

LEASE AGREEMENT

This Lease Agreement ("Lease") has been prepared in accordance with applicable USDA, Rural Development, and hereby referred to as (RD), regulations and State of Virginia law. This housing project is financed by RD and RD has the right to further verify information provided by the applicant of this agreement. This Agreement is a binding contract between the parties listed below in paragraph 1 agree as follows:

1. PARTIES TO THE LEASE.

Owner: _____, Hereby referred to as "Owner".

Managing Agent: _____, Hereby referred to as "Manager" or "Agent".

Tenant: _____

Co-Tenant: _____

Tenant and Co-Tenants will be collectively referred to as: Tenant" or "T" in this lease.

Authorized Occupants: Only the individual listed below are authorized to occupy this apartment.

Name _____ Name _____

Name _____ Name _____

Name _____ Name _____

2. DEFINITIONS. The following definitions shall have the meanings described to them for purposes of interpreting this Agreement:

Annual Income. Annual Income is the total amount of income to be received by all members of the Household Unit (even if temporarily absent) to be in residence during twelve (12) months following the effective date of RD 3560-8., "Tenant Certification." Annual Income will be calculated in accordance with 24 CFR 5609.

Household. One or more persons who maintain or will maintain residence in one unit, but not including a resident assistant or chore service worker.

Minor. The term minor includes persons under eighteen (18) years of age other than the tenant or co-tenants. Persons aged eighteen (18) or over who are full-time students are treated as minors. The tenants or co-tenants may never be counted as a minor.

Pet. A commonly accepted domesticated household animal, such as a dog, cat, bird, etc., owned or kept by a tenant.

Rental Assistance. Rental assistance, is referred to in 3560.251 subpart F and as explained in the tenants certification, is the portion of the approved Shelter Costs paid by USDA, RD to compensate for the difference between the approved Shelter Costs and monthly Tenant Contribution as calculated according to 3560.203 and in the lease. When the monthly gross Tenant Contribution is less than the approved utility allowance, which is billed directly to and paid by the tenant, the owner, will pay the tenant that difference according to 3560. 256 (d).

Rent and Utility Costs. The approved shelter costs consists of basic and/or note rate rent plus utility allowance. Basic and/or note rent must be shown on the project budget for the year and approved according to 3560.303 Any change in rent rates or utility allowances must be processed according to 3560.202.

Tenant. A tenant also includes a co-tenant and is a person (s) who has signed a lease and is, or will be, an occupant of a unit in a Rural Rental Housing ("RRH") or Labor Housing ("LH") Project.

Tenant Contribution. The portion of the approved Rent and Utility Costs paid by the tenant household ("Tenant Rent"). For tenants not receiving HUD Section 8 Subsidies, this amount will be calculated according to form RD- 3560-8. For tenants receiving HUD Form 50059, "Certification And Recertification Of Tenant Eligibility," (or other HUD approved form), as family contribution. The proportion of tenant income and adjusted income paid as the Tenant Contribution will vary according to the type of subsidy provided to the household.

3. MANAGING AGENT AUTHORITY. _____ is Owner's Agent and has complete authority to lease, collect rents, promulgate and enforce project rules and regulations, order repairs, evict Tenants, prosecute claims on the Owner's behalf and take any other action necessary to manage _____. [Project Name]

4. LEASED PREMISES. Unit _____. Bedroom Size _____. Referred to as the "Premises" or "Unit" in this Lease.

5. NUMBER OF OCCUPANTS. The number of occupants listed above must be in accordance with occupancy limits as set forth by Owner/ Manager based upon local codes and ordinances and RD regulations as each may change from time to time. Owner/ Manager may change the occupancy limit during the lease term if changes in laws, ordinances or regulations make such change necessary. The minimum occupancy limit will depend on local ordinances and regulations and the square footage of usable sleeping area as defined by RD regulations. Presently, the occupancy limits for this Unit are as follows : _____ person minimum occupancy; _____ person maximum

occupancy. Notwithstanding the above, Owner/Manager shall have the right to make reasonable accommodations for individuals with disabilities and may adjust occupancy limits to further the goal of reasonable accommodation.

6. **TERM OF LEASE.** This Lease will commence on _____, _____. If this Lease commences on the 1st of a month, this Lease will run for a one-year term from its date of commencement. In the event that this Lease commences mid-month, the term of this Lease will be for one year from the 1st of the month following commencement (i.e., if Tenant's lease commences on July 19, 2006, this Lease will run until July 31st 2007). This Lease will expire at midnight, _____, _____. This Lease automatically renews for additional terms of one year, calculated from the date of expiration, (unless the federal loan for this project will be repaid, in which case the final term may be for less than one year) provided that Tenant continues to meet eligibility requirements. Tenant must notify Owner/Manager in the manner described in Paragraph 16 of this Lease if Tenant does not desire automatic renewal.

