

Four Direction Dwellings Tenant Selection Plan

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I. Background Information

Four Direction Dwellings is managed by Odyssey Operating Company, LLC (Agent) and is owned by West End Quad Pod, LLC (Owner). Four Direction Dwellings consists of sixteen (16) rental units located at 11 Alta Miikana Road, Lutsen, MN 55612.

Four Direction Dwellings was funded in part by Minnesota's Workforce Housing Development Program. The Workforce Housing Development Program targets communities in Greater Minnesota where a shortage of housing makes it difficult for businesses to attract the workers they need.

II. FAIR HOUSING AND EQUAL OPPORTUNITY

Agent and its staff will comply with all fair housing laws, including the Fair Housing Act Amendment of 1998 and Title VI of the Civil Rights Act of 1964.

The policy of Agent is Equal Housing Opportunity for prospective applicants regardless of race, color, religion, sex, gender identity, handicap, familial status, national origin, age, creed, sexual or affectional orientation, marital status, and status with regard to public assistance. In addition owners/agents must comply with local fair housing and civil rights laws.

Staff are required to have fair housing training and follow the reasonable accommodation policy of the Agent.

(A) Reasonable Accommodations

A Reasonable Accommodation as defined by the Fair Housing Act is any accommodation by Agent in rule, policies and practices of services to give persons with a disability an equal opportunity to use and enjoy a dwelling unit or common space. It is the applicants' responsibility to inform the Agent of any situation where a Reasonable Accommodation is needed. This request should be in writing, but if unable to provide in writing please notify the Agent.

A copy of the Agent's Reasonable Accommodation policy is available upon request.

III. Workforce Housing Eligibility

To be eligible for occupancy and/or placement on the waiting list, all applicants MUST:

1. At least one adult, non-dependent member of the household occupying the workforce housing unit lives and works full time in Cook County, Minnesota or has a bona fide offer of full-time employment within Cook County commencing within three months of the time of application.
2. Rental unit must be occupied on a permanent, year-round basis.
3. Tenant may not sublet the unit on a short- or long-term basis, without the Owner's consent, and sub-lessee must meet all the criteria herein.
4. Tenant may not charge a fee for any guests in the unit and may not operate a Vacation Rental by Owner, Airbnb, or any short-term rental in the unit.
5. If there is no Tenant residing in the workforce housing unit, the lease of such housing unit may be terminated by the Owner on 90 days' notice to the Tenant.
6. If the Owner or its rental management agent has advertised a workforce housing unit available for rent and no qualified Tenant comes forward, the Owner may allow an employer to rent the unit for seasonal workers. The employer will guarantee the lease, collect, and remit monthly rent. Density of occupants is not to exceed two persons per bedroom. This use shall not exceed 25% (4 of 16) of the workforce housing units.

IV. Information Provided on the Application

The application must contain the following completed information:

1. Name of applicant.
 2. Enough information to enable the Agent to determine the household's eligibility with regard to:
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- a. Anticipated gross annual income.
- b. Current Assets
- c. Household size.
- d. Need for an accessible unit.
- e. Applicants must be at least 18 years of age before applying. Any applicant who does not meet this requirement will be rejected.
- f. All applications must be completed and signed. Electronic signatures are acceptable.

The application form will contain a statement to inform the applicant that false statements or misleading information will lead to rejection of an application or termination of tenancy after occupancy. Complete applications will be placed on the waiting list in chronological order based on the time and date a complete application is received.

V. Receiving Completed Application

All complete applications received shall be added to a master waiting list. Applicants who have a change in information must contact Agent as soon as the change occurs via phone, fax, email or mail.

A waiting list update will occur at least once every 12 months. Applicants who do not respond to the waiting list update will be removed.

VI. Waiting List Preferences

Applicants with preferences are selected from the waiting list and receive an opportunity for an available unit earlier than those who do not have a preference.

Assigning preferences to applicants who meet certain criteria is a method intended to provide housing opportunities to applicants based upon household circumstances.

