

Horace Mann Associates, L.P.  
660 Washington St., Lake County  
Gary, IN 46402  
Office Phone no.: (219)880-2810

## RESIDENT SELECTION AND QUALIFICATION CRITERIA

To assist you with your decision on your new home, we are providing a list of guidelines used to qualify applicants for residency in our communities. MBM follows specific resident selection and qualification criteria for each property it manages, which may vary from property to property based on different HUD, tax credit, state, local, or other requirements applicable to the project. You may read or review a copy of the applicable Resident Selection Plan and Qualification Criteria for this property at our office or request a copy from the manager to take with you. Nothing contained in these requirements shall constitute representation by McCormack Baron Management (MBM) that all residents and occupants currently residing in our community have met or currently meet these guidelines. Our policy is to require everyone over 18 to be a leaseholder and therefore, must be approved as a leaseholder. We make very limited exceptions. Qualification standards include but are not limited to the following criteria.

The resident selection procedure applies to all adult applicants expected to reside in the household. This also includes all persons who become members of the household during occupancy. Eligibility criteria are required elements that cannot be mitigated. In accordance with the attached documentation, screening criteria may be eligible for mitigation.

### ELIGIBILITY CRITERIA

#### I. INCOME

Maximum income limits may apply on certain units. See Appendix B for specific limits.

##### Minimum Income Requirement

- Applicants must show proof of ability to pay rent. Income will be verified on all applicants 18 years of age and older, without regard to the source of income (i.e., social security income, vouchers, or other sources of income will be considered)
- Applicants must have a combined verifiable income in an amount in accordance with current community guidelines no less than 2.5 times the non-subsidy portion of the rental rate. If an applicant has no income, a guarantor (if applicable) must be obtained, or the applicant may be conditionally denied.
- All income must be verifiable, regardless of the source of income.

#### II. Age

- The age restriction for this property is N/A

### SCREENING CRITERIA

All applicants for admission to any unit who meet the income eligibility requirements must satisfy certain screening criteria after consideration of applicable mitigating circumstances, if any, unless otherwise specified. Specific lookback periods for screening criteria will be outlined in Appendix A if applicable.

#### III. RENTAL HISTORY

The following outlines some of the criteria that may result in a conditional denial:

- Failure to provide written rental verification.
- Evictions and foreclosures within the last 5 years.
- Unpaid judgments, rent, and/or damages owed to prior landlords will result in a conditional denial.
- Misrepresentation: willful or serious misrepresentation in the application procedure for the apartment or certification process for any apartment.

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- Applicants must be in good standing with all Housing Authorities.

*Note: Rental history will be reviewed. Manager will evaluate past performance of financial obligations, including references from landlords.*

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#### **IV. CREDIT HISTORY**

The following outlines some of the criteria that may result in a conditional denial:

- Outstanding landlord debt
- Collections
- Civil judgments

*Note: Our credit reporting agency evaluates credit and rental history against indicators of future rental payment performance. An unsatisfactory finding may result in the requirement of an additional deposit, guarantor, or conditional denial. Medical collections or student loans will NOT affect your credit score calculation. No credit history will equal good credit history.*

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#### **V. CRIMINAL HISTORY AND SAFETY**

Housing providers must show that policies accurately distinguish between criminal conduct that indicates a demonstrable risk to resident safety and criminal conduct that does not. The following outlines some of the criteria that may result in a conditional denial:

- Certain criminal convictions depending on severity of crime and how recent the conviction.
- Reasonable cause to believe:
  - Any household member is currently engaging in illegal use of a drug.
  - A household member's illegal use or pattern of illegal use of a drug may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents.
- Records of disturbance of neighbors, destruction of property or other disruptive or dangerous behavior.
- Violent behavior
- Unsanitary or hazardous housekeeping

*Note: Our investigation includes criminal background screening. It is possible your application may be conditionally denied due to criminal convictions or charges. Management reserves the right to require criminal background checks at each recertification/renewal.*

## **INFORMATION**

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#### **VI. OCCUPANCY STANDARDS**

All applicants must meet the established occupancy standards. As a general policy, there should be no more than 2 persons per bedroom. The only exception to occupant limitations are households protected based on familial status (i.e., families with children) under Federal, State, and local fair housing laws. MBM will consider exceptions to the general policy based upon the size of bedrooms/units, age of children, configuration of units, physical considerations, state/local law and other relevant factors.