In the event that this Lease commences mid-month, Tenant will pay, prior to commencement of this Lease, pro-rated rent for the period from the day when this Lease is commenced until the end of the commencement month. Tenant's rent for the month following commencement and each month thereafter will be due and payable on the 1st of each month in accordance with Paragraph 9 of this Lease (i.e., if Tenant's lease commenced on July 19, 2006, Tenant would pay 13/31 of the rent prior to the commencement of the lease and on August 2006, and each month thereafter, Tenant would pay one full month's rent.

7. **ELIGIBILITY REQUIREMENTS.** Prior to execution of this Lease, Tenant must provide the managing Agent with verification of income and complete an application for housing. All eligibility and rental rate requirements are determined through the 3560-8 Tenant Certification Form. Tenant will be required to provide information about: sources of Tenant's income (work, support payments, unemployment compensation, AFDC, etc.); Tenant's assets (bank accounts, savings bonds, real property, whole life insurance policies, etc.); Tenant's medical, childcare and handicap assistance expenses; and names and ages of household members. Tenant understands that rental rates are based on the 3560-8 and agrees to submit to annual recertification of income and eligibility. Tenant agrees to cooperate with this process by providing all required income and household member information.

8. **RD REQUIRED LEASE CLAUSES.** The following lease clauses are required by RD. Tenant should read each one carefully. Tenant's signature on this Lease certifies that Tenant has read, understood and agreed (where applicable) to all of the following representations:

(a) **Nondiscrimination.** The project in which Tenant will rent is RD financed and is subject to nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, Title VIII of the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, and the Age Discrimination Act of 1975. All complaints are to be directed to the, USDA, Offices of Civil Rights, Washington, DC 20250. However, complaints of Fair Housing violations may be sent directly to the Secretary of Housing and Urban Development, Washington, DC 20410.

(b) **Over Housed or Under Housed.** If Tenant's Unit should become overcrowded or underutilized or should the Tenant no longer meet the eligibility requirements of the project during the term of the Lease, he/she will be required to vacate the Unit at the end of the lease term unless eligibility can be established following specified steps, such as moving to an appropriate sized unit, or an exception is granted by management.

(c) **Personal Possessions.** Tenant's tenancy still exists during the time that Tenant's household personal possessions remain in the Unit (even after the Tenant's household has moved out with the intent to vacate and leave the project). The tenancy exists until such time as the personal possessions have been removed voluntarily or by legal means (in accordance with State or local law).

(d) **Rents Escalation Clause.** It may become necessary to change rent or occupancy charges PRIOR TO THE EXPIRATION of this Lease due to changes in utility or other operating costs. All increases must be approved by RD, but if the escalation of rent is approved, it will take effect upon 30 days notice, EVEN if THE LEASE TERM HAS NOT EXPIRED. No increase will be due to prepayment of the RD loan. In the In the event that Owner's Federal subsidy is curtailed due to a default of Owner, rent shall not change over that which would have been required if the subsidy remained in place.

(e) **Prepayment Notice.** [Place "X" on underlined space if this clause is applicable]. The federal loan on this project will be prepaid. "As a condition of the Government's approval of a request to accept early payment on notes owed, the tenant household is protected, to the extent herein disclosed, against involuntary displacement (except for good cause) and against having the tenant household contribution level (rent) materially increased until _____ [insert a date 20 years from the date of the last RD loan or servicing action making the loan subject to prepayment restrictions, or insert "the tenant household decides to move" depending on the restrictive-use provision accepted by the Owner. Specifically, the tenant household contribution level (rent) must be consistent with those necessary to maintain the project for low and moderate-income tenants. Those tenant households whose tenant household contribution level (rent) did not exceed 30 percent of their monthly adjusted income at the time the prepayment was accepted, may have their tenant household contribution level (rent) raised to the lesser of 30 percent of their monthly adjusted income or 10 percent of their gross monthly income per year. Those tenant households whose tenant household contribution level (rent) exceeded 30 percent of their monthly adjusted income at the time the prepayment was accepted, may have their tenant household contribution level (rent) raised to the lesser of the latest US Consumer Price Index or 10 percent per year".

(f) **Change in Eligibility Standards.** "I understand that I will no longer be eligible for occupancy in this Project if my income exceeds the maximum allowable adjusted income as defined periodically by the USDA, RD for the State of Virginia and _____ County/City."

(g) **Change in Income or Household Members.** "I agree I must immediately notify the management/Owner when there is a change in my gross income or adjustment to income, or when there is a change in the number of persons living in the

household. I understand my rent or benefits may be affected as a result of this information. I also understand that failure to report such changes may result in my losing benefits to which I may be entitled or may result in the management/Owner taking corrective action if benefits were mistakenly received. I understand the corrective action the management/Owner may take includes the initiation of a demand for repayment of any benefits or rental subsidies improperly received, initiation of a notice to cancel any rental assistance or Section 8 assistance being received for the balance of my certification period, initiation of a notice to increase my monthly rent to \$ _____ per month (note rate rent for Plan II projects or 125 percent of rent in Plan I projects), or initiation of a notice of termination. I understand that one or more of these remedies may be initiated at the option of the management/Owner.”