Preferences affect only the order applicants are selected from the waiting list. They do not make anyone eligible who was not otherwise eligible. Preferences are not permitted if they, in any way, interfere with fair housing requirements.

1. Verification of Preferences. All preferences will be verified by the Agent.
 2. Preferences include:
 - a. VAWA. Special consideration applies when a VAWA Emergency Transfer Request is submitted by a current tenant of other properties managed by the Agent, who is a victim of a VAWA crime. If this is your situation, please contact the property staff for additional information.
 - b. Reasonable Accommodations. Special consideration may apply when a tenant / applicant requests a reasonable accommodation.
 3. When a Request for Preference is Denied. If it is determined that an applicant does not meet the criteria for receiving a preference, the applicant will receive written notice of this determination within ten (10) business days. The notice will contain the reasons for the determination. The applicant has the right to meet with the Agent to review or appeal the decision.
 4. Change in Preference Status While on the Waiting List. Occasionally households on the waiting list who did not qualify for a preference when they applied will experience a change in circumstances that qualifies them for a preference. In such cases, it is the responsibility of the applicant to contact the Agent so that their change in status may be verified and the waiting list can be updated to reflect the preference as appropriate.
 - a. To the extent the verification determines the household does now qualify for a preference, they will be selected from the waiting list in accordance with the preference and the date the application was received.
 5. Exceptions to the Preference Rule. Agent will give priority to current residents:
 - a. Residing in a unit that has been determined uninhabitable due to flood, fire or other natural disaster;
 - b. When a unit is designated for rehabilitation or repair.
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These situations represent extenuating circumstances, and the normal selection order may be adjusted to address the needs of these residents.

VII. Procedure for Selection of Applicants

When a rental unit is available, Agent will contact the applicant via the applicant's preferred method as provided on the application. Applications will be chosen from the waiting list in the following order:

Applicants will first be chosen by unit size based on the General Occupancy Guidelines and preference will then be given chronologically in the following sub-category order:

- a. Current residents will be given preference chronologically when:
 - Transfers are requested as a reasonable accommodation for a person with a disability;
 - VAWA requests from other properties managed by the Agent;
 - Transfers are requested for households over the occupancy guidelines;
 - Transfers are requested for medical purposes and emergency situations.
- b. Applicants or a member of a pre-applicant's household require the special design features of a fully accessible unit shall have preference over households not requiring the special design features.
- c. Other current residents requesting to transfer to another unit.
- d. Applicants who have provided the application fee and / or deposit.

VIII. Unit Transfers

A copy of the Transfer Policy is available upon request.

IX. General Occupancy Guidelines

Occupancy guidelines have been designed to avoid overcrowding and/or for compliance with local housing codes. The occupancy guidelines for this property are no more than two persons per bedroom.

X. Adding Additional Household Members

Current Households requesting to add additional household members are required to follow the requirements of the Agent's "Adding Additional Household Members Policy" and the terms of the Lease / House Rules.

XI. Permitted Screen Criteria

1. Project Eligibility Criteria requirements described in this document.
2. Compliance with any federal, state or local laws, regulations, statutes, or rules required of the Owner / Agent.
3. Rental history of the household.
 - a. If the applicant or any member of the applicant household fails to fully and accurately disclose rental history, the application may be denied based on the applicant's "misrepresentation" of information.
4. Credit history of the household.
5. Criminal history of the household.
6. Affordability of the rental unit.

XII. Reasons for Determination of Housing Ineligibility for Applicants and Tenants

Rejection of an applicant may occur at any time prior to the signing of the Lease such as during the application, eligibility, screening or interview process. Agent may terminate the Lease for failure of a Tenant to continue to meet the eligibility requirements of the Tenant Selection Criteria or program guidelines.

(A) Business Relationship

The relationship between a Landlord and/or property staff and a Tenant is a business relationship. A courteous and businesslike attitude is required from both parties.

The Agent reserves the right to refuse to conduct business with anyone who is verbally abusive, swears, is disrespectful, makes threats, uses discriminatory language, appears to be intoxicated or under the influence of alcohol or drugs, or is argumentative.