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#### **VII. PETS**

Pets are allowed at this community.

For communities that allow pets, the following restrictions apply:

No more than 2 pets will be allowed. Maximum weight limit is 25 pounds per pet. All pets must be approved by MBM prior to move in and current vaccination records will be required. A refundable pet deposit of \$400 and a nonrefundable pet fee of \$N/A per pet is required. Unauthorized pets are considered a violation of the resident's lease

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agreement. Lease violations will be sent immediately to the resident upon confirmation of an unauthorized pet(s). Residents are responsible for cleaning up after their pet(s). Failure to clean up pet waste is a violation of the resident's lease agreement and may result in a \$N/A fine.

Further pet restrictions vary at each community. If you have pets, please see your leasing representative for more information.

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**VIII. ASSISTANCE/SERVICE ANIMALS**

A person with a disability may be permitted an assistance or service animal(s) upon completion of the MBM reasonable accommodation process. Applicants/Residents may be required to provide a statement from a medical professional, caseworker, or someone who can verify that the applicant/resident has a disability as defined in the Fair Housing Act and which verifies there is a disability-related need for the animal(s). Alternatively, applicants/residents can use MBM's accommodation verification form. The Animal Addendum must be completed, and vaccinations documented before the animal(s) moves in. Specific animal, breed, number, weight restrictions, pet rules, and pet deposits will not apply to households having a qualified service/assistance animal(s). A pet deposit and pet rent are not required for assistance/service animals.

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**IX. STUDENT RULE**

Some of the apartment homes in our community are governed by Low Income Housing Tax Credit (Tax Credit) requirements. Households consisting **entirely** of full-time students attending institutions of higher learning are not allowed to reside in Tax Credit units UNLESS they meet one of the following exceptions:

- At least one member of the household receives assistance under Title IV of the Social Security Act (i.e. payments under AFDC or TANF)
- At least one member of the household is currently enrolled in a job training program that receives assistance under the Job Training Partnership Act (JTPA) or is funded by a state or local public agency
- The head of household is a single parent of any children who are part of the household and the parent is not a dependent of another individual for tax purposes, and the children are not claimed as a dependent by someone other than the parent
- The members of the household are married and eligible to file a joint federal tax return.
- At least one household member was previously under the care and placement responsibility of the State agency responsible for administering Plan B or E of Title IV of the Social Security Act (Foster Care).

The full-time status of a student eligibility is based on the criteria used by the student's educational institution. Students who will attend an institution of higher learning on a full-time basis during each of 5 calendar months during the calendar year will not be admitted unless one of the exceptions listed above is met.

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**X. ACCESSIBILITY AND REASONABLE ACCOMODATION STATEMENT**

MBM and the Owner are committed to compliance with the Fair Housing Act, Section 504 of the Rehabilitation Act, and the American with Disabilities Act, as applicable, by making reasonable accommodations based on a request by an applicant or tenant with a disability.

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**XI. SERVICES/UTILITIES PROVIDED**

Trash Removal       Pest control       Water       Sewer       Gas       Electricity

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## **XII. FEES**

\$11 non-refundable application fee per adult household member. Certain programs have no application fee. See property staff for details.

\$250 holding fee for deposit (non-refundable after 72 hours if applicant fails to enter the lease agreement after approval of application). Refundable minus the processing fee incurred by the property for debit or credit card payment.

