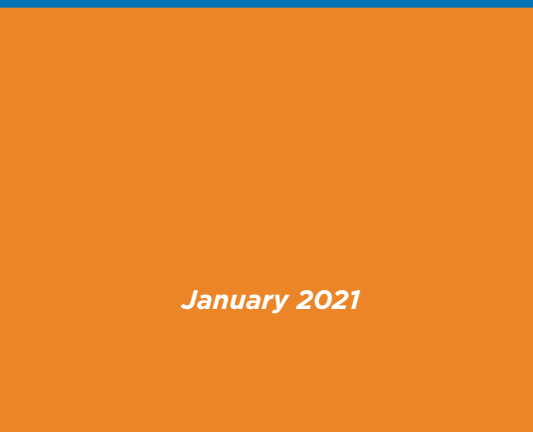
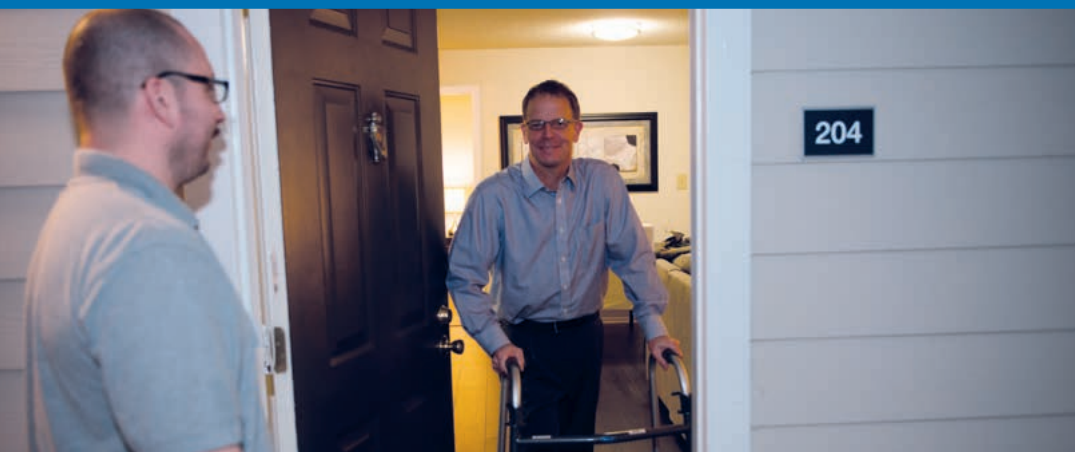


#4 RELEVANT LAWS AND HOW TO APPLY THEM

Instructor Guide



January 2021



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Acknowledgments

SUBJECT MATTER EXPERTS

The NAA Education Institute wishes to thank the many apartment industry professionals who contributed their time and expertise to the rewrite of the Certified Apartment Leasing Professional course.

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Further Acknowledgments

The National Apartment Association Education Institute acknowledges the contributions of countless volunteers who made this program possible. We extend our thanks to all and pledge to maintain the CALP credential as the premier standard apartment industry training program for all Leasing Professionals.

Just for Instructors

The National Apartment Association Education Institute thanks you for your time, talent and expertise in training and developing the next generation of Leasing Professionals.

Whether you are a subject matter expert, a seasoned instructor or new to training, this guide will help you become an even more engaging and effective instructor.


The Certified Apartment Leasing Professional (CALP) program is designed to teach leasing skills to multifamily residential management professionals. It has been recently enhanced to reflect the changing dynamic of techniques, technology and sales demanded by the responsibilities of this position.

This course is targeted for people with at least six months of leasing experience.

For more information about this program or any of NAAEI's education programs, contact your local apartment association or contact NAAEI at **833-86-MYNAA** or **education@naahq.org**.

Using this Guide

This Instructor Guide is identical to the Participant Guide that your class participants have, with the following exceptions:

- The Course Schedule page for instructors provides suggested timing for each component of each module. The participants' version shows only the timing for each module.
- In the left-hand margins of this guide, you'll see a Slide icon [], which tells you what slide to show at that point in the course. *Slide 3*
- Also in the left-hand margins, you will occasionally see an "instructor's note" to suggest something you might want to do, particularly during the suggested Activities.
- This guide includes answers to all questions that the participants will be asked in this course.

Other than the above, the participant and instructor guides are identical and all page numbers are the same for you as they are for the participants.

Preparing to Teach the Course

To give course participants a first-rate learning experience, plan to spend several hours preparing to teach this class.

When to Prepare

Depending on your experience with this course, begin preparing one to two weeks before the scheduled course date. That is enough time to absorb the material without feeling rushed.

How to Prepare

- **Read the Participant's Guide carefully.** Material matches your Instructor Guide, but look for occasions when the students will need to write down slide content or answers. Plan to allow extra time as you present. Note how Participant Guide page numbers align with Instructor Guide numbers.
- **Review the Course Table of Contents.** See yourself as a guide. Knowing and recalling the entire course outline will help you to help students understand where they are in the program.
- **Read the Instructor's Guide carefully.** Get familiar with the organization and flow of the course, as well as the content itself.
- **Mark up this guide.** Write notes throughout. Highlight passages you want to emphasize. Add prompts for your examples and explanations.
- **Practice.** Do a dry run of the material (or at least some of it) in front of willing colleagues or family members. Get their feedback. Find out: What are you doing well? What is one thing you could improve?
- **Preview and practice the PowerPoint slides and videos.**

When it is Time to Teach the Course

- **Do not Read the Slides.** Students have copies of the slides in their handouts. Slide content typically paraphrases what is in the text. Reading it is not helpful and actually might bore your students! Paraphrase or simply refer to the slide.
- **Do not have Students read from the Text.** Not only are students uncomfortable with this but it turns the text into the presentation, instead of your comments and student discussion. Again, retention and engagement plummet!

- **Link Module to Module.** Help the student move from one topic within a course to another. Students like to know where they are in the program and how the subject you are just finishing relates to the next area of learning. Use a simple connector like, “So now that we have learned the basics of the relationship sales process, let’s move to applying this process in real situations.”
- **Use this guide.** Refer to it often to keep the class on track. Using notes will make you look natural, relaxed and even confident.
- **Approach the course as a conversation, not as a presentation.** Keep things open and easygoing. Pick yourself up if you make a “mistake.” Answer the questions you can. Most important, avoid the temptation to be the expert—simply share what you have learned.
- **Keep participants actively involved.** Allow participants to ask questions, share ideas with one another and get as much hands-on experience as possible. Remember: telling is not training.
- **Be yourself.** Participants appreciate (and learn more from) instructors who are not only knowledgeable, but also approachable, personable and dedicated.

Preparing the Classroom

To complete your final preparations, arrive at the training site at least one hour before class begins.

- **Find the Location of these Public Facilities or Services**
Restrooms / Kitchen facilities or vending machines / Emergency exits
- **Prepare Materials**
This Instructor’s Guide (with all your preparation notes in it) / The Participant Guide (one for each participant) / The PowerPoint / Evaluation Forms / Sign-in form (to be turned in to the affiliate office after class)
- **Prepare Classroom and Test Equipment**
Flipchart with stand or whiteboard / Markers / Microphone or sound system (if needed) / Laptop computer with LCD projector

Arrange the tables and chairs in the room so that participants will be able to talk with one another, work in small groups and take notes / Make sure the room is not too hot or cold / Ensure that there is adequate lighting / Write the course agenda on the flipchart or whiteboard

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Slide 2

Message to Apartment Leasing Professionals

The Certified Apartment Leasing Professional (CALP) program is designed to teach leasing skills to multifamily residential management professionals. It has been recently enhanced to reflect the changing dynamic of techniques, technology and sales demanded by the responsibilities of this position. Your managers, supervisors and executives understand your importance to the industry. They recognize you as the key to leasing, renewing and serving future and current residents of your communities.



Slide 3

Relevant Laws and How to Apply Them is one course in the CALP series.

The complete set of CALP courses is:

- 1. Bringing in New Residents: Be Prepared**
- 2. Marketing and Maintaining your Community**
- 3. Why Your Competition Matters**
- 4. Relevant Laws and How to Apply Them**
- 5. The Sales Process and Building Relationships**
- 6. Effectively Meeting the Needs of Current Residents**
- 7. Market Analysis for Leasing Professionals**

For more information about this program or any of NAAEI's education programs, ask your instructor, contact your local apartment association, or contact **NAAEI** at **833-86-MYNAA** or **education@naahq.org**.



Course Schedule

This course includes four modules and will run approximately three and three-quarter hours. Each module will include a mix of activities, discussions, watching videos and slides. Your instructor will lead the discussions and walk you through the course.

The time structure of the course will be:

| Component | Time |
|---|---------------------------|
| Module 1 - Fair Housing Laws and Prospective Residents | 1 hour, 30 minutes |
| Activity: "A Leasing Interview" | |
| Fair Housing Laws | |
| Lessons Learned | |
| Prohibited Practices | |
| Activity: "Room for Two" and "No Children Upstairs" | |
| Fair Housing and Disabilities | |
| Activity: "In Need of Help" | |
| Additional Things to Know | |
| The Americans with Disabilities Act | |
| Activity: "Buzz Me In" | |
| Summary | |
| Break | 10 minutes |
| Module 2 - Fair Housing Laws and Current Residents | 30 minutes |
| Activity: "No Dogs Allowed" | |
| Fair Housing Laws and Current Residents | |
| Activity: "The Case of the Harassing Owner" | |
| Fair Housing Laws Regarding Disabilities and Current Residents | |
| Activity: "Accommodation Conundrum" and "Sensitivity Sensitivity" | |
| Summary | |
| Module 3 - Proper Screening of a Prospective Resident's Qualifications | 30 minutes |
| Proper Screening | |
| Quiz (mini-simulation) | |
| Summary | |
| Break | 10 minutes |
| Module 4 - Working with the Lease and Leasing Documents | 45 minutes |
| Video: The NAA Lease Overview | |
| The Lease and Leasing Documents | |
| Summary | |



Slide 5

Introduce yourself first and then ask all participants to do the same.

Introductions

Welcome to the **Relevant Laws and How to Apply Them course**, part of the National Apartment Association Education Institute's Certified Apartment Leasing Professional program!

Your instructor will ask you to participate in the following activity:

Introduce yourself to the group and answer the following questions:

- **What is the legal issue you hear about most often at your community?**
- **Have you ever worked at a community where a fair housing complaint was filed?**
- **Do you complete the lease documents for signing?**
- **Do you sign leases on behalf of the community?**

If the class is large, then participants may do this activity in smaller groups.



Slide 6

Learning Goals

At the end of this course, you will be able to:

- **Understand and apply fair housing laws when working with prospective residents.**
- **Understand and apply fair housing laws when working with current residents.**
- **Follow proper procedures to ensure that a prospective resident is qualified.**
- **Work with leases and other contracts.**



Module 1 - Fair Housing Laws and Prospective Residents



ACTIVITY: A LEASING APPOINTMENT



Your instructor will show a video which will focus on an interaction between a Leasing Professional and a prospective resident. As you watch, think about whether the Leasing Professional is following Fair Housing laws. After you see the video, your instructor will ask you to rate the Leasing Professional's performance in the video.



Rate the Leasing Professional



In the clip you just watched, did Leo, the Leasing Professional, violate any Fair Housing laws? If so, what law did he violate and what could he have done differently?

Answers to questions will appear in italics in this guide. In the participants' version of the guide, they see lines to write their answers or to take notes.

You may want to discuss participants' answers, as well as the "best answer," with the participant group

Leo showed all available apartments to Tim and Gabby, but did not show all available apartments to Daniel and Emily. This is especially noteworthy because Daniel even expressed his desire to be higher up and Leo still did not show the 4th floor unit.

It may have been—and probably was—unintentional discrimination—Leo was just busy and thought Daniel and Emily didn't want to hike up to the 4th floor—but unintentional or not, it was definitely discrimination!

*Leo also violated the fair housing act with the question to Tim and Gabby about whether they were going to have a family. **Leo discriminated against Tim and Gabby based on familial status.***

It may again have been unintentional and meant to be friendly conversation but Leo should not have made any assumptions about Tim and Gabby and their plans for a family.



Slide 10

FAIR HOUSING LAWS

Fair Housing Laws: Overview

To work effectively in the apartment industry and avoid being guilty of discriminatory housing practices—even inadvertently!--you must know and understand local, state and federal Fair Housing laws and guidelines. The current Federal Fair Housing Laws have been established over a long history.

Fair Housing complaints and lawsuits can be filed against any person or company alleged to be engaged in a discriminatory housing practice. This could certainly include Leasing Professionals, as well as managers, maintenance personnel, contractors and others. From a legal standpoint, complaints and lawsuits can also be filed against any person (such as the supervisor or owner) who “directs or controls the conduct of another person” (such as the Leasing Professional) with respect to any aspect of the sale, rental, management, advertising, etc., of a dwelling. Supervisors, management company executives, owners and even lenders can be liable to some degree.

As a Leasing Professional, you’ll want to avoid discriminatory practices for ethical reasons and also for legal reasons.



Slide 11

Fair Housing Discrimination

The overall goal of Fair Housing laws is to prevent discrimination. There are two basic categories of discrimination:

Discrimination due to different treatment is a result of behaving differently toward someone because they are a member of a certain (protected) class. This type of discrimination is also known as “disparate treatment” and is sometimes referred to in everyday language as “intentional discrimination.”