(B) Ability to Enter into a Contract

The head and/or co-head of household is not 18 years of age and is not able to legally enter into a contract under State law. The applicant is unable to fulfill the obligations and/or comply with the Lease.

(C) Meeting General Occupancy Guidelines

Household characteristics are not appropriate for any size or any type of units that are available or failure to meet the eligibility criteria as described in the General Occupancy Guidelines.

(D) Failure or Refusal to Provide Information

Failure or refusal to provide requested information or documentation in a timely manner. (I.e., failure to sign and submit relevant forms, consent, releases, etc. within three (3) days.)

(E) Accurate Information Required

Submission of false information on any pre-application, application, or certification which includes but is not limited to information that is misrepresented, withheld, inaccurate, or incomplete.

(F) Social Security Numbers

Failure to disclose correct social security numbers or other requested forms of documentation when social security numbers have not been assigned.

(G) Minimum Income Eligibility**(H) Credit History**

Agent may not rent to an applicant with a negative Credit History:

(H.1) Lack of or Low Credit Score

At least one adult household member is required to have a credit score of at least 600 as provided by the Agent's credit reporting agency.

1. Exceptions are made for applicants with a co-signer who have a verified credit score of 600 or above; or
2. An adult household member has three years of verified positive landlord history.

(H.2) Nonpayment of Obligations

Credit history includes any nonpayment of rightful obligations or judgments that would be due under the terms of the Lease for Four Direction Dwellings, including satisfied debt and unsatisfied debt, such as for a landlord, utility company, mortgage company or other similar obligations. For the purposes of this section, a history of nonpayment of rightful obligations or judgments includes any debt, regardless of when the debt occurred, that is currently unsatisfied (unpaid) and any debt that has been satisfied (paid) within the previous three (3) years.

Poor credit history may be evidence of financial or personal stress that will be alleviated by living in affordable housing. Consideration may be given when the applicant can demonstrate mitigating circumstances and can provide the Agent solutions for the poor credit that takes into account factors like a support structure, employment changes, the potential benefit of available services, or an affordable rent level.

(I) Rental History

Verification of any rental history that occurred in the previous three (3) years is required of all applicants. Agent will not rent to an applicant with a negative rental history.

(I.1) Negative Rental History

A negative rental history is any prior rental history (that in any way involved a premise owned or managed by a Landlord) where the rental history may include but is not limited to:

1. Applicant was evicted or lost housing assistance because they purposefully falsified, misrepresented or withheld information or submitted inaccurate and /or incomplete information to a previous landlord.
2. Poor living, unsanitary, or poor housekeeping habits;
3. Keeping pets in violation of the lease or the household currently has a pet;
4. A record of current pest infestations, repetitive pest infestations, or failure to follow pest extermination policies;
5. Damage to or destruction of property;
6. Disturbances of the peace and quiet of the premises;
7. Disruptive behavior, violence, or harassment;
8. Excessive police calls;
9. Criminal activity;
10. Allowing others to reside on the premises who are not listed on the lease;
11. Failure to properly supervise themselves, household members or guests;
12. A demonstrated pattern of alcohol or drug dependency or alcohol abuse that resulted in noncompliance with the lease.
 - a. Exceptions may be made if the individual involved has completed treatment and or can demonstrate sobriety for a period of at least six (6) months prior to application that is supported by evidence from an unrelated party;
13. Vacating without proper notice or not fulfilling the lease term;
14. Eviction Actions, lease terminations, or mutual agreements to terminate the lease due to lease violations;
15. Failure to leave the property in good condition after vacating;
16. A record of poor payment, late payment, or non-payment of rightful obligations due under the terms of a lease. Includes, but is not limited to:
 - a. Late payment of rent 25% or more of the time;
 - b. An outstanding balance due a current or previous Landlord.

(I.2) Consideration for Faulty Rental Payment History

Poor rental history may be evidence of financial or personal stress that will be alleviated by living in affordable housing. Consideration may be given to applicants with faulty rental history who can:

1. Provide positive rental references for a total of three (3) years since the date of the last negative rental and with no outstanding debt owed to a landlord or;
2. Can demonstrate a history of rent payments, utilities payments, or other obligations, required under the terms of a lease, being timely and current for a total of three (3) years and;
3. Demonstrate significant steps taken to prevent future lease non-compliance.

