



HALE MAKANA O NANAKULI LEASE AGREEMENT

PARTIES AND DWELLING UNIT:

1. PARTIES: The parties to this Agreement are as follows:

a. OWNER/BORROWER: **Nanakuli Kauhale Development, L.P.**

LANDLORD: **Mark Development, Inc.**, is authorized to manage the property named Hale Makana O Nanakuli. Landlord’s contact information is:
3165 Waialae Avenue, Ste. 200, Honolulu, Hawaii 96816
Phone: (808) 735-9099. Fax: (781) 295-3427

b. TENANT: The following Tenant(s) (“Tenant”): «head name» and «spouse name» and «cotenant name 1». (If there is more than one Tenant, the word “Tenant” means all tenants.)

c. OTHER PERSONS AUTHORIZED TO LIVE IN THE UNIT: Only the persons who are listed on the Tenant Certification are allowed to occupy the Unit.

Tenant agrees that the Premises shall be occupied only by the persons listed on the Tenant Certification. Before any additional persons are allowed to reside in the Premises, each additional person requesting to reside in the unit must submit an application and meet the screening criteria of the Landlord which shall include changes in income, citizenship and/or the number of persons living in the unit. If Tenant permits any additional persons to reside in the unit in violation of these requirements, Tenant’s Lease will be terminated.

The Landlord leases to the Tenant, dwelling Unit Number «apt nbr only» located at 89-201 Lepeka Avenue, Waianae, Hawaii 96792 in the project known as Hale Makana O Nanakuli.

This project is financed by the USDA (hereinafter “RD”). RD has the right to further verify information provided by the applicant, and is subject to the 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 Age Discrimination Act of 1975 and the Americans with Disabilities Act. All complaints should be directed to the Administrator, RD, United States Department of Agriculture, Washington, DC, 20250.

In the event the applicant or Tenant is non-English speaking, the lease and all attachments will be translated to the appropriate language.

LENGTH OF TIME (TERM):

2. The initial term of this Agreement shall begin on «lease start date» and end on «lease end dayordinal» day of «lease end monthandyear». After the initial term ends,

the Agreement will continue for successive terms of one year periods, unless terminated as permitted by Paragraph 24 of this Agreement.

RENT:

- 3. You agree to pay «prorate rent» for the partial month ending on «last day of month» and a Security Deposit of «security deposit». After that, you agree to pay a rent of «tenant rent» per month. This amount is due and payable to the project on the first day of the month. Checks and money orders shall be made payable to Hale Makana O Nanakuli, and shall be delivered to Mark Development, Inc., 3165 Waiialae Avenue, Suite 200, Honolulu, Hawaii 96816 or such other place or method as may be established by the Landlord.

Owner has entered into a certain Agreement with the USDA, Rural Development which provides assistance such that below market rate rents are available to qualified Tenants. Tenant's Rental Payment will be calculated based upon Tenant's Household's Total Annual Income. Details regarding Income Included and Exempted, Deductions from Income and Method of Rental Calculation are defined by USDA, Rural Development regulations. Basic and/or Market Rental Amounts are determined in accordance with Rural Development regulations and will not be changed without prior Rural Development approval in accordance with current Rural Development regulations. Tenant's Monthly Tenant Contribution may change based upon changes in Income and Household Composition.

The total Tenant Contribution has been determined by the following checked applicable attachment: RENT, UTILITIES and PROVISIONS particular to the type of rent subsidy and/or housing (checked item applies):

- | | |
|----------------------------------------------------------------------|----------------------------------------------------------------------|
| <input type="checkbox"/> Interest Credit Housing Assistance Payments | <input type="checkbox"/> PHA – Section 8 Housing Assistance Payments |
| <input type="checkbox"/> HUD – Section 8 | <input checked="" type="checkbox"/> Rental Assistance |
| <input type="checkbox"/> Labor Housing | <input type="checkbox"/> Congregate |

The Tenant may initially pay his/her rent by personal check. However, if one check is not honored for payment, the Tenant shall make all future rent payments by cashier's check, certified check, or money order.