Discrimination by different impact, called “disparate impact” or “discriminatory effect,” can occur when a policy or procedure has a different impact on persons of certain (protected) classes.



Slide 12

For example, suppose a community has a rule that says all visitors who want to take a tour of the apartment community must have a valid U.S. driver’s license. Such a rule might unfairly impact certain groups who do not hold U.S. driver’s licenses—they may not drive, or may hold a license from another country—but are otherwise eligible to rent an apartment. This is sometimes called “unintentional” discrimination because the discriminatory act, rule, policy or procedure appears to apply to everyone – but really affects a specific protected group. In this example, an acceptable alternative would be to require “a valid government-issued photo ID,” instead of accepting only a driver’s license.



Slide 13

Fair Housing Laws

The Fair Housing laws, created by the U.S. government, prohibit discriminatory housing rental and sales practices based on “protected classes.” The Fair Housing Act, part of the Civil Rights Act of 1968, was created to prevent discrimination, which was widespread at the time. The protected classes, according to the Fair Housing laws, are:

- **Race.**
- **Color.**
- **Religion.**
- **National Origin.**
- **Sex** (gender)
- **Familial Status** (families with children under the age of 18).
- **Handicap** (disability)

This Act added a number of regulations, such as posting the federal Fair Housing poster in a conspicuous location where applicants and residents would be able to see it, generally, the leasing office.

Please note that the protected classes above are protected by federal law; local and state Fair Housing laws may designate additional protected classes, based on such criteria as source of income, marital status, age, etc. As a Leasing Professional, you should also regularly consult local legal resources (e.g., by doing a search to find information on your state government’s and local municipality’s web site) for updated fair housing information.



Slide 14

Fair Housing Laws - Details

The Fair Housing laws are explained on the web site of the U.S. Department of Housing and Urban Development (HUD) at <http://portal.hud.gov>. Specific laws relating to the sale and rental of housing are as follows [though in some circumstances, the Fair Housing Act exempts owner-occupied buildings with no more than four units and a few other cases]. According to the Act (and the HUD web site), no one may take any of the following actions based on race, color, national origin, religion, sex, familial status or handicap:

- Refuse to rent or sell housing.
- Refuse to negotiate for housing.
- Make housing unavailable.
- Deny a dwelling.

- Set different terms, conditions or privileges for sale or rental of a dwelling.
- Provide different housing services or facilities.
- Falsely deny that housing is available for inspection, sale, or rental.
- For profit, persuade owners to sell or rent (blockbusting).
- Deny anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.

In addition, it is illegal for anyone to:

- Threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise that right.
- Advertise or make any statement that indicates a limitation or preference based on race, color, national origin, religion, sex, familial status, or handicap. This prohibition against discriminatory advertising applies to single-family and owner-occupied housing that is otherwise exempt from the Fair Housing Act.



Slide 15

What to Do If Your Property Receives a Complaint

If your property receives a complaint, legal counsel should be contacted immediately because a response to the complaint is required within a short timeframe (usually 10 days). A civil lawsuit in federal court usually must be answered in 20 days and many state courts allow 30 days. It is important to know whether the complaint is an administrative action or a civil lawsuit. Complaints can originate in numerous ways. Such sources include:

- A local or regional HUD office through telephone, email, fax, regular mail or a HUD app that can be downloaded onto a complainant's smart phone or other device.
- A state attorney general's office.
- A state administrative agency.
- A fair housing or human rights advocacy group.
- A private attorney.

Additionally, the company may need to contact its insurance company promptly or the policy may not be put into effect. There are many different discriminatory housing practices of which Leasing Professionals must be aware. You'll learn about many of these later in this module. The list may be overwhelming, but it's not nearly all-inclusive! It is critical that all Leasing Professionals attend Fair Housing seminars and read Fair Housing literature for an updated and deeper understanding of these concepts and issues.



Slide 16

TIPS FROM AN EXPERIENCED LEASING PROFESSIONAL

You may wish to discuss the story with participants.



Hear from an experienced Leasing Professional on this topic.



Slide 17

PROHIBITED PRACTICES

Leasing Professionals and Fair Housing Laws

As a Leasing Professional, you're responsible for so many leasing and marketing functions. You show apartment homes, tour the property, discuss concessions and specials, research marketing sources, screen prospective residents and discuss rents and renewals. In each of these areas, there is a risk of violating Fair Housing laws, even if you have the best of intentions.

The Fair Housing Act and regulations issued by HUD describe certain things which are considered illegal if done solely because of someone's race, color, religion, sex, national origin, familial status or disability in order to deny them a housing opportunity.

There are quite a number of prohibited practices. Some of the most critical prohibited practices that relate to working with prospective residents are shown below.

Prohibited Practices



Slide 18

Refer students to the text. Review and paraphrase these practices and examples. Add your own experiences and ask for theirs.



Practice: Failure to accept and process an application or consider a bona fide offer to lease an apartment home from a member of a protected class who is qualified to lease the apartment.

Example: A Leasing Professional refuses to accept an applicant solely because the applicant has three rowdy children or because the applicant recently came to the country from Somalia.

Practice: Uses of qualifying criteria, rental standards, or procedures for some applicants or residents that differ from those that apply to others. Some prohibitions include: using different income standards, different application requirements, different application fees, or variation in credit analysis.

Example: A Leasing Professional requires a full credit analysis and rental history of a recent immigrant from Mexico, along with evidence they have lived and worked in the U.S. for the last four years--but does not require prospective residents from the U.S. or European countries to undergo the same process and provide the same information.

Practice: Use of provisions in leases for members of protected groups that differ from those provisions used in other leases. Those provisions might relate to rental charges, security deposits and the terms of a lease.

Example: A Leasing Professional tells a single woman that the security deposit is \$400, but tells a single man that it is only \$200.

Practice: Discouraging or refusing any person from inspecting or leasing an apartment home because of their race, color, religion, sex, national origin, familial status or disability.

Example: A Leasing Professional suggests that a prospective Caucasian or Korean resident might not be happy in a specific apartment building because there are many African-American residents. This is called “steering” and is expressly prohibited by the Fair Housing Act.

Practice: Discouraging in word or conduct the leasing of an apartment home to protected classes by exaggerating the drawbacks, misinforming the applicant about availability or failing to inform any person of desirable features of a dwelling or of a community, neighborhood, or development.

Example: A Leasing Professional tells a disabled applicant that the apartment community has a lot of stairs and uneven areas and fails to point out available ramps. This is another form of steering.

Practice: Employing codes or other devices to segregate or reject applicants, or refusing to deal with certain apartment locators or agents because they or one or more of their clients are of a particular protected classification.

Example: A Leasing Professional refuses to use ACE Locator Service because ACE handles the Jewish Charity Appeals Service in the community.

Practice: Using words, phrases, photographs, illustrations symbols, or forms that convey that apartment homes are or are not available to a protected class.

Example: ABC Apartments uses only active lifestyle photographs of adult Caucasian tennis players, volleyball players, golfers, joggers, cyclists and fitness center workout class attendees in its advertising campaign throughout the year. The campaign never depicts and thus does not represent disabled nor non-white prospective residents. This could represent discrimination against leasing to persons on the basis of disability, familial status, national origin, color and race.

Practice: Selecting media or locations for advertising the rental of apartment homes that leaves out particular segments of the housing market regarding housing opportunities.

Example: An apartment community advertises in all the local newspapers except the Afro American Times, a publication that reaches most of the African-Americans in the city.

Practice: Providing false or inaccurate information regarding the availability of an apartment home for rental to any person, regardless of whether such person is actually seeking housing.

Example: A person arrives at the Information Center and asks to be shown an apartment home. The Leasing Professional is sure the person is a shopper (someone not seriously considering leasing at the community) and does not want to waste valuable company time on someone who is not a prospective resident. The Leasing Professional incorrectly states that no apartment homes will be available for at least 60 days.

Practice: The practice of steering, or leading a member of a protected class to a particular area of the property.

Example: Telling a family with children about an available ground-floor apartment, but not revealing the availability to them of a second-floor apartment), is also illegal.

Practice: Intimidating or threatening any person because that person is engaging in activities designed to make other persons aware of, or encouraging other persons to exercise rights granted or protected by the Fair Housing Act.

Example: A Leasing Professional is threatened with job loss if he directs a person to the HUD Web site for information in filing an administrative complaint against the apartment community because of an alleged discrimination.



Slide 19

FAIR HOUSING SCENARIOS: YOU MAKE THE CALL

In this activity, you'll see videos of two real-life legal cases. After you see each case, you'll be asked to explain whether the Leasing Professional was guilty of discrimination. Then you'll get to compare your answers with those of our legal experts.



Slide 20

Room for Two?



You'll now see a video clip, which will describe interactions between an apartment owner and prospective residents. As you watch, think about whether the owner is following Fair Housing laws.



Slide 21

Room for Two? Question



Was the owner guilty of discrimination? Why or why not?

This was a real case, with the names changed! The owner was guilty of discrimination. His policy violated the Fair Housing Act because different standards were being applied to a parent-child relationship than to an adult relationship. The owner's policy was to not allow a parent and child to lease a one-bedroom apartment. This is discrimination based on familial status.



No Children Upstairs



You'll now see a video clip. As you watch, think about whether Fair Housing laws are being followed.



No Children Upstairs Question



Was the Clarks' complaint valid? Why or why not?

This was also a real case, with the names changed. The owner was guilty of discrimination against a family with children. The owners were fined \$18,356 in damages plus \$7,000 in penalties. Ms. Armstrong, who showed the apartment, was fined \$1,000.



Slide 24

FAIR HOUSING AND DISABILITIES

Disability Status

“Disability” is defined as a **physical** or **mental** impairment that substantially limits one or more major life activities. The definition does **not** include **illegal** use of or **addiction** to a controlled substance.

Most people with a disability prefer the terms “disabled” and “disability” over “handicapped”. The term “disability” as used in these CALP materials has the same meaning as “handicapped”, but the term used in the actual fair housing laws and guidelines is “handicap.”

The definition of **physical impairment** includes:

- Any physiological disorder or condition.
- A cosmetic disfigurement.
- Any anatomical loss affecting specific body systems.

The definition of **mental impairment** includes:

- Any mental or psychological disorder such as mental retardation, organic brain syndrome, emotional or mental illness, or specific learning difficulties.

“**Major life activities**” means:

- Functions such as caring for one’s self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working.



Slide 25

Modifications and Accommodations

Modifications and Accommodations are methods of making exceptions for persons with disabilities in order to protect their rights under Fair Housing laws. The leasing professional should be aware of and comply with all company policies for handling and addressing these requests.

An important part of the Fair Housing disability provision states that it is discriminatory to refuse any person with a disability the opportunity to make **reasonable modifications** of the existing premises if the modifications may be necessary to afford the disabled person full enjoyment or use of the premises or dwelling, as long as the disabled person pays for the modifications. Modifications are physical changes made to an apartment home or building or common area.

An example of a **reasonable modification** would be the granting of permission by the owner or manager to a person with a disability to have an outside contractor install

grab bars in the bathroom in accordance with local building codes. In most buildings, which are not federally-assisted housing, the expense is born by the resident.

Note: Under Section 504 of the Rehabilitation Act of 1973, which affects federally-assisted housing, the owner, not the resident, is responsible for the expense of making reasonable modifications in affected buildings. This important federal legislation predates the disability provision of the Fair Housing Act and is sometimes relied upon by the courts in interpreting the disability provisions of the Fair Housing Act.

Another part of the Fair Housing disability provisions requires apartment owners and managers to grant disabled persons **reasonable accommodations** in rules, policies, practices, or services when such accommodations may be necessary to afford the disabled person equal opportunity to use and enjoy an apartment home, including public and common use areas.

Accommodations are changes made to property policies, procedures, practices and services.

An example of a reasonable accommodation would be to allow a non-sighted person to keep an assistance or service animal in the apartment home even though the building has a “no pet” policy. An assistance animal is considered a service animal and not a pet.



Disability Status: Prohibited Practices

There are many specific prohibitions against discriminating due to disability status. Three such prohibited practices are:

Direct students to their text. Review and paraphrase these practices and examples. Add your experiences and call for theirs.



Practice: Make an inquiry to determine whether an applicant for an apartment home, a person intending to reside in that apartment home, or any person associated with that person, has a disability or to make inquiry as to the nature of the severity of a disability of such a person.

Example: A Leasing Professional, while making a routine presentation to a prospective resident, asks the visibly disabled applicant how he became disabled, or how his disability will limit his ability to live in the apartment community. NOTE: See the exception below regarding requests by the prospect, applicant or resident for a reasonable modification or accommodation.

Practice: Discriminate in the rental of, or to otherwise make unavailable or deny, an apartment home to any leasing applicant because of a disability.

Example: A Leasing Professional should not tell a person who is in a wheelchair that there are no available homes when indeed there are vacancies.

Practice: Discriminate against any person in the terms, conditions, or privileges of the rental of an apartment home, or in the provision of services or facilities in connection with such apartment home because of a disability.

Example: A Leasing Professional tells a parent that the pool is off limits to children with epilepsy because it is too dangerous.

You should never ask questions about particular or present disabilities.