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## **XIII. SECURITY DEPOSIT**

1 month rent equivalent Security deposit with approved credit. No rental history deposit equal to N/A.

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## **XIV. IDENTIFICATION**

Applicants will need to present:

- a valid government issued photo identification card for each person age 18 years and older that will be living in the apartment.
  - Social Security numbers will be requested from every applicant and verification of any and all social security numbers **provided** will be necessary.. The number may be verified with: Driver's license with SSN, Identification card issued by a medical insurance provider, or by an employer or trade union, Earnings statements on payroll stubs, Bank statement, Form 1099, Benefit award letter, Retirement benefit letter, Life insurance policy or Court records. In appropriate circumstances, the Company will accept approved secondary forms of identification to validate your identity.
  - Proof of age may be verified with: Birth certificate, Baptismal Certificate, Valid Passport, Census document showing age, or a Naturalization certificate are required for all minors in the household.
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## **XV. GUARANTORS**

If a guarantor is allowed, he/she must meet the entire qualifying criteria as presented above. All guarantors must have a verifiable source of income in an amount no less than five (5) times the rental rate. A guarantor may be accepted for lack of rental history, lack of credit, or lack of income. The guarantor must pay an application processing fee, sign the Guarantor Addendum, reside in the United States, and may be subject to criminal screening.

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## **XVI. FAIR HOUSING STATEMENT**

MBM and the Owner are committed to compliance with all federal, state, and local fair housing laws. It is our policy to comply with all laws prohibiting discrimination, including all those that prohibit discrimination based on race, color, sex, religion, familial status, disability, national origin, marital status, ancestry, gender identity, age, pregnancy, sexual orientation, source of income or any status protected by federal, state or local law, regulation or ordinance in the leasing or management of the Units and the Residential Community.

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## **XVII. APPLICATION PROCESS**

All adult applicants (18 and over) must complete a separate application. However, married couples may complete a joint application. An application fee may be collected for each application. A unit cannot be reserved without the following items:

1. Completed and signed application agreements
2. Application fees paid



Horace Mann Screening Criteria from Management Plan

Page 1:

**HORACE MANN HOPE VI DEVELOPMENT  
MANAGEMENT PLAN**

June 23, 2005

Section 1 THE PLAN DESCRIPTION

1.1 PROPERTY: Horace Mann HOPE VI Development ("The Property")

1.2 LOCATION: Gary, Indiana

1.3 NUMBER OF DWELLING UNITS:

<u>Horace Mann – Rental</u>	Total:	123
ACC/LIHTC Units ("PHA-Assisted Units")		45
Other Low Income Housing Tax Credit Units ("Other LIHTC Units")		44
Market Rate Units ("Market Rate Units")		34

1.4 PARTIES:

Unless otherwise stated in this Management Plan (the "Plan"):

- (a) "Owner" shall refer to Horace Mann Associates, L.P., an Missouri limited partnership (with respect to Horace Mann HOPE VI Development ) (hereinafter "Horace Mann Partnership").
- (b) "Agent" shall refer to McCormack Baron Ragan Management Services, Inc.
- (c) "Authority" or "Housing Authority" shall refer to the Gary Housing Authority.

1.5 GOVERNING DOCUMENTS AND AUTHORITIES.

The management of the Property will be carried out under the direct supervision of the Agent, as agent of the Owners, at the project site and subject to all applicable laws and regulations (including specifically, but without limitation, laws and regulations cited below), and the documents identified below:

- (a) "Applicable Public Housing Requirements" shall mean all requirements applicable to public housing including the Act, HUD regulations thereunder

their claimed preference status, if any, ordered on the basis of date and time of application (following any remaining applicants from the pool for initial occupancy as described above). Applicants on the waiting list will be invited by the Agent to complete and sign a full application and sign the necessary release forms at the office as the Agent anticipates unit availability. In accordance with IRS requirements, final verification of income eligibility will be made not earlier than 90 days before the expected date of occupancy.

