

## CHAPTER 3

### ACHIEVING COMPLIANCE

#### 3.1 OVERVIEW

When purchased, AHP rental properties may be fully occupied or vacant, turnover may be high or low, and market demand may be hot or cold. However, regardless of market and occupancy conditions, all owners are required to bring their properties into compliance with AHP occupancy and rent requirements.

Owners do have choices about how to meet the requirements. A sizable number of existing tenants may qualify under the program and help owners fulfill their obligations. Alternatively, new tenants who are income eligible may be selected to move into vacant units to reach the property's set-aside requirements. The procedures for designating QUs and reaching full compliance are discussed in this chapter.

Regardless of how the requirements are met, owners must assure that:

- ◇ No in-place tenants are forced to move out solely to obtain the required number of Low Income units;
- ◇ Both the Total and Very Low Income Set-Aside requirements are met; and

The designation as a Qualified Tenant in a QU is not removed from a tenant unless their income exceeds the published limits or they move from the property.

#### 3.2 BASIC REQUIREMENTS FOR ALL QUs

For a unit to be designated as a QU, the following criteria must be met:

- ◇ Owners must establish that a tenant is a Low or Very Low Income household by comparing the documented income on the TIC form with appropriate income limits to determine designation.

- ◇ Owners must verify the household income and have the tenant certify its accuracy on a TIC form.
- ◇ The contract rent for designated units must be equal to, or less than, the FDIC published rent limits for Low Income and Very Low Income units.
- ◇ Owners must execute the required lease provisions using a lease or lease addendum.
- ◇ Owners must designate the units that count toward meeting the property's set-asides on the Compliance Reports for the property.

For a unit to continue to be counted as a QU, the owner must re-examine the income of tenants in QUs annually and maintain the rents at or below FDIC published limits.

### 3.3 KEY STAGES

Owner compliance can be separated into two distinct stages.

#### KEY STAGES OF COMPLIANCE

**Pre-Compliance Stage** -- begins when an owner closes a purchase with FDIC, and lasts until the owner certifies full compliance with the occupancy and rent requirements specified in the LURA for the property.

**On-Going Compliance Stage** -- begins once the monitoring agency acknowledges an owner's certification of compliance with the LURA, and lasts for the remaining life of the LURA.

The following sections explain the procedures owners need to follow during the two stages and the actions necessary to restore compliance in the event an owner fails to properly maintain the correct number of QUs in the property.

### 3.4 PRE-COMPLIANCE STAGE

Depending on a property's size, its occupancy, and turnover of units, the Pre-Compliance Stage may last a few weeks or many months. There are a number of activities that occur during this period.

#### PRE-COMPLIANCE STAGE

- ◇ Owners submit monthly compliance reports.
- ◇ Units occupied by existing tenants may be designated as QUs if they are qualified.
- ◇ Vacant units must be reserved and leased to eligible tenants until set-asides are met.
- ◇ Owners must submit a certification of compliance once the property's set-asides are met.

During this period, an owner strives to meet AHP occupancy requirements by designating existing tenants/units as QUs, or renting vacant units to eligible tenants. Monthly reports document progress toward reaching the required set-asides. Also, owners must follow strict rules for leasing vacant units until they obtain the required number of QUs.

#### A. Monthly Compliance Reports

During the Pre-Compliance Stage, owners are required to submit monthly compliance reports until the monitoring agency determines that the property contains the required number of VLI and LI QUs. Compliance reports identify the QUs that have been leased to eligible VLI or LI households at the appropriate rents. The compliance report is explained more fully in Chapter 6 and copies of the report forms are provided in Appendix F.

When reviewing monthly compliance reports, state monitoring staff will check to see that the correct income and rent limits have been used, the Tenant Income Certification (TIC) Forms have been prepared properly,

and the owner has followed AHP rules for leasing vacant units.

