

CHARLES CITY HOUSING & REDEVELOPMENT AUTHORITY

AGENDA

October 22, 2019, 7:00 a.m.

at

501 Cedar Terrace South, Charles City, IA 50616

- I. Roll Call – Call Meeting to Order
- II. Public Comment
- III. Approve Minutes of September 19, 2019..... 1-2
- IV. Approval of Bills for October 2019..... 3
- V. Communications..... 4-6
 - 1. Capital Fund Program Update
 - 2. Rehab Update
 - 3. Snow Removal Employees
 - 4. Section 8 Funding/Utilization
 - 5. Monthly Rental Status Update
 - 6. End of Participation Report
- VI. Old Business
 - 1. Review Morningside Appraisal and Approve Negotiations for Sale of Vacant Lot..... 7
- VII. New Business
 - 1. Review Operating Reports..... 8-12
 - 2. Approve Security Deposit Increase for Morningside Apartments..... 13
- VIII. Executive Director’s Report
- IX. Move to Adjourn

Next regular meeting scheduled for Thursday, November 21, 2019 at 7:00 a.m., CCHRA Office

CHARLES CITY HOUSING AND REDEVELOPMENT AUTHORITY
September 19, 2019 7:00 a.m.

Members Present: Diane Stewart, Eric Miller, Linda Klemesrud, and Jeremy Heyer. Absent: Beth Diers. Others present: Heidi Nielsen, staff

Call to Order. Chairperson Heyer called the meeting to order at 7:02 a.m.

Public Comments. None

Amend-Approve Minutes of August 15, 2019. Miller moved, and Stewart seconded the motion to approve the minutes of August 15, 2019 as presented. Ayes: 4, Nays: 0. Motion carried.

Approval of Bills for September 2019. Nielsen stated that the only non-routine payments were to Stanton Electric and Mid American Energy for the Electrical Project. Miller moved, Klemesrud seconded the motion to approve payment of the revised bill listing totaling \$139,161.89. Ayes: 4, Nays: 0. Motion carried.

Communications. Items under Communications were reviewed including Capital Fund/maintenance progress rehab program update, HUD Lawsuit, Section 8 utilization/funding and public housing unit vacancies, PHAS interim score, and program attrition. No action taken.

Old Business.

New Business.

Review Financial Reports. Nielsen reported that we were on track with the budget, there were no questions. No motion was necessary.

Approve Resolution 10-19 to Update Payment Standards. Nielsen reviewed HUD's requirements for payment standards based on the new Fair Market Rents (FMRs). Nielsen reviewed the current payment standards in relation to the increased FMRs and explained that an increase to all payment standards was being proposed. Nielsen stated that HUD has been encouraging us to increase the payment standards to the 110% limit to utilize more of the funding; however, because that may drive the market rate rents higher, the proposed amount were only increased enough to allow the families to find affordable units. The board was informed that the data used to determine the payment standard included the current unit rents on the program. Nielsen explained that the proposed standards were comparable to the average and median program rents. Miller made a motion to approve Resolution 10-19 to update payment standards. Klemesrud seconded the motion. Roll Call: Ayes: Heyer, Miller, Klemesrud, and Stewart. Nays: none. Motion carried on roll call vote.

Approve Resolution 11-19 to Retain Current Flat Rents. Nielsen explained the HUD requirement to set flat rents based on the published Fair Market Rent. The board was also told that the flat rent was be set at no less than 80% of the FMRs or the unadjusted rents. Also explained was the requirement to deduct the utility allowance from the flat rent amounts in the units required to pay for utility usage. Nielsen requested to keep the flat rents at the 2019 levels even though 80% of the unadjusted rents are lower than the current rents. Nielsen said that the current flat rents are lower than market rate. Stewart made a motion to approve resolution 11-19 to retain the current flat rents. Klemesrud seconded the motion. Roll Call, Ayes: Heyer, Klemesrud, and Stewart. Nays: none. Motion carried on roll call vote.

Purchase of Tractor. Nielsen explained that the Maintenance Department (Russ & Nick) suggested the purchase of a garden tractor to use for snow removal. Nielsen stated that she was initially not in favor of the purchase. However, Nick explained that the skid loader that was used last year caused a lot of damage to the areas adjacent to the sidewalks and would eventually damage the sidewalks. Nielsen presented the three quotes received and stated that it was the intent to trade in the skid loader. The board discussed the different quotes and businesses providing the quotes. Nielsen requested approval to purchase the tractor from P & K Midwest and said that each of the new maintenance employees has had a different preferred method of snow removal. The Board determined that all three businesses had good reputations. Miller motioned to approve the purchase from P & K Midwest and was seconded by Klemesrud. Ayes: 4, Nays: none. Motion carried.