CHANGES IN THE TENANT'S SHARE OF THE RENT:

- 4. The Tenant agrees that the amount of rent the Tenant pays and/or the amount of assistance that RD pays on behalf of the Tenant may be changed during the term of this Agreement if:
 - a. The USDA, Rural Development approved basic/market rent for this complex may be changed during the term of this lease with USDA, Rural Development approval. Such approved rent change would affect the Tenant contribution only of Tenants who are not receiving RD Rental Assistance or Section 8 assistance;

- b. USDA, Rural Development changes any allowance for utilities or services considered in computing the Tenant's share of the rent;
- c. The income, the number of persons in the Tenant's household or other factors considered in calculating the Tenant's rent or assistance payment be adjusted to reflect the change;
- d. Changes in the Tenant's rent or assistance payment are required by Rural Development recertification or subsidy termination procedures;
- e. Rural Development procedures for computing Tenant's assistance payment or rent change; or
- f. The Tenant fails to provide information on his/her income, family composition or other factors as required by the Landlord;
- g. The Landlord agrees to implement changes in the Tenant's rent or tenant assistance payment only in accordance with the time frames and administrative procedures set forth in USDA, Rural Development handbooks, instructions and regulations related to administration of multifamily subsidy programs. The Landlord agrees to give the Tenant at least 45-days advance written notice of any increase in the Tenant's rent except as noted in Paragraphs 12, 16 or 17. The notice will state the new amount the Tenant is required to pay, the date the new amount is effective, and the reasons for the change in rent. The notice will also advise the Tenant that he/she may meet with the Landlord to discuss the rent change.

ESCALATION CLAUSE:

- 5. Landlord may change the basic rent and note rate rent prior to the expiration of the Lease with the written consent or approval of RD. Landlord shall notify Tenant of a request to change the rent and provide Tenant at least 20 days to provide comments to RD. If RD approves an increase in the rent, Landlord shall notify Tenant at least forty-five (45) days as required by State law before a change in rent becomes effective. If RD approves a decrease in rent, Landlord shall notify Tenant prior to the 1st day of the month in which the new rents are due. The Tenant contribution may also be changed prior to the expiration of the Lease if the change is due to changes in Tenant status, as documented on the tenant certification form, or the Tenant's failure to properly recertify.

CHARGES - LATE FEES, RETURN CHECKS, LEGAL FEES & PRIORITY OF APPLICATION OF PAYMENTS:

- 6. If Tenant does not pay the full amount of the rent shown in Paragraph 3 by the end of the 10th day of the month, the Landlord may collect a late fee of \$10.00 of the Tenant's contribution and/or market rent.

The Landlord may not terminate this Agreement for failure to pay late charges, but may terminate this Agreement for Non-payment of rent as explained in Paragraph 24. The Landlord may collect a fee of \$10.00 each time a check is not honored for payment (bounces). The charges set forth in this paragraph are in addition to the regular monthly rent payable by the Tenant.

If Tenant defaults in making any payment required by this Agreement, and/or if Tenant violates any terms of this Lease Agreement and the Landlord has obtained the services of an attorney with respect to the collection and/or the enforcement thereof, the Tenant agrees to pay to the Landlord any reasonable attorney's costs incurred.

Landlord agrees to accept Tenant's contribution toward rent charges prior to payment of other charges that the Tenant owes. Landlord may seek legal remedy for collecting other charges accrued by Tenant, if necessary.

CONDITION OF DWELLING UNIT:

7. By signing this Agreement, the Tenant acknowledges that the unit is safe, clean and in good condition. The Tenant agrees that all appliances and equipment in the unit are in good working order, except as described on the Unit Inspection Report, initially attached as Attachment No. 3 to this Agreement. The Tenant also agrees that the Landlord has made no promises to decorate, alter, repair, or improve the unit, except as listed on the Unit Inspection Report.

In the event the property becomes uninhabitable due to fire or other natural disaster, the Borrower shall have the right to repair the building or terminate the lease and not rebuild.

CHARGES FOR UTILITIES & SERVICES:

8. The following chart describes how the cost of utilities related to occupancy of the unit will be paid:

<u>Landlord Pays</u>	<u>Tenant Pays</u>	<u>Utility Allowance</u>
Water	Electricity	Per USDA Approved
Garbage	Telephone	Rates
Sewer	Cable	

Tenant agrees that the preceding chart accurately describes the services to be paid by the Landlord and the services to be paid by the Tenant. Attached to this Agreement is an allowance per month for the utilities designated to be paid by the Tenant and such allowance has been taken into consideration in determining Tenant's monthly contribution and housing assistance payments. The Tenant is responsible to pay utility charges promptly when due.

SECURITY DEPOSITS:

9. The Tenant has deposited «security deposit» with the Landlord. The Landlord will hold this security deposit for the period the Tenant occupies the unit. After the Tenant has moved from the unit, the Landlord will determine whether the Tenant is eligible for a refund of any or all of the security deposit. The amount of the refund will be determined in accordance with the following:
 - a. The Tenant will be eligible for a refund of the security deposit only in accordance with Chapter 521, Residential Landlord-Tenant Code, Hawaii Revised Statutes.