(h) **Extended Absence.** "I understand that I must promptly notify the Owner/Agent of any extended absences and that if I do not personally reside in the Unit for a period exceeding 60 consecutive days, for reasons other than health or emergency, my net monthly Tenant contribution shall be raised to \$ _____ per Month (note rate rent for Plan II projects or 125 percent of rent in Plan I projects) for the period of my absence exceeding 60 consecutive days. I also understand that if my absence continues, that as landlord you may take the appropriate steps to terminate my tenancy.”

(i) **Receipt of Occupancy Benefits to Which Tenant is not Entitled.** “I understand that should I receive occupancy benefits to which I am not entitled due to my/our failure to provide information or due to incorrect information provided by me or on my behalf by others, or for any other household member, I may be required to make restitution and I agree to pay any amount of benefits to which I was not entitled.

(j) **Income Certification.** “I understand that income certification is a requirement of occupancy and I agree to promptly provide any certification and income verifications required by the Owner to permit determination of eligibility and, when applicable, the monthly Tenant contribution to be changed.”

(k) **Provisions for Drug-Free Housing.** “It is understood that the use, or possession, manufacture, sale, or distribution of an illegal controlled substance (as defined by local, State, or Federal law) while in or on any part of this apartment complex or cooperative is an illegal act. It is further understood that such action is a material lease violation. Such violations (hereafter called "drug violation[s]") may be evidenced upon the admission to or conviction of a drug violation.

"The landlord may require any lessee or other adult member of the Tenant household occupying the unit (or other adult or nonadult person outside the Tenant household who is using the Unit) who commits a drug violation to vacate the leased Unit permanently, within timeframes set by the landlord, and not thereafter enter upon the landlord's premises or the leased Unit without the landlord's prior consent as a condition for continued occupancy by members of the Tenant household. The landlord may deny consent for entry unless the person agrees to not commit a drug violation in the future and is either actively participating in a counseling or recovery program, complying with court orders related to a drug violation, or has completed a counseling or recovery program.

"The landlord may require any lessee to show evidence that any non adult member of the Tenant household occupying the Unit, who committed a drug violation, agrees to not commit a drug violation in the future, and to show evidence that the person is either actively seeking or receiving assistance through a counseling or recovery program, complying with court orders related to a drug violation, or completed a counseling or recovery program within timeframes specified by the landlord as a condition for continued occupancy in the Unit. Should any nonadult person occupying the Unit commit a further drug violation, the landlord may require the person to be severed from tenancy as a condition for continued occupancy by the lessee.

"If a person vacating the Unit, as a result of the above policies, is one of the lessees, the person shall be severed from the tenancy and the Lease shall continue among any other remaining lessees and the landlord. The landlord may also, at the option of the landlord, permit another adult member of the household to be a lessee. "Should any of the above provisions governing a drug violation be found to violate any of the laws of the land, the remaining enforceable provisions shall remain in effect. The provisions set out above do not supplant any rights of Tenants afforded by law"

(l) **Occupancy of Handicapped Unit by Person Not Handicapped [Only applicable in the special situation where a handicapped accessible unit is temporarily rented to Tenants who do not need the specially designed features. Put "X" in the underlined space if this clause is applicable].** I/we acknowledge that I/we am/are occupying a designated handicapped accessible unit. I/we acknowledge that priority for such units is given to those needing special physical design features. I/we acknowledge that I/we am/are permitted to occupy the unit until management issues a notice that a priority applicant is on the waiting list and that I/we must move to another suitably sized vacant unit in the project. Upon receiving this notice, I/we agree to move at my/our own expense within 30 calendar days to the suitably sized vacant unit within the project, if one is available. I/we further understand my/our rental rate will change, when appropriate, to the rental rate for the unit I/we move to and this Lease will be modified accordingly.”

9. **UTILITY SERVICE.**

(a) **Tenant** agrees to all charges for the following utilities promptly when due (**check all applicable boxes**):

Water Sewer Electric Gas Cable TV Telephone

(b) **Landlord** agrees to furnish the following (**check all applicable boxes**):

Range Garbage Collection Refrigerator Other: List _____

(c) Tenant's Obligations. For any utility service for which Tenant is responsible, Tenant shall pay promptly all charges for such services, including any applicable installation hook-up fees. At move-in, Tenant must notify the utility company to place the apartment meter and/or service in Tenant's name and sign a utility release for management. Tenant receives a utility allowance if applicable under this Lease. Failure to pay utilities is a Lease violation. Should any meter or service be turned off, removed or disconnected, this could lead to termination of this lease.