Approve Resolution 12-19 to Establish an "over Income Policy". Nielsen explained the requirement under HOTMA to adopt a policy to deal with over-income residents. Nielsen explained that HUD has set an "Over Income Limit" at 240% of the 50% AMI. Nielsen also explained the process, time limits, and notification requirement. The board was also told that there were no residents over the limit and most likely there would never be, but HUD requires the policy. Miller made a motion to approve resolution 12-19 to establish the Over-Income Policy. Stewart seconded the motion. Roll Call, Ayes: Heyer, Miller, Klemesrud, and Stewart. Nays: none. Motion carried on roll call vote.

Executive Director's Report. Nothing to report

Being no further business, Klemesrud moved, Stewart seconded the motion to adjourn. Ayes: 4. Nays: 0. Motion carried, and the meeting adjourned at 7:51 a.m.

Charles City Housing and Redevelopment Authority

Jeremy Heyer, Chairperson

ATTEST:

Heidi Nielsen, Director

**Charles City Housing
Monthly Bill Listing
October 2019**

Customer	Description	Amount
Arnold Motor Supply	parts	18.52
Business Card	crashplan, maintenance items	244.65
Catherine Marie Ott	office cleaning	480.00
CenturyLink	phone bill	162.56
CenturyLink	shared phone bill	16.56
Charles City Housing	security deposits held for damages/cleaning	400.00
Cintas	rug service	55.22
City of Charles City	water/sewer/URP/S8 inspections	3,674.08
Floyd County Treasurer	payment in lieu of taxes	42,066.50
Full Circle Plows	parts for snow removal	319.88
HAPS	Sept HAPS	53,058.10
HAPS	Oct HAPS	56,281.20
Heidi Nielsen	mileage reimbursement	68.67
Hockenson Plumbing	plumbing maintenance	706.80
Housing Authority Acctg. Spec, Inc.	accounting fees	500.00
Iowa Department of Inspections & Appeals	fraud investigation	34.13
Iowa Department of Transportation	fuel	107.51
Iowa Surveillance Team	security camera repairs	105.00
Jendro Sanitation	trash service	790.00
John Deere Financial	Theisen's purchases	115.44
LEAF	copier lease	241.64
Lessin Supply Co.	parts	11.39
Linderman Heating & Air, LLC	heaing/cooling maintenance repairs	533.97
Marjorie Barto	refund of pet deposit	50.00
Mediacom	internet for security cameras	156.90
Mid American Energy	electric/gas/URPs	5,188.07
Nan McKay	PH master book revision	239.00
Noah, Smith & Schuknecht, P.L.C.	legal fees	192.00
Schueth Ace Hardware	maintenance items for month	1,060.26
Sherwin Williams	paint	608.42
Staples Advantage	office items	47.00
Stock Glass	window repairs	487.50
Superior Lumber	maintenance items for month	934.70
T-J Service	replace refrigerator	649.99
True Green	lawn treatment	609.00
US Cellular	cell phone bill	
		170,214.66

REQUESTED ACTION: None - for your information only.

1. Capital Fund/Maintenance Update. The transfer to the new electric lines was very uneventful. It only took them a day to get all buildings switched over. They are waiting for some dry weather to come in and install the new security lights. The project should be finished by the end of October.
2. Rehab Update. The Contractor Open Houses for the two homes in the second phase have been scheduled for October 24th. In order to create more interest in the program, we sent direct invite letters to all contractors on the State's list of Certified Lead Safe Renovators within 50 miles of Charles City. The bids will be due on November 12 and will be awarded on November 18th.
3. Snow Removal Employees. We plan to place an ad in the paper for snow removal employees from October 14th-25th. With any luck we can have three or four people hired by the first part of November.
4. Section 8 Funding/Utilization. See attachment for utilization.
5. Monthly Rental Status Update.

