID number
3. The previous years tax return or Dunn & Bradstreet report or Experian business credit report or bank and vendor references.
4. Corporate Lease Addendum signed by an officer of the company



Registry-SafeRent
It's an easy decision.

Rental Scoring & Your Rental Application

Many landlords rely upon "Rental Scores" to estimate the relative financial risk of leasing an apartment to you. In addition to estimating risk, rental scores are an objective and consistent way of reviewing relevant applicant information, and help speed the application approval process.

How is my rental score determined?

Rental scoring systems assign points to certain factors identified as having a statistical correlation to future financial lease performance. Your rental score results from a mathematical analysis of information found in your credit report, application, and previous rental history. Such information may include your bill-paying history, the number and type of accounts you have, collection actions, outstanding debt, income, and the number of inquiries in your consumer report. The final number, or rental score, represents an estimated level of risk as compared to the performance of other consumers in a range of scores.

Because your rental score is based upon real data and statistics, it is more reliable than subjective methods of evaluating your information. Rental scoring treats all applicants consistently and impartially. Additionally, your rental score never uses certain characteristics like-- race, color, sex, familial status, handicap, national origin, or religion-- as factors.

How is my rental score used?

Rental decisions are based upon how much risk a landlord is prepared to accept. Each landlord, therefore, sets the minimum score required for approval of an application. It is possible for your rental score to yield different results depending upon where you apply. Your rental score might mean a denial at one property, while the same score might be approved at another. It all depends upon the risk a landlord is prepared to accept.

What can I do to improve my rental score?

Your rental score may change if the underlying information it is based upon changes. The total improvement, however, generally depends on how that factor relates to other factors considered by the scoring system. Nevertheless, to improve your rental score, concentrate on paying your bills on time, paying down outstanding balances, and not taking on new debt. Your chances of approval should also improve if you apply for an apartment with lower monthly rent.

Where can I have my score explained?

Should your application be denied based upon your rental score, you can learn which factors most negatively influenced your score by contacting the consumer reporting agency listed below. Additionally, you can obtain a free copy of your consumer report, if you make the request to the consumer reporting agency within 60 days of the denial.

Registry-SafeRent
ATTN: Consumer Relations Department
11140 Rockville Pike, PMB 1200
Rockville, MD 20852
Ph. (888) 333-2413

Applicant Signature

Date