10. DUE DATE OF RENT AND UTILITY PAYMENTS. \$ _____, Tenant's monthly rental payments are payable without invoice and due on the 1st of each month but will not be considered late if they are received by the 10th of each month. Payments are to be paid during designated site office hours or mailed to _____ (unless other arrangements accepted by management have been made). Payments are credited on the date that they are received, not on the date on which they are mailed. Prepayments are accepted only if the Tenant will be away during a rent payment period. Personal checks or money orders are accepted and should be made payable to _____ or _____ . Should a check be returned to management because of insufficient funds, Tenant will be responsible for any and all charges to Project accounts. After two (2) returned checks only bank checks or money orders will be accepted for payment.

Unless prior accepted arrangements have been made, payments made after the 10th are considered late. Repeated late rental payments are lease violations and can lead to termination of this Lease. If payment is not received by the 10th of the month, a late fee in the amount of the greater of \$10.00, or equal to 5% of Tenant's gross tenant contribution ("GTC") will be added.

11. RENT AND UTILITY CHANGE PROVISIONS. The following lease clauses are required by RD. Tenant should read each one carefully. Tenant's signature on this Lease certifies that Tenant has read, understood and agreed (where applicable) to all of the following representations:

(a) **Basic Information. Indicate on form whichever provisions apply to Tenant's unit by placing an "X" in the underlined space.**

_____ Subsidized (RA) Provisions Apply to Tenant's Unit.

"I understand and agree that as long as I receive rental assistance, my gross monthly Tenant contribution (as determined on the 3560-8, which must be attached to this Lease) for rent and utilities will be \$ _____. If I pay any and all utilities directly (not including phone or cable TV), a utility allowance of \$ _____ will be deducted from my gross monthly Tenant contribution and my resulting net monthly contribution will be \$ _____. If my net monthly Tenant contribution would be less than zero, the lesser will pay me \$ _____.

"I also understand and agree that my monthly Tenant contribution under this Lease may be raised or lowered based on changes in the household income or adjustments to income, failure to submit information necessary to certify income, changes in the number and age of persons living in the Household, and on the escalation clause in this Lease. Should I no longer receive rental assistance as a result of these changes, or the rental assistance agreement executed by the Owner and RD expires, I understand and agree that my monthly Tenant contribution may be adjusted to no less than \$ _____ (Basic Rental) nor more than \$ _____ (Note Rate Rental) during the remaining term of this Lease, except that based on the escalation clause in this Lease these rental rates may be changed by a Rural Development approved rent change.

"I understand that every effort will be made to provide rental assistance so long as I remain eligible and the rental assistance agreement between the Owner and RD remains in effect. However, should this assistance be terminated, I may arrange to terminate this Lease, giving proper notice as set forth elsewhere in this Lease. "

-OR-

---Plan I (Either With Or Without Interest Credit) Provisions Apply to Tenant's Unit.

"I understand and agree that my rent rate of \$ _____ (includes) (excludes) my cost of utilities. I further understand and agree that should I be permitted to occupy when my income exceeds maximum limits, I shall pay a 25 per cent rental rate surcharge in addition to my rental rate.

-OR-

---Plan II (Interest Credit Only) Provisions Apply to Tenant's Unit.

"I understand and agree that my gross monthly Tenant contribution as determined on the latest 3560-8, which must be attached to this Lease, for rent and utilities will be \$ _____."

"If I pay any or all utilities directly (not including telephone or cable TV), a utility allowance of \$ _____ will be deducted from my gross monthly Tenant contribution except that I will pay not less than the Basic Rental nor more than the Note Rate Rent stated below. My net monthly rent will be \$ _____. I may be required to make restitution and I agree to pay any amount of benefit to which I was not entitled. I also understand and agree that my monthly Tenant rent under this Lease may be raised or lowered based on changes in the

household income, failure to submit information necessary to certify income, changes in the number or age of persons living in the Household and on the escalation clause in this Lease. My Tenant contribution will not, however, be less than \$ _____ (Basic Rental) nor more than \$ _____ (Note Rate Rental) during the term of this Lease, except that based on the escalation clause in this Lease, these rental rates may be changed by a USDA, RD approved rent change.

(b) **Rent Increase.** During the term of this Lease and with RD approval, the basic and market rents may be increased. The Tenant understands that should the basic rent be increased, then a rental payment will not be lower than the new basic rent. Tenants always receive a 30-day notice of a rent increase based upon RD approval and are notified of proposed increases 60 days prior to the intent to change rental rates.

(c) **Notice of Rent Increase and Obligation to Cooperate with Recertification.** Should a change in income occur which results in rent increase, Tenant will receive a 30-day notice of the increase. In the same manner, at annual recertification, a 30-day notice will be given of rent change. This 30-day notice will not occur if Tenant has withheld income change information from Agent or is delinquent in providing income information for annual recertification. Should Tenant not cooperate with the recertification procedure, upon expiration of the current certification Tenant will be charged Note Rate Rental and eviction proceedings will be instituted.

