

MODEL AGREEMENT

Set Terms for Application Deposit

If you require an application deposit, get each applicant to sign an application deposit agreement like the one below to reduce the risk of a lawsuit based on a misunderstanding. Have the applicant sign the agreement when he fills out

your application and puts down the deposit. Contact your state housing finance agency and ask if any special rules govern the receipt of application deposits. And ask your attorney to approve your use of this kind of agreement.

APPLICATION DEPOSIT AGREEMENT

- 1. PRELIMINARY APPLICATION RECEIVED.** On *[insert date]* you, *[insert name]*, ("Applicant"), submitted an application for residency at *[insert site name]*. Based on the information currently in our files, you appear to be eligible. We anticipate having a unit available for you on or about *[insert date]*. This is an estimated date, based on *[insert reason, e.g., the pace of renovation of the premises]*.
- 2. APPLICATION MUST BE UPDATED.** When a suitable unit is available, however, it may be necessary to update the information in our files and conduct another review of your application based on any information we receive. This is because under IRS and Department of Housing and Urban Development rules, certain information you give us is good for only 90 days. Please be advised that as a result of this review, we could reject your application (e.g., if you no longer meet the income requirements for the Low Income Housing Tax Credit Program).
- 3. PROCESSING FEE.** [If applicable] Applicant has paid the sum of \$*[insert amt.]* as a nonrefundable fee for Management's costs of processing this application.
- 4. APPLICATION DEPOSIT.** Applicant has deposited the sum of \$*[insert amt.]* ("application deposit") in consideration for Management taking a *[insert # of bedrooms]*-bedroom unit off the market while considering the approval of this application. The application deposit is not a security deposit at this time. The application deposit will be: (a) credited to the security deposit required by the lease for the unit; (b) refunded to Applicant under paragraph 6 below; or (c) retained by Management as liquidated damages under paragraph 7 below for Management's costs and expenses in taking the unit off the market as well as re-letting expenses such as advertising and office overhead.
- 5. NOTIFICATION OF CHANGE IN CIRCUMSTANCES.** Applicant agrees to notify Management immediately if any of the following four events occurs:
 - a. Applicant's household size increases or decreases;
 - b. Applicant's household income increases or decreases;
 - c. Applicant moves to a new address; or
 - d. Applicant gets a new number.

To notify us of the change, you may call our office at *[insert tel. #]*, drop us a note at *[insert address]*, or stop by the office.
- 6. IF APPLICANT IS NOT APPROVED.** If a change in Applicant's circumstances renders Applicant no longer eligible for the unit, Management will promptly refund the application deposit to Applicant. The processing fee, as noted in paragraph 3 above, is not refundable.
- 7. IF APPLICANT WITHDRAWS APPLICATION OR FAILS TO SIGN LEASE UPON BEING APPROVED.** If Applicant notifies Management that Applicant wishes to withdraw this application prior to approval, or if Applicant fails to enter into the attached lease within *[insert #]* days of being notified by Management of approval, or fails to provide Management with complete information required for certification, including updates of certification information previously submitted, the application deposit shall be forfeited to Management as liquidated damages for Management's costs and expenses in taking the unit off the market as well as re-letting expenses such as advertising and office overhead.
- 8. NOT AN AGREEMENT TO EXECUTE LEASE OR DELIVER POSSESSION.** This Application Deposit Agreement is preliminary only and does not obligate Management to execute a lease or deliver possession of the proposed unit.
- 9. NOTICES.** Management may notify Applicant of Management's decision by telephone or letter. In any event, Applicant shall be deemed notified of said decision *[insert #]* days after Management mails Applicant a letter informing Applicant of such decision. Notification to the Applicant's spouse shall be considered notice to both. Notification to any co-applicant shall be considered notification to all co-applicants.

10. RECEIPT.

Processing fee (nonrefundable)	\$ _____
Application deposit (may not be refundable)	\$ _____
Total monies received by Management on this date	\$ _____

APPLICANT SIGNATURE _____ DATE _____

MANAGEMENT SIGNATURE _____ DATE _____