

CHAPTER 6

LEASE REQUIREMENTS

The Agency does not provide a model Lease Agreement. However, owners must execute Lease Agreements with residents that incorporate specific provisions that establish resident responsibilities and avoid certain prohibited provisions as follows:

A. Required Lease Terms

1. The initial lease term must be for not less than one year, unless by mutual agreement between the resident and the owner. The Lease term must be at least six months for tax credit properties. SROs that are for transitional housing are the only exception, which can be month to month.
2. It shall provide that upon a two-day written notice to the resident the Agency, accompanied by the owner or agent, shall be permitted to enter the dwelling unit during reasonable hours for the purpose of performing an inspection.
3. The lease must include a mechanism that will allow termination of the agreement and eviction for violation. An owner may not terminate the tenancy or refuse to renew the Lease of a resident except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable federal, state, or local law; for completion of the transitional housing tenancy period; or for other good cause. Any termination or refusal to renew must be preceded by a 30 day written notice specifying the grounds for the action.
4. The lease must contain a provision for the resident to provide accurate information to determine eligibility at move-in and annual recertifications. On commencement of the Lease, and annually thereafter, the resident shall provide the owner with such certifications, verifications, and information as owner may require in order to perform an examination, reexamination, or determination of the family income and eligibility as provided in this Manual, as well as other applicable federal or state programs. A failure to provide certification, verifications and information, or any falsification or willful misrepresentation shall be deemed to be a violation of the Lease.

At the annual reexamination, the owner determines that the family income exceeds the maximum limit, the resident shall be permitted to continue to occupy the dwelling unit, provided that the resident shall be required to pay the appropriate rent in accordance with one of the following financing programs:

- a. For tax-exempt bond properties without tax credits or PennHOMES funding:
 - The rent to the dwelling unit in accordance with a schedule of conventional rents previously approved by the Agency.
- b. For PHFA Homes Program properties with tax credits with initial closing prior to July 1995 (Chapter 12):
 - The current applicable tax credit program rent.

- c. For PennHOMES properties with tax credits:
 - The current applicable PennHOMES program rent. (Exhibit 7)
 - d. For PennHOMES properties without tax credits:
 - The maximum High PennHOMES rent, if the family's income exceeds 50 percent or is equal to or less than 80 percent of the area median income, adjusted for family size, or
 - Thirty percent of the family's adjusted monthly income, at annual recertification, if the resident's income exceeds 80 percent of the area median income, adjusted for family size.
5. The Lease must include:
- (a) Security deposit amount and utility information.
 - (b) Monthly rental amount.
 - (c) Signatures of all parties.
 - (d) A statement that the Lease complies with all federal, state, and local laws.
6. The Lease must agree to give the resident a 30-day advance, written notice of any increase in the monthly rents.
7. Any material misrepresentation in the resident application for the leased premises, whether intentional or otherwise, may be treated by the owner, at its sole option, as an act of default under the Lease and all remedies available to owner in the event of other defaults shall likewise be available to owner in such case.
8. The owner must maintain the premises in compliance with Agency Design Standards, Housing Quality Standards, and local code requirements.
9. A lease addendum is required to be signed by families occupying an accessible unit, not requiring the special features, that states the household living in the accessible unit will transfer, at property expense, when an applicant requests an accessible unit. A sample addendum is provided in Exhibit 2.
10. The owner/agent must provide a letter to the Agency attesting to the consistency of the form of lease to be used at the property with all state and local landlord and tenant laws, including any amendments or revisions.
11. In accordance with the Internal Revenue Service released Revenue Ruling 2004-82, no low income resident of a tax credit property may be evicted or otherwise have their lease terminated other than for good cause. All owners must ensure that leases for tax credit units specify that tenants will not be evicted except for good cause.

B. Prohibited Lease Terms

The Lease **may not** contain any of the following provisions:

1. Agreement by the resident to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the Lease.

2. Agreement by the resident that the owner may take, hold, or sell personal property of household members without notice to the resident and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the resident concerning disposition of personal property remaining in the housing unit after the resident has moved out of the unit. The owner may dispose of this personal property in accordance with state law.
3. Agreement by the resident not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent.
4. Agreement of the resident that the owner may institute a lawsuit without notice to the resident.
5. Agreement by the resident that the owner may evict the resident or household members without instituting a civil court proceeding in which the resident has the opportunity to present a defense or before a court decision on the rights of the parties.
6. Agreement by the resident to waive any right to a trial by jury.
7. Agreement by the resident to waive the right to appeal or to otherwise challenge in court a court decision in connection with the Lease.
8. Agreement by the resident to pay attorney fees or other legal costs, even if the resident wins in a court proceeding by the owner against the resident. If the case is lost, the resident, however, may be obligated to pay costs.