- b. Prior to or after the Tenant has moved from the unit, the Resident Manager will inspect the unit and complete another Unit Inspection Report. The Tenant may accompany the Resident Manager during this inspection, after which time Tenant will be given a copy of the Move-Out inspection report. The Resident Manager and the Tenant will mutually agree on an inspection date and time which will be convenient for both parties. Failure by the Tenant to appear on the agreed date and time constitutes waiver of the Tenant's rights to dispute the refurbishing charges.
- c. The Landlord will refund to the Tenant the amount of the Security Deposit less any amount needed to pay the cost of:
 - 1) Unpaid Rent;
 - 2) Damage(s) that are not due to normal wear and tear and are not listed on the initial Unit Inspection Report;
 - 3) Charges for late payment of rent (if applicable) and returned checks, as described in Paragraph 6;
 - 4) Charges for unreturned keys, as described in Paragraph 10.
- d. The Landlord agrees to refund the amount in Paragraph 9 within 14 days after the Tenant has permanently moved out of the unit and given his/her new address to the Landlord. The Landlord will also give the Tenant a written list of charges that were subtracted from the deposit. If the Tenant does not believe that the amounts deducted by the Landlord are justified, the Landlord agrees to informally discuss the disputed charges with the Tenant.
- e. If the unit is rented by more than one person, the Tenant agrees that they will work out the details of such refunds among themselves. The Landlord must pay the refund, if any, to the Tenant identified in Paragraph 1 of this Agreement.
- f. During occupancy, the Tenant understands that the Landlord will not count the Security Deposit towards the last month's rent or towards repair charges owed by the Tenant in accordance with Paragraph 11.

KEYS AND LOCKS:

10. The Tenant agrees not to install additional or different locks or windows of the unit without the written permission of the Landlord. If the Landlord approves the Tenant's request to install such locks, the Tenant agrees to provide the Resident Manager with a key for each lock. When this Agreement ends, the Tenant agrees to return all keys to the dwelling unit to the Resident Manager. The Landlord may charge a fee for each key not returned to the Resident Manager. The Tenant understands that the Landlord will not refund any charges for extra/replacement keys during his/her tenancy.

MAINTENANCE:

11. a. The Landlord agrees to:
 - i) Regularly clean and maintain all common areas and facilities of the property in a safe condition according to state and local codes, RD regulations and Federal fair housing requirements.

- ii) Provide and maintain appropriate containers for collecting garbage and to arrange for the regular removal of such garbage;
 - iii) Maintain all equipment and appliances in safe and working order;
 - iv) Make necessary repairs with reasonable promptness;
 - v) Maintain exterior lighting in good working order;
 - vi) Provide extermination services, as necessary; and
 - vii) Maintain the grounds and shrubs.
- b. The Tenant agrees to:
- i) Keep the unit clean;
 - ii) Use all appliances, fixtures and equipment in a safe manner and only for the purposes for which they are intended;
 - iii) Not litter the grounds or common areas of the project;
 - iv) Not destroy, deface, damage, or remove any part of the unit, common areas, or project grounds;
 - v) Give the Landlord prompt notice of any defects in the plumbing, fixtures, appliances, heating and cooling equipment, or any other part of the dwelling unit or related facilities;
 - vi) Remove garbage and other waste from the unit in a clean and safe manner as required by local laws or ordinance; and
 - vii) Avoid excessive or unnecessary use of water.

Tenant understands that failure to adhere to their responsibilities regarding maintenance will result in a Lease violation and possible termination for repeated violations.

DAMAGES:

12. Whenever damage is caused by carelessness, misuse, or neglect on the part of the Tenant, his/her family, or visitors, the Tenant agrees to pay:
- a. the cost of all repairs and do so within 30 days after receipt of the Landlord's demand for payment; and
 - b. rent for the period the unit is damaged whether or not the unit is habitable. The Tenant understands that RD will not make assistance payments for any period in which the unit is not habitable. For any such period, the Tenant agrees to pay the RD-approved market rent rather than the Tenant rent shown in Paragraph 3 of this Agreement.

RESTRICTIONS OR ALTERATIONS:

13. The Tenant agrees not to do any of the following without first obtaining the Landlord's written permission:
- a. change or remove any part of the appliances, fixtures, or equipment in leased premises;
 - b. paint or install wall paper or contact paper in the unit;
 - c. attach awnings or window guards in the unit;
 - d. attach or place any fixtures, signs, or fences on the building(s), the common areas, or the project grounds;

- e. attach any shelves, screen doors, or other permanent improvements in the unit;
- f. install washing machines, dryers, freezers, fans, heaters, or air conditioners in the unit; or
- g. place any aerials, antennas or other electrical connections on the unit.

