

Dear Prospective Resident(s)/Homeowner(s):

Thank you for your interest in purchasing a single-family manufactured home in our community at home site # _____. Our aim is to ensure a positive experience for you starting from the application process, through approval, and throughout your tenancy in our community. If you have inquiries regarding the home purchase, please direct them to your dealer/agent or the Seller. For questions about space rent, charges, and community-related matters, please contact the community management.

Please note that a space rent charge is payable to cover maintenance costs for amenities such as the pool, clubhouses, common areas, and on-site manager services for assistance. Approval from the park is required before finalizing the sale, and you should not proceed with closing escrow or completing the sale without obtaining this approval and signing a rental agreement with the Park Owner.

Before completing the application, we kindly ask you to review the move-in requirements provided. If you have any questions, please don't hesitate to ask the manager for clarification. Our goal is to inform you about our qualification guidelines, which consider your financial status, rental history, credit score, and other relevant factors to help you assess your eligibility.

I. OCCUPANCY POLICY

- A. Occupancy is determined by the number of bedrooms in the home, with a bedroom defined as a room of no less than 75 square feet that includes a closet. All home additions must be "legally permitted," and it is the Prospective Homeowner's responsibility to ensure that permits have been obtained.
- B. The occupancy limit is two people per bedroom, with an additional person allowed for the entire home. We adhere to fair housing guidelines, and any changes during the application process will follow the prevailing fair housing guidelines at the time of application. If the total number of occupants exceeds the stated provision, we will adhere to the applicable law at the time of application.
- C. The Owner reserves the right to permit higher occupancy levels for victims of major disasters.
- D. If the home being purchased does not currently meet the required occupancy standards due to insufficient bedrooms, the prospective homeowner may be permitted to add a bedroom upon submission of proper documentation, evidence of permits, and detailed plans for the bedroom addition.

II. CREDIT HISTORY & SCORE AND INCOME REQUIREMENTS

1. **Minimum Income & Credit Score Requirements. SECTION 1. MUST BE MET, BEFORE WE MOVE TO SECTION 2. DEBT TO INCOME RATIO**

A. Housing Costs we use are as follows: (MONTHLY RENT) + (\$300.00 ESTIMATED UTILITIES) + (MORTGAGE PAYMENT) + (\$60.00 ESTIMATED INSURANCE). The gross monthly income of all "registered owners" must be at least 2.50 times the monthly housing costs Example below:

Monthly Space Rent (rent is different for each space)	\$1,300.00
Utilities	\$ 300.00
Mortgage for home in Community (this varies)	\$1,100.00
Insurance	\$ 60.00
TOTAL HOUSING COST	<u>\$2,760.00 X 2.50 = \$6,900.00 minimum gross income required.</u>

We consider income from prospective homeowners that will be occupying the home and named on the title of home with HCD as a registered owner. Additional occupants living in home, if not on title, may not use their income to qualify for park approval. If the minimum gross income is not sufficient, the park management has no obligation to proceed with pulling your credit report.

B. Minimum Credit Score Requirements - All applicants shall have a credit score of 620 or greater. However, if an applicant has a credit score of 620 or greater and their income represents 70% or more of the income used to qualify, all other applicants (buyers) whose income is used for qualification purposes may have a credit score of 550 or higher. If the additional applicants do not have a credit score of 600 or greater, a security deposit of no less than one month rent.

WHEN SECTION 1. PARAGRAPH A. AND B. ABOVE MEET OR EXCEED THE REQUIREMENTS SET FORTH, MANAGEMENT WILL PROCEED WITH SECTION 2 BELOW. IF THEY DO NOT, A DENIAL LETTER WILL BE SENT. PROSPECTIVE HOMEOWNER IF THIS HAPPENS, THERE MAY BE ADDITIONAL OPPORTUNITY TO QUALIFIED. PLEASE SEE PARAGRAPH 3. BELOW – CO-SIGNOR.

2. Combined Debt to Income Ratio shall not exceed 45% of your gross income. There is a 2% variance, allowing up to 47% debt to income ratio if qualified under B. Below

A. Debt to income ratio is defined as your rent, utilities, mortgage payments, insurance, alimony, other debts listed on your credit report, business expenses, garnishments, tax liens or other liens. Regarding liens, if you fail to furnish park management the exact amount of the payments of any liens, we will estimate them, and this could be up to 25% of the income you provided to us depending on the balance of these liens.

B. If the debt-to-income ratio exceeds 45%, approval may be denied unless a lease guarantor and/or lender is involved, in which case up to 47% debt to income ratio may be permitted. Should a lease guarantor be used in the transaction, they must have a credit score of 675 or higher. Refer to Section II, Paragraph 4 for more details.