(J) Criminal Screening Policy

The Purpose

Agent conducts criminal screening to promote the following Interests:

- To promote the health, safety, and well-being of residents, staff, vendors, and guests
 - To promote the right to peaceful enjoyment of the Property by residents
 - To facilitate the safeguarding of real and personal property of residents, Owner, and Agent
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- To reduce the need for evictions, which promotes a stable environment for the Property by increasing the residents' peaceful enjoyment of the Property, reducing costs to the Property (court fees, attorneys' fees, unit turns, etc.), and maximizing efficient use of managers' time
- In certain jurisdictions as applicable, to prevent the loss of the Property's rental license
- To protect Owner, Agent and Property from liability claims
- To avoid applicants who show disregard of laws and, by extension, possible disregard of Property rules

Individuals convicted of crimes have a higher risk of re-offending and may present an unacceptable risk to the above- enumerated Interests. This policy is narrowly and proportionately tailored to comply with fair housing law, advance the Interests, and not unduly limit an applicant's admission to the Property because of an applicant's criminal background. This policy is informed by laws and regulations in this and other jurisdictions regarding criminal screening and fair housing.

Definitions

- Conviction. A "conviction" exists: (1) where there is a formal judgment of guilt entered by a court or (2) where the government proves, or the applicant waives his/her right to deny that the applicant has committed a crime, and the court has ordered some form of punishment, penalty, probationary term(s), or restraint on the applicant's liberty. Dispositions that count as convictions include stays of adjudication. For dispositions such as deferred judgments and continuances for dismissal or enrollment in diversion programs, the crime will be considered an "open charge" until it is formally dismissed by the court. Agent has discretion to investigate the disposition to determine if it is fairly characterized as a "conviction."
- Expungement or Expunged Conviction. An "expungement" or "expunged conviction" exists when a court or executive-branch agency has ordered the sealing or deletion of a conviction record such that the general public, tenant screening agencies, and other like individuals or entities cannot access the conviction record.
- Open charge. "Open charge" means a complaint, indictment, or citation currently under investigation by a governmental authority asserting that the applicant has committed a crime. For dispositions such as deferred judgments or continuances for dismissal, the crime will be considered an "open charge" until it is formally dismissed by the court. Agent has discretion to investigate the charge to determine if it is fairly characterized as an "open charge."

Agent's justification for its policy

Based on available literature and resources, Agent has narrowly tailored its criminal screening policy to distinguish between applicants who pose an unacceptable level of risk to Interests and those who do not. Agent's policy compares the inherent risk of certain criminal conduct with the importance of the Interests. The Agent considers the nature, severity, and recency of applicants' convictions in considering whether to rely on an applicant's criminal background to deny his/her application.

Recidivism studies, relevant government statistics, and other literature provide insight into the inherent risk of certain convictions and the probability of re-offending. Relevant materials also include those that discuss disparate-impact considerations when formulating criminal screening criteria. Moreover, governmental statutes and regulations provide additional guidance to Agent regarding the formulation of criminal screening criteria. Agent has and will continue to consider various regulations, statutes, case law, and other relevant literature to formulate and revise its criminal screening policy.

The sections below are not exhaustive but instead provide examples of relevant regulations and statutes that provide guidance about the use of criminal screening.

Federal regulations

24 CFR § 5.852

24 CFR § 5.852 describes the discretion that certain subsidized-housing Agents have in screening applications. Factors that may be considered are:

- The seriousness of the conviction;
- The effect on the community of the acceptance or denial of the application;

- The demand for assisted housing by families who will adhere to lease responsibilities;
- The extent to which the applicant has shown personal responsibility and taken all reasonable steps to prevent or mitigate the conviction; and
- The effect of the Agent's action on the integrity of the program.