5. If the Agent determines that the existing waiting list contains an adequate pool of applicants for units of one or more size and type reasonably anticipated to become available for occupancy during a succeeding period of not less than six months, the Agent may stop accepting new pre-applications for such unit size or type, or may stop accepting pre-applications from applicants not claiming qualification for a local preference if the Agent determines that the existing waiting list contains a sufficient number of applicants claiming preference status who would qualify before non-preference applicants. When the Agent reopens a closed waiting list for any unit size or type, or for any category of applicants, the Agent must give public notice of such reopening.

g. Preferences for PHA-Assisted Units.

The Housing Authority has adopted preferences for applicants for public housing, which will be applicable to the Agent's selection, on behalf of the Owner, for admission to the PHA-Assisted Units. At the time of adoption of this Management Plan, the Housing Authority's preference categories consist of (i) working families (at least 32 hours/week) and those unable to work because of age or disability (head of household and spouse or sole member); (ii) working families (at least 20 hours/week but less than 32 hours/week) and those enrolled in educational, training, or upward mobility programs; (iii) date and time; (iv) veterans and veterans' families (breaks ties).

Applicants who claim qualification for local preference on their pre-application will be placed on the waiting list as preference claimants, ordered numerically as described above, subject to verification of preference status following submission of a completed signed full application.

h. Screening Commencement.

The Agent will commence acceptance of final applications for admission to PHA-Assisted Units, Other Tax Credit Units and Market Rate Units in the Property not later than 120 days prior to anticipated first availability of units for occupancy.

i. Screening Criteria for Applicants to PHA-Assisted Units, Other LIHTC Units and Market Rate Units.

In making any determination with respect to an applicant for admission to a PHA-Assisted Unit, Other LIHTC Unit or Market Rate Unit, the Agent shall not reject such applicant unless a preponderance of the information available with respect to such applicant demonstrates that such applicant, if admitted, would be likely to interfere with other residents in such a manner as to diminish their enjoyment of the premises, adversely affecting their health, safety or welfare, the physical environment, or the financial stability of the Property. Relevant information respecting habits or practices to be considered for each applicant in making such determinations is as follows:

- (a) An applicant's past performance in meeting financial obligations, especially rent, will be considered in determining if there is an unreasonable risk that such applicant will not fulfill its rent obligations. Factors to be considered are as follows:
  - (i) Consistent record of timely rent payment during the last three years;
  - (ii) No material (exceeding \$350) reported delinquent consumer debt balances (excluding medical bills and student loans) within three months of date of application or written off within one year of date of application; and
  - (iii) No history or pattern of substantial past due consumer debts within the last 18 months with balances older than six months;
- (b) Criminal record check by Agent, as allowable by law with respect to all adult applicants for occupancy in the Property, showing no record of past criminal activity in those areas listed below. Probation, parole, or incarceration time is added to each time period included below. On a case-by-case basis, Agent may consider additional unfavorable criminal activity in determining whether such applicant passes the screening criteria, if such past criminal conduct is deemed to pose a risk to other families.
  - (i) No record of conviction for manufacturing drugs within the last ten years;
  - (ii) No record of conviction for distributing drugs within the last ten years;
  - (iii) No record of conviction for drug possession within last five years;



(iv) No record of conviction for the last ten years for a crime against a person;

(v) No record of a conviction for the last ten years for a crime against property, or for concealed weapons possession; and

(vi) No record of conviction for murder, attempted murder, rape or attempted rape, manufacturing methamphetamines, assault on a law enforcement officer or a registered sex offender.