3. Background checks will be performed on all occupants over the age of 18, including those that are not using their income to qualify. Your application may be denied if you fail to disclose any information and/or there is good cause to deny the application based on the findings in the report. In all cases, current laws in place at the time will be considered before denying an application. Falsifying the application is good cause, so it is best to be truthful.
4. If denied, the applicant(s) may request a co-signor accommodation. Before making the request for this accommodation, applicants should discuss it with the Park Management. The park management/owner will consider the Co-signor under the conditions set forth below:
 - a. The Co-signor is willing to remain on the lease indefinitely or until the applicants can qualify independently and meet the rental criteria. In order to remove a co-signor, the applicants would need to provide proof of income and have their credit report pulled.
 - b. The combined debt-to-income ratio (including credit debt and other obligations besides what is in Section II. 1. Above is not higher than 45%. If this ratio is 47% or more, a co-signor will not be considered.
 - c. The co-signor MUST HAVE a credit score of 675 or above.
 - d. Cosigner must provide sufficient income to cover their own debts using the same criteria we use at this property. Additionally, that the surplus of their income must be enough to qualify this application so that the debt-to-income ratio is 45% or less. If the combined expenses for co-signor debt and prospective homeowner(s) debt exceeds 45%, the co-signor consideration will be denied.
 - e. The applicant or co-signor does not have any evictions or late payments to utility companies on their credit reports or other reports pulled by management as part of the park approval process.
 - f. The credit scores of the applicants are 620 or higher and the applicants have good rental history, no criminal background, solid job history and their income is enough to qualify without the co-signor.
 - g. When this provision is used, a security deposit will be required and may be up to the maximum allowable under state law.

III. APPLICATION PROCESS

A. THE FIRST STEPS OF THE APPLICATION PROCESS:

1. Applicant must stop by the park office to pick up application for all adults over the age of 18. **Applicant will be required to sign the park disclosures, including the disclosure of park rent and other charges.** This must be signed before we can release the applications. Dealers are not allowed to pick up the application for any applicants. For out of state applicants, we will require an email and their phone # and we will contact them directly and find a way to mail or email the disclosures to them and send out the application packages.
2. **AT THE TIME YOU PICK UP THE APPLICATION, you should receive a document titled "Notice to Prospective Homeowner/Resident"** which outlines the amount of monthly space rent, utilities (gas, electric, water) and other charges (such as, but not limited to sewer fees, trash fees, paramedic, utility tax, etc.) that will be your responsibility to pay monthly as a condition of tenancy in the

Community. **IF YOU DID NOT RECEIVE THIS DOCUMENT, ALONG WITH THE "COMMUNITY DISCLOSURE STATEMENT", PLEASE REQUEST THIS IMMEDIATELY FROM THE MANAGER BEFORE YOU SUBMIT THE PARK APPLICATION. WE CAN NOT PROCESS APPLICATION UNIL THIS DOCUMENT IS SIGNED.**

3. Approval of your application is based on 5 categories: (1) employment history and stability (2) credit and payment history (3) rental history from a third source (4) current income from employment or other source or bank account in Applicant name with a balance equal to or greater than 72 months of rent, mortgage, insurance & estimated utilities (5) Criminal History.
4. Make sure the home you want to purchase best suits your finances and will accommodate all proposed occupants. If you exceed the allowable occupants, the application will be denied.
5. **DO NOT buy the home until you have received Park Management Approval and gone through this process. Notice: The Park Owner and Management have no liability to the buyer(s) or seller(s) in the event the applicants do not meet the park rental criteria and their application is denied. Furthermore, if the applicant purchases the home without Park Approval, Applicant assumes all risks and costs associated with their decision.**
6. Complete the application on the designated forms and make sure that all applicable fields are completed. Failure to complete the application in full, submit all documents as required and sign the application, will result in the application being returned and denied due to incompleteness. Once we have a complete application for all persons over the age of 18, expect a minimum of 5 business days, up to 15 days for review and decision of the park management.
7. All persons over the age of 18, or emancipated minors with written evidence of emancipation, must complete a written & signed application. All those adults that will be on the title of the home and listed as registered owners must sign the rental agreement as a condition of tenancy.
8. Tax planning consideration – If an elderly parent wants to add their children to the title for estate planning purposes, this may be allowed. Discuss with the park management.
9. You must have a prior rental history or have owned a home. Such address should be contained in your credit report as address associated with your name. If you lived with parents or family members, we would require a letter from the landlord.
10. We must have verifiable income in accordance with Fair Housing guidelines. *Undocumented cash is not considered verifiable income, unless it can be tracked and is reported to the state/federal government as required by law.*
11. **SUBMIT YOUR APPLICATION WITH ALL DOCUMENTS THAT APPLY TO YOU AS FOLLOWS:**
 - a. We will accept proof of all legal, verifiable sources of income, including, but not limited to, the following:
 1. Pay stubs - Last 3 recent paycheck stubs showing YTD income. If you have changed jobs/employer and have less than 6 months with current employer, please provide the last paycheck from your prior employer.
 2. Employment verification form signed by current Employer.
 3. Spousal and/or child support payments;
 4. GI benefits;
 5. Social Security payments;
 6. Current bank statements verifying savings, checking or other liquid account holdings; This can be used to show regular deposits from income sources or in the event applicant does not meet monthly income criteria, we will accept proof of bank account with a minimum balance of 36 months of housing costs (defined below).
 7. Tax returns OR other legitimate document (past 2 consecutive years) to show proof of income (applies only if self-employed and do not receive pay checks stubs for income they put on application;
 8. W-2 forms;
 9. Disability benefits;
 10. Welfare benefits;
 11. Retirement income;
 12. Investment income; or
 13. Any other legal, verifiable income that has a history associated with it.