## **B. Designating Units with Existing Tenants**

Owners are expected to reach full compliance as soon as possible; FDIC policy establishes that this should be accomplished within two years. Owners should consider ways to get to full compliance as quickly as possible, since Pre-Compliance imposes additional reporting and record-keeping burdens, and increases the chances of lost revenue from vacancies while owners look for qualified tenants to occupy units held for the Set-Aside. Owners of occupied properties may find it advantageous to designate units already occupied as their QUs. Owners can identify and designate eligible households by surveying the income of in-place tenants.

### **Inducing Tenants to Apply**

Some tenants may be reluctant to respond to surveys and requests for such income. Owners should assure tenants that the information is for purposes of qualification for Set-Aside units only, and that privacy will be protected.

If the Set-Aside units offer a substantial rent discount to market rents, the rent savings should be a sufficient inducement to respond.

However, if the rents for the Set-Aside units are not significantly lower than market rents, then additional inducements may be needed. Property owners in the Program have used a variety of incentives such as:

- ◇ raffles for items such as free cable TV or a microwave oven to those tenants who respond; or
- ◇ a one-time rent credit of \$25 or \$50 credited the month a tenant completes QU certification.

Like new tenants, existing tenants who appear eligible based on the results of the survey must:

- ◇ submit detailed income information;

- ◇ sign a Release and Consent Form authorizing the release of information about their income;
- ◇ have their income verified;
- ◇ sign a Tenant Income Certification (TIC); and
- ◇ execute an acceptable lease or lease addendum reflecting appropriate rents and AHP provisions before their unit can be designated.

If owners choose to identify qualified tenants among the existing tenants, they must attempt to survey all in-place households and not just favored tenants or certain units in particular areas of the property. Access to the rent protections of the AHP Program must be available to all.

In cases where the number of surveyed tenants who are eligible exceed the required number of units needed to fulfill the Set-Asides, the owner should establish a fair and equitable manner for designating QUs. For example, owners could use a system based on income, length of tenure, or a lottery. Once owners have decided which existing tenants/units will be the QUs, they should identify these units on the monthly Compliance Report Form and attach a Tenant Income Certification (TIC) to show that the tenant's income has been reviewed.

**Good Practice: Maintain Waiting Lists**

If the survey of existing tenants reveals that there are more eligible tenants than QUs needed, owners may want to start a waiting list for those eligible tenants not selected for QUs. This can help alleviate tenant concerns about not being selected and provide the owner with a ready pool of tenants to replace QU residents that move out.

**C. Renting Vacant Units**

Some owners may not find it desirable or practical to designate existing tenants in order to meet required set-asides. This might occur when the units are largely vacant or occupied by over-income tenants, or the tenants generally refuse to provide the information necessary to determine eligibility. Owners of these properties must

hold and rent vacant units to Qualified Tenants until all set-asides are met.

The procedures for renting vacant units during the Pre-Compliance period depend on whether the number of vacant units exceeds the number of additional QUs needed to meet the Total Set-Aside.

- ◆ ***If vacancies are fewer than or equal to the QUs needed:*** Owners must hold all vacant units available for occupancy by Qualified Tenants and rent each new vacant unit to an income eligible tenant.
- ◆ ***If vacancies are greater than the QUs needed:*** Owners must hold enough vacant units for Qualified Tenants to meet the additional number of QUs needed to reach the Total Set-Aside. Vacant units in excess of this number may be rented as unrestricted units to any tenant.

For example, if a property with 2 vacant units has five QUs out of a Total Set-Aside of 10 units, the owner/manager must reserve the 2 vacant units for Qualified Tenants plus rent the next 3 vacancies to Qualified Tenants. But, if the same property's vacancies jumped to 7 next month, the number of vacancies now would exceed the number of QUs needed. In this case, the owner would need to reserve only 5 of the vacant units for Qualified Tenants.

When vacancies exceed the number of Set-Aside units still needed, the owner may select the units to reserve for the Set-Aside. Selection should be done also in consideration of the ongoing Proportionality requirement (see Section 2.1).

#### **D. Meeting the Total and VLI Set-Asides**

Owners must have both enough VLI units to meet the VLI Set-Aside and a combination of VLI and LI units to meet the Total Set-Aside. Full compliance is based on whether there is a sufficient number of each to meet both the Total and VLI Set-Asides.

