RESIDENT SELECTION PLAN

Kaniko`o is a 60 unit, senior community in Lihue, HI that provides housing for very low and low income households, without regard to race, color, sex, creed, religion, national origin, physical or mental disability status, familial status, age, ancestry, marital status, source of income, sexual orientation or HIV status.

Kaniko`o is a planned senior community with facilities designed specifically for senior living. To qualify for a unit at Kaniko`o, applicants and all household members must be aged 62 years or older.

Kaniko`o will make reasonable accommodations to individuals whose disability so requires. Reasonable Accommodation Request forms are available upon request from management. Kaniko`o is an Equal Housing Opportunity Housing Facility, admitting people in accordance with Local, State and Federal Housing laws, the HUD HOME program, and the Low Income Housing Tax Credit (LIHTC) Program.

NON-SMOKING POLICY

Kaniko`o is designated as a Non-Smoking property. Smoking is prohibited in all areas of the property including the interior of apartments, all indoor and outdoor common areas on the property.

It is the residents’ responsibility to inform their guests of the Non-Smoking Policy. Any violation of the Non-Smoking Policy will be deemed a material breach of the Rental Agreement and grounds for immediate termination of the Lease/Rental Agreement.

Kaniko’o’s adoption of a Non-Smoking Policy does not make the Owner the guarantor of the resident’s health or that the property will be free of smoke but management shall take reasonable steps to enforce this policy.

INCOME LIMITS

To qualify for a unit, the household’s gross income may not exceed the maximum income limit per household size and may not be lower than the income minimum* per household size. The income maximums and minimums are attached and are posted in the Kaniko’o’s Management Office.

*The apartment may be rented if proof is obtained indicating satisfactory and timely rental payment history for the past twelve (12) months in the amount equal to or greater than the rent charged for that unit size.

APPLICATION FEES APPLY

Application fees are the actual cost incurred to run a credit and criminal background check. The charge is per adult member of the household 18 years of age and older and is currently $35.00 per adult. The application will not be accepted without the $35 application fee.

APPLICATION PROCEDURES

Applications will only be distributed when the waiting list is open. Applications will not be distributed when the Waiting List is closed.

Each applicant must complete an application and be willing to submit to a credit history, rental history, and criminal background inquiry, as well as income and asset verifications.

All application entries are to be made in ink or typed. Corrections or changes are to be made by lining through the original entry and entering the correct data. Such changes must be dated and initialed by the person making the change.
Signed and dated applications will be processed on a first-come, first-served basis. The application must be completed and signed by the head of household and all household members over 18 before an applicant can be placed on the waiting list. If an application is not completely answered, the date of it being fully completed will be the date that the application is considered accepted for rental purposes.

**PREFERENCES**

The policy of the Property is that a preference does not guarantee admission. Every applicant must still meet the Property’s Resident Selection Plan standards for acceptance as a resident.

For units accessible to or adaptable for persons with mobility, visual or hearing impairments, households containing at least one person with such impairment will have first priority.

Where preferences apply, applicants with a valid and verified preference will be moved to the top of the waiting list above persons without a preference.

The preferences so described will at all times be consistent with the requirements of Section 42 and future interpretations or guidance from the IRS and will not in any way jeopardize the project’s eligibility under Section 42 of the Internal Revenue Code.

**UNIT TRANSFER POLICY**

A Unit Transfer List is maintained for those residents who have been approved for transfer on the basis of a disability or change in household status. Transfers for accessibility or medical reasons will have priority over those for changes in household composition. Residents on the Unit Transfer List will have priority over the applicants on the Waiting List.

In order to transfer to another building in the property, the family must meet the initial eligibility requirements of the LIHTC program or the transfer will not be allowed.

**OCCUPANCY GUIDELINES**

Occupancy guidelines are the criteria established for matching a household with the most appropriate size and type of apartment. The following occupancy guidelines will be followed to avoid over utilization of the units as follows:

<table>
<thead>
<tr>
<th>Bedroom Size</th>
<th>Household Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

To determine the proper bedroom size for which a household may qualify, the following household members are to be included:

1. All full-time members of the household, and;
2. Live-in attendants. NOTE: Live-in attendants are subject to the criminal and landlord provisions of this plan with the exception of criteria that determines ability to pay rent.

**GROUNDS FOR REJECTION**

1. Household fails to meet the age restriction for senior housing.
2. Total household income exceeds the applicable income limits published by HUD or does not meet the minimum income limits.
3. Household cannot pay the full security deposit at move-in.
4. Household refuses to accept the second offer of a unit.
5. Household fails to respond to interview letters or otherwise fails to cooperate with the certification process. Failure to sign consent forms.
6. ANY adult household members fail to attend eligibility interview.
7. Household is comprised entirely of full time students and does not meet the exception outlined in Section 42 of the IRC.
8. Applicant failed to provide adequate verification of income or we are unable to adequately verify income and/or income sources.
9. Providing or submitting false or untrue information on your application or failure to cooperate in any way with the verification process.
10. Unit assignment will NOT be the household’s sole place of residency.

**LANDLORD REFERENCE**

11. Negative landlord references that indicate lease violation, disturbing the peace, harassment, poor housekeeping, improper conduct or other negative references against the household.
12. Evictions reported in the last 5 years.
13. History of late payment of rent that demonstrates more than 2 late payments of rent in a six-month period for the past two years. More than 1 NSF in a one-year period.
14. Any evidence of illegal activity including drugs, gangs, etc.
15. Inappropriate household size for the unit available (see Occupancy Standards)

**CREDIT**

16. Unpaid Collections and grossly delinquent due balances exceed $2,000. Does not include medical bills or student loans.
17. Mortgage default or foreclosure. *In these instances, a preliminary denial letter will be sent to the applicant household. The applicant household will be given 14 calendar days to provide additional information regarding the default and foreclosure. If an applicant demonstrates that they defaulted on a subprime loan when the monthly payment adjusted up significantly and if the applicant household’s recent credit history is otherwise sound, a subprime default and foreclosure alone would not be cause for a final denial.*

18. Filing of a bankruptcy within the past year.
19. Record of any uncleared or non-discharged bankruptcy.
20. Any amount showing owed to a landlord or property management company.