GENERAL RESTRICTIONS:

14. The Tenant must live in the unit and the unit must be the Tenant's only place of residence. The Tenant shall use the premises only as a private dwelling for himself/herself and the individuals listed on the Tenant Certification. (Form attached as Attachment No. 1)
The Tenant agrees to permit other individuals to reside in the unit only after obtaining the prior written approval of the Landlord. The Tenant agrees not to:

- a. sublet or assign the unit, or any part of the unit;
- b. use the dwelling unit for unlawful purposes;
- c. permit guests or other household members to engage in unlawful activities in the unit, in the common areas or on the project grounds. These unlawful activities include but are not limited to the possession, use and/or sale of illegal drugs and disturbances or acts of violence that damage or destroy the dwelling unit or disturb or injure other Residents; the Tenant further agrees not to engage personally in unlawful activities in the unit, in the common areas or on or off the project grounds. Such activities include but are not limited to those listed above;
- d. the Tenant further agrees not to engage personally in unlawful activities in the unit, in the common areas or on or off the project grounds. Such activities include but are not limited to those listed above;
- e. have pets or animals of any kind in the unit without the prior written permission of the Landlord; or
- f. make or permit noises or acts that will disturb the rights and comforts of neighbors. The Tenant agrees to keep the volume of any radio, stereo, television, or musical instrument etc. at a level which will not disturb the neighbors.
- g. Tenant understands that if he/she does not personally reside in the unit for a period exceeding 60 consecutive dates, for reasons other than health or emergency, his/her net monthly Tenant contribution shall be raised to the Note Rate Rent for the period of absence exceeding 60 consecutive days. Tenant also understands that should any entitlement (RA or interest credit) be suspended or reassigned to other eligible tenants, he/she is not assured that it will still be available upon his/her return. Tenant also understands that if his/her absence continues beyond 60 consecutive days, Landlord may take appropriate steps to terminate tenancy at the end of the lease period. Borrower shall be notified of any intended absence beyond the 60 consecutive days.
- h. The Tenant agrees to advise Landlord of any planned absence for an extended period of 2 weeks or more.
- i. The unit shall not be used for the carrying out of any trade or business and/or for the purpose of rendering any services, including but not limited to childcare or babysitting.

- j. Tenant is permitted to have guests according to the rules set forth. Anyone who stays in the Premises who is not an authorized occupant on this Lease will be treated as a guest. Landlord reserves the right to request proof of domicile of any guest making recurring visits or one continuous visit beyond the allowed 7 consecutive days. Should Tenant or guest in question not provide the requested information needed to confirm guest's domicile, then Landlord may consider such guest a member of Tenant's household and may enforce any Lease provisions shown to be violated and/or require Tenant to be re-certified.

RULES:

15. The Tenant agrees to obey the House Rules initially attached as Attachment No. 2 to this Agreement. The Tenant agrees to obey additional rules established after the effective date of this Agreement if:
 - a. the rules are reasonably related to the safety, care and cleanliness of the building and the safety, comfort, and convenience of the Tenant; and
 - b. the Tenant receives written notice of the proposed rule at least 30 days before the rule is enforced.

REGULARLY SCHEDULED (ANNUAL) RECERTIFICATIONS:

16. Tenant understands that the income verification and certification requirement established under 7CFR3560.152 is a condition of occupancy. The Tenant agrees to provide accurate statements of income and assets and any other information required by Rural Development for the purposes of determining the Tenant's rent and assistance payment, if any.
 - a. If the Tenant does not submit the required recertification information by the date specified in the Landlord's request, the Landlord may impose the following penalties. The Landlord may implement these penalties only in accordance with the administrative procedures and time frames specified in Rural Development regulations, handbooks and instructions related to the administration of multifamily subsidy programs.
 - (i) Require the Tenant to pay the higher Rural Development approved market rent for the unit.
 - (ii) Implement any increases in rent (to market rent) resulting from the recertification processing immediately upon the Tenant's failure to submit the required recertification information by the date specified in the Landlord's request.
 - b. The Tenant may request to meet with the Landlord to discuss any change in rent or assistance payment resulting from the recertification processing. If the Tenant requests such a meeting, the Landlord agrees to meet with the Tenant and discuss how the Tenant's rent and assistance payment, if any, were computed.