Month of September 2019	Total Leased 9/1/19	New Leases	Removed Or Moved	Total Leased 10/1/19	Total on Waiting List	Offered Assistance	Removed
Terraces 132 Units	130	1	3	128	N-42	N-2	N-2
					S-39	S-2	S-2
Morningside 16 Units	13	1	0	14	9	2	2
Section 8 197 Units	149	12	2	159	97	24	10

Declined Assistance (6) Over Income (1) Denied (1) Insufficient Address (1)
 Did not attend Briefing/Information Not Returned (7) Criminal Background Check ()
 Voucher Expired (4) Purged ()
 Terminations: PH () S8 ()

6. End of Participation Tracker. See attachment

END OF PARTICIPATION
TRACKER
2018-2019

	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	TOTALS
LEFT IN GOOD STANDING	2	1		1									4
ZERO HAP													0
MUTUAL RESCISION													0
ANNUAL RE-EXAM SEARCHING	1	1	1										3
PORT-OUT ABSORBED	1		2	1									4
PORT-OUT SEARCHING		1											1
DECEASED													0
MOVED IN VIOLATION													0
EVICTED													0
UNAUTHORIZED LIVE-IN	1												1
VIOLATION OF FAMILY OBLIGATION													0
GAVE UP ASSISTANCE BEFORE 1 YEAR													0
FAILURE TO RENEW													0
FAILURE TO REPAY	1												1
FAILURE TO PROVIDE INFO													0
FAILURE TO FOLLOW THROUGH													0
FRAUD													0
UNREPORTED INCOME-2ND TIME			1										1
UTILITIES DISCONNECTED			1										1
CRIMINAL CONVICTION													0
VOUCHER EXPIRED													0
VOUCHER REVOKED													0
LEASED W/NEW LANDLORD	1												1
TOTALS	7	3	5	2	0	17							
PUBLIC HOUSING													
LEFT IN GOOD STANDING	3		2	3									8
DECEASED													0
MOVED IN VIOLATION													0
TERMINATED FOR LEASE VIOLATIONS			1										1
EVICTED	1												1
UNAUTHORIZED LIVE-IN													0
FAILURE TO RENEW													0
FAILURE TO REPAY													0
FAILURE TO PROVIDE INFO													0
FAILURE TO FOLLOW THROUGH													0
CRIMINAL CONVICTION													0
OTHER (moved to new unit)													0
UTILITIES DISCONNECTED													0
TOTALS	4	0	3	3	0	10							

MEETING DATE: 10/22/19

RE: Review Morningside Appraisal and Approve Negotiations for Sale of Vacant Lot

REQUESTED ACTION: Approve proceeding with negotiations for sale of vacant lot and other federal requirements to remove HUD interest in the land.

Comments: Holland Management has been hired to provide an appraisal on the Morningside property for a fee of \$2,500. They will be separating the property into two parcels and will be providing an appraisal on the vacant lot and on the buildings and site that they occupy. We already have the property surveyed and the property lines identified.

Once we have the appraised value, we can negotiate a sales price. According to our contact at HUD we must sell the land for market value. Then we must work on the HUD requirements to remove HUD's interest in the land. This includes conducting an environmental survey on the property, hold a public hearing, and notify residents.

The appraisal will be distributed at the meeting.

MEETING DATE: 10/22/19

RE: Review Operating Reports

REQUESTED ACTION: Review monthly operating reports.

Comments: The September 2019 operating reports are attached for your review.