(d) **Recertification Requirements.** Tenant must notify Owner/Agent immediately of all changes in gross income or an increase/decrease of assets. While this is not meant to be an exhaustive list, changes in income may result from changes in hours worked, salary rates, social security, pensions, public assistance, and sale of assets. Tenants must also notify Owner/Agent of any changes in adjustments to income. While this is not meant to be an exhaustive list, changes in adjustments to income could result from changes in the number of minors or handicapped people in the Household, changed medical expenses, and changed childcare expenses. In the event that changes in Tenant's permanent income or adjustments either increase by \$100.00 per month (\$1200 per year) or more, or decrease by \$100.00 per month (\$1200 per year) or more, from the level which it was at during the most recent certification, Owner/Agent will proceed with recertification based on the new information.

Tenant understands that recertification will be required every twelve (12) months, commencing approximately ninety (90) days prior to the expiration of the existing tenant certification. If Tenant's gross income or allowance decrease is less than \$50.00 per month, (\$600.00 per year). Tenant may request a recertification, which the Owner/Agent will process.

Tenant must also immediately report changes in household size or composition to Owner/Agent and Owner/Agent will proceed with recertification.

(e) **Consequence If Tenant's Income Exceeds RD Guidelines.** Should the Tenant's income exceed the maximum allowable amount as set by RD, Tenant is no longer eligible for occupancy in this Project and must vacate the Unit in thirty (30) days or at the end of the term of this Lease (whichever is longer) unless an exception is granted by the State Director, RD. However, should the Tenant remain in the Unit for the remainder of the term of the Lease, Tenant must pay Note Rate Rental.

(f) **Consequence If Occupancy Standards Are Not Met.** If family composition changes so occupancy standards are no longer met, Tenant agrees to transfer to an appropriate bedroom size when one is available unless continued occupancy in the Unit is permitted by Owner/Manager. Transferal will occur upon a 30-day notice from the managing Agent; should the Tenant refuse transferal as required by this Lease, rent will be raised to note rate. During the term of the Lease, Tenants required to transfer may remain in the current unit; however, should an appropriate bedroom size unit not become available at the end of the Lease term, Tenant must vacate the Unit unless extenuating circumstances lead to landlord/RD permission to remain.

12. **SECURITY DEPOSIT.** Tenant understands that a security deposit is required under this Lease and agrees to deposit an amount equal to the greater of one month's Net Tenant Contribution ("NTC") or one month's Basic Rent (\$ _____) with the Owner/Manager. The deposit must be paid prior to occupancy unless paragraph (a) of this section is applicable. The security deposit will be placed in a trust account with a federally insured institution. Should the Lease be broken and Manager cannot re-rent promptly, or should unpaid rent or late fees be due, or any damages unpaid, this deposit will be applied to these charges upon Tenant's vacating the Unit. Damage is any harm to the Unit beyond normal wear and tear. In case of Tenant's death, these charges will be levied against the estate. After any deductions as listed, balance (if any) of deposit shall be refunded to Tenant or estate. Tenant will receive a written statement, which itemizes the reasons for security deposit retention within thirty (30) days after termination of the Lease and delivery of possession of the Premises. If charges exceed deposit amount, then Tenant or estate shall be billed for the amount exceeding deposit. The following provision may alter or amend the amount or time for payment of the security deposit:

(a) **Installment Payment Rights.** If the household is eligible for Section 8 assistance or the RA program and payment of the security deposit in full would bring hardship on the Tenant, then the security deposit may be paid in installments. If the Tenant is eligible for installment payments and the project is an RRH project, the first payment shall be no less than thirty (30) percent of adjusted monthly income plus \$15 per month, or that amount needed monthly to complete the security deposit within months whichever is greater. The remaining balance of the security deposit shall be paid in two equal installments, with the first due on the 1st day of the second month of the lease term and the second due on the 1st day of the third month of this Lease. If the installment payments are not met, the entire security deposit is immediately due and payable in full.

13. **TENANT RESPONSIBILITIES.** By signing this Lease, Tenant agrees to undertake the obligations set forth below. Tenant should read each obligation carefully:

(a) **Pay Rent and Utilities.** Tenant agrees to pay the rent each month on or before the 1st without a statement of billing; and to pay electric, gas, and (fill in any other applicable utilities), _____, utility bills for this Unit;

(b) **Number of Occupants.** Tenant agrees not to accommodate boarders or lodgers and not to admit other members to this Household without prior management approval. This Unit is a dwelling for only those persons listed on Paragraph 1 of this Lease;

(c) **Request Permission to Sublet.** Tenant agrees not to sublet or assign this Unit without the prior consent of both the

management/Owner and RD;

(d) **Safety, Maintenance and Damage.** Tenant agrees to keep the Unit in a safe, sanitary condition; to keep grounds, parking area, walks and common areas in a neat, orderly fashion; to follow all maintenance procedures; to dispose of trash as directed by management handbook; NOT to store any household items outside the Unit; NOT to install outside antennas, NOT to keep any gasoline or dangerously flammable materials in the Unit; NOT to park non-operating vehicles in the parking lot; NOT to bring in any appliances without management approval; NOT to cause damage to the Unit; NOT to make any repairs or alterations to the Unit without written consent from the Manager/Owner; NOT to hang pictures or other articles in a manner disallowed by management; and to notify management of any repairs necessary or damage. If damage is caused, Tenant must report this immediately to management and will receive a billing for repair costs. If Tenant is unwilling to pay for these costs, a separate legal process may be used to collect the charges due (as opposed to subtracting the costs from the monthly rental payment). Intentional damage to the Unit, grounds and/or common areas is cause for lease termination;

(e) **Permission to Enter.** Tenant agrees to permit Manager or representative to enter the Premises during all reasonable hours to examine the Unit, make repairs or show the Unit for releasing, or to enter to determine if premises are being used in violation of Lease terms.