REPORTING CHANGES BETWEEN REGULARLY SCHEDULED RECERTIFICATIONS:

17. a. If any of the following changes occur, the Tenant agrees to advise the Landlord immediately:

- (i) Household income changes by \$100.00 or more a month;
 - (ii) Changes in Household assets;
 - (iii) Any changes to qualifications for adjustments to income;
 - (iv) Changes to citizenship status;
 - (v) Changes to number of persons living in the unit.
- b. If the Tenant does not advise the Landlord of these interim changes, the Landlord may increase the Tenant's rent to the Rural Development approved market rent. The Landlord may do so only in accordance with the time frames and administrative procedures set forth in Rural Development regulations, handbooks and instructions on the administration of multifamily subsidy programs.
- c. In the event the Tenant is found to be no longer eligible for occupancy unless conditions cited in 7CFR 3560.158(c) exist, Tenant will be given 45 days to move out of the property.
- d. The Tenant may request to meet with the Landlord to discuss how any change in income or other factors affected his/her rent or assistance payment, if any. If the Tenant requests such a meeting, the Landlord agrees to meet with the Tenant and explain how the Tenant's rent or assistance payment, if any was computed.

TERMINATION OF ASSISTANCE (RENT SUPPLEMENT, SEC. 8 OR RAP):

18. Termination of assistance means that the Landlord may make the assistance available to another Tenant and the Tenant's rent will be recomputed. In addition, if the Tenant's assistance is terminated because of criteria (1) or (2) below, the Tenant will be required to pay the Rural Development approved market rent for the unit. The Tenant understands that assistance made available on his/her behalf may be terminated if any of the following events happen:
- 1) The Tenant deliberately submits false information on any application, certification, or recertification for the purpose of obtaining a higher assistance payment or lower rent and Rural Development approves the termination.
 - 2) The Tenant does not provide the Landlord with the information or reports required by Paragraph 16 or 17 within 10 calendar days after receipt of the Landlord's notice of intent to terminate the Tenant's assistance payment.
 - 3) The amount the Tenant would be required to pay towards rent and utilities under Rural Development rules and regulations equals the Family Gross Rent shown on Attachment No.1.

The Landlord agrees to give the Tenant written notice of that proposed termination. The notice will advise the Tenant that, during the ten calendar days following the date of the notice, he/she may request to meet the Landlord to discuss the proposed termination of assistance. If the Tenant requests a discussion of the proposed termination, the Landlord agrees to meet with the Tenant.

Termination of assistance shall not affect the Tenant's other rights under this Agreement, including the right to occupy the unit. If assistance is terminated pursuant to Paragraph 18

(2) or 18 (3), assistance may subsequently be reinstated if the Tenant submits the income or other data required by Rural Development procedures, the Landlord determines the Tenant is eligible for assistance, and assistance is available.

TENANT OBLIGATION TO REPAY:

19. If the Tenant submits false information on any application, certification or request for interim adjustment or does not report interim changes in family income or other factors as required by Paragraph 17 of this Agreement, and as a result, is charged a rent less than the amount required by Rural Development rent formulas, the Tenant agrees to reimburse the Landlord for the difference between the rent he/she should have paid versus the rent he/she was charged. The Tenant is not required to reimburse the Landlord for undercharges caused solely by the Landlord's failure to follow Rural Development procedures for computing rent or assistance payments.
- a. Landlord may at its discretion enter into a Repayment Agreement with the assisted Tenant who submitted the false information.
 - b. The Landlord reserves the right to pursue any of the following options should the assisted Tenant defaults in the Repayment Agreement.
 - 1) Civil Suit
 - 2) Termination of assistance
 - 3) Eviction
 - 4) Criminal prosecution
 - 5) Referral to collection agency
 - 6) Reporting to Credit Bureau

SIZE OF DWELLING:

20. The size of the dwelling unit is determined by the number of occupants as follows:

One BR: 1 to 3 people Two BR: 2 to 5 people Three BR: 3 to 7 people

Tenant shall be considered under housed if there are more people than allowed in their existing unit based on the standards above. Tenant shall be considered over housed if there are more bedrooms than occupants in the unit. If Tenant's household becomes over/under housed, and the appropriate sized unit becomes available, the Tenant agrees to:

- a. Move within 30 days after the Landlord notifies him/her that a unit of the required size is available within the project; or
- b. Should the Tenant become in need of a unit size that is unavailable on the premises, Tenant would be required to vacate the premises within 30 days, or at the end of the Lease, whichever is longer, unless the conditions cited in 7CFR 3560.158 (c) exist.

If Tenant holds a Letter of Priority Entitlement (LOPE), and Tenant is occupying a unit that Tenant is not eligible for, Tenant agrees to move to an appropriately sized unit when one becomes available. The cost of the move shall be paid for by the Tenant.

In the event Tenant is occupying an accessible unit designed for individuals with disabilities but does not need the features of the unit, Tenant agrees that he/she will move to another appropriately sized unit when one becomes available or when the unit is needed by an individual with disabilities. Landlord agrees to provide Tenant with a 30 day written notification of the date by which Tenant will be required to move to another unit. The Landlord will be responsible for the costs of the move to the next available unit that the Tenant is qualified to occupy.