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Disability Status: Accepted Practices

So you may be asking yourself “Wait, I just want to gather information about my prospective residents and current residents-- what am I allowed to ask?” The following inquiries are examples of questions you may ask:

- An inquiry to determine whether an applicant is qualified for an apartment home that is available ONLY to persons with disabilities or to persons with a particular type of disability as in certain subsidized housing.
- An inquiry to determine whether an applicant is qualified for a priority that is available to persons with disabilities or to persons with a particular type of disability as in certain subsidized housing.
- An inquiry into whether an applicant has been convicted of the illegal manufacture or distribution of a controlled substance.
- Asking for more information about the specific kinds of modifications or accommodations requested by a disabled prospect, applicant or resident and reasonable verification of disability and disability-related need for the request, when the disability and/or disability-related need for the modification or accommodation is not known or obvious to the Leasing Professional.



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If you are unsure how to handle your leasing presentation to a person with disabilities or respond to a request for a reasonable modification to the premises or an accommodation to your company’s policies, ask your supervisor for assistance or guidance. Even though the prospect, applicant or resident with a disability is usually responsible for the cost of the modifications to the apartment, you should verify this with your supervisor. Sometimes an owner or manager will absorb minor costs or those that may be necessary to correct an improperly constructed apartment that is not up to code. Other times the requested change could be unreasonably expensive and you would not want to inadvertently obligate your company for the cost of making such changes.

Note: You should never deny a request for an accommodation or modification without going through an interactive process with the requestor to determine if there is an alternative that would work for both parties. Denial of a modification or accommodation request is the number one basis for disability complaints nationally.



FAIR HOUSING SCENARIO: YOU MAKE THE CALL



In this activity, you'll see a video of a real-life legal case. After you read the case, you'll be asked to answer a question. Then you'll get to compare your answer with that of our legal experts.



In Need of Help Question



What should you say and why?

The best response would be as follows: "Although I will be unable to assist you physically with getting out of your vehicle, I would be happy to meet you in the parking lot at our scheduled appointment time. Please bring your own assistance for getting out of your vehicle. Could you please describe your vehicle so I can recognize it when you arrive? What is most important to you in your new apartment home?"

This answer reasonably accommodates this disabled prospective resident's request and complies with the common business practice of not physically assisting any resident or visitor. It also shows consistent leasing practices of determining the prospect's needs and setting up an appointment to tour the community – all of which is practiced with all prospective residents regardless of the protected class.



FAIR HOUSING AND PROSPECTIVE RESIDENTS: ADDITIONAL THINGS TO KNOW

Fair Housing Testers

Fair Housing “testers” are people hired by an independent housing advocacy group or housing enforcement agency to investigate Fair Housing laws. One of the most effective tools of fair housing advocacy groups or government agencies that are responsible for enforcing Fair Housing law is the use of the tester. Although “testers” are sometimes referred to as “shoppers,” the term “shopper” is generally reserved for outside vendors who are hired by your company to evaluate your leasing skills or compliance with the company’s fair housing policies and procedures. Many Fair Housing cases that have resulted in monetary awards and damages involve the use of testers.

Testers generally operate in pairs or teams. Testing involves the use of one person who because of their status or characteristics is in a protected category and considered to be a potential “target” of discrimination. The other tester has a different status or characteristic, which is suspected of giving him or her special preference. Both testers are given identical “scripted roles” and instructions on how to conduct the test in order to compare how one is treated versus the other.



For example, imagine that tester A is an African-American female. She takes a leasing tour of ABC Apartments and indicates a preference for a one-bedroom apartment home in a specific building. When she is told that there are no vacancies in that building, she leaves the community.

Soon after, tester B, a Caucasian female, visits ABC Apartments, takes a similar leasing tour and expresses an interest in a one-bedroom apartment home in the same building that tester A requested. If tester B is told that such an apartment home is available, the testers or the organizations they represent may file a fair housing complaint.



Avoiding Discrimination

Below are some procedures that you should follow to reduce the chances that you illegally discriminate:

- Treat everyone fairly and consistently.
- Always have accurate documented information that can be substantiated.
- Make sure all conversations, communications and leasing presentations follow your company’s policies and procedures.

Direct the students to their text. Review and paraphrase the practices and examples. Add your experiences and call for theirs.

- Maintain good records or documentation as proof that discrimination did not occur--in particular, use the “notes” area of your guest card (whether paper or online).
- Document which apartments are shown to each prospective resident.
- Update with regular training to ensure compliance with the Fair Housing laws.
- Maintain a consistently professional attitude with all visitors regardless of their differences.
- Use a specific, defined tour route and presentation when demonstrating the apartment community.
- Comply with the company’s occupancy guidelines and practice leasing within them.
- Ask how many occupants will be living in the apartment--use the general term “occupants” rather than asking how many children will be living there, which would be a violation.
- Immediately notify your supervisor if a request for a modification or an accommodation is received from a prospect, applicant or resident.
- Ask your supervisor before promising anything other than what you are routinely authorized to offer to a prospect, resident or visitor.
- Offer the same rates, fees, concessions and specials to every prospective resident who seeks to lease a specific apartment home. Special rates should be designated to specific (or all) apartment homes, not to a specific prospective resident or profile unless all protected classes are represented in that profile. Be sure to confirm the rules for offering any special rates, prices or concessions and how to document what was offered.
- Ask about your local and state fair housing laws and be sure to follow all laws. Additional forms and verifications may be required by states, cities or housing authorities. Don’t guess – check with your company supervisors. Review the fair housing laws regularly. Decline answering questions about the kinds or groups of people who live at the apartment community if asked by a prospect or resident. For example, you do not want to answer the question, “Do white people live here?” Instead you may say “Fair Housing laws do not allow us to answer that question, but anyone who meets our rental qualifications may live here.”



Acknowledge Differences

Fair housing laws require that Leasing Professionals treat all prospects and residents the same, but Leasing Professionals must also be sensitive to the numbers of customers from different cultures and countries. An article by Dr. Sondra Thiederman gives us some guidance in understanding how certain principles can help minimize misunderstandings when confronted with special circumstances of cultural differences.

- **It is acceptable to notice the cultural differences between people.** To NOT do so would be rude. The Leasing Professional treats all customers with equal warmth and welcome, but does not violate the customers' cultural mores and requirements.
- **Resist the temptation to stereotype.** There are differences among people within an ethnic or immigrant group.
- **Do not lump groups together.** A Laotian is not a Cambodian and a Cambodian is not a Vietnamese, yet all are Eastern Asian. This is disrespectful of a customer's heritage.
- **A heavy foreign accent does not indicate that the speaker is uneducated or that he or she cannot understand what you are saying.** In truth, an accent just tells you where someone is from or their culture is from. Be patient in understanding.
- **Non-native speakers of English may sound rude and demanding when they do not intend to do so.** English is filled with all sorts of phrases and words. Be patient as your customer is trying to learn the language and translate in their heads at the same time!
- **Communicate better by choosing your vocabulary carefully.** Use simple terms and avoid jargon, acronyms and slang. If a comment is not understood, don't repeat it the same way – rephrase it more simply.
- **Avoid using negative phrasing.** The customer may be trying hard to translate and may miss the “no” or “don't” Dr. Thiederman says keep it positive.
- **Watch for signs that you have not been understood.** In some cultures, the customer will not want you to know that he or she can't understand you – so take the time to recheck. Watch for perpetual nodding and smiling at inappropriate places; embarrassed laughter; lack of questions; lack of interruptions or statements like “I think I understand”.

- **Participate in the communication process.** Help the prospect understand—take your half of the communication role seriously.
- **Take the time to build relationships slowly.** In the United States we tend to build relationships quickly. In other cultures, relationships are much more reserved and respectful. Follow the lead of the customer.



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Resources for Fair Housing Information

National Disability Rights Network
www.ndrn.org

National Fair Housing Alliance
www.nationalfairhousing.org

U.S. Department of Housing and Urban Development (HUD)
www.hud.gov

The Fair Housing Institute, Inc.
www.fairhousinginstitute.com



THE AMERICANS WITH DISABILITIES ACT (ADA)

The Americans with Disabilities Act (ADA): Introduction

The Americans with Disabilities Act (ADA) provides protection under the law for persons with disabilities. The ADA goes beyond housing to impact employment, public places and services. The ADA is not a fair housing law, but addresses protections for disabled individuals in other aspects.

The ADA includes five parts, or “titles”:

Title I - Employment. Prohibits discrimination against a qualified applicant or employee with a disability (covers employers with more than 15 employees).

Title II - Public Services. This section is not applicable to the apartment industry under most circumstances.

Title III - Public Accommodations and Services Operated by Private Entities. This is the section of ADA that has the most impact on the apartment industry. The law requires that facilities that are open to the public consider the needs of persons with disabilities. Such facilities include “rental establishments,” which typically includes the Information Center of the apartment community. Therefore, persons with disabilities who visit Leasing Centers must have access to all services and amenities such as parking, curb ramps, stairs and elevators, public drinking fountains and public restroom facilities.

Title IV - Telecommunications. This section addresses telecommunications services, such as closed captioning and telephone relay services, for hearing-impaired and speech-impaired individuals.

Title V - Miscellaneous Provisions. Like the Fair Housing laws, this title prohibits retaliation or coercion against anyone seeking to exercise their rights under the ADA.

Current and additional information about the ADA is available at www.ada.gov.



Comparing the Fair Housing Laws and the ADA

The Fair Housing laws and the Americans with Disabilities Act are designed to complement each other. The ADA primarily deals with accessibility of public facilities such as restaurants, hotels and parks. With respect to housing accessibility, Title II of the ADA covers housing provided by public entities (state and local governments), such as housing on a State university campus. Title III requires that public and common use areas at housing developments are accessible.

For your purposes, an easy rule of thumb is to remember the following:

- The ADA applies primarily to the leasing office and the areas providing public access to the leasing office. All areas of the property—such as clubrooms, business centers and community centers—that are open to the public for any reason (including voting or public school events) must be ADA-compliant.
- The Fair Housing laws primarily pertain to the common areas and the actual apartment homes. Not all parts of a management or leasing office are open to the public.



ADA SCENARIO: BUZZ ME IN



In this activity, you'll see a video clip of a real-life situation. After you see it, you'll be asked to explain whether it violated the ADA. Then you'll get to compare your answer with that of our legal experts.



BUZZ ME IN: QUESTION



Did you see any ADA violations? Explain your answer.

It appears that the intercom system at this property is the only way to access the leasing office. However, this system relies on the guest being able to hear, reach and respond to the intercom. Because the leasing office is available to the general public, this is in violation of Title III of the ADA. It also discriminates against residents, making it also in violation of the Fair Housing Act. In order to address this issue and become in legal compliance with the ADA, the building owner would need to provide an alternative method for prospective and current residents to enter the office.



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SUMMARY

As a Leasing Professional, it's crucial for you to understand the laws from the Fair Housing Act and Americans with Disabilities Act (ADA). In this module, we have covered the basic ways in which those laws relate to your work with prospective residents. Always be sure to keep up-to-date on the laws, both federal (from the HUD site at <http://portal.hud.gov>) and state (from your state government's web site).



Module 2 - Fair Housing Laws and Current Residents



ACTIVITY: AN INTERACTION



In this activity, you'll see a video clip which will show an interaction between a Leasing Professional and a current resident. As you watch, think about whether the Leasing Professional is following Fair Housing laws.



Did the Leasing Professional violate any Fair Housing laws? Explain your answer.

*Amy did violate Fair Housing laws here. According to the U.S. Department of Housing and Urban Development, "Persons with disabilities may request a reasonable accommodation for any assistance animal, **including an emotional support animal**, under...the [Fair Housing Act]."*

Now, Amy probably didn't believe that George needed an emotional support animal, since he'd been asking about having a dog as a pet before. But instead of denying his claim, Amy should have referred to her company policy and/or consulted with her supervisor to determine how to handle this issue.

FAIR HOUSING LAWS AND CURRENT RESIDENTS



Fair Housing Laws and Current Residents

While much of the talk of Fair Housing laws revolves around discrimination during the sales process, fair housing laws apply to any and all interactions regarding any aspect of housing with current residents as well. The principles above for working with prospective residents apply equally to current residents. For example: treat everyone fairly and consistently and make sure all conversations and communication follow your company's policies and procedures.

Next, we'll cover some specific practices to avoid when working with current residents.



Prohibited Practices when Working with Current Residents

Specific practices to avoid when working with current residents include the following:



Practice: Limiting, denying or delaying the use of privileges, services, or facilities associated with an apartment community because of the protected classification of residents or their guests.

Three Examples: (1) A Leasing Professional tells a person who is known to have AIDS not to use the swimming pool because their illness is considered a disability; (2) A mother of two active children is asked to restrict her use of the pool to less-busy hours; and (3) Needed maintenance repairs are delayed because they are for a person from a culture who cooks food with a strong odor.

Practice: Threatening, intimidating, or interfering with residents, visitors or associates of such residents in their enjoyment of an apartment home when these persons are included in the protected classification.

Example: An apartment community employee makes insulting comments about the Vietnamese guests who are attending an apartment community event to the point that the residents feel compelled to leave the event.

Practice: Retaliation against any person because that person has made a complaint, testified, assisted, or participated in any manner in a proceeding under the Fair Housing Act.

Example: The manager of an apartment community terminates the lease of a resident without justifiable reason because the resident filed a fair housing discrimination complaint.



FAIR HOUSING SCENARIO: YOU MAKE THE CALL



In this activity, you'll see a video of a real-life legal case. After you watch it, you'll be asked to explain whether the Leasing Professional was guilty of any prohibited practices (and if so, which ones). Then you'll get to compare your answers with those of our legal experts.