**CRIMINAL**

21. Conviction of a felony within the last seven (7) years.
22. Conviction of more than one (1) misdemeanor in the past three (3) years.

**GRIEVANCE/APPEAL PROCESS**

Failure to meet one or more of the foregoing screening criteria may be grounds for rejection, however, each application is considered as a whole and the above factors are considered as part of a weighted formula. Should the applicants fail to meet the screening criteria, they will receive a notice in writing indicating that they have the right to appeal the decision. This notice must indicate that the applicant has 14 days to dispute the decision.

An appeal meeting with the Property Supervisor will be held within 10 business days of receipt of the applicant’s request.

Within five days of the appeal meeting, the property will advise the applicant in writing of the final decision regarding eligibility. Apartments will not be held for those applicants in the appeal process.

**ADMINISTRATION OF WAITING LIST**

The property is required to maintain a waiting list of all applicants that submit a completed application. Applicants must be placed on the waiting list and selected from the waiting list even in situations where there are vacancies and the application is processed upon receipt. This procedure is necessary to ensure the complete and accurate processing of all documentation for all applicants.

The property has one waiting list that is established and maintained in chronological order based on the date and time of receipt of the Preliminary Application. The waiting list contains the following information for each applicant:

1. Applicant Name
2. Address and/or Contact Information
3. Phone Number(s)
4. Unit Type/Size
5. Household Composition
6. Preference/Accessibility requirements
7. Income level
8. Date/Time of Application

Applicants must report changes in writing to any of the information immediately.

Applicants will have the opportunity to decline the first apartment offered and retain their place on the waiting list. Should the applicant decline the offer of the next available unit, they will be removed from the waiting list.

**PURGING THE WAITING LIST**

The waiting list will be purged periodically. Each applicant will receive a letter from the property, which will request updated information and ask about their continued interest. This letter must be returned within the specified time or their application will be removed from the waiting list. It is the responsibility of the applicant to maintain a current address with the office in order to receive waiting list correspondence. Any correspondence returned undeliverable will result in application being removed from the waitlist.

**OPENING/CLOSING OF WAITING LIST**
Kaniko’o will monitor the vacancies and waiting list regularly to ensure that there are enough applicants to fill the vacancies. Once the wait on the waitlist has been determined to exceed a 12 month wait, the waitlist will be closed. The waiting list may be closed for one or more unit sizes when the average wait is longer than 12 months. When the waiting list is closed, Kaniko’o will advise potential applicants that the waiting list is closed and refuse to take additional applications. Kaniko’o will publish a notice stating that the waiting list is closed in a publication likely to be read by potential applicants. The notice will state the reasons for Kaniko’o’s refusal to accept additional applications.

When Kaniko’o agrees to accept applications again, the notice of this action will be announced in a publication likely to be read by potential applicants in the same manner as the notification that the waiting list was closed.

Advertisements will include where and when to apply and will conform to the advertising and outreach activities described in the Marketing Plan for Kaniko’o.

**AVAILABILITY OF RESIDENT SELECTION PLAN**

The Resident Selection Plan is available in the management office. Changes to the Plan will be sent via U.S. mail to all persons on the active Waiting List. When the Waiting List opens, the Resident Selection Plan will be distributed with applications and are available by request from management.

**ANNUAL/INTERIM RECERTIFICATION REQUIREMENTS**

All residents must be re-certified annually. Residents are also required to report all interim changes to management that occur between annually scheduled re-certifications.

**PETS**

Residents are permitted to keep common household pets in the dwelling unit (subject to the provisions in 24 CFR Part 243 and the pet policy promulgated under 24 CFR Section 243.20). SERVICE or ASSISTANCE animals are not considered pets and are not required to comply with the provisions of the Pet Policy. Service or Assistance animals are those animals specifically required to assist individuals with documented disabilities. Please notify Management if you require a Service or Assistance animal.

**EQUAL HOUSING OPPORTUNITY**

Kaniko’o does not discriminate on the basis of disability status in the admission or access to, or treatment or employment in, its federally-assisted programs and activities.
INCOME MINIMUMS AND MAXIMUMS

Maximum household income based on published Income Limits for 2019 (subject to change)

<table>
<thead>
<tr>
<th></th>
<th>1 Person</th>
<th>2 Person</th>
<th>3 Person</th>
<th>4 Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% of Median</td>
<td>$31,500</td>
<td>$36,000</td>
<td>$40,500</td>
<td>$45,000</td>
</tr>
<tr>
<td>60% of Median</td>
<td>$37,800</td>
<td>$43,200</td>
<td>$48,600</td>
<td>$54,000</td>
</tr>
</tbody>
</table>

Minimum monthly income is equivalent to 2 times the monthly rent:

<table>
<thead>
<tr>
<th></th>
<th>1 Bedroom</th>
<th>2 Bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% of Median</td>
<td>$1,652</td>
<td>N/A</td>
</tr>
<tr>
<td>60% of Median</td>
<td>$1,982 - $2,044</td>
<td>$2,378 - $2,454</td>
</tr>
</tbody>
</table>

NOTE: Applicants who have Section 8 are exempt from the minimum income requirement.