A property has a sufficient number of VLI-QUs if the number of these units equals or exceeds the number required under the VLI Set-Aside. When this VLI number

is reached, any remaining units to be filled in the Total Set-Aside can be LI units.

Conversely, if a property has LI-QUs equal to the difference between the Total Set-Aside and the VLI Set-Aside, then no more Set-Aside units need to be rented to LI tenants, but instead they should be held for VLI tenants. For example, if a property has a Total Set-Aside of 35 units and a VLI Set-Aside of 20 units, when the number of LI-QUs reaches 15, the property will have a sufficient number of these units.

Under the LURA, owners always must give preference to VLI tenants when leasing QUs, so long as the VLI Set-Aside is not met. This condition applies to both vacant units rented as QUs and units with existing tenants that are designated as QUs.

Finally, if a property has a sufficient number of VLI-QUs but an insufficient number of LI-QUs, the owner may lease the remaining QUs to any Qualified Tenant -- either LI or VLI. There is no required minimum number of LI-QUs within the Total Set-Aside, and additional VLI-QUs over and above the VLI Set-Aside are counted toward the Total Set-Aside. However, even if the VLI Set-Aside is met, owners who rent the remaining LI units to a VLI tenant may only charge that VLI tenant up to the VLI rent, not the LI rent. Owners are not required to rent LI units to VLI applicants, and may operate separate waiting lists for VLI and LI units.

Exhibit 3.1 summarizes the procedures owners must follow when leasing available units. It details the steps for owners of properties with insufficient QUs, noting the differences for properties with abundant and limited vacancies.

## EXHIBIT 3-1

### PROCEDURES FOR LEASING AVAILABLE UNITS

	PROPERTIES WITH INSUFFICIENT QUs			PROPERTY IN FULL COMPLIANCE
	VLI & LI SHORTAGE	VLI SHORTAGE	LI SHORTAGE	
	VLI <u>Not</u> Sufficient LI <u>Not</u> Sufficient	VLI <u>Not</u> Sufficient LI Sufficient	VLI Sufficient LI <u>Not</u> Sufficient	
<b>Vacancies Greater</b> than Number of Units Needed to Meet Total Set-Aside	<ul style="list-style-type: none"> <li>Keep enough vacancies available to meet Total Set-Aside</li> <li>Lease reserved vacant units to QTs, giving preference to VLI tenants</li> <li>Option: Reduce number of vacancies held available by designating units with existing tenants who are QTs*, giving preference to VLI tenants</li> </ul>	<ul style="list-style-type: none"> <li>Keep enough vacancies available to meet Total Set-Aside</li> <li>Lease reserved vacant units to VLI tenants</li> <li>Option: Reduce number of vacancies held available by designating units with existing tenants who are VLI tenants</li> </ul>	<ul style="list-style-type: none"> <li>Keep enough vacancies available to meet Total Set-Aside</li> <li>Lease reserved vacant units to QTs (LI or VLI)</li> <li>Option: Reduce number of vacancies held available by designating units with existing tenants who are QTs* (LI or VLI)</li> </ul>	<ul style="list-style-type: none"> <li>Available units may be rented to any tenant</li> </ul>
<b>Vacancies Less</b> than Number of Units Needed to Meet Total Set-Aside	<ul style="list-style-type: none"> <li>Lease NAU** to QT, giving preference to VLI tenants</li> <li>Option: Designate units with existing tenants who are QTs*, giving preference to VLI tenants</li> </ul>	<ul style="list-style-type: none"> <li>Lease NAU** to VLI tenants</li> <li>Option: Designate units with existing tenants who are VLI tenants</li> </ul>	<ul style="list-style-type: none"> <li>Lease NAU** to QTs* (LI or VLI)</li> <li>Option: Designate units with existing tenants who are QTs* (LI or VLI)</li> </ul>	

\* QT = Qualified Tenant

\*\* NAU = Next Available Unit



## E. Documenting the Achievement of Full Compliance

When an owner believes a property has achieved full compliance with both its Total and VLI Set-Asides, the owner must prepare and submit an Owner Compliance Certification (see Appendix G) along with the latest monthly compliance report.