- b. Copy OF the escrow instructions showing that escrow has been opened and the names of the registered owners. If private party sale, a copy of the purchase and sale agreement between buyer and seller.
- c. If there will be a loan on the home, we need the loan terms provided by the lender showing the monthly payment, names of the borrowers and conditions of loan.
- d. Explanation of any known negative credit that might be reported on your Credit report – must be in writing. Explanation does not guarantee that property manager will overlook the negative credit rating, however it may be good cause to provide an accommodation.
- e. Assistive animals- See Pet Policy Below V. E.
- f. A GOVERNMENT- ISSUED PHOTO ID FOR ALL PERSONS OVER THE AGE OF 18 (AND EMANCIPATED MINORS) WHO WILL IN THE HOME.
- g. If you have a pet, it must BE INCLUDED ON THE APPLICATION. If the pet exceeds our requirements and you do not disclose the pet, your future tenancy will be compromised. REMEMBER TO SUBMIT A PHOTO OF YOUR PET WITH THIS APPLICATION. Assistive animals for the disabled are not considered “pets” but are still required to be disclosed on the application and subject to park management approval.

WE WILL NOT ACCEPT APPLICATIONS THAT ARE INCOMPLETE. We will take a copy of it, and return it to you, however we will not start processing it until it is complete with all required documentation.

Inaccurate or falsified information are grounds for immediate denial.

WAITING FOR THE NEWS – AM I APPROVED?

1. This process generally takes at least 5 business days and can take up to 15 days. We will send the selling agent, seller and buyer our decision. The decision will either be a conditional approval or a denial.
 - a. **Conditional Approval** - Conditions of approval will be stated and may include things such as:
 - i. Subject to signing a rental agreement and all registered owners signing all park tenancy documents.
 - ii. Verification of pet by bringing to the office
 - iii. Verification that home will be registered to those persons who stated they will remain on the title.
 - iv. Deficiencies on the home that will be the Buyer responsibility to take care of within 60 days of moving into the home.
 - b. **Denial** - If we are unable to accommodate your housing needs, we will notify the applicant you designate by phone, email (if provided) or regular mail. We will also send you a denial letter and copy of such letter will be sent to the Seller of the home as well.

All denied applications remain in Park Possession and will not be returned. See section “VII. Reasons for Denying Application,” so you will understand why we would deny an application.

IV. GENERAL TENANCY INFORMATION

- A. The gas, electric and water are provided to each space on a sub-metered basis and to all residents in this community. Residents are billed monthly for their usage based on the past and current readings. Utilities are billed on the 1st of the month, with your rent and other charges and are for your usage in the rears. This is because the meters are read usually mid-month and not billed till the 1st of the following month. Because the park is liable for the utilities and is reimbursed by you, in our housing cost calculation we allocate \$300 per month toward utility costs. The benefits are that you the resident do not have to worry about connecting these utilities and it helps make the move-in/out process seamless.
- B. Additional fees/service-related fees may include the following: Sewer, Wastewater Maintenance, paramedic, utility taxes, and trash. Services may be amended or changed, so please request a copy of a recent sample bill so that you can see what charges are separate and in addition to the rent.