(f) **Absence from Premises.** Tenant agrees to advise management of any planned absence of Tenant for a period of 2 weeks or more and not to allow anyone to stay in the Unit while Tenant is absent;

(g) **Avoid Disturbance of Others.** Tenant agrees NOT to create unusually loud noises so as to disturb others;

(h) **Surrender in Good Condition.** Tenant agrees to leave the Premises in good condition upon lease termination, surrender the Unit (and all keys) in good condition, and pay all damages;

(i) **Visitors.** Tenant agrees to inform Manager/Owner, in writing, of anyone not listed as a household member staying overnight more than three times during any 30-day period. Tenant may have visitors or guests. However, Tenant agrees to be responsible for the conduct of all family members, guests and visitors to Tenant's household, both in the Unit and on the property of this development. Tenant also agrees to supply Owner or Manager with proof of domicile of guest if Manager/Owner so requests. Manager/Owner may request proof of domicile when visitor(s) makes reoccurring visits or one continuous visit of 14 days and/or nights in a 45-day period without prior notification. Owner/Manager may take appropriate action as set forth in this Lease if the Tenant cannot provide sufficient evidence that the visitor has another domicile, as the visitor will be deemed a household member;

(j) **Rules and Regulations.** Tenant further agrees to follow rules and regulations regarding:

- (a) Office hours;
- (b) Community lounge and laundry use;
- (c) Assigned parking; and
- (d) Pets.

All rules and regulations are posted on the community bulletin board and distributed to Tenants individually. Failure to follow the rules is a violation of this Lease and grounds for termination of this Lease.

14. **OWNER/MANAGER RESPONSIBILITIES.** Owner/Manager agree to:

(a) **Maintenance.** Maintain the buildings and common grounds in decent, safe and sanitary condition in accordance with RD regulations and local housing codes. Provide snow removal, trash removal, grounds maintenance, cleaning and upkeep of common areas and hallways at no cost to the Tenant. Repairs are to be done at no cost to the Tenant unless resulting from damage or special projects for Tenants (such as installation of additional shelves) with management approval. In those cases, Tenant is to be billed.

(b) **Inspection/Appliances.** Furnish the Tenant with a unit, appliances installed (stove, refrigerator); Prior to Tenant moving into and after the Tenant moves out of the Unit, give the Tenant a written statement of the condition of the Unit based upon a inspection of the Unit; Give Tenant written notification of any inspection dates so that Tenant has the opportunity to participate in the inspection; Give Tenant copies of all documents and forms signed by both parties or Tenant along with any other pertinent data (i.e., orientation booklet, appliance manuals, maintenance procedures, emergency numbers).

(c) **Rent Payments.** Accept rental payments without regard to any other charges owed by the Tenant to management and to seek separate legal remedy for the collection of such charges.

(d) **Seizure of Property.** Not to seize and hold the property of the Tenant for rent or other financial obligations of the Tenant, except in cases of abandonment; in cases of abandonment, property will be disposed of in accordance with State of Virginia law. Under Virginia law (§ 55-248.38:1), a landlord may dispose of property if the Tenant vacates the premises, leaves property behind, and does not claim the property within 30 days of termination of the Lease and delivery of possession by Tenant. The landlord may condition release of the property on the payment of any costs incurred by landlord for storing or safeguarding the property. If the Tenant does not claim or take possession of the property within the period described above, the landlord may sell the property after 10 days written notice to Tenant at Tenant's last known address, address correction requested, and apply the proceeds to unpaid rent and other obligations owed by the Tenant, and to all costs incurred by landlord in storing and selling the property. Any remaining proceeds will be treated as a security deposit under the provisions of § 55-248.1.1. of the Code of Virginia, as amended.

15. **LEASE TERMINATION.**

(a) **By Tenant.**

(1) **Desire Not to Renew at End of Term.** Tenant has agreed to execute a Lease for one (1.) year. Should Tenant not wish to renew this Lease, notice in writing must be given to the management office thirty (30) days prior to lease termination.