The Case of the Harassing Owner: Question

Donald Silver, an owner, leased units in a duplex apartment building to an organization that provides housing to persons suffering from AIDS. When he signed the corporate lease, Mr. Silver did not know that the units would be used to house people with AIDS and other illnesses. After he discovered the purpose of the organization leasing his building, he came onto the property and harassed the residents. He made it clear that he did not want anyone with AIDS living in his building.

The organization that leased Mr. Silver's building filed charges claiming discrimination.



Do you think that Mr. Silver was found guilty of discrimination? Why or why not?

This was a real case, and Mr. Silver was found guilty of violating the Fair Housing Act.

The reasoning was that Mr. Silver's harassment "interfered with residents' enjoyment of the premises." The residents in this case were persons with disabilities—and therefore members of a protected group--since the residents had AIDS and AIDS is considered a disability under the fair housing guidelines.

Mr. Silver violated one of the prohibited practices in our previous list: "Threatening, intimidating, or interfering with residents, visitors or associates of such residents in their enjoyment of an apartment home when these persons are included in the protected classification."

FAIR HOUSING LAWS REGARDING DISABILITIES AND CURRENT RESIDENTS

There are a number of specific practices relating to Fair Housing laws regarding people with disabilities that you'll want to be sure to avoid.



Prohibited Practices when Working with a Current Resident with a Disability

Specific practices to avoid when working with current residents include the following:

Direct the students to their text. Review and paraphrase these practices and examples. Add your experiences and call for theirs



Practice: Limiting, denying or delaying the use of privileges, services, or facilities associated with an apartment community because of the protected classification of a resident or their guest.

Two Examples: (1) A resident with a disability is required to provide a doctor's note before allowing her to use the fitness center. (2) Needed maintenance repairs are delayed because they are for a disabled person and would be more time-consuming than other repairs.

Practice: Threatening, intimidating, or interfering with residents, visitors or associates of disabled residents in their enjoyment of an apartment home.

Example: An apartment community employee forbids a learning disabled adult occupant from using the business center even when he is with his adult caregiver.

Practice: Discriminating against any person in the terms, conditions, or privileges of the rental of an apartment home, or in the provision of services or facilities in connection with such apartment home because of a disability.

Two Examples: (1) A Leasing Professional tells a resident with a mobility disability that he is not allowed to have a family member use the laundry facilities to help the resident with his own laundry. (2) A disabled resident is not permitted a reserved assigned parking spot because you don't assign parking.



FAIR HOUSING SCENARIOS: DISABILITY STATUS



In this activity, you'll see clips of two real-life situations. After you see each situation, you'll be asked to explain how you should handle it. Then you'll get to compare your answers with those of our legal experts.



Accommodation Conundrum: Question



How would you handle this request? Use Fair Housing laws to support your answer.

Donna is not asking too much, according to the FHA. The act requires you to take her requests seriously and grant them if they are reasonable. All three requests are about ways to reasonably accommodate Donna's disability, which is what the FHA is all about.

Specific property rules should ensure granting requests for reasonable modifications to the center; not barring disabled residents from accessing the business center like able-bodied residents and making an exception to the no pets rule in the business center.



Sensitivity Sensitivity: Question



How would you handle this situation? Use Fair Housing laws to support your answer.

The resident is covered under the Fair Housing laws protected class of disability status, though you do not need to agree to her exact demand. You should consult with your supervisor before making any decisions, however.

After consulting with your supervisor, one action plan could be to alert the resident at least 48 hours in advance whenever chemicals on her sensitivity list will be used, so that the resident can live elsewhere during the use of the chemicals. This request would be considered a reasonable accommodation to the property's normal business practice of no notification to residents when cleaning.

Another action plan could involve the replacement of offensive chemicals with those that are not on the resident's sensitivity list. If additional costs will be borne by the property for this action, the property will likely have to bear them, unless they can prove that doing so would constitute an undue financial or administrative burden. This is an accommodation and properties most often pay for accommodations.



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SUMMARY

As a Leasing Professional, it's crucial for you to understand the laws from the Fair Housing Act and Americans with Disabilities Act (ADA). In this module, we have covered the basic ways in which those laws relate to your work with current residents. Always be sure to keep up-to-date on the laws, federal (from the HUD site at <http://portal.hud.gov>), state (from your state government's web site) and local (from your local municipality web site).



Module 3 - Proper Screening of a Prospective Resident's Qualifications

PROPER SCREENING



Screening Applicants

While it's critical not to **illegally** discriminate, owners and management companies are permitted by law to screen prospective residents based on "reasonable business criteria"--such as whether they can afford to pay the rent for a particular apartment. Screening helps to determine whether someone meets the criteria your company has set for residency at your property. Generally the following areas should be checked and, in the event of a negative report, could cause the rejection of an application.

- Credit history.
- Income.
- Rental history.
- Eviction records.
- Criminal background.
- Social security number (SSN) or individual tax identification number (ITIN).

These and other criteria will have thresholds determined by company policy and residents must meet company policy. Many companies give signed copies of the rental criteria to every applicant in order to avoid any misunderstanding about the screening process.

Identity documents (such as a valid government-issued photo ID) are required as part of the screening process; you should not accept or reject an applicant without seeing and evaluating a government photo ID. Even if you are not certain that an ID is legitimate, you may be able to spot inconsistencies that point to fraud or you may be able to document important information for later legal action.



The Screening Process

After all the required information has been recorded on a rental application, the application has been signed by all parties and the appropriate monies have been collected, the next step is to begin an investigation of the applicant's qualifications. It is the Leasing Professional's responsibility to review the application for completeness and legibility.

Many management companies and owners use a third-party company specializing in this service to conduct an investigation and verification of the application, or

accomplish this via their property management software. However, some apartment communities rely on Leasing Professionals to help with or complete the investigation. Whichever role you will play, it's helpful for you to know and understand the verification process. You'll also want to keep the applicant informed of the progress of the verification process. If your company uses an application verification form be sure to complete it fully.

Third-party screening companies often use a formula combining credit, criminal, check-writing and other criteria to arrive at an overall pass or fail decision. Be sure you understand what criteria go into that calculation. If the result is "fail" or "pass with conditions," you'll have to direct the prospective resident to the Credit Reporting Agency (CRA) to resolve any disputed issues.



Identity Issues in Virtual Relationships

Of the four types of identity fraud commonly encountered in the multifamily industry, synthetic fraud—in which all information about the applicant is fabricated, combining real and fake information to create a new identity—is the fastest-growing, accounting for an estimated 85 percent of all identity fraud in the country. Yet, its occurrence is difficult to identify during the leasing process because it isn't immediately reported as other types of identity fraud are because there is no real physical victim to report the crime.

As a leasing professional, you may encounter four basic types of identity fraud.

First-Person Fraud: The applicant is acting for another person when renting an apartment. The applicant uses his or her real identity information on the application but isn't the person who'll be residing in the apartment. The applicant in this instance could be a family member, a friend, or someone renting for short-term rental purposes such as Airbnb lodging.

Third-Party Fraud: The applicant assumes a stolen identity and uses the victim's personally identifiable information (PII), including name, Social Security number (SSN), and date of birth.

Identity-Manipulation Fraud: The applicant alters some of his or her own identifying information in a way that looks as if it could be a typo or spelling error. Common examples include an SSN that's off by one number or includes transposed numbers, a slightly different name, or an altered birthdate.

Synthetic Fraud: The applicant creates a fake identity by fabricating all identifying information (SSN, name, date of birth), cobbling together an identity from multiple stolen sources, or doing a mix of both. Real SSNs, typically from children, the elderly or deceased people, are often used in combination with made-up names and birthdates, but even the SSN can be fabricated.

Synthetic fraud users create fake IDs that combine real data with falsified names. The resulting IDs are easily purchased on Craigslist or other online platforms and can be used to apply for loans, credit and other transactions, including apartment leasing, leading to an epidemic of fraud facing multifamily operators throughout the country. It is reported that 73% of owner/managers identify fraud after the applicant moves in and over 70% identified the fraud within the first six months after move-in, leading to forced turnover well before the typical end-of-lease cycle.

With fake identities so easy to produce, what can leasing professionals do to protect their companies? One quick and accurate way to stay ahead of identity thieves is to apply technology that alerts the user when an applicant's identifying data doesn't add up. Resident-screening software, for example, can alert operators when an applicant might be using a fake SSN, based on a discrepancy between the date the SSN was issued and the date of birth or age the applicant provided. Similarly, an alert might indicate an address discrepancy between previous addresses listed on the rental application and those listed on the credit report.

If you suspect that your prospective resident may be part of a synthetic fraud attempt, or any of the screening feedback doesn't match up, simply ask for an alternative form of government-issued photo ID and alert your supervisor. You may advise the prospective resident that they failed to pass the background check and supply the adverse action letter. Third-party partners in screening can assist you.



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Criminal Background Checks

This business practice involves the review of the criminal activity or criminal background of a rental applicant (and sometimes even includes lease renewals). Before any review or check is conducted, the Leasing Professional must inform the applicant that the criminal background check will be done and obtain an appropriate written authorization to check the applicant's criminal history. An owner or management company determines the scope of the checks.

All applications must be checked for the same criteria, using the same consistent process, in order to avoid discriminatory treatment. Typically the owner or a management company's policies and procedures determines when an application or renewal will be denied due to the results of the criminal background check. Company policies often are based on whether the applicant has committed a felony within a designated number of years—for example, in the past 5 years--or on specific felonies such as those against a person (assault, murder, rape, sexual abuse, etc.) within a designated number of years. Determining which crimes will result in denial of a rental application can be a difficult job. Also, records must often be checked in multiple states or jurisdictions going back at least two years in time. This is particularly important if the applicant lived in other cities or states before moving to the current area.



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Checking an Applicant's Credit

Several Federal acts help dictate the ways in which we check an applicant's credit. We'll cover those on the next few pages. They are:

- Equal Credit Opportunity Act.
- Fair Credit Reporting Act (FCRA) of 1996.
- Fair and Accurate Credit Transaction Act (FACTA) of 2003.



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Equal Credit Opportunity Act

The Equal Credit Opportunity Act makes discrimination unlawful with respect to any aspect of a credit application on the basis of:

- Race.
- Color.
- Religion.
- National origin.
- Sex.
- Marital status.
- Age.
- All or part of the applicant's income derived from any public assistance program (this protection applies to the extension of credit and does not affect criteria used for income limit qualifications. This is simply for credit extension).

State and local laws often provide even broader coverage and prohibit discrimination based on additional protected classes not covered under this federal act.

When a prospective resident is asked to complete an application for rental, it could seem like an invasion of privacy and viewed as a complicated process. The application process should be fully explained to all applicants to reduce anxiety and misunderstanding of the process. If an application (and not the person) must be denied the opportunity to lease an apartment, this should be done with compassion and understanding.



Fair Credit Reporting Act (FCRA) of 1996

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The Fair Credit Reporting Act was designed to protect the privacy and ensure the accuracy of consumer report information and to guarantee that the information supplied by Consumer Reporting Agencies (CRAs) is as accurate as possible.

The FCRA requires landlords who deny a lease based on information in the applicant's consumer report to provide the applicant with an "adverse action notice". Three of the most significant CRAs or providers of credit information are Equifax, Experian and TransUnion. Other companies who provide credit screening services are also covered by the FCRA.

As a part of the prospect screening procedure, a Leasing Professional may use a third-party screening firm or make calls and inquiries himself or herself. A credit report (sometimes called a consumer report) contains information about a person's credit characteristics, history and lifestyle. It may also include information concerning rental history and evictions that have resulted in a money judgment.

If the contents of the credit report require that the applicant be denied or conditionally approved (such as requiring an additional deposit or a guarantor), the FCRA governs how you should respond. Always carefully follow company policy and consult with your supervisor before relaying the CRA's findings to the applicant.

If a rental application is denied, the applicant must be given a proper written notice of the reason for the denial and contact information for the CRA that provided the credit information that caused the denial.



Fair and Accurate Credit Transactions Act (FACTA) of 2003

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Late in 2003, as a response to the dramatic increase in identity theft and fraud and consumer concerns about inaccuracies in credit reports, the Fair and Accurate Credit Transaction Act (FACTA) was signed into law. This Act allows consumers to request and obtain a free credit report once every twelve months from each of the three nationwide consumer credit reporting companies (Equifax, Experian and TransUnion) and contains provisions to help reduce identity theft, such as the ability for individuals to place alerts on their credit histories if identity theft is suspected. It also limits how companies, like management companies can use non-public personal information.

This act changed the way credit reports look: the reports may now appear with fraud alerts and blocked files if consumers claim to be the victim of identity theft or fraud. Also, if an apartment community provides data to consumer reporting agencies such as collection agencies, there are new requirements to respond to notices of alleged identity theft. Leasing Professionals should always confirm these reports with the Property Manager and respond according to company policy and screening criteria.

Duties Regarding Address Discrepancies

Users of consumer reports have a duty triggered by a notice of address discrepancy sent by a consumer reporting agency to a user of the report. This notice informs the user that there is a substantial difference between the address in a prospective resident's credit report and that which was provided on the application. Policies and procedures need to be developed in order for a reasonable belief to be formed that a consumer report relates to the consumer for whom it was requested should there be receipt of a notice of address discrepancy from a consumer reporting agency indicating the address given by the consumer differs from the address contained in the report.

