INTRODUCTION
Tenant security deposits are required to minimize collection losses and to encourage tenants to leave their apartments clean and in good condition when they vacate.

A. SECURITY DEPOSIT AMOUNT
Tenant agrees to pay a security deposit representing one month’s rent consistent with 24 CFR Section 966.4(b)(5). The dollar amount of the security deposit is noted on Part II of this Residential Lease. [966.4 (b)(5)] At the option of the HAKC, it may enter into a separate written agreement to gradually accumulate the security deposit. Said agreement must be reasonable based on Tenant’s ability to pay. If the Tenant fails to abide by this written agreement the Tenant agrees that it is a serious violation of the lease and termination of tenancy may result. [966.4(b)(5)] Current tenant’s will be grandfathered in and are not required to increase the security to meet this minimum amount. However, current tenants will be subject to Section C of the policy.

B. PAYMENT AGREEMENT
Arrangements may be made to pay the security deposit in full or four equal payments. The resident must sign a payment agreement if the entire amount is not paid at the time of move-in.

Families are expected to obtain the funds to pay security deposits from their own resources and/or other private or public sources. The deposit may be paid in up to four monthly installments, with the minimum payment being one-fourth of the amount and the first installment due at time of move-in.

C. ADDITIONAL SECURITY DEPOSIT COLLECTION PROCEDURES
Security Deposits are governed by the terms of the lease, 24CFR’s and State Statutes. The HAKC reserves the right to bill a resident’s account additional charges if any of the situations below exist or take place within a resident’s apartment. This money will be added to the resident’s current security deposit. Such deposits may be collected for the following:

1) Unauthorized wallpapering.
2) Painting walls any color other than the original color upon move-in.
3) If the resident fails a housing inspection due to unsanitary housekeeping or excessive damage to the unit that is beyond normal wear and tear.
If any of the above items are found within a household the resident will be immediately billed fifty dollars ($50) per room. The HAKC has enacted this change to protect the interest of our housing stock and to reduce the billable charges due by the resident once they have moved out of HAKC housing.

The security deposit amount will be held by HAKC until the termination of the resident’s lease and vacate of the unit by the resident. After vacating and inspection, the security deposit may be returned to the resident if:

1) There is no unpaid rent or other charges.
2) The unit, exterior surroundings, and all equipment therein is left clean.
3) There is no breakage or damage that is not due to normal wear and tear.
4) There is no equipment missing.
5) The security deposit for cases of unauthorized wallpapering or painting will be fully refundable should the resident restore the unit back to original condition with normal wear and tear excepted.
6) A thirty-day (30) written notice is provided to HAKC and the keys to the dwelling are surrendered to the management office.

Refund of Security Deposit

HAKC will use the Security Deposit at the termination of this Lease:

1. To pay the cost of any rent or any other charges owed by Tenant at the termination of this lease.
2. To reimburse the cost of repairing any intentional or negligent damages to the dwelling unit caused by Tenant, household members or guests.

The Security Deposit may not be used to pay rent or other charges while Tenant occupies the dwelling unit. No refund of the Security Deposit will be made until Tenant has vacated, and the HAKC has inspected the dwelling unit.

HAKC will provide the tenant or designee identified above with a written list of any charges against the security deposit. If the tenant disagrees with the amount charged to the security deposit, HAKC will provide a meeting to discuss the charges.

HAKC will refund the Security Deposit less any amounts owed, within 30 days after move out and tenant's notification of new address.

HAKC agrees to return the Security Deposit, if any, to Tenant when he/she vacates, less any deductions for any costs indicated above, and will mail same to tenant at the forwarding address, if any, or to the last known address as the case may be. If any deductions are made, HAKC will furnish Tenant with a written statement of any such costs for damages and/or other charges deducted from the Security Deposit.
D. TRANSFER OF SECURITY DEPOSIT

If a resident transfers, the original security deposit transfers. The tenant will also be further billed for any maintenance or other charges.

If a resident transfers to one of the mixed income sites, the security deposit less any deductions for any cost indicated under “Refund of Security Deposit” will be refunded. Security deposits and/or payment agreement will be established with the management agent of the mixed income site.