If a statute requires that an Agent prohibit admission of persons for a prescribed period after a conviction, an Agent may apply that prohibition for a longer period of time.

A subsidized-housing Agent's admission decision must be consistent with housing laws (including reasonable-accommodation requirements).

24 CFR § 5.855

A subsidized-housing Agent may prohibit admission of an applicant to federally assisted housing if the Agent determines that the applicant is currently engaging in, or has engaged in during a reasonable time before the admission decision:

- Drug-related criminal activity;
- Violent criminal activity;
- Other criminal activity that would threaten the health, safety, or right to peaceful enjoyment of the premises by other residents; or
- Other criminal activity that would threaten the health or safety of the Agent or any employee, contractor, subcontractor, or agent of the Agent.

Agents may establish a period before the admission decision during which an applicant must not have engaged in the above activities.

24 CFR § 5.856

Subsidized-housing Agents must reject applicants subject to a lifetime registration requirement under a state sex offender registration program. In the screening of applicants, the Agent must perform necessary criminal history background checks.

24 CFR § 5.857

Subsidized-housing Agents must reject applicants if the Agent has reasonable cause to believe that a household member's abuse or pattern of abuse of alcohol interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.

Not all of Agent's properties are federally subsidized. Nonetheless, these regulations provide guideposts for minimum criminal screening protocols. These regulations focus primarily on promoting the health, safety, or right to peaceful enjoyment of the premises by other residents. Agent has provided several Interests, the existence of which has caused Agent to implement this criminal screening policy. Hence, Agent applies more robust screening than is described in these regulations. At the same time, the policy provides narrowly tailored criteria, taking into consideration the nature, severity, and recency of convictions and other factors.

State statutes and law

In Minnesota, certain employees of residential real estate entities must undergo a criminal background check. See Minn. Stat. § 299C.66 et seq. According to this law, one cannot be a "key keeper" of residential rental units if the individual has been convicted of certain crimes, which include but are not limited to first, second, and third degree murder; first and second degree manslaughter; criminal vehicular homicide and injury; first, second, third, and fourth degree assault; simple robbery; false imprisonment; theft; burglary; terroristic threats; kidnapping; first, second, third, and fourth degree sexual conduct; first degree arson; and stalking. See Minn. Stat. § 299C.67. Individuals convicted of these crimes may present an unacceptable level of risk to the Interests, particularly considering the proximity of residents to each other and the mutual use of common areas. This law supports the use of criminal screening criteria that takes into account these convictions. The public policy undergirding this law applies equally to other jurisdictions regarding the appropriate use of criminal screening.

Application of criminal screening criteria

- Any employee of Agent making the decision to reject an application based on criminal background will not actively seek out the applicant's protected-class status (e.g., race, national origin, gender, etc.).
- Agent will not deny an application based on arrests or dismissed charges. Agent has discretion to investigate the status of a charge to determine if it is an open charge or a dismissed charge.
- Unless the applicant has been charged as an adult or is subject to "extended jurisdiction juvenile" prosecution or some similar status such that the adjudication is a public record, juvenile adjudications are not considered convictions and are not a basis to reject an application. Agent has discretion to investigate the status of an adjudication.
- Agent will deny applicants who are the subjects of open charges, unless the open charge is for a crime listed below as "Crimes (open charges or convictions) that do not result in a rejection of an application," in which case the charge will not form a basis to deny the application. Applicants may re-apply upon resolution of open charges, at which time the now-closed charge will be considered under this policy. If the open charge was dismissed, the application will not be denied on the basis of that charge. If the open charge resulted in a conviction, it will be evaluated under these criteria to determine whether the conviction requires rejection of the application.
- If an applicant's criminal record cannot be classified or adequately described by the tenant screening agency compiling the tenant screening report, Agent will seek additional information from the applicant. The application is subject to denial if additional verifiable information is not forthcoming or if the provided information indicates that the criminal record is a conviction requiring denial under this policy.
- Agent will not reject an application based on the existence of an expungement/expunged conviction. Agent assumes that, in most instances, Agent will not know of an expunged conviction because, by its very nature, an expunged conviction will not appear on an applicant's record. If an expunged conviction appears on a record, the expunged conviction will not form the basis to deny the application if the applicant provides the court order or executive- agency direction or decision resulting in the expungement.
- Agent will apply the attached chart, which lists convictions that result in denial of applications. The disqualifying timeframes consider the nature, severity, and recency of the offense. Agent's guidelines are based on the Property's Interests, as well as the statutes, regulations, studies, and other materials described in this policy. A conviction will only result in a rejection when a rejection is necessary to achieve the Property's Interests.
- Applicants whose applications are rejected on the basis of criminal background will be offered the opportunity to dispute the rejection. The manager/supervisor (or a designee) will review the dispute and then decide to accept or reject the application based on this policy. In conducting this review, to the extent possible, the manager/supervisor (or a designee) will not review the applicant's protected-class status.