- C. All residents are required to carry Homeowner's Insurance. We will require that you carry fire insurance and liability insurance for your family and your guests and contents coverage **General Liability Insurance:** The Lessee must carry a policy with a minimum liability coverage of \$250,000 to protect against claims for bodily injury, homesite damage, or property damage arising from the Lessee or their guest's use of the homesite and premises and a maximum deductible of \$500 per occurrence. **Medical Payments:** The insurance policy must include at least \$25,000 in medical payment coverage. **Replacement Value Coverage:** The insurance policy must cover the replacement value of the mobile home itself, all improvements to the leased space, and any accessory structures. This coverage shall be at least \$150,000, regardless of the home's age or condition. **Additional Insured:** The Lessor/Park Owner Kingsway Gardens Mobilehome Estates, LP/ and Advantage Management Inc. must be added as additional insured on all required insurance policies. Proof of such insurance must be provided to the Lessor prior to occupancy and maintained throughout the duration of their long-term lease contract. The Lessee shall furnish evidence of renewal or replacement of any expired or canceled policy at least 10 days before such expiration, cancellation, and/or request by management/Lessor for proof of coverage/insurance. Failure to maintain the required insurance coverage shall constitute a breach of this lease agreement and may result in termination of the lease. We will require upon demand annually that you submit a copy of your homeowner's insurance. We suggest you ensure the home for REPLACEMENT VALUE, AND NOT FOR WHAT YOU PAID FOR THE HOME. In the event of a fire or other event where the home is not repairable you would have coverage to put a new home on the property. Check with your insurance provider. In our housing costs for calculating debt to income ratio, we include \$60 per month for this cost. This amount may change when the insurance market increases rates and this number may vary by 25% for purposes of park approval.
- D. We offer all residents an initial one (1) year lease or any term in between one month and a year. However, if there is a long-term lease in place for the home you are buying, you will be required to assume the long-term lease. You may also request a new long-term lease, instead of a one year or less agreement which typically has better terms and conditions than a month to month or one-year lease.
- E. Smoking outside your home is permitted provided it does not bother the neighbors and management does not receive any complaints from the neighbors.
- F. Statement of Deficiencies – If the home you are buying IS NOT IN COMPLIANCE WITH THE PARK RULES AND REGULATIONS, you will be provided with a notice of Statement of Deficiencies after approval. You should ask the Park Manager if there are any outstanding rule violations for the exterior of the home and the landscape. The SELLER can pass this along to the BUYER. Therefore, WE SUGGEST YOU ASK THE MANAGER TO DO THE INSPECTION OF THE OUTSIDE OF THE HOME/LANDSCAPE, IF THEY HAVE NOT DONE SO YET. The Seller should notify you of any outstanding violations from the MH Community Management, but we suggest Buyer ask Agent/Seller. If in the fact, the home/lot require repairs/maintenance the park management will allow the Buyer to take possession and close escrow, but they will require that BUYER agree to take care of the violations within 60 days (standard time frame, may be longer if agreement to in writing with the Property Manager/Park Owner).

V. DISABLED ACCESSIBILITY/ASSISTIVE ANIMALS

The Manufactured Home Community allows residents to make reasonable modifications to their units on the following conditions:

- A. Written verification of disability and disability-related need for the modification, unless the disability and disability-related need for the requested modification are readily apparent to us, in which case no further verification will be requested.
- B. All work to be at the Owner's sole cost and expense.
- C. Written proposals detailing the extent of the work to be done are provided to owner prior to management's grant of the request and prior to the resident commencing work.
- D. Written assurances that the work will be performed in a professional manner by a licensed/bonded contractor.
- E. Written approvals are received from the landlord before any modifications are made or contractor selected.
- F. Appropriate building permits and required licenses are obtained by the resident and made available for the landlord inspection.
- G. Tenant to restore the premises to its original condition prior to such modifications, unless the modifications will not negatively affect a future resident.

VI. PET POLICY

- A. Two (2) pets per manufactured space/home are permitted. There is no pet deposits or pet charges, but the pet must comply with the size and height requirements which can be found in the Park Rules and Regulations. A pet is defined as a bird, cat, rabbit, or similar, reptile, dog or other domestic type of animal that meets the weight and size requirements at maturity. The only exception is an assistive animal for the disabled. Management will request written verification of disability and disability-related need for the assistive animal, unless the disability and disability-related need for the assistive animal are readily apparent to management, in which case management will not request written verification of disability and disability-related need for the assistive animal.
- B. All residents with pets are required to have a pet agreement on file and follow all pet rules of the community. A photograph of the pet will be required.
- C. No aggressive or illegal breeds will be accepted including, but not limited to, Doberman, German shepherd, Pit Bull, Rottweiler and Chows. Assistive animals for the disabled are exempt from this policy but may not be aggressive and a danger to others in the community.
- D. Please refer to the Pet Agreement for further details of our pet policies and rules. Please do not assume that your pet will be allowed. Failure to comply with the pet policy could compromise your tenancy and unfortunately if your pets exceed our current pet rules, we may not be able to approve your application.
- E. Assistive animals for the disabled are not considered "pets" but do require management's prior written approval.