ACCESS BY LANDLORD:

21. The Landlord agrees to enter the unit only during reasonable hours, to provide no less than two day's notice of his/her intent to enter the unit only after receiving the Tenant's consent to do so, except when emergency situations make such notice impossible or except under paragraph (c) below.
 - a. The Tenant agrees to permit the Landlord, his/her agents or other persons, when authorized by the Landlord, to enter the unit for the purpose of making reasonable repairs and periodic inspections.
 - b. After the Tenant has given a notice of intent to move, the Tenant agrees to permit the Landlord to show the unit to prospective tenants during reasonable hours.
 - c. If the Tenant moves before this Agreement ends, the Landlord may enter the unit to decorate, remodel, alter or otherwise prepare the unit for re-occupancy.

DISCRIMINATION PROHIBITED:

22. The Landlord shall not discriminate against the Tenant in the provision of services, or in any other manner, on the grounds of race, color, creed, religion, sex, national origin, age, marital status or physical or mental handicap. Tenant must possess capacity to enter into legal contract; this complex is financed by the USDA, Rural Development and is subject to Title VI nondiscrimination provisions. All complaints are to be directed to the Secretary of Agriculture or to the office of Equal Opportunity, USDA, Washington, D.C. 20250.

CHANGE IN RENTAL AGREEMENT:

23. The Landlord may, with the prior approval of Rural Development, change the terms and conditions of this Agreement. Any changes will become effective only at the end of the initial term or a successive term. The Landlord must notify the Tenant of any change and must offer the Tenant a new Agreement or an amendment to the existing Agreement. The Tenant must receive the notice at least 60 days before the proposed effective date of the change (except in the case of an interim adjustment). The Tenant may accept the changed terms and conditions by signing the new Agreement or the amendment to the existing Agreement and returning it to the Landlord. The Tenant may reject the changed terms and conditions by giving the Landlord written notice that he/she intends to terminate the tenancy. The Tenant must give such notice at least 30 days before the proposed change will go into effect. If the Tenant does not accept the amended Agreement, the Landlord may require the Tenant to move from the project, as provided in Paragraph 24.

TERMINATION OF TENANCY:

24. To terminate this Agreement, the Tenant must give the Landlord 28 days' written notice before moving from the unit. If the Tenant does not give the full 28 days' notice, the Tenant shall be liable for rent up to the end of the 28 days for which notice was required or to the date the unit is re-rented, whichever date comes first.

Any termination of this Agreement by the Landlord must be carried out in accordance with Rural Development regulations, State and local law, and the terms of this Agreement. The Landlord may terminate this Agreement for:

- a. Death of the sole Tenant of a unit;
- b. The Tenant's material noncompliance with the terms of this Agreement.

Material noncompliance includes, but is not limited to:

- (i) nonpayment of rent;
 - (ii) failure to reimburse the Landlord within 30 days for repairs made under Paragraph 11 of this Agreement;
 - (iii) repeated late payment of rent;
 - (iv) permitting unauthorized persons to live in the unit;
 - (v) serious or repeated damage to the unit or common areas;
 - (vi) creation of physical hazards, or other hazards that will increase the project's hazard insurance premium;
 - (vii) serious or repeated violations of the rental agreement that disrupt the livability of the project;
 - (viii) Tenant's or guest's actions that adversely affect the health or safety of any person or have an adverse financial effect on the project;
 - (ix) interfere with the management of the project or interfere with the rights and quiet enjoyment of other Tenants;
 - (x) failure to repay unauthorized assistance payments;
 - (xi) giving the Landlord false information regarding income or other factors considered in determining the Tenant's rent;
 - (xii) failure of the Tenant to timely supply all required information on the income and composition, or
 - (xiii) eligibility factors, of the Tenant household, including failure to meet the disclosure and verification requirements for social security numbers.
- c. The Tenant's material failure to carry out obligations under the State Landlord and Tenant Act; or
 - d. Other good cause, which includes but is not limited to the Tenant's refusal to accept the Landlord's proposed change to this Agreement. Terminations for "other good cause" may only be effective as of the end of any initial or successive term.
 - e. By abandonment of the premises by Tenant, providing Landlord complies with the applicable provisions of the Hawaii Revised Statutes to establish such abandonment.

If the Landlord proposes to terminate this Agreement, the Landlord agrees to give the Tenant written notice of the proposed termination. If the Landlord is terminating this agreement for “other good cause”, the termination notice must be received by the Tenant at least 45 days before the date the Tenant will be required to move from the unit. Notices of proposed termination for other reasons must be given in accordance with any time frames set forth in State and local law. Any RD required notice period, may run concurrently with any notice period required by State or local law.