REVENUE & EXPENSE REPORT
CALENDAR 9/2019, FISCAL 3/2020

PCT OF FISCAL YTD 25.0%

ACCOUNT NUMBER	ACCOUNT TITLE	TOTAL BUDGET	MTD BALANCE	YTD BALANCE	PER CENT EXPENDED	UNEXPENDED
173-532-4300	INTEREST-PUBLIC HOUSING	70,000.00	4,909.06	15,831.02	22.62	54,168.98
173-532-4504	FRAUD-PUBLIC HOUSING	6,000.00	281.00	1,123.00	18.72	4,877.00
173-532-4506	DWELLING RENT-PUBLIC HOUSING	500,000.00	42,741.00	131,694.00	26.34	368,306.00
173-532-4507	EXCESS UTILITY-PUBLIC HOUSING	.00	.00	.00	.00	.00
173-532-4508	CONTRIB-OTHER-PUBLIC HOUSING	12,000.00	844.00	3,156.00	26.30	8,844.00
173-532-4518	BAD DEBT COLLECTIONS	.00	155.00	155.00	.00	155.00-
173-532-4710	REIMBURSED EXP-PUBLIC HOUSING	12,000.00	.00	958.56	7.99	11,041.44
173-532-4781	OPER SUBSIDY-PUBLIC HOUSING	220,000.00	16,209.00	48,627.00	22.10	171,373.00
	PUBLIC HOUSING TOTAL	820,000.00	65,139.06	201,544.58	24.58	618,455.42
173-910-4830	TRANSFER IN - PUBLIC HOUSING	.00	.00	5,025.00	.00	5,025.00-
	TRANSFERS IN/OUT TOTAL	.00	.00	5,025.00	.00	5,025.00-
173-532-6010	SALARY - PUBLIC HOUSING	93,540.00	7,367.56	23,060.86	24.65	70,479.14
173-532-6040	OVERTIME SALARY-PUBLIC HOUSING	2,000.00	59.04	162.36	8.12	1,837.64
173-532-6070	LABOR/MAINT-PUBLIC HOUSING	.00	.00	.00	.00	.00
173-532-6110	FICA - PUBLIC HOUSING	7,309.00	465.55	1,456.31	19.92	5,852.69
173-532-6130	IPERS - PUBLIC HOUSING	9,019.00	701.08	2,192.28	24.31	6,826.72
173-532-6150	HEALTH INS - PUBLIC HOUSING	46,908.00	3,882.00	11,646.00	24.83	35,262.00
173-532-6151	LIFE INS - PUBLIC HOUSING	350.00	28.52	85.56	24.45	264.44
173-532-6152	DENTAL INSURANCE	.00	36.99	113.52	.00	113.52-
173-532-6160	WORK COMP - PUBLIC HOUSING	4,840.00	.00	.00	.00	4,840.00
173-532-6170	UNEMPLOYMENT - PUBLIC HOUSING	449.00	62.70	62.70	13.96	386.30
173-532-6198	EMP BEN MAINT-PUBLIC HOUSING	.00	.00	.00	.00	.00
173-532-6199	EMPLOYEE BEN-PUBLIC HOUSING	.00	.00	.00	.00	.00
173-532-6230	STAFF TRAINING-PUBLIC HOUSING	5,000.00	1,884.48	5,822.94	116.46	822.94-
173-532-6370	GAS - PUBLIC HOUSING	40,000.00	857.82	2,731.60	6.83	37,268.40
173-532-6371	UTILITIES - PUBLIC HOUSING	50,000.00	5,564.18	15,834.32	31.67	34,165.68
173-532-6374	WATER - PUBLIC HOUSING	19,000.00	1,593.40	4,547.75	23.94	14,452.25
173-532-6379	OTH UTIL-PUBLIC HOUSING -SEWER	25,000.00	2,437.79	7,085.98	28.34	17,914.02
173-532-6401	ACCOUNTING FEES-PUBLIC HOUSING	3,000.00	812.00	1,412.00	47.07	1,588.00
173-532-6408	TORT LIABILITY - PUBLIC HOUSING	35,000.00	.00	.00	.00	35,000.00
173-532-6411	LEGAL FEES - PUBLIC HOUSING	4,000.00	754.60	1,700.20	42.51	2,299.80
173-532-6415	COPIER LEASE - PUBLIC HOUSING	3,500.00	241.64	715.46	20.44	2,784.54
173-532-6420	CONTRACT SERVICES - PUBLIC HOUSING	46,000.00	4,009.95	11,303.24	24.57	34,696.76
173-532-6441	TENANT SERVICES-PUBLIC HOUSING	2,000.00	84.64	84.64	4.23	1,915.36
173-532-6442	PILOT-PUBLIC HOUSING	40,000.00	.00	.00	.00	40,000.00
173-532-6490	OTHER PROFESSIONAL SERV	21,000.00	.00	.00	.00	21,000.00
173-532-6516	REFUNDS-PUBLIC HOUSING	1,000.00	.00	.00	.00	1,000.00
173-532-6518	SUNDRY-OFF EXP-PUBLIC HOUSING	35,000.00	2,696.56	6,964.27	19.90	28,035.73
173-532-6599	MAINT MATERIALS-PUBLIC HOUSING	80,000.00	8,598.05	28,595.00	35.74	51,405.00
173-532-6725	CAP OUTLAY-EQUI-PUBLIC HOUSING	40,000.00	.00	5,425.00	13.56	34,575.00
173-532-6750	CAP IMPR BLDG-PUBLIC HOUSING	100,000.00	.00	6,800.00	6.80	93,200.00
	PUBLIC HOUSING TOTAL	713,915.00	42,138.55	137,801.99	19.30	576,113.01