**NOTE:** A vacant unit held available for occupancy by a Qualified Tenant may not be counted as a QU. A unit can only be designated as a QU after it has been leased to a Qualified Tenant.

In submitting this document, the owner is certifying that the property is now in full compliance with the provisions of the LURA. Monitoring agencies will review the Owner Compliance Certification along with current and past monthly compliance reports. In addition, the agency will conduct an on-site visit to confirm that the property has met its occupancy requirements.

During the visit, agency staff will confirm that the property contains a sufficient number of VLI and LI QUs, check that the tenants of these units qualify under the applicable income limits, and review the rents for Qualifying Units. The reviewers also will look to see that units were properly leased during the Pre-Compliance period.

If the reports and visit confirm that the property has achieved full compliance, it will be classified as a property in the **On-Going Compliance** stage. If the agency's review determines the owner certification was made in error, the property will continue to be considered in the **Pre-Compliance** stage.

### 3.5 MAINTAINING COMPLIANCE

On-Going Compliance begins when a property has complied with the AHP requirements and continues for the term of the LURA.

### ON-GOING COMPLIANCE STAGE

- ◇ Re-examine tenant eligibility annually
- ◇ Maintain the required number of QUs (VLI & LI)
- ◇ Avoid improperly shifting QU designations
- ◇ Submit annual compliance reports and Owner Compliance Certifications
- ◇ Cooperate with monitoring agency staff during on-site reviews
- ◇ Pay annual monitoring fee

#### A. Re-Examining Tenant Eligibility

To ensure that tenants continue to qualify as eligible households, owners must re-examine the income and household composition of tenants in QUs **at least annually**. The procedures for performing re-examinations can be found in Chapter 4.

Changes in household income may or may not change a unit's QU status. During a re-examination, owners may encounter any of the following situations:

- ◇ Household income changes, but remains within the applicable income limits -- no change to household status;
- ◇ Household income exceeds 140 percent of the latest LI income limits -- change in household status to OI-QU;
- ◇ VLI Household income rises above the latest VLI income limits, but below the LI 140% Limit -- change household status to LI; or
- ◇ LI Household income falls below the latest VLI income limits -- change household status to VLI.

## **B. Replacing QUs As Tenant Status Changes**

Tenant status can change in three different ways:

- ◇ an LI tenant can change to VLI;
- ◇ a VLI or LI tenant can change to Over-Income; or
- ◇ a VLI tenant becomes LI.

In the last two cases, income changes among tenants in QUs may leave owners with an insufficient number of VLI- and LI-QUs to meet the required set-asides.

### ***When an LI-QU Changes to VLI***

When an LI Tenant becomes a VLI Tenant due to a drop in the Tenant's income, this does not cause a shortage of QUs. The QU is reclassified as VLI-QU, so the property still contains a sufficient number of QUs to meet both the Total and VLI Set-Asides. Remember, however, that the VLI rent limit now applies to the reclassified unit, so rent may need to be adjusted.

In addition, this re-designation of the unit may cause the number of VLI-QUs to exceed the VLI Set-Aside requirement. If that is so, the owner may choose to "rebalance" the Set-Asides when a VLI-QU becomes vacant by renting it to an LI tenant.

### ***When QUs Change to Over-Income Units***

When a QU (VLI or LI) becomes an OI-QU because the tenant's income exceeds the applicable income limit (see Section 2.2.H), the LURA allows the owner to continue to report the unit as a QU as long as the next available unit (NAU) requirement for over-income units is followed.

#### **NAU Requirement For OI-QUs**

When a Tenant of a QU is determined to be over-income (OI) upon re-examination, and the property has fallen below the Total Set-Aside, the Next Available Unit of Similar or Smaller Size must be held available or rented to a LI or VLI depending on the unit's previous designation.