All Termination notices must:

1. specify the date this Agreement will be terminated;
2. state the grounds for termination with enough detail for the Tenant to prepare a defense;
3. advise the Tenant that he/she has 10 days within which to discuss the proposed termination of tenancy with the Landlord. The 10-day period will begin on the earlier of the date the notice was hand-delivered to the unit or the day after the date the notice is mailed. If the Tenant requests the meeting, the Landlord agrees to discuss the proposed termination with the Tenant; and
4. advise the Tenant of his/her right to defend the action in court. If any eviction is initiated, the Landlord agrees to rely only upon those grounds cited in the termination notice required by Paragraph 2. When the Tenant no longer meets the eligibility requirements of the project during the term of the lease agreement, he/she will be required to vacate the unit unless an exception is authorized by the State Director.

Tenant understands that tenancy will continue until the Tenant’s possessions are removed from the housing whether voluntarily or by legal means, subject to the provisions noted in the State’s Landlord Tenant Code. The waiver by Landlord of any breach of any term, covenant or condition of this Lease shall not be deemed a waiver of such term, covenant or condition or of any subsequent breach of any term, covenant or condition. The subsequent acceptance of rent by Landlord shall not be deemed a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord’s knowledge of such preceding breach at the time of such acceptance.

HAZARDS:

25. The Tenant shall not undertake, or permit his/her family or guests to undertake, any hazardous acts or do anything, which will increase the projects insurance premiums. If the unit is damaged by fire, wind, or rain to the extent that the unit cannot be lived in and the damage is not caused or made worse by the Tenant, the Tenant will be responsible for rent only up to the date of the destruction. The Lease shall terminate if the unit cannot be repaired to acceptable occupancy standards within 120 days.

PENALTIES FOR SUBMITTING FALSE INFORMATION:

26. If the Tenant deliberately submits false information regarding income, family composition or other data on which the Tenant’s eligibility or rent is determined, the Landlord may, with

RD approval, require the Tenant to pay the higher, RD approved market rent for as long as the Tenant remains in the project. In addition, the Tenant could become subject to penalties available under Federal and State law.

CONTENTS OF THIS AGREEMENT:

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

TENANT COMPLAINTS AND GRIEVANCE PROCEDURES:

28. Tenant may direct all complaints to Landlord through the property's Resident Manager at the property's site office.

Tenant may file a grievance in response to an action or failure to act by the Landlord. Tenant must communicate to the Landlord in writing within 10 calendar days after occurrence of the adverse action or receipt of a notice of intent to take adverse action. A full copy of the grievance procedure can be viewed at the property's management office. The procedures for the resolution of Tenant Grievances may be found in 7CFR 3560.160.

NOTICES:

29. All notices or other communications required or permitted by this Lease shall be served on or given to either party to this Lease by the other party shall be in writing and shall be deemed to be served when personally delivered to the party to whom the notice is addressed to or through first class mail via the United States Postal Service.

- a. Notice to Landlord: Delivery of written notice from Tenant to Landlord may be made either through the property's Resident Manager at 89-201 Lepeka Avenue #E101, Waianae, Hawaii 96792 or at the property's site office.
- b. Notice to Tenant: Delivery of written notice from Landlord to Tenant may be made by personal delivery, first class mail via USPS, or attachment in a secure manner to the entrance door of the unit and first class mail to the Tenant at the unit address.

TRANSFER OF LEASE:

30. Tenant understands that should the complex be sold to a buyer approved by Rural Development, the lease will be transferred to the new owner.

VOLUNTARY PREPAYMENT OF LOAN OR EFFECT OF FORECLOSURE ACTION:

31. In the event of prepayment of the Rural Development loan, this Lease will be honored until the date your Lease expires or the date of prepayment, whichever occurs last, providing the Borrower has complied with proper notification and prepayment procedures as contained

in USDA, Rural Development Instruction 1064-B. No Tenant contribution to rent may be increased by reason of prepayment for the term of the Lease.

No change in the Tenant contribution will occur due to monetary or non-monetary default or when rental assistance or interest credit is suspended, canceled or terminated due to the Landlord's fault.

DISCLOSURE STATEMENT:

32. 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 a "drug violation") may be evidenced upon the admission to or conviction of the use, possession, manufacture, sale, or distribution of a controlled substance (as defined by local, state, or Federal law) in any local, state or Federal court.

The Landlord may require any lessee or other adult member of Tenant's household occupying the unit (or other adult or non-adult person outside Tenant's 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 to enter upon the Landlord premises or the Tenant's unit without the Landlord's prior consent as a condition for continued occupancy by the remaining members of the Tenant's 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 successfully completed a counseling or recovery program.