(2) **Desire to Terminate During Term.**

(A) **Good Cause only during First Term.** Tenant may terminate this Lease during its term for "good

cause" with thirty (30) days written notice to the management office. " Good Cause" is defined as such reasons customary or mandatory in the community, such as an involuntary transfer of Tenant's employment, an involuntary termination of Tenant's employment, death of a spouse, or severe illness of Tenant or notification of the Tenant by the Owner/Manager of intent to prepay. In the event that Tenant's lease is terminated pursuant to this clause, should the Unit not be re-rented immediately, security deposit money may be used to cover the loss of rent.

(B) **Any Cause after First Term.** After the first term (12 months) of the Lease, Tenant may give management a thirty (30) day notice of intention to vacate on the 1st day of the month in writing. Tenant will be responsible for payment of rent and all utilities for the thirty (30) day period. Tenant agrees that Tenant shall be responsible for paying the last month's rent and that security deposit money cannot be used for such purpose.

(b) **By Management.** Management may terminate this Lease or refuse to renew it if there is material noncompliance with this Lease or other "good cause".

(1) **Material Noncompliance.** "Material Noncompliance" includes, but is not limited to the following:

(A) One or more substantial violations of this Lease;

(B) Nonpayment or 3 or more repeated late payments within a 12 month period, (payments after the 10th of each month), of rent or any other financial obligation due under this Lease [NOTE: In order to enforce a termination for nonpayment of rent, it shall not be necessary to make a demand on the same day the rent shall become due, but a demand and refusal to pay at any time on the same day or at any time on a subsequent day shall be sufficient];

(C) Admission to or conviction for the use, attempted use, possession, manufacture, sale or distribution of an illegal controlled substance that is conducted or allowed in or on the Premises by the Tenant or someone under the Tenant's control. The Tenant has a responsibility to remove guests and household members who conduct illegal activity involving controlled substances.

(2) **Other Good Cause.** Prior to terminating this Lease for "Other Good Cause", Owner/Manager will give Tenant written notice that Tenant's conduct is grounds for termination. If Tenant or Tenant's household persist in the conduct, this Lease will be terminated. Other "Good Cause" includes the following:

(A) Noneligibility for tenancy;

(B) Action or conduct of the Tenant or member which disrupts the livability of the Project by being a direct threat to the health or safety of any person, or the right of any Tenant or member to the quiet enjoyment of the Premises and related project facilities, or that results in substantial physical damage causing an adverse financial effect on the Project, or the property of others, EXCEPT when such threat can be removed by applying a reasonable accommodation;

(C) Any violations of State or Federal laws where the violation in any way involves the Premises;

(D) Repeated minor violations of this Lease or the rules and regulations of the Project which disrupt the livability and harmony of the Project by adversely affecting the health or safety of any person, or the right of any Tenant to quiet enjoyment of the Leased Premises and the related project, or that have an adverse financial impact on the Project;

(E) Failure to provide requested certification information or misrepresentation of certification information. Certification information is information provided by the Tenant, which is used to make rent, income or eligibility determinations. Certification information will be requested of the Tenant at least annually and more often if necessary due to the operation of Paragraph 12(d) of this Lease. Tenant will receive an annual recertification notice during the period of 90 to 75 days prior to the end of Tenant's term. Tenant will receive another written notice at 30 days prior to the end of Tenant's term. Failure to respond to recertification notices and provide necessary certification information will result in tenant being charged note rate rent and eviction.

(3) **General Information on Termination.**

(A) The failure or omission of management to terminate this Lease for any cause shall not destroy the right of management to do so later for a similar or other causes.

(B) Should management decide to terminate this Lease, a written notice in accordance with State law must be given to the Tenant. For non-payment of rent, a five (5) day Notice to Quit would be issued. For other "good cause" a thirty (30) day Notice of Lease Termination would be issued. Notwithstanding the foregoing, this Lease shall not be terminated until all applicable cure and/or grace periods for remedying any such default provided for under the terms of this Lease or under the Virginia Residential Landlord Tenant Act have expired.

16. MODIFICATION TO LEASE OR RULES AND REGULATIONS/NOTICE TO TENANTS. The Owner/Management may modify the terms and conditions of this Lease, effective at the end of the initial term or a successive term, by serving an appropriate notice on the Tenant, together with the tender of a revised Lease or an addendum revising the existing Lease. This notice and tender shall be delivered to the Tenant either by first-class mail, properly stamped and addressed or hand delivered to the Premises to an adult member of the Household.

The date on which the notice shall be deemed to be received by the Tenant shall be the date on which the first-class letter is mailed or the date on which the copy of the notice is hand delivered to the Premises. The notice must be received at least thirty (30) days prior to the last date on which the Tenant has the right to terminate the tenancy without executing the revised Lease. The notice must advise the Tenant that they may appeal modifications to the Lease in accordance with the RD Tenant grievance and appeals procedure if the modification will result in a denial, substantial reduction or termination of benefits being received.

The same notification will be applicable to any changes in the rules and regulations for the Project.