- (c) Declaration from head of household that all family members under 18 years of age have not been convicted of a crime classifying them as an adult. If this declaration cannot be made as to any member, the declaration will provide consent to the release of police information to the Agent for the purpose of verifying whether any such conviction for that family member exists. If such a consent shall not be sufficient to obtain release of such information to the Agent, the parent or guardian of such member shall be required to obtain and submit such information to the Agent if such action is reasonably possible.
- (d) Satisfactory home visit to current applicant's home by representative of Agent. Home will be inspected, after notice of at least 48 hours, for cleanliness and evidence of acceptable living standard using a standard form for all visits included herein as Attachment 1. If the home visit is not possible because applicant lives outside the recognized metropolitan area, prior landlord references will be checked in lieu of the home visit.
- (e) Agent's check of residential of any applicant for the past three years.

j. Mitigating Circumstances.

In all instances where unfavorable information would cause an applicant family to fail to meet the screening criteria set forth above, best efforts will be made to obtain mitigating information from all available sources. Sources of information may include, but are not limited to, (by means of interview), landlord, employers, family social workers, parole officers, court records, drug treatment centers, clinics, physicians or police departments where warranted by particular circumstances and as allowable by law.

Consideration will be given to the time, nature, and extent of the applicant's conduct (including any reasonable explanation therefor) and to factors that might indicate a reasonable probability of favorable future conduct or financial prospects.

Other mitigating factors to be considered include the following:

- (a) Negative credit information can be mitigated through third party verification, including but not limited to a creditor, of each item that (i) there has been a payment plan and a timely payment history on such plan for the period during which such plan has been in effect (but not less than sixty days); or (ii) the applicant has disputed such debt and can provide verification of such dispute.
- (b) Record of unsuitable rental history or behavior can be mitigated if applicant can show evidence of rehabilitation or participation in rehabilitation. If the evidence relates to a change in medical condition, the Agent shall have the right to request further information or refer such information to persons qualified to evaluate such evidence.
- (c) Evidence of completion of rehabilitation or verification of current rehabilitation to mitigate history of one or more family members with drug or alcohol abuse;
- (d) Applicant's completion or family member's completion of a counseling and orientation program, conducted by the Agent and Housing Authority sanctioned program, with respect to a applicant's responsibility relating to the lease, the rules and regulations and other policies regarding management of the Property; and
- (e) Evidence by applicant and family members of willingness to attempt to increase family income, taking into account the availability of training or employment programs in their locality.

k. Selection.

The Agent will select for admission to any Unit in the Property for each family approved by the Agent, subject to unit availability in accordance with the site-based waiting list order and to final verification of income and other eligibility requirements described above.

l. Rejection.

An applicant shall be rejected for admission to a Unit if (i) the applicant fails to meet the income or other eligibility requirements described in section 2.5d, or the condition of section 2.5e, or (ii) the applicant was not approved for admission by the Agent, as the case may be, after consideration of mitigating circumstances.

The Agent will promptly notify a rejected applicant in writing of its rejection, stating the reason therefor and advising the applicant of its right

to request a meeting within fourteen (14) days with a representative of the Agent, other than the individual who made the initial determination. If the applicant requests such a meeting, the Agent will give the applicant a reasonable opportunity prior to such meeting to review the information used by the Agent in reaching an adverse decision and will provide the applicant a final decision, in writing, within five (5) days following the applicant's meeting with the Agent.

**APPENDIX – B: HUD-Published Income Limits\***

\*The limits shown below represent those published by HUD for the predominant housing program at **Horace Mann Associates, L.P.** and may vary to some degree depending on unit availability and applicable housing program.

		# of people in household							
Income Limit	AMI	1	2	3	4	5	6	7	8
30 % TaxCr Income Limit	30	\$17,850	\$20,400	\$22,950	\$25,500	\$27,540	\$29,580	\$31,620	\$33,660
40 % TaxCr Income Limit	40	\$23,800	\$27,200	\$30,600	\$34,000	\$36,720	\$39,440	\$42,160	\$44,880
60 % TaxCr Income Limit	60	\$35,700	\$40,800	\$45,900	\$51,000	\$55,080	\$59,160	\$63,240	\$67,320