The Landlord may require any Tenant to show evidence that any non-adult member of the Tenant household occupying the unit, who committed a drug violation, agrees not to 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 has successfully completed a counseling or recovery program within timeframes specified by the Landlord as a condition for continued occupancy in the unit. Should a further drug violation be committed by any non-adult person occupying the unit the Landlord may require the person to be severed from tenancy as a condition for continued occupancy by the Tenant.

If a person vacating the unit, as a result of the above policies, is one of the Tenants, the person shall be severed from the tenancy and the Lease shall continue among any remaining Tenants and the Landlord. The Landlord may also, at the option of the Landlord, permit another adult member of the household to be a Tenant.

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 Tenant afforded by law.

ATTACHMENTS TO THE AGREEMENT:

33. The Tenant certifies that he/she has initially received a copy of this Agreement and the following attachments to this Agreement and understands that these attachments are part of this Agreement.

- a. Attachment No. 1 – Form RD 3560-8.
- b. Attachment No. 2 – House Rules
- c. Attachment No. 3 – Unit Inspection Report.

SIGNATURES:

ACKNOWLEDGEMENT: This Lease Agreement is effective on the lease date when executed by the Tenant and Landlord (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 Agreement of his/her own free will.** The Tenant will receive a duplicate original of this Agreement.

TENANT:

Signature

Date

Signature

Date

Signature

Date

Signature

Date

LANDLORD: MARK DEVELOPMENT, INC.

Signature

Date



HALE MAKANA O NANAKULI RESIDENTIAL LEASE RIDER

THIS RESIDENTIAL LEASE RIDER (hereinafter referred to as the "Rider") is made and entered into «lease start date», to that certain Lease Agreement dated «lease start date» (hereinafter referred to as the "Lease") and is entered into by and between Mark Development, Inc. (hereinafter referred to as "Lessor") and «head name» and «spouse name» and «cotenant name 1» (hereinafter referred to as "Lessee") who resides in Waianae, Hawaii, in the State of Hawaii relating to the residential unit known as Unit #«apt nbr only» in the Apartment Complex commonly referred to as Hale Makana O Nanakuli (the "Premises").

NOW THEREFORE, notwithstanding any other provisions to the contrary contained in the Lease, the parties hereto covenant and agree that the Lease shall be modified and amended as follows:

LESSEE ACKNOWLEDGES and agrees that the subject Premises are specifically identified and under the administrative control of the Section 42 Low Income Housing Tax Credit Program (hereinafter referred to as the "Program"), which limits occupants to an annual income level and provides lower rent rates to households who meet certain Program criteria (hereinafter referred to as "Qualified Households").

LESSEE ACKNOWLEDGES and agrees that participation in the Program allows the owner or its agent to increase the monthly rent rate based upon maximum allowable rents annually revised and published by the U.S. Department of Housing and Urban Development. Lessor reserves the right to increase rent rates in accordance with Program guidelines, subject to thirty (30) days written notice to Lessee, effective for the balance of said lease term.

LESSEE ACKNOWLEDGES and agrees that participation in the Program also requires that Qualified Households must meet certain income limitations based upon the number of persons residing in the Premises and Lessee(s) agrees to notify Lessor immediately of any increases or decreases in the number of persons residing in the Premises.

LESSEE ACKNOWLEDGES and agrees that participation in the Program requires re-certification by the Lessee every twelve (12) months as required by the Program. Lessee(s) agrees to submit all necessary documentation required by the Program to Lessor for the purpose of insuring that Lessee(s) remains a Qualified Household. In the event that Lessee(s) fails to deliver such information thirty (30) days prior to the applicable re-certification deadline, Lessor reserves the right to issue a written notice to vacate to Lessee(s). Lessee acknowledges that he/she has received the information on the Program re-certification and understands such requirements.

LESSEE ACKNOWLEDGES and agrees that participation in the Program is limited to specific restrictions with respect to students and that qualification to remain a Qualified Household is at all times dependent upon the household meeting all student status requirements. Should Lessee(s) fail to meet these requirements at any time, Lessee(s) will be deemed an unqualified household and will be subject to immediate eviction and shall be issued a written thirty (30) day notice to vacate. Lessee(s) agrees to notify Lessor immediately of any change in student status by any member of the household.

Except as otherwise modified and amended herein, all other terms and conditions shall remain in effect under the original lease.

TENANT:

Signature

Date

Signature

Date

Signature

Date

Signature

Date

LANDLORD: MARK DEVELOPMENT, INC.

By: _____
Its Managing Agent

Date