To meet this requirement, owners have two additional choices beyond holding the Next Available Unit of Similar or Smaller Size (sometimes noted as NAU-SSS) requirement to “replenish” the Set-Aside:

1. While available larger units may be rented as unrestricted, they may be used to meet the Set-Aside at the owner’s discretion. The owner should consider the status of Set-Aside proportionality (see Section 2.1.A) when making this decision.
2. An owner also may satisfy this requirement by designating a formerly unrestricted unit which is occupied by an income eligible resident as a new QU (either VLI or LI as needed).

The rent for an OI-QU can be changed to the prevailing market, or unrestricted, rent as soon as the recertification is completed, subject to the provisions of the lease and any local laws.<sup>8</sup>

#### ***When a VLI-QU Becomes LI-QU***

When a VLI-QU becomes a LI-QU due to a change in the income of that tenant, the total number of VLI-QUs may no longer satisfy the VLI Set-Aside for the property.

If the number of VLI-QUs is less than the VLI Set-Aside but the total number of QUs still satisfies the Total Set-Aside, the owner must use the following procedure when renting available units:

#### **NAQU Requirement For Properties With Insufficient VLI-QUs But Sufficient TSA-QUs**

The owner must rent the Next Available Qualifying Unit (NAQU) to a VLI tenant until the number of VLI-QUs meets the VLI Set-Aside.

For example, a 100-unit property has a Total Set-Aside of 35 units and a VLI Set-Aside of 20 units, and is in full

---

<sup>8</sup> Some of the early LURAs require the rent for an OI-QU to remain restricted at the previous LI or VLI level until the unit is replaced with another QU, while later LURAs permit immediate adjustment of the rent to an unrestricted rent. In order to be consistent, FDIC will apply the more recent standard to all properties.

compliance. If one of the VLI-QUs is re-designated as a LI-QU, the property now contains 19 VLI-QUs and 16 LI-QUs). The property still meets the Total Set-Aside because it still has 35 QUs, but it is one short of the VLI Set-Aside. Every time a QU becomes available, the owner would have to rent the QU to a VLI household until the number of VLI-QUs reaches 20 units.

In this case, the NAU rule is not applied since it would cause the owner to exceed the Total Set-Aside if an unrestricted unit was converted into a VLI-QU. Since the Total Set-Aside is still met, and the VLI shortage was related to a tenant status change, owners are given the opportunity using NAQU to “rebalance” the Set-Asides as LI units become available to be converted to VLI units.

Exhibit 3.2 summarizes the steps owners will need to take when changes in tenant income lead to a change in the status of a QU.

## EXHIBIT 3.2

### POSSIBLE CHANGES IN QU STATUS DUE TO CHANGES IN TENANT INCOME

Condition	Optional or Required Actions	Comments
Household Income Now Exceeds 140 percent of Latest LI Limit (The MF-Transition Income Limit)	<p>Step 1: Reclassify the household as OI on the TIC.</p> <p>Step 2: Change the unit's designation to Over-Income (OI) on the unit listing and compliance reports, but count as QU (until replaced).</p> <p>Step 3: Rent the next available unit of comparable or smaller size to an eligible household, <u>OR</u> Designate an eligible household in an unrestricted unit as a QU</p>	<p>Owners may continue to count an over-income QU toward their Total Set-Aside, as long as the action in Step 3 is properly completed.</p> <p>AHP rent limits no longer apply to the over-income unit.</p>
LI Household's Income Falls Below the Latest VLI Income Limits	<p>Step 1: Reclassify the household as VLI on the TIC.</p> <p>Step 2: Re-designate the unit as VLI on the unit listing and future compliance reports.</p>	<p>If excess VLI-QUs, owner may "rebalance" units by renting future vacant VLI unit as LI.</p> <p>VLI rent limits now apply.</p>
VLI Household's Income Rises Above the Latest VLI Income Limits (but below the 140 % LI Limit)	<p>Step 1: Reclassify the household as LI on the TIC.</p> <p>Step 2: Re-designate the unit as LI on the unit listing for the property and future compliance reports.</p> <p>Step 3: If VLI-QU shortage, follow NAQU rule.</p>	<p>LI rent limits now apply to re-designated unit.</p>

### **C. Vacated QUs**

AHP rules provide that a QU which becomes vacant may continue to be reported as a QU throughout the period it is vacant. Once it has been reoccupied, the unit may be reported as a QU only if the new tenant is certified as an eligible household. To remain in compliance owners need to replace vacated QUs using the following options.