Explanation of treatment of certain convictions

Certain convictions either reflect a high probability of re-offense or pose an unacceptable risk to the Property's Interests and thus require rejection of the applicant without regard to recency of the conviction. Those convictions include:

- Homicide, including for murder, voluntary manslaughter, and involuntary manslaughter;
- Felony Arson ;
- Illegal manufacture or distribution of controlled substances;
- Applicants currently subject to any sex-offender registration requirement under any jurisdiction, including but not limited to the national sex offender registration system – Sex Offender Registration and Notification Act (SORNA);
- Certain serious sex convictions such as first to third degree sexual assault and child pornography; and
- Other violent crimes and high risk crimes including terrorism, blackmail, extortion, and racketeering.

Agent has the discretion to evaluate convictions to determine if they are fairly characterized as falling into one of the above categories. Agent has and will continue to consider various regulations, statutes, case law, and other relevant materials to add or remove convictions from this list.

Crimes (open charges, convictions or any other dispositions) that do not result in a rejection of an application

The following crimes (open charges, convictions or any other dispositions) will not result in the rejection of an application:

- Minor or moderate driving offenses, including traffic violations, open bottle violations, driving after revocation, and driving without insurance or proof of insurance. Driving while under the influence or driving while impaired will not be considered unless the applicant has three or more such offenses in the past five years. Driving convictions of a more serious nature (i.e., criminal vehicular operation causing destruction endangerment to persons) can form the basis for denial;
- Failure to pay transit fare;
- Failure to use personal flotation device;
- Fishing without a license;
- Loitering with an open bottle, using liquor in a public park, or like convictions;
- Minor consumption of alcohol, minor using tobacco, minor curfew violations, and similar offenses;
- Peddling without a Permit;
- Providing a false name/identification/information to police;
- Skateboarding-related convictions;
- Public urination;
- Loitering without intent; and
- Worthless check.

Agent has the right to evaluate convictions to determine if they are fairly characterized as falling into one of the above categories. Agent has and will continue to consider various regulations, statutes, case law, and other relevant materials to add or remove convictions from this list.

Changes to policy

Agent has discretion to modify this policy based on new information, new law, Agent's experience in applying the policy, and other business justifications.

XIII. Method for Rejecting Applicants

If the Agent removes / rejects applicant from the waiting list the Agent must notify the applicant in writing and include in the notice:

1. The reason(s) for the removal/ rejection.
2. Instructions for applicant to receive a copy of the Tenant Selection Criteria.
3. Information for the applicant stating he/she has ten (10) days to provide a written request for a review of the rejection. The applicant must provide information that supports the reason for the review. A request may be denied if received late, does not provide sufficient information supporting a request, or the Agent determines the request to be unreasonable.
4. When rejection is based on information provided on the criminal / credit check, the address for the service providing the criminal / credit check will be provided to the applicant.

XIV. Notice of Adverse Action

Pursuant to the Fair Credit Reporting Act the Agent will provide a Notice of Adverse Action when the Agent takes an action this is unfavorable to the interest of a pre-applicant or applicant on the basis of information provided in a consumer report.

Upon completion of verification of eligibility, applicants who successfully meet the Tenant Selection Criteria as set forth in this document will be accepted for housing.