Disposal of Information

Any business, large or small, that uses consumer reports must dispose of sensitive information. Disposal includes the following: shred, pulverize, burn or destroy. Sensitive information includes data that is identifiable to an individual person and has the potential to be used, such as social security numbers, driver's license numbers, credit card numbers, account numbers, judgments in civil cases and financial data such as credit ratings. The Disposal Rule applies to information on paper, computer or any other format. The rule does not require specific measures for disposal. Rather, it requires reasonable disposal measures, so the end result is that personal information is unreadable or incapable of being reconstructed.

Be aware that the Act also impacts:

- The types of records that must be submitted to collection agencies.
- New procedures for verifying collection account accuracy and re-investigating if the account is disputed.
- Limitations on a corporate entity to "share" information between its sister properties for the purposes of marketing.

All of these factors impact applicant screening at the community. As a Leasing Professional, you'll need to be aware of what your role is in applicant screening.



FICO Scores

The FICO score is a commonly-used credit score in the U.S. The three major credit reporting agencies in the United States of America—Equifax, Experian and TransUnion—collect data about consumers used to compile credit reports. The credit agencies use FICO software to generate FICO scores for each consumer. Each individual actually has three credit scores at any given time for any given scoring model because the three credit agencies have their own databases, gather reports from different creditors and receive information from creditors at different times.

When you check a prospective resident's credit report, a critical piece of data will be the person's FICO score. Also, be aware that FICO scoring changed significantly in 2014, giving less negative impact to credit issues caused by medical expenses.



Rejecting an Application

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It can be unpleasant and difficult to call an applicant and tell them their application has been rejected.

When you need to communicate a rejection, here are some things you need to know:

- The most common reason for rejection of an application is a problem with the credit score or report. Credit information and verification comes from a third-party service, generally Experian, Equifax, or TransUnion. From a legal standpoint, you cannot disclose specific information regarding the applicant's credit report to the applicant. Instead, provide the credit bureau's contact information and encourage the applicant to contact the credit bureau for a copy of their credit report, which they can generally receive at no charge if their application have been rejected. The prospective resident will appreciate your concern and if there has been a mistake on the prospect's credit report, he or she may have time to clear it up and get approved.
- Be careful to follow the rules of the Fair Credit Reporting Act. The Act specifically requires a written notice to the prospect if any of the reporting companies returns a negative report and causes the application to be denied or conditionally approved (such as requiring an additional deposit or a co-signer). The notice is called an "Adverse Action Notice". The notice simply advises that the information was negative, where it was received and how the prospect can contact the consumer reporting agency direct.
- As of July 2011, if a numerical credit score was used in making the credit decision, the Adverse Action Notice must also contain any numerical credit score used in making the credit decision, the range of possible scores under the model used, the key factors that adversely affected the credit score, the date on which the credit score was created and the name of the person or entity that provided the credit score. The Leasing Professional is not involved in correcting any problem on the report. Any applicant screening completed by a third-party vendor is also covered by the law. Most screening companies will automatically provide an Adverse Action Notice if an applicant is denied due to failure of the company screening criteria.
- Third-party screening companies also provide criminal background checks. If the application is rejected due to criminal history, the prospect should be referred to the screening company to resolve the issue if an error is suspected. Generally, the Leasing Professional is not given the details of the criminal rejection, which again, requires the prospect to deal with the agency, not the Leasing Professional.
- Improper or invalid identification can be an additional reason to reject an application. These rejections should always be handled with the assistance or direction of the Property Manager.



ACTIVITY



Now, you'll interact (as a class) in a "simulation" scenario with a resident who did not qualify for an apartment and will have to decide how to handle the situation.

There are five questions in the simulation. Divide the class into five groups and ask each group to answer one question - discuss if there are differing opinions.

As you go through the simulation using the PowerPoint slides, you'll see the correct answers and reasoning at each step of the interaction.



SUMMARY

In this module, you've learned about proper screening of a prospective resident's qualifications and how their applications are typically handled. As a Leasing Professional, your goal is to provide top-quality customer service while following fair and equal guidelines for applicants.



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Module 4 - Working with the Lease and Leasing Documents

Review the sample lease in the text. get students familiar with the extent of the content before playing the video. Tell students they need to listen carefully to locate the three areas noted in their text and played somewhere in the video.

A copy of the NAA sample lease is included in your text

The purpose of our sample lease is to provide you with an example from which to follow along with the sections of our lease training video. Portions of the sample lease which are state specific have been redacted to avoid any confusion.

Samples of complete leases, including all state specific information, for each state can be found here:

bluemoonforms.com/?p=products/naa

There are alternate ways to review the lease, including in person, online and by video with an acknowledgement form. Be sure to comply with your company's rules.

Please keep in mind that laws vary by state and no information provided to you by NAA or any of its affiliates constitutes legal advice. All questions regarding your use of NAA lease forms should be directed to your local counsel and/or your company's property operations manual.



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THE NAA LEASE OVERVIEW



As a Leasing Professional, your role will involve working with leases and related documents, so you'll need to understand some things about how leases and contracts work. To start this module, watch this series of clips from the NAA Lease and Click video which give you an overview of some of the important provisions of the NAA Lease, in some detail. Please note that while some details are specific to this particular lease, the principles you'll learn will apply to any lease you use.

NAA
NATIONAL APARTMENT ASSOCIATION
We Lead the Way!

This is a binding document. Read carefully before signing.

Moving In — General Information

- CALP**

In addition, we urge all Tenants, and in particular those residing in property located in a special flood hazard area such as coastal areas, areas near rivers, and areas prone to flooding, to obtain your own flood insurance. Renter's insurance does not cover damage to your property due to flooding. Consequently, you are advised to contact the Federal Emergency Management Agency (FEMA) or visit the websites for FEMA's National Flood Insurance Program or to contact the Virginia Department of Conservation and Recreation's Flood Risk Information System to obtain information regarding whether the subject property is located within a special flood hazard area.

Additionally, you are *[check one]* ☐ required to purchase personal liability insurance ☐ not required to purchase personal liability insurance. If no box is checked, personal liability insurance is not required. If required, failure to maintain personal liability insurance throughout your tenancy, including any renewal periods and/or lease extensions, is an incurable breach of this Lease Contract and may result in the termination of tenancy and eviction and/or any other remedies as provided by this Lease Contract or state law.

You acknowledge that no portion of the rent paid by you under this agreement will be specifically allocated for the purchase of the owner's structural fire insurance, though the owner may use a portion of gross rental proceeds obtained from all rental units in

the community to purchase such structural fire insurance, and in such an event, that you are in no way a co-insured under any such policy.

9. **LOCKS AND LATCHES.** Keyed lock(s) will be rekeyed after the prior resident moves out. The rekeying will be done before you move into your apartment.

You may at any time ask us to change or rekey locks or latches during the Lease Term. We must comply with those requests, but you must pay for them, unless otherwise provided by law.

Payment for Rekeying, Repairs, Etc. You must pay for all repairs or replacements arising from misuse or damage to devices by you or your occupants, or guests during your occupancy. You may be required to pay in advance if we notify you within a reasonable time after your request that you are more than 30 days delinquent in reimbursing us for repairing or replacing a device which was misused or damaged by you, your guest or an occupant; or if you have requested that we repair or change or rekey the same device during the 30 days preceding your request and we have complied with your request. Otherwise, you must pay immediately after the work is completed.

Special Provisions and "What If" Clauses

10. **SPECIAL PROVISIONS.** The following special provisions and any addenda or written rules furnished to you at or before signing will become a part of this Lease Contract and will supersede any conflicting provisions of this printed lease form.

See any additional special provisions.

11. **EARLY MOVE-OUT.** To the extent permitted by applicable law, you'll be liable to us for a reletting charge of \$_____ (not to exceed 100% of the highest monthly rent during the lease term) if you:

- (1) fail to give written move-out notice as required in paragraph 45 (Move-Out Notice); or
- (2) move out without paying rent in full for the entire lease term or renewal period; or
- (3) move out at our demand because of your default; or
- (4) are judicially evicted.

The reletting charge is not a cancellation fee and, to the extent permitted by applicable law, does not release you from your obligations under this Lease Contract. See the next paragraph.

Not a Release. The reletting charge is not a lease cancellation fee or buyout fee. It is an agreed-to liquidated amount covering only part of our damages, that is, our time, effort, and expense in finding and processing a replacement. By law, we are limited to the recovery of actual damages. These damages may be uncertain and difficult to ascertain—particularly those relating to inconvenience, paperwork, advertising, showing apartments, utilities for showing, checking prospects, office overhead, marketing costs, and locator-service fees. You agree that the reletting charge is a reasonable estimate of such damages and that the charge is due whether or not our reletting attempts succeed. If no amount is stipulated, you must pay our actual reletting costs so far as they can be determined. The reletting charge does not release you from continued liability for: future or past-due rent; charges for cleaning, repairing, repainting, or unreturned keys; or other sums due.

12. **REIMBURSEMENT.** You must promptly reimburse us for loss, damage, government fines, or cost of repairs or service in the apartment community due to a violation of the Lease Contract or rules, improper use, or negligence by you or your guests or occupants. Unless the damage or wastewater stoppage is due to our negligence, we're not liable for—and you must pay for—repairs, replacement costs, and damage to the following that result from your or your invitees, guests, or occupants' negligence or intentional acts: (1) damage to doors, windows, or screens; (2) damage from windows or doors left open; and (3) damage from wastewater stoppages caused by improper objects in lines exclusively serving your apartment. We may require payment at any time, including advance payment of repairs for which you're liable. Delay in demanding sums you owe is not a waiver.

13. **PERSONAL PROPERTY LEFT IN YOUR APARTMENT.** For this purpose, "apartment" excludes common areas but includes interior living areas and exterior patios, balconies, attached garages, and storerooms for your exclusive use.

Removal After Termination of tenancy and Delivery of Possession. We may consider any property left behind in your apartment as abandoned property. Except as provided by applicable law, we're not liable for casualty loss, damage, or theft. We will give you 10 days' written notice to your last known address, address correction requested, if we are going to dispose of the property in any way. If we have sold any abandoned property, we may apply the funds received to any amounts you may owe us, including reasonable costs incurred by us in selling or storing the abandoned property. Any remaining funds will be treated as a security deposit. All property in the apartment is presumed to be yours unless proven otherwise. This paragraph is not applicable if we have been granted a writ of possession for the apartment.

Removal after Eviction. To the extent permitted by applicable law, we may ask the sheriff to place all property remaining in the apartment or in common areas (including any vehicles you or any occupant or guest owns or uses) in the public way if you are judicially evicted (see definitions in paragraph 50 - Deposit Return, Surrender, and Abandonment). You will have 24 hours to remove your property from the public way or it will be disposed of by the landlord.

Removal after Surrender or Abandonment. To the extent permitted by applicable law, we may remove or store all property remaining in the apartment or in common areas (including any vehicles you or any occupant or guest owns or uses) if you surrender or abandon the apartment (see definitions in paragraph 50 - Deposit Return, Surrender, and Abandonment).

Disposition or Sale. Disposition or sale of your abandoned property, if any, must comply with Virginia Code Section 55.1-1254.

14. **FAILING TO PAY FIRST MONTH'S RENT.** If you don't pay the first month's rent when or before the Lease Contract begins such noncompliance will constitute a default by you under this Lease.

15. **RENT INCREASES AND LEASE CONTRACT CHANGES.**

No rent increases or Lease Contract changes are allowed before the initial Lease Contract term ends, except for changes allowed by any special provisions in paragraph 10 (Special Provisions), by a written addendum or amendment signed by you and us, or by reasonable changes of apartment rules allowed under paragraph 19 (Community Policies or Rules). If, at least 5 days before the advance notice deadline referred to in paragraph 3 (Lease Term) or such longer period as is required by applicable law, we give you written notice of rent increases or lease changes effective when the lease term or renewal period ends, this Lease Contract will automatically continue month-to-month with the increased rent or lease changes. The new modified Lease Contract will begin on the date stated in the notice (without necessity of your signature) unless you give us written move-out notice under paragraph 45 (Move-Out Notice).

16. **DELAY OF OCCUPANCY.** If occupancy is or will be delayed for construction, repairs, cleaning, or a previous resident's holding over, we're not responsible for the delay. The Lease Contract will remain in force subject to: (1) abatement of rent on a daily basis during delay; and (2) your right to terminate as set forth below.

Termination notice must be in writing. After termination, you are entitled only to refund of deposit(s) and any rent paid. Rent abatement or lease termination does not apply if delay is for cleaning or repairs that don't prevent you from occupying the apartment.

If there is a delay and we haven't given notice of delay as set forth immediately below, you may terminate up to the date when the apartment is ready for occupancy, but not later.

- (1) If we give written notice to any of you when or after the initial term as set forth in paragraph 3 (Lease Term)—and the notice states that occupancy has been delayed because of construction or a previous resident's holding over, and that the apartment will be ready on a specific date—you may terminate the Lease Contract within 3 days of your receiving the notice, but not later.
- (2) If we give written notice to any of you before the initial term as set forth in paragraph 3 (Lease Term) and the notice states that construction delay is expected and that the apartment will be ready for you to occupy on a specific date, you may terminate the Lease Contract within 7 days after any of you receives written notice, but not later. The readiness date is considered the new initial term as set forth in paragraph 3 (Lease Term) for all purposes. This new date may not be moved to an earlier date unless we and you agree.