17. **ASSIGNMENT OF LEASE/PREPAYMENT OF RD LOAN.** In the event of a change in Ownership and/or management of this property approved by RD, this Lease may be assigned to the new Ownership and/or management. In the event of prepayment of the RD loan, the Owner/Agent will give Tenant a six (6) month notice of intent to prepay. Tenant contribution to rent may not be increased for the term of the Lease. (The escalation clause for rent changes approved by RD for budgetary reasons will continue to be applicable, however.) Any lease signed after notification of intent to prepay, but prior to prepayment, may be for a term, which ends on the date of prepayment. All applicable RD procedures will be complied with in the event of borrower prepayment.

18. **DESTRUCTION OF PREMISES DUE TO FIRE OR OTHER DISASTER.** In the event that the Premises are either partially or completely destroyed by fire or other casualty to an extent that enjoyment of the Premises is substantially impaired, the Tenant may immediately vacate the Premises and within fourteen (14) days thereafter, provide Landlord a written notice of his intention to terminate the Lease. The Lease will thereupon terminate as of the date Tenant vacates the Premises. In the event Tenant does not elect to terminate the Lease after such fire or casualty or if such casualty does not substantially impair the Premises, Owner/Manager may at their sole discretion and without liability to Tenant, elect either to terminate this Lease, or repair/rehabilitate the Premises within three (3) months. If the election to rehabilitate or repair is made, Tenant's rent and occupancy charges shall be pro-rated so that Tenant does not pay for the period when Tenant cannot occupy the Premises. If the Premises are not rehabilitated or repaired within three (3) months of the date of the fire or other disaster, this Lease will immediately terminate.

19. **SEVERABILITY.** In the event that any provision of this Lease is found to be contrary to federal, state, or local law or regulations, the remainder of this Lease shall continue in full force and effect.

20. **SUBORDINATION.** This Lease is subject to all present and future mortgages, deeds of trust and security agreements entered into by Landlord, which affect the Premises. Tenant shall execute and deliver to Landlord upon request any and all necessary documents to subordinate this Lease to any mortgage, deed of trust or security agreement.

21. **METHOD OF GIVING NOTICE.** Notice called for under the terms of this Lease must be given in writing and may be delivered by first class mail, postage prepaid, to the following addresses;

(a) Notice by Tenant to Owner/Manager

_____ [Name of Project]
_____ [Address of Manager/Owner]

(b) Notice by Manager/Owner to Tenant

_____ [Name of Tenant] _____
_____ [Address of Tenant] _____

Notice may also be given by serving a copy of the notice on any adult person answering the door at the Unit, or if no one responds, by slipping the notice under either the Tenant's Unit's door (in the case of Owner/Manager giving notice) or by placing it under the door of _____office at the Project (in the case of Tenant giving notice), or by affixing the notice to the door.

The date on which this notice shall be deemed to be received by the Tenant shall be the date on which notice is either mailed, given to an adult at the Unit, slipped under the door, or affixed to the door (depending on the method of service used).

22. **GRIEVANCE PROCEDURES.** Tenant's grievance or appeal from a decision of Owner/management shall be resolved in accordance with procedures consistent with applicable RD regulations. RD regulations governing grievance or appeal procedures are posted in the management office. The tenant should send direct complaints to :

_____ [Name of Project]

_____ [Address of Manager/Owner]

23. **DISCLAIMER.** Neither the Owner/Agent nor any of its representatives or employees shall be liable, and Tenant agrees not to hold them liable, for damage or loss to the property of the Tenant, any member of the Tenant's family or visitors or personal injury including death to any person in or near the Unit which result from theft, vandalism, or the elements or any other cause except for intentional acts or negligence on the part of the Owner/Agent.

24. **THIS LEASE IS THE ENTIRE AGREEMENT OF THE PARTIES.** This Lease, together with attachments and any future amendments approved by RD, evidences the entire agreement between management and Tenant(s) and no changes shall be made except in writing. Also, this Lease together with attachments and amendments will be completed and executed in duplicate with one copy for management and the other for Tenant. Notwithstanding anything in this Lease to the contrary, this Lease shall in all aspects comply with all federal and state housing laws applicable to this development and with any relevant RD regulations in effect from time to time.

25. **SIGNATORY CLAUSE.** This Lease is effective on the lease date when executed by the Tenant and Manager (if authorized by the Owner to execute the Lease and all other documents on its behalf). In signing this Lease, Tenant agrees that he/she has read the Lease and enters into this Lease of his/her own free will. The Tenant will receive a duplicate original of this Lease.

Tenant Signature _____ Date _____
Co-Tenant Signature _____ Date _____
Owner Signature _____ Date _____
[Project Owner] by _____ Owner's Authorized Agent

Attachments:

- (a) Form RD 3560-8 Tenant Certification
- (b) RD Utility Allowance
- (c) Security Deposit Payment Form
- (d) Move-In Inspection
- (e) Tenant Utility Release Form
- (f) Development Rules/Regulations
- (g) Pet Policy (where applicable)

The Tenant hereby acknowledges receipt of a duplicate original of this Lease:

Tenant Signature _____ Date _____
Co-Tenant Signature _____ Date _____