REVENUE & EXPENSE REPORT
CALENDAR 9/2019, FISCAL 3/2020

PCT OF FISCAL YTD 25.0%

ACCOUNT NUMBER	ACCOUNT TITLE	TOTAL BUDGET	MTD BALANCE	YTD BALANCE	PER CENT EXPENDED	UNEXPENDED
173-536-6010	SALARY - PH MAINT	85,000.00	6,154.86	19,247.38	22.64	65,752.62
173-536-6040	OVERTIME SALARY - PH MAINT	5,000.00	.00	.00	.00	5,000.00
173-536-6110	FICA - PH MAINT	6,885.00	458.60	1,432.09	20.80	5,452.91
173-536-6130	IPERS - PH MAINT	8,496.00	584.69	1,696.17	19.96	6,799.83
173-536-6150	HEALTH INS - PH MAINT	9,897.00	817.01	2,451.03	24.77	7,445.97
173-536-6151	LIFE INS - PH MAINT	176.00	7.35	29.40	16.70	146.60
173-536-6152	DENTAL INSURANCE	.00	18.74	61.93	.00	61.93-
173-536-6160	WORK COMP - PH MAINT	3,080.00	.00	.00	.00	3,080.00
173-536-6170	UNEMPLOYMENT - PH MAINT	428.00	104.76	104.76	24.48	323.24
173-536-6181	UNIFORM ALLOWANCE - PH MAINT	900.00	.00	450.00	50.00	450.00
173-536-6412	HEALTH SERVICES- PH MAINT	.00	.00	274.00	.00	274.00-
	PUBLIC HOUSING MAINTENANC TOTA	119,862.00	8,146.01	25,746.76	21.48	94,115.24
173-910-6910	TRANSFER OUT - PUBLIC HOUSING	350,000.00	.00	.00	.00	350,000.00
	TRANSFERS IN/OUT TOTAL	350,000.00	.00	.00	.00	350,000.00
	PUBLIC HOUSING TOTAL	363,777.00-	14,854.50	43,020.83	11.83-	406,797.83-