VII. REASONS FOR DENYING APPLICATION AND NOT ISSUING A PARK APPROVAL

- A. **Income does not meet minimum requirements.**
- B. **Credit Scores do not meet minimum requirements for applicants whose income will be used to qualify.**
- C. **Employment History**
 - 1. Applicant(s) who are using their income to qualify for the property must have been continuously employed a minimum of six (6) months with current employer as of their date of application. Furthermore, applicants must have 2 years of verifiable income and/or employment.
 - 2. If applicant(s) do not have a monthly source of income, they must have a savings account with their name on it that was established a year that has the cash equivalent of 72 months of housing related costs (rent, estimated utilities, mortgage payment and homeowner's insurance). For Example, if this totals \$1,900 a month, the calculation would be $\$1,900 \times 72 \text{ months} = \$136,800.00$.
- D. Any Eviction within 3 years from date of application will result in denial. Any eviction that is over 3 years, and less than 7 years will require additional security deposit of 1.5 times the rent.
- E. If credit rating is 600-below, it will be an automatically denial.
- F. Any negative reference from prior landlord for violating the rules or paying late will result in denial.
- E. Collection account with a balance owed to any utility or service provider such as Phone company and/or will result in denial if within 24-month period.
- F. Applicant credit report cannot have more than 4 negative credit ratings from different sources in the most recent 24-month period, this includes late payments, charge offs, collection account, tax liens, student loans, etc. If applicant has late payments on his/her credit report due to medical reasons, applicant may submit a letter of explanation and management will consider.
- G. Any undischarged bankruptcy will result in denial. All applicants with a discharged bankruptcy will automatically require a security deposit equal to one month rent, if bankruptcy is 5 years or less.
- H. If you fail to disclose any information, falsify the application, or misrepresent any information in your application, you will be denied and/or your tenancy, if approved and we find out later, your tenancy will be terminated.
- I. Residents are defined as additional occupants with no rights to the home.

VIII. REJECTION POLICY

- A. If your application is denied due to negative and adverse information being reported, you may:
 - 1. Request a copy of your consumer credit report from the credit-reporting agency. We will provide you a copy upon written request.
 - 2. Request a correction of the information if you deem said information to be inaccurate. You may reapply with the new information, and we will review the new information.
 - 3. If your application is denied due to income, and you failed to disclose other income, you may reapply and submit that information.





RENTAL CRITERIA REQUIREMENTS & COMMUNITY INFORMATION

Email: _____
(additional signatures on next page)

3.

Prospective Homeowner/Applicant Signature	Primary Phone	Date
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Email: _____

4.

Prospective Homeowner/Applicant Signature	Primary Phone	Date
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Email: _____

Agent for Owner's Signature	Phone	Date
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The Manufactured Home Community Park Owner and Advantage Management Inc. do not discriminate on the basis of race, color, religion, sex, national origin, familial status, handicap/disability, marital status, age, ancestry, sexual orientation, medical condition, gender, gender identity, gender expression, genetic information, source of income, perception, association, any arbitrary basis, or on any other basis protected by federal and/or California law. Our Privacy Policy is available to you upon request.

ATTENTION PROSPECTIVE HOMEOWNER(S):

THIS "RENTAL CRITERIA" DOCUMENT SHOULD BE GIVEN TO PROSPECTIVE HOMEOWNER WITH THE FOLLOWING DOCUMENTS/DISCLOSURES:

- 1) APPLICATION FOR RESIDENCY & COVER LETTER – 1 for every person over age of 18.
- 2) NOTICE TO PROSPECTIVE HOMEOWNER-Stating New Rent to Buyer & Other Charges they can expect to pay monthly for the lease of the home site.
- 3) COMMUNITY DISCLOSURE STATEMENTS FROM PROPERTY TO APPLICANT
- 4) COPY OF PARK/COMMUNITY RULES AND REGULATIONS & MH RESIDENCY LAW
- 5) STATEMENT OF DEFICIENCIES FOR EXTERIOR OF HOME/HOMESITE (IF MANAGER HAS DONE INSPECTION)-IF NOT THIS SHOULD BE PROVIDED AS SOON AS POSSIBLE TO PROSPECTIVE HOMEOWNER/SELLER.

ASK THE MANAGER IF YOU FAILED TO RECEIVE ONE OR MORE OF THE ABOVE DOCUMENTS.