17. AD VALOREM TAXES/FEES AND CHARGES - ADDITIONAL RENT.

Unless otherwise prohibited by law, if, during the term of this Agreement, any locality, city, state, or Federal Government imposes upon us, any fee, charge, or tax, which is related to or charged by the number of occupants, or by the apartment unit itself, such that we are charged a fee, charge, or tax, based upon your use or occupancy of the apartment, we may add this charge as Additional Rent, during the term of the Lease Contract, with thirty (30) days advance written notice to you. After this written notice (the amount or approximate amount of the charge, will be included), you agree to pay, as Additional Rent, the amount of the charge, tax or fee imposed upon us, as a result of your occupancy. As examples, these charges can include, but are not limited to: any charges we receive for any zoning violation, sound, noise or litter charge; any charge under any nuisance or chronic nuisance type statute, 911 or other life safety, per person, or per unit charge or tax and any utility bill unpaid by you, which is then assessed to us for payment.

18. DISCLOSURE RIGHTS. If someone requests information on you or your rental history, we are only permitted to release your rent payment record and amount of payment without your prior consent. A contract purchaser of the rental property may inspect all tenants' information without obtaining your consent.

While You're Living in the Apartment

19. COMMUNITY POLICIES OR RULES. You and all guests and occupants must comply with any written apartment rules and community policies, including instructions for care of our property. Our rules are considered part of this Lease Contract. To the extent permitted by applicable law, we may make reasonable changes to written rules, if they are distributed and applicable to all units in the apartment community and do not change dollar amounts on page 1 of this Lease Contract and you have been given reasonable notice of the same.

20. LIMITATIONS ON CONDUCT. The apartment and other areas reserved for your private use must be kept clean and free of trash, garbage, and other debris. Trash must be disposed of at least weekly in appropriate receptacles in accordance with local ordinances. Passageways may be used only for entry or exit. You agree to keep all passageways and common areas free of obstructions such as trash, storage items, and all forms of personal property. No person shall ride or allow bikes, skateboards, or other similar objects in the passageways. Any swimming pools, saunas, spas, tanning beds, exercise rooms, storerooms, laundry rooms, and similar areas must be used with care in accordance with apartment rules and posted signs. Glass containers are prohibited in all common areas. You, your occupants, or guests may not anywhere in the apartment community: use candles or use kerosene lamps or kerosene heaters without our prior written approval; cook on balconies or outside; or solicit business or contributions. Conducting any kind of business (including child care services) in your apartment or in the apartment community is prohibited—except that any lawful business conducted "at home" by computer, mail, or telephone is permissible if customers, clients, patients, or other business associates do not come to your apartment for business purposes. We may regulate: (1) the use of patios, balconies, and porches; (2) the conduct of furniture movers and delivery persons; and (3) recreational activities in common areas. You'll be liable to us for damage caused by you or any guests or occupants.

We may exclude from the apartment community guests or others who, in our judgment, have been violating the law, violating this Lease Contract or any apartment rules, or disturbing other residents, neighbors, visitors, or owner representatives. We will serve written notice personally on any such guest and also serve you a copy of the notice if your guest is the one in violation. In addition to the remedies we may have against you, we can apply to a magistrate for a warrant for trespass, provided we have served the required notice. We may also exclude from any outside area or common area a person who refuses to show photo identification or refuses to identify himself or herself as a resident, occupant, or guest of a specific resident in the community.

You agree to notify us if you or any occupants are convicted of any felony, or misdemeanor involving a controlled substance, violence to another person or destruction of property. You also agree to notify us if you or any occupant registers as a sex offender in any state. Informing us of criminal convictions or sex offender registry does not waive our right to evict you.

21. PROHIBITED CONDUCT. You, your occupants or guests, or the guests of any occupants, may not engage in the following activities: behaving in a loud or obnoxious manner; disturbing or threatening the rights, comfort, health, safety, or convenience of others (including our agents and employees) in or near the apartment community;

disrupting our business operations; manufacturing, delivering, possessing with intent to deliver, or otherwise possessing a controlled substance or drug paraphernalia; engaging in or threatening violence; possessing a weapon prohibited by state law; discharging a firearm in the apartment community; displaying or possessing a gun, knife, or other weapon in the common area in a way that may alarm others; storing anything in closets having gas appliances; tampering with utilities or telecommunications; bringing hazardous materials into the apartment community.

22. PARKING. We may regulate the time, manner, and place of parking cars, trucks, motorcycles, bicycles, boats, trailers, and recreational vehicles by anyone. Motorcycles or motorized bikes may not be parked inside an apartment unit or on sidewalks, under stairwells, or in handicapped parking areas. We may have unauthorized or illegally parked vehicles towed from the apartment community at your expense under the terms of this Lease Contract or by appropriate statute. A vehicle is unauthorized or illegally parked in the apartment community if it:

- (1) has a flat tire or other condition rendering it inoperable; or
- (2) is on jacks, blocks or has wheel(s) missing; or
- (3) has no current license plate or no current registration and/or inspection sticker; or
- (4) takes up more than one parking space; or
- (5) belongs to a resident or occupant who has surrendered or abandoned the apartment; or
- (6) is parked in a marked handicap space without the legally required handicap insignia; or
- (7) is parked in a space marked for manager, staff, or guest at the office; or
- (8) blocks another vehicle from exiting; or
- (9) is parked in a fire lane or designated "no parking" area; or
- (10) is parked in a space marked for other resident(s) or unit(s); or
- (11) is parked on the grass, sidewalk, or patio; or
- (12) blocks garbage trucks from access to a dumpster; or
- (13) belongs to a resident and is parked in a visitor or retail parking space.

23. RELEASE OF RESIDENT. Unless you're entitled to terminate your tenancy under paragraphs 10 (Special Provisions), 16 (Delay of Occupancy), 32 (Responsibilities of Owner), or 45 (Move-Out Notice), or any other applicable law, you won't be released from this Lease Contract for any reason—including but not limited to voluntary or involuntary school withdrawal or transfer, voluntary or involuntary job transfer, marriage, separation, divorce, reconciliation, loss of co-residents, loss of employment, bad health, or death.

24. MILITARY PERSONNEL CLAUSE. All parties to this Lease Contract agree to comply with any federal law, including, but not limited to the Service Member's Civil Relief Act, or any applicable state law(s), if you are seeking to terminate this Lease Contract and/or subsequent renewals and/or Lease Contract extensions under the rights granted by such laws.

25. RESIDENT SAFETY AND PROPERTY LOSS. You and all occupants and guests must exercise due care for your own and others' safety and security, especially in the use of smoke and carbon monoxide detectors, keyed deadbolt locks, keyless bolting devices, window latches, and access control devices.

Smoke and Carbon Monoxide Detectors. We'll furnish smoke detectors and carbon monoxide detectors only if required by statute, and we'll test them and provide working batteries when you first take possession. After that, we will provide a certificate to you stating that all smoke and carbon monoxide detectors are present, have been inspected, and are in good working order no more than once every twelve (12) months. You are required to maintain said smoke and carbon monoxide detectors and are to pay for and are required to replace batteries as needed, unless the law provides otherwise. We may replace dead or missing batteries at your expense, without prior notice to you. You must immediately report smoke detector and carbon monoxide detector malfunctions to us. Neither you nor any others may disable the smoke detectors or the carbon monoxide detectors. If you disable or damage the smoke detector or carbon monoxide detector or fail to replace a dead battery or report malfunctions to us, you will be in breach of this Lease Contract and will be liable to us for any actual damages and for any loss, damage, or fines proximately cause by or related to any fire, smoke or water.

Casualty Loss. We're not liable to any resident, guest, or occupant for personal injury or damage or loss of personal property from any cause, including but not limited to: fire, smoke, rain, flood, water and pipe leaks, hail, ice, snow, lightning, wind, explosions, earthquake, interruption of utilities, theft, or vandalism unless otherwise required by law. During freezing weather, you must ensure that the temperature in the apartment is sufficient to make sure that the pipes do not freeze (the appropriate temperature will depend upon weather conditions and the size and layout of your unit). If the pipes freeze or any other damage is caused by your failure to properly maintain the heat in your apartment, you'll be liable for damage to our and other's property. If you ask our representatives to perform services not contemplated in this Lease Contract, you will indemnify us and hold us harmless from all liability for those services, provided that we owe no legal duty to you under the applicable law.

Crime or Emergency. Dial 911 or immediately call local medical emergency, fire, or police personnel in case of accident, fire, smoke, or suspected criminal activity or other emergency involving imminent harm. You should then contact our representative. Unless otherwise provided by law, we're not liable to you or any guests or occupants for injury, damage, or loss to person or property caused by criminal conduct of other persons, including theft, burglary, assault, vandalism, or other crimes. We're not obliged to furnish security personnel, security lighting, security gates or fences, or other forms of security. If we provide any access control devices or security measures upon the property, they are not a guarantee to prevent crime or to reduce the risk of crime on the property. You agree that no access control or security measures can eliminate all crime and that you will not rely upon any provided access control or security measures as a warranty or guarantee of any kind. We're not responsible for obtaining criminal-history checks on any residents, occupants, guests, or contractors in the apartment community. If you or any occupant or guest is affected by a crime, you must make a written report to our representative and to the appropriate local law-enforcement agency. You must also furnish us with the law-enforcement agency's incident report number upon request.

26. CONDITION OF THE PREMISES AND ALTERATIONS.

Except for our duty to maintain in good and safe condition all electrical, plumbing, sanitary, heating, ventilating, air conditioning and other facilities, and, except for conditions materially affecting the health or safety of ordinary persons, you accept the apartment, fixtures, and furniture as is. You'll be given an Inventory and Condition form on or before move-in. Within 5 days after move-in, you must note on the form all defects or damage and return it to our representative. Otherwise, everything will be considered to be in a clean, safe, and good working condition.

You must use customary diligence in maintaining the apartment and not damaging or littering the common areas. You must follow proper trash removal procedures. Unless authorized by statute or by us in writing, you must not perform any repairs, painting, wallpapering, carpeting, electrical changes, or otherwise alter our property. No holes or stickers are allowed inside or outside the apartment. But we'll permit a reasonable number of small nail holes for hanging pictures on sheetrock walls and in grooves of wood-paneled walls, unless our rules state otherwise. No water furniture, washing machines, additional phone or TV-cable outlets, alarm systems, or lock changes, additions, or rekeying is permitted unless statutorily allowed or we've consented in writing. You may install a satellite dish or antenna provided you sign our satellite dish or antenna lease addendum which complies with reasonable restrictions allowed by federal law. You agree not to alter, damage, or remove our property, including alarm systems, smoke and carbon monoxide detectors, furniture, telephone and cable TV wiring, screens, locks,

and access control devices. When you move in, we'll supply light bulbs for fixtures we furnish, including exterior fixtures operated from inside the apartment; after that, you'll replace them at your expense with bulbs of the same type and wattage. Your improvements to the apartment (whether or not we consent) become ours unless we agree otherwise in writing.

In addition to the requirements outlined in this Lease Contract, you are responsible for complying with the obligations imposed on you by applicable provisions of the building and housing codes materially affecting health and safety.

27. REQUESTS, REPAIRS, AND MALFUNCTIONS. IF YOU OR ANY OCCUPANT NEEDS TO SEND A NOTICE OR REQUEST—FOR EXAMPLE, FOR REPAIRS, INSTALLATIONS, SERVICES, OR SECURITY-RELATED MATTERS—IT MUST BE SUBMITTED THROUGH EITHER THE ONLINE RESIDENT/MAINTENANCE PORTAL, OR SIGNED AND IN WRITING AND DELIVERED TO OUR DESIGNATED REPRESENTATIVE (except in case of fire, smoke, gas, explosion, overflowing sewage, uncontrollable running water, electrical shorts, or crime in progress). Our written notes on your oral request do not constitute a written request from you.

Our complying with or responding to any oral request regarding security or non-security matters doesn't waive the strict requirement for written notices under this Lease Contract. You must promptly notify us in writing of: water leaks; electrical problems; malfunctioning lights; broken or missing locks or latches; and other conditions that pose a hazard to property, health, or safety. We may change or install utility lines or equipment serving the apartment if the work is done reasonably without substantially increasing your utility costs. We may turn off equipment and interrupt utilities as needed to avoid property damage or to perform work. If utilities malfunction or are damaged by fire, water, or similar cause, you must notify our representative immediately. Air conditioning problems are not emergencies. If air conditioning or other equipment malfunctions, you must notify our representative as soon as possible on a business day. We'll act with customary diligence to make repairs and reconnections.

If the premises are damaged or destroyed by fire or other casualty to such an extent that your enjoyment of the premises is substantially impaired, you may immediately vacate and serve on us a written notice within 14 days thereafter, indicating your intent to terminate your tenancy. Your tenancy would be terminated as of the day you vacated the premises. If we and you cannot agree as to the issue of habitability, the decision of the local building inspector will govern.

28. ANIMALS. Unless otherwise provided under federal, state, or local law, no animals (including mammals, reptiles, birds, fish, rodents, and insects) are allowed, even temporarily, anywhere in the apartment or apartment Community unless we've so authorized in writing. You must remove an illegal or unauthorized animal within 24 hours of notice from us, or you will be considered in default of this Lease Contract, after which you will receive a 21/30 Material Noncompliance Notice. If we allow an animal as a pet, you must execute a separate animal addendum which may require additional deposits, rents, fees or other charges. An animal deposit is considered a general security deposit. We will authorize an assistance animal for a disabled person. When allowed by applicable laws, before we authorize an assistance animal, if the disability and/or the disability-related need for the assistance animal is not readily apparent, we may require a written statement from a qualified professional verifying the disability and/or disability-related need for the assistance animal. If we authorize an assistance animal, we may require you to execute a separate animal and/or assistance animal addendum. Animal deposits, additional rents, fees or other charges will not be required for an assistance animal needed due to disability, including an emotional support or service animal, as authorized under federal, state, or local law. You must not feed stray or wild animals.