REVENUE & EXPENSE REPORT
CALENDAR 9/2019, FISCAL 3/2020

PCT OF FISCAL YTD 25.0%

ACCOUNT NUMBER	ACCOUNT TITLE	TOTAL BUDGET	MTD BALANCE	YTD BALANCE	PER CENT EXPENDED	UNEXPENDED
174-533-4300	INTEREST - SECTION 8	2,000.00	377.62	1,283.46	64.17	716.54
174-533-4440	STATE GRANT-SEC 8	.00	.00	.00	.00	.00
174-533-4504	FRAUD-SEC 8	5,000.00	281.00	736.00	14.72	4,264.00
174-533-4505	HUD CONTRIB-SEC 8	750,000.00	48,410.00	151,826.00	20.24	598,174.00
174-533-4509	ADMIN FEE/HTH-SEC 8	110,000.00	7,975.00	23,924.00	21.75	86,076.00
174-533-4518	BAD DEBT COLLECTIONS	.00	.00	.00	.00	.00
174-533-4710	REIMBURSED EXP-SEC 8	1,000.00	.00	207.00	20.70	793.00
174-533-4715	REFUNDS-SEC 8	1,000.00	.00	.00	.00	1,000.00
	SECTION 8 VOUCHER TOTAL	869,000.00	57,043.62	177,976.46	20.48	691,023.54
174-910-4830	TRANSFER IN - SECTION 8 VOUCH	.00	.00	.00	.00	.00
	TRANSFERS IN/OUT TOTAL	.00	.00	.00	.00	.00
174-533-6010	SALARY - SEC 8	40,089.00	2,911.59	7,739.35	19.31	32,349.65
174-533-6040	OVERTIME SALARY - SECTION 8	1,000.00	44.28	132.84	13.28	867.16
174-533-6110	FICA - SECTION 8	3,143.00	188.14	500.78	15.93	2,642.22
174-533-6130	IPERS -SECTION 8	3,879.00	279.02	743.11	19.16	3,135.89
174-533-6150	HEALTH INS - SECTION 8	20,103.00	1,663.71	4,991.13	24.83	15,111.87
174-533-6151	LIFE INS - SECTION 8	147.00	12.22	36.66	24.94	110.34
174-533-6152	DENTAL INSURANCE	.00	12.89	36.12	.00	36.12
174-533-6160	WORK COMP - SECTION 8	2,462.00	.00	.00	.00	2,462.00
174-533-6170	UNEMPLOYMENT - SECTION 8	193.00	41.80	41.80	21.66	151.20
174-533-6199	EMPLOYEE BEN-SEC 8	.00	.00	.00	.00	.00
174-533-6230	STAFF TRAINING - SECTION 8	4,000.00	.00	.00	.00	4,000.00
174-533-6380	UTILITY ALLOT - SECTION 8	15,000.00	715.00	2,085.00	13.90	12,915.00
174-533-6401	ACCOUNTING FEES - SECTION 8	4,000.00	367.50	1,267.50	31.69	2,732.50
174-533-6411	LEGAL-SEC 8	1,000.00	.00	.00	.00	1,000.00
174-533-6420	CONTRACT SERVICES - SECTION 8	10,000.00	872.50	2,867.63	28.68	7,132.37
174-533-6423	SPECIAL SERVICE - SECTION 8	300.00	.00	.00	.00	300.00
174-533-6440	ENHANCED VOUCHER	16,000.00	1,294.00	5,117.00	31.98	10,883.00
174-533-6443	HOME OWNERSHIP VOUCHER	6,000.00	451.00	1,353.00	22.55	4,647.00
174-533-6444	PORTABILITY VOUCHER	240,000.00	9,640.10	31,443.20	13.10	208,556.80
174-533-6445	HC VOUCHER PAY-SEC 8	550,000.00	40,958.00	119,941.00	21.81	430,059.00
174-533-6490	OTHER PROF SERVICES-SECTION 8	10,000.00	.00	.00	.00	10,000.00
174-533-6516	REFUND INTEREST-SEC 8	.00	.00	.00	.00	.00
174-533-6518	SUNDRY-OFF EXP-SEC 8	4,500.00	.00	415.55	9.23	4,084.45
	SECTION 8 VOUCHER TOTAL	931,816.00	59,451.75	178,711.67	19.18	753,104.33
174-536-6152	DENTAL INSURANCE	.00	.00	.00	.00	.00
	PUBLIC HOUSING MAINTENANC TOTA	.00	.00	.00	.00	.00
174-910-6910	TRANSFER OUT - SECTION 8 VOUCH	.00	.00	.00	.00	.00

REVENUE & EXPENSE REPORT
CALENDAR 9/2019, FISCAL 3/2020

PCT OF FISCAL YTD 25.0%

ACCOUNT NUMBER	ACCOUNT TITLE	TOTAL BUDGET	MTD BALANCE	YTD BALANCE	PER CENT EXPENDED	UNEXPENDED
	TRANSFERS IN/OUT TOTAL	.00	.00	.00	.00	.00
	SECTION 8 VOUCHER TOTAL	62,816.00-	2,408.13-	735.21-	1.17	62,080.79-

12

REQUESTED ACTION: Approve increase to security deposit to \$300 for the Morningside Apartments.

Comments: Currently, the deposit is \$200 for all sites. That amount is adequate for the Terraces because there is no carpeting in those units and most of the time the \$200 covers any damage or cleaning charges. However, that isn't the case with Morningside. Most of the time their deposit isn't covering the past due rent or damages. Since July 1, 2019 we have had 7 units vacated. The average charges are \$756, with a low of \$40 and a high of \$2,856. If you take the high and low out of the calculation, it still averages \$437. Out of the seven only two of the families received some of their deposit back.

Due to this, we would like to increase the deposit to \$300 for just the Morningside Apartments. The Terraces would remain at \$200. We feel that the size of the Morningside units and the fact that the units are carpeted, and the Terraces are not, justifies the increased security deposit. We are already charging a \$200 pet deposit for Morningside vs. \$50 for the Terraces. This is also due to the difference between the units being carpeted or not. We would keep the payment terms the same and allow the residents to pay the deposit over four months, with Morningside making four \$75 payments. The Terraces would continue to be four \$50 payments.

We would like to incorporate this into the lease to be effective for all new tenants on November 1st. The increase will not affect any of the existing tenants.