If you or any guest or occupant violates animal restrictions (with or without your knowledge), we may serve on you a written notice describing your violation and stating that your tenancy will terminate on a date not less than 30 days after you have received the notice if you do not cure the violation within 21 days. If you properly remedy the violation within 21 days, then your tenancy will not terminate. To the extent permitted by applicable law, if an animal has been in the apartment at any time during your term of occupancy (with or without our consent), we'll charge you for defleaing, deodorizing, and shampooing. Initial and daily animal-violation charges are liquidated damages for our time, inconvenience, and overhead (except for attorney's fees and litigation costs) in enforcing animal restrictions and rules.

29. WHEN WE MAY ENTER. You shall not unreasonably withhold consent for us to enter the apartment in order to inspect the apartment, make necessary or agreed upon repairs, decorations, alterations or improvements, supply necessary or agreed upon services or exhibit the apartment to prospective or actual purchasers, mortgagees, tenants, workmen or contractors. We may enter the apartment without your consent in the event of an emergency. Unless impractical, we will give you 24 hours written notice of routine maintenance (not requested by you) to be performed in the apartment.

We will give you written notice no less than 48 hours before the application of pesticide in the apartment unless you agree to a shorter notice period. If you have requested us to apply pesticide in the apartment, we are not required to give you written notice. If you are concerned with specific pesticides, you must notify us in writing no less than 24 hours before the scheduled pesticide application.

You must notify us of any anticipated extended absence from your apartment of greater than 7 days. During this absence, we may enter the apartment at times reasonably necessary to protect the apartment. If you fail to give us such notice, we may recover actual damages from you.

30. JOINT AND SEVERAL RESPONSIBILITY. Each resident is jointly and severally liable for all lease obligations. If you or any guest or occupant violates the Lease Contract or rules, all residents are considered to have violated the Lease Contract. Notices and requests from any resident or occupant (including notices of lease termination, repair requests, and entry permissions) constitute notice from all residents. *Security-deposit refunds and deduction itemizations of multiple residents will comply with paragraph 50 - Deposit Return, Surrender, and Abandonment.*

Replacements

31. REPLACEMENTS AND SUBLETTING. Replacing a resident, subletting, assignment, or granting a right or license to occupy is allowed only when we expressly consent in writing. If departing or remaining residents find a replacement resident acceptable to us before moving out and we expressly, in writing, consent to the replacement, subletting, assignment, or granting a right or any license to occupy, then:

- (1) a reletting charge *will not* be due;
- (2) a reasonable administrative (paperwork) and/or transfer fee *will* be due, and a rekeying fee *will* be due if rekeying is requested or required; and
- (3) the departing and remaining residents will remain liable for all lease obligations for the rest of the original lease term.

Procedures for Replacement. If we approve a replacement resident, then, at our option: (1) the replacement resident must sign this Lease Contract with or without an increase in the total security deposit; or (2) the remaining and replacement residents must sign an entirely new Lease Contract. Unless we agree otherwise in writing, your security deposit will automatically transfer to the replacement resident as of the date we approve. The departing resident will no longer have a right to occupancy or a security deposit refund, but will remain liable for the remainder of the original lease term unless we agree otherwise in writing—even if a new Lease Contract is signed.

Responsibilities of Owner and Resident

32. RESPONSIBILITIES OF OWNER. We'll act with customary diligence to:

- (1) keep common areas reasonably clean and in a structurally safe condition, subject to paragraph 26 (Condition of the Premises and Alterations);
- (2) maintain fixtures, furniture, hot water, heating and A/C equipment;
- (3) comply with applicable federal, state, and local laws regarding safety, sanitation, and fair housing; and
- (4) make all reasonable repairs, subject to your obligation to pay for damages for which you are liable.

If we violate the above, the following remedies apply:

- (a) you must make a written request for repair or remedy of the condition, and all rent must be current at the time;
- (b) after receiving the request, we have a reasonable time to repair, considering the nature of the problem and the reasonable availability of materials, labor, and utilities;

If we fail to remedy the condition within a reasonable time, you may exercise any other remedies provided under Virginia law.

33. DEFAULT BY RESIDENT.

Default by Resident. You'll be in default if you or any guest or occupant violates any terms of this Lease Contract including but not limited to the following violations: (1) you don't pay rent or other amounts that you owe when due; (2) you or any guest or occupant violates the apartment rules, or fire, safety, health, or criminal laws, regardless of whether or where arrest or conviction occurs; (3) you abandon the apartment; (4) you give incorrect or false answers in a rental application; (5) you or any occupant is arrested, convicted, or given deferred adjudication for a felony offense involving actual or potential physical harm to a person, or involving possession, manufacture, or delivery of a controlled substance, marijuana, or drug paraphernalia under state statute; (6) any illegal drugs or paraphernalia are found in your apartment; or (7) you or any guest or occupant engages in any of the prohibited conduct described in paragraph 21 (Prohibited Conduct).

Under Virginia law and this Lease Agreement, we may terminate this tenancy in accordance with the following provisions:

- A. **Material Noncompliance by Your Failing to Pay Rent When Due.** Your rent is due and payable on the 1st day of each calendar month. If you fail to pay such rent after we have served a 5-day material noncompliance notice for failure to pay rent, or pay or quit notice, as applicable, we may terminate your tenancy in accordance with applicable Virginia law.
- B. **Material Noncompliance by You Which Can Be Remedied Within 21 Days.** If you commit a material noncompliance under this

Lease Contract which can be remedied within 21 days, we may serve on you a material noncompliance notice stating that if you do not remedy the specified noncompliances(s) within 21 days from the date of such notice, we have the right to terminate your tenancy on a date that is not less than 30 days after your receipt of such material noncompliance notice. Notice may be by: (1) personal delivery upon the tenant; or (2) if the tenant cannot be found, by delivery at the apartment to any family member occupant who is at least 16 years old, or (3) in the absence of such tenant or person, to post the same in some conspicuous place upon the apartment.

C. **Repeat Violations.** If you have been served with a prior written notice which required you to remedy a breach, and you remedied such breach, where you intentionally commit a subsequent breach of a like nature as the prior breach, we may serve on you a 30 day termination notice. Such notice must make reference to the prior breach of a like nature and state that your tenancy will terminate on a date not less than 30 days after your receipt of such notice for the reasons stated therein without allowing you an opportunity to remedy such subsequent breach.

D. **Nonremediable Violations.** If you commit a material noncompliance, we may serve on you a termination notice stating that your tenancy will terminate on a date that is not less than 30 days after your receipt of such notice for the reasons stated in such notice. If a breach of your obligations under the Virginia law, or the Lease Contract, involves or constitutes a criminal or willful act, which is not remediable and which poses a threat to health or safety, we may terminate your tenancy immediately by written notice to you.

E. **Remediable Violations.** If you commit a material noncompliance, we may serve on you a termination notice stating that your tenancy will terminate on a date that is not less than 30 days after your receipt of such notice for the reasons stated in such notice. If the noncompliance can be remedied by repair or payment of damages or otherwise and you adequately remedy the noncompliance within 21 days of the receipt of notice, your tenancy will not terminate. If you fail to maintain the apartment as required by applicable law or by this Lease Contract but the violation is remediable by repair, replacement or cleaning, and you fail to comply promptly in the case of emergency or within 14 days after written notice from us, we may enter the apartment and have the work done. We will submit an itemized bill for such work to you as rent on the next date when rent is due, or if your tenancy has terminated, for immediate payment.

F. **Acceptance of Rent With Reservation.** In accordance with Virginia Code Section 55.1-1250, unless we accept the rent with reservation by either including notice of such acceptance in a

written termination notice given by the landlord to the tenant in accordance with Virginia Code Section 55.1-1245 or in a separate written notice given by the landlord to the tenant within five (5) business days of receipt of the rent, acceptance of periodic rent payments with knowledge of a material noncompliance by you constitutes a waiver of our right to terminate your tenancy. If we have given you written notice that the periodic rental payments have been accepted with reservation, we may accept full payment of all rental payments, damages and other fees and still be entitled to receive an order of possession terminating your tenancy. Subject to applicable law, any rental payment received after judgment and possession have been granted to us against you, but prior to eviction, will be accepted with reservation, and will be applied to the judgment amount, including the late charges, applicable costs and attorney's fees, but will not affect the pending eviction pursuant to the order of possession granted by a court of competent jurisdiction. Further, the acceptance of the said amount with reservation in no way creates a new landlord/tenant relationship with you.

G. Remedies Available to Us Upon Termination of tenancy. Upon termination of your tenancy, we may proceed to obtain possession of the apartment by the filing of an unlawful detainer summons in a court of competent jurisdiction, and in addition, seek a money judgment for any actual damages sustained as a result of your default and breach of your tenancy, as provided by Virginia law. We may also recover reasonable attorney's fees and cost of service of process. Upon termination of the Lease Contract, we may treat the security deposit as provided in other provisions of this Lease Contract, appropriate addenda hereto, and applicable Virginia law.

Lease Renewal When A Breach or Default Has Occurred.

In the event that you enter into a subsequent Lease prior to the expiration of this Lease and you breach or otherwise commit a default under this Lease, We may, at our sole and absolute discretion, terminate the subsequent Lease, even if the subsequent Lease term has yet to commence. We may terminate said subsequent Lease by sending you written notice of our desire to terminate said subsequent Lease.

Remedies Cumulative. Any remedies set forth herein shall be cumulative, in addition to, and not in limitation of, any other remedies available to Landlord under any applicable law.

General Clauses

34. ENTIRE AGREEMENT. Neither we nor any of our representatives have made any oral promises, representations, or agreements. This Lease Contract is the entire agreement between you and us.

35. NO AUTHORITY TO AMEND UNLESS IN WRITING.

Our representatives (including management personnel, employees, and agents) have no authority to waive, amend, or terminate this Lease Contract or any part of it, unless in writing, and no authority to make promises, representations, or agreements that impose security duties or other obligations on us or our representatives unless in writing.

36. NO WAIVER. No action or omission of our representative will be considered a waiver of any subsequent violation, default, or time or place of performance. Our not enforcing or belatedly enforcing written-notice requirements, rental due dates, acceleration, liens, or other rights isn't a waiver under any circumstances.

37. NOTICE. Written notice to or from our managers constitutes notice to or from us. Any person giving a notice under this Lease Contract should retain a copy of the memo, letter or fax that was given. Fax signatures are binding. All notices must be signed. To the extent allowed by law, notice to or from us may be made via email, including all notices required by Section 55.1-1245 of the Code of Virginia or other law.

38. MISCELLANEOUS.

- A. Exercising one remedy won't constitute an election or waiver of other remedies.
- B. Unless prohibited by law or the respective insurance policies, insurance subrogation is waived by all parties.
- C. All remedies are cumulative.
- D. No employee, agent, or management company is personally liable for any of our contractual, statutory, or other obligations merely by virtue of acting on our behalf.
- E. This Lease Contract binds subsequent owners.
- F. Neither an invalid clause nor the omission of initials on any page invalidates this Lease Contract.
- G. To the extent permitted by applicable law, all provisions regarding our non-liability and nonduty apply to our employees, agents, and management companies.
- H. This Lease Contract is subordinate or superior to existing and future recorded mortgages, at lender's option.
- I. All lease obligations must be performed in the county where the apartment is located.
- J. All discretionary rights reserved for us within this Lease Contract or any accompanying addenda are at our sole and absolute discretion.

39. WAIVER OF JURY TRIAL. To minimize legal expenses and, to the extent allowed by law, you and we agree that a trial of any lawsuit based on statute common law, and/or related to this Lease Contract shall be to a judge and not a jury.

40. CONTACTING YOU. By signing this lease, you are agreeing that we, our representative(s) or agent(s) may contact you. You agree that we may contact you using any contact information relating to your lease including any number (i) you have provided to us (ii) from which you called us, or (iii) which we obtained and through which we reasonably believe we can reach you. You agree we may use any means to contact you. This may include calls made to your cellular telephone using an automatic telephone dialing system, artificial or prerecorded voice messages, text messages, mail, e-mail, and calls to your phone or Voice over Internet Protocol (VoIP) service, or any other data or voice transmission technology. You agree to promptly notify us if you change any contact information you provide to us. You are responsible for any service provider charges as a result of us contacting you.

41. OBLIGATION TO VACATE. If we provide you with a notice to vacate, or if you provide us with a written notice to vacate or intent to move-out in accordance with paragraph 3 (Lease Term), and we accept such written notice, then you are required to vacate the Apartment and remove all of your personal property therefrom at the expiration of the Lease term, or by the date set forth in the notice to vacate, whichever date is earlier, without further notice or demand from us.

42. FORCE MAJEURE. If we are prevented from completing performances of any obligations hereunder by an act of God, strikes, epidemics, war, acts of terrorism, riots, flood, fire, hurricane, tornado, sabotage, or other occurrence which is beyond the control of the parties, then we shall be excused from any further performance of obligations and undertakings hereunder, to the full extent allowed under applicable law.

Furthermore, if such an event damages the property to materially affect its habitability by some or all residents, we reserve the right to vacate any and all leases and you agree to excuse us from any further performance of obligations and undertakings hereunder, to the full extent allowed under applicable law.

43. PAYMENTS. Payment of all sums is an independent covenant. At our option and without notice, we may apply money received (other than sale proceeds under paragraph 13 (Personal Property Left in Your Apartment) or utility payments subject to governmental regulations) first to any of your unpaid obligations, then to current rent—regardless of notations on checks or money orders and regardless of when the obligations arose. All sums other than rent are due upon our demand. If we have accepted without reservation rent payments that were materially noncompliant and have given you written notice of such acceptance, then we have waived our right to terminate your tenancy. If we have given you written notice that your rent payments have been accepted with reservation, then we may accept all rent payments and still be entitled to an order of possession terminating the tenancy.

44. ASSOCIATION MEMBERSHIP. We represent that either: (1) we or; (2) the management company that represents us, is at the time of signing this Lease Contract or a renewal of this Lease Contract, a member of both the National Apartment Association and any affiliated state and local apartment (multi-housing) associations for the area where the apartment is located.

45. MOVE-OUT NOTICE. Before moving out, either at the end of the lease term, any extension of the lease term, or prior to the end of the lease term, you must give our representative advance written notice of your intention to vacate as required by paragraph 3 (Lease Term). If you move out prior to the end of the lease term, your notice does not act as a release of liability for the full term of the Lease Contract. If you vacate early (paragraph 23 - Release of Resident) you will still be liable for the entire Lease Contract term or until a new lease contract is executed, whichever occurs first, except if you are able to terminate your tenancy under the statutory rights explained under paragraphs 11, or 23 (Early Move-Out or Release of Resident), or any other applicable laws. All notices to vacate must be in writing and must provide the date by which you intend to vacate. If the notice does not comply with the time requirements of paragraph 3 (Lease Term), even if you move by the last date in the lease term, you will be responsible for an additional month's rent. If you fail to vacate by the date set forth in your notice of nonrenewal or in your notice to vacate, or in our notice of nonrenewal or in our notice to vacate delivered to you, you will automatically and will immediately become a holdover tenant pursuant to applicable Virginia law, and we will have all rights and remedies available to us under this Lease Contract and Virginia law, including but not limited to charging you a liquidated damage penalty not to exceed an amount equal to 150 percent (150%) of the per diem of the monthly rent, for each day you remain in the dwelling unit after the termination date specified in your notice of nonrenewal or in your notice to vacate, or in our notice of nonrenewal or in our notice to vacate delivered to you.

46. MOVE-OUT PROCEDURES. The move-out date can't be changed unless we and you both agree in writing. You won't move out before the lease term or renewal period ends unless all rent for the entire lease term or renewal period is paid in full. *Early move-out may result in reletting charges under paragraph 11 (Early Move-Out).* You're prohibited by law from applying any security deposit to rent. You won't stay beyond the date you are supposed to move out.

47. CLEANING. You must thoroughly clean the apartment, including doors, windows, furniture, bathrooms, kitchen appliances, patios, balconies, garages, carports, and storage rooms. You must follow move-out cleaning instructions if they have been provided. If you don't clean adequately, you'll be liable for reasonable cleaning charges.

48. MOVE-OUT INSPECTION. You should meet with our representative for a move-out inspection. Our representative has no authority to bind or limit us regarding deductions for repairs, damages, or charges. Any statements or estimates by us or our representative are subject to our correction, modification, or disapproval before final refunding or accounting. If you wish to be present when we make the inspection, you must so advise us in writing, and then we will provide you with written notice of the time and date of our inspection of the apartment. You will have the right to be present at our inspection of the apartment for the purpose of determining the amount of security deposit to be returned. We will provide you with notice of the time and date of the inspection at least ten (10) days before the date of the inspection. The inspection will be made within three (3) days (excluding Saturdays, Sundays and holidays) before or after termination of occupancy and removal of all your personal effects. If you attend the inspection, we will upon completion of the inspection give you an itemized list of damages to the apartment known to exist at the time of the inspection. We suggest that you do accompany us during the inspection to help resolve any problems that may arise. Failure to do so will constitute a concurrence by you in our assessment of charges for damages or cleaning. After inspection by us, appropriate charges will be assessed by us for any missing items, damages or repairs to the apartment, or its contents (except for ordinary wear and tear).

49. SECURITY DEPOSIT DEDUCTIONS AND OTHER CHARGES.

You'll be liable for the following charges to the extent permitted by applicable law, including but not limited to: unpaid rent; unpaid utilities; unreimbursed service charges; all repairs or damages, including stickers, scratches, tears, burns, stains, or unapproved holes; replacement cost of our property that was in or attached to the apartment and is missing; replacing dead or missing smoke-detector or carbon monoxide detector batteries; utilities for repairs or cleaning; trips to let in company representatives to remove your telephone or TV cable services or rental items (if you so request or have moved out); trips to open the apartment when you or any guest or occupant is missing a key; unreturned keys; missing or burned-out light bulbs; removing or rekeying unauthorized access control devices or alarm systems; agreed reletting charges; packing,

removing, or storing property removed or stored under paragraph 13 (Personal Property Left in Your Apartment); removing illegally parked vehicles; special trips for trash removal caused by parked vehicles blocking dumpsters; false security-alarm charges unless due to our negligence; animal-related charges under paragraphs 6 (Rent and Charges) and 28 (Animals); government fees or fines against us for violation (by you, your occupants, or guests) of local ordinances relating to smoke and carbon monoxide detectors, false alarms, recycling, or other matters; late-payment and returned-check charges; a charge (not to exceed \$100); and other sums due under this Lease Contract.

To the extent permitted by applicable law, you'll be liable to us for: (1) charges for replacing all keys and access devices referenced in paragraph 5 (Keys) if you fail to return them on or before your actual move-out date; and (2) a reletting fee if you have violated paragraph 11 (Early Move-Out).

50. DEPOSIT RETURN, SURRENDER, AND ABANDONMENT.

Provided that you have satisfied each of the following conditions, we shall return your security deposit to you as provided in this lease:

- (a) You must completely vacate the entire Premises at the expiration or other termination of this lease or when any subsequent month to month tenancy is terminated.
- (b) You must pay all Rent required under the lease, up to and including the date of expiration or termination of the lease or month to month tenancy.
- (c) You must thoroughly clean your apartment including all kitchen appliances (refrigerator, oven, range, dishwasher, baths, closets, storage areas, patios/balconies, etc.), so that your apartment and such appliances are in the same condition as they were in on the beginning date of the initial term of the lease, except for ordinary wear and tear.
- (d) There must be no defects or damages to the apartment, caused by you, your family, guests, invitees, agents, pets or otherwise.
- (e) You must not be in default at the expiration or termination of the lease or any subsequent month to month tenancy.
- (f) You must provide us with a written copy of your forwarding address.

Upon your satisfaction of each of the conditions set forth above, but no later than forty-five (45) days after the expiration or termination of the lease or any subsequent month to month tenancy we will do one of the following:

- (1) We will pay to you any security deposit you have paid to us (less any amounts that we have properly applied to your obligations under the lease during the term of the Lease or any subsequent month to month tenancy in accordance with the terms of the lease; or
- (2) We will use good faith efforts to notify you in writing personally, or by certified mail at your last known address, of our intention to withhold and apply your security deposit then held by us toward (1) any damages or charges for which you are legally liable under the lease or as a result of your breaching the lease; and (2) defraying the cost of expenses we have incurred in connection with your failure to comply with the terms of this lease. Any deductions we make will be itemized in a written notice given to you within forty-five (45) days of the termination of tenancy and delivery of possession.

Within the 45-day period prescribed above, we will refund to you the balance of the security deposit (if any) including accrued interest to which you are entitled, less any amounts that we have properly applied to your obligations under the Lease pursuant to the terms of the lease.

You have surrendered the apartment when: (1) the move-out date has passed and no one is living in the apartment in our reasonable judgment; or (2) all apartment keys and access devices listed in paragraph 5 (Keys) have been turned in where rent is paid—whichever date occurs first.

You have abandoned the apartment when all of the following have occurred: (1) everyone appears to have moved out in our reasonable judgment; (2) clothes, furniture and personal belongings have been substantially removed in our reasonable judgment; (3) you've been in default for non-payment of rent for 5 consecutive days or water, gas, or electric service for the apartment not connected in our name has been terminated; and (4) you've not given us written notice within seven days of our written notice to you, indicating that you intend to remain in occupancy of the premises.

and remove property left in the apartment (paragraph 13 - Personal Property Left in Your Apartment), but do not affect our mitigation obligations set forth under this Lease Contract and under applicable Virginia law.

Severability, Originals and Attachments, and Signatures

Resident or Residents *(all sign below)*

Owner or Owner's Representative (signing on behalf of owner)

Name and address of locator service (if applicable)

Date form is filled out (*same as on top of page 1*)

[illegible]



Slide 81-82

Work this activity for the entire class.

Questions



Answer the following questions about the clip you just saw:

Divide the class into three groups and assign one question to each as they watch the video clip and lease explanation

Who's typically responsible for insuring an apartment?

Best answer

The management company will insure the property, but residents are responsible for their own possessions and in some cases, liability. Renter's insurance is highly recommended.



What's an example of the kind of clause in a lease agreement that might need to change while someone is living in their apartment?

Best answer

A change to the fitness center hours was an example shown in the clip.



Why is it important for you to discuss moving out with a resident who's just moving in?

Best answer

It's important to go over everything in the lease, including the move-out provisions, so there are no surprises for the resident later.



Slide 83

THE LEASE AND LEASING DOCUMENTS

The Lease and Legal Issues

You may want to discuss participants' reactions with the group.

Leases are legal contracts. They describe the relationship between the resident, occupants and the owner or management company. A lease application often includes information that will appear in the lease itself, so that the terms are clear during the application process.. A Leasing Professional may fill out the lease form, but is rarely authorized to sign the lease. Nonetheless, as you prepare the lease documents, it is essential they are filled out accurately and that you have carefully proofread them.

Leases typically address issues such as the name of the property; its legal address; authorized residents and occupants; terms of the lease; amount of rent; and amounts of additional fees and other payments. Overall, the lease covers the relationship – both rights and responsibilities – for the owner and the resident. Once signed, the lease and any supporting addenda are legal documents that impose both responsibilities and legal remedies on both parties--the resident and management company or owner--who sign the lease.

In today's environment of increasingly complex landlord-tenant law, it is critical that leases be well-written and fully comply with all state laws. A clause in a lease that does not comply with state law would be considered an unenforceable portion of that lease. The National Apartment Association has provided a lease template that can be effectively used by member owners in most states. A Leasing Professional is not expected to be a legal expert – but she or he must understand the importance of the Leasing Professional's role in preparation of this contract. It is often the Leasing Professional who is responsible for reviewing the lease, or at least offering an overview of the lease at move-in or at the time a new resident signs the lease.



The Law of Contracts

Slide 84

A lease is a contract and is therefore legally binding on the parties who sign it. A contract contains four specific elements:

- **The Offer** is an invitation to enter into a contract. It is a statement made with the intent that, if accepted, creates a binding contract. The offer has to be so clear that if it is accepted, the responsibilities of each party will be clearly outlined and understandable to both parties.
- **The Acceptance.** Once a prospective resident fills out an application, the management company generally performs a set of screening checks to be sure that the applicant qualifies to rent the apartment. Once an offer has been made--which is done *after* the screening process--it must be accepted absolutely and unconditionally by both parties, which they do by signing the contract. A Leasing Professional likely has a significant role in both the offer and screening process. In fact, the Leasing Professional may also be communicating with applicants regarding the status of the application – which will become the contract. Your company will likely have strict rules of notification and completion that must be followed.
- **Consideration.** This means that something of value is given by one party in return for something of value from another party. For a residential property manager, the residents give the landlord money in return for the landlord giving them the right to live in a specific apartment for a certain period of time. This is so important that if there is no consideration given or received, the contract is not enforceable.
- **Capacity.** This is a legal term meaning that each person had the legal competence--which generally means that each person is an adult of “sound mind”-- to understand the nature and consequence of entering into a contract. To be considered competent in most states, a person must be 18 years old or older or legally emancipated, have sufficient mental capacity and not be under the influence of drugs or alcohol.

Once these four elements have been met, a contract will be deemed to be enforceable.



Landlord-Tenant Law

Slide 85

Virtually every state has its own set of landlord-tenant laws. They vary in specific terms but consistently cover the following:

- Habitability (livability) of the home.
- Utilities and utility reimbursement.
- Subletting or replacing residents.

- Security deposits and refund rules.
- Safety and locking devices.
- Environmental hazards.
- Rights of entry and rights of privacy.
- Health codes.

What does this mean for you as a Leasing Professional? You will likely not deal with detailed, contractual discussions about any of these items, but you WILL likely be the first point of contact when a resident or applicant has questions about their lease or application document. You do not need to know the specific details – but you MUST KNOW that the state governs many of the rules and rights of residents that are addressed in the lease. Be cordial, listen carefully to the issue and pass the discussion on to your manager or supervisor as your company requires. The better and more professional your approach and support, the better the owner and property will be perceived by the prospective resident.

SUMMARY

As a Leasing Professional, your role will involve working with leases and related documents, so you'll need to understand some things about how leases and contracts work. In this module, we've covered the key points relating to contracts.



Course Summary

Slide 86

You should now be able to:

- Understand and apply fair housing laws when working with prospective residents.
- Understand and apply fair housing laws when working with current residents.
- Follow proper procedures to ensure that a prospective resident is qualified.
- Work with leases and other contracts.

You can take these skills back and apply them on the job!

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