#### **REPLACING A VACATED QU**

- ◇ Hold and rent the vacated QU to an eligible household of the same category (e.g., VLI or LI);
- ◇ Designate an existing occupied unit as a QU of the same category if the tenant meets AHP eligibility standards and the rent does not exceed the maximum allowable; or
- ◇ Hold a vacant, unrestricted unit available to replace the vacated QU.

### **D. Avoid Improperly Shifting QU Designations Between Units**

As discussed in Chapter 2, owners have flexibility in which units are designated as QUs. However, once the unit occupied by a eligible tenant has been designated as a QU, the designation must remain with that unit until the tenant moves, or is no longer income eligible. If the tenant of a QU moves to another unit within the property and continues to be eligible, the owner must shift the QU designation to the newly occupied unit.

This provision is designed to protect both owners and tenants. On the one hand, tenants know that they receive the benefit of restricted rent as long as they continue to provide detailed information about their family status and income. Owners, on the other hand, can require tenants to provide the information needed to certify to meeting AHP requirements, and consistent designation of qualifying tenants avoids potential law suits and

disagreements that could occur if rents were no longer restricted.

## **E. Annual Reporting**

Once a property contains the required Set-Aside units and is in compliance with the LURA, the owner's obligations are reduced from monthly to annual reporting. Owners can use the same reporting form to complete their annual compliance report. Chapter 6 discusses compliance reports in greater detail.

Reports are due at the end of the monitoring year established by the monitoring agency. The reports must include copies of the TIC forms (new certifications and recertifications) for each unit in the property.

As with monthly reports, agencies review annual reports to check that the required occupancy is being maintained and that the contract rents are within published maximums.

## **F. Periodic On-Site Reviews**

The owner and his or her management agent should anticipate periodic on-site reviews performed by the monitoring agency. The frequency of these reviews is at the discretion of the monitoring agency. Agencies must make on-site reviews at least once every three years, but may visit properties more frequently.<sup>9</sup>

The purpose of the review is to assure that owners and their managers understand and comply with the terms of their LURAs. The visits are designed to help monitoring staff assure that program procedures are well understood and documented. For owners and managers, the visits afford an opportunity for owners to ask questions and receive technical assistance.

In addition to answering questions and concerns of owners, state agency monitoring staff will:

---

<sup>9</sup> Developments with less than 10 QUs are exempt from this on-site visit at the monitoring agency's discretion. If an on-site visit is not performed, the owner must cooperate with the monitoring agency by providing all the necessary supporting data for the agency's review.



- ◇ check compliance reports for accuracy by comparing them to the monthly unit listings (rent rolls) and tenant files;
- ◇ confirm that tenant files include the necessary documents, income data and verifications;
- ◇ assure that owners and managers have followed correct procedures for leasing units, including renting units under the Next Available Unit (NAU) and Next Available QU (NAQUs) rules, as appropriate;
- ◇ review leases to confirm rents and inclusion of required provisions; and
- ◇ visit a sample of units.

#### **G. Paying Annual Administrative Fee**

The LURA signed by all owners requires payment of an annual administrative fee. Like other affordable housing initiatives, such as tax credits and tax-exempt bond financing, the fee paid by owners helps offset a monitoring agency's costs of ensuring program compliance.

Each year, monitoring agencies will send owners an invoice covering the fee for the upcoming year. The fee is due to the agency by the start of the next annual monitoring period. Failure to pay the fee constitutes a compliance violation and can lead to additional fees and further action by the agency or FDIC against the owner.

### **3.6 PROPERTIES OUT OF COMPLIANCE**

Once a property reaches full compliance, there are two types of improper leasing practices which could move a property out of compliance:

- ◇ making an incorrect determination of a tenant's eligibility; or
- ◇ failing to properly replace QUs when they are vacated or re-designated.

If a review of the tenant file for a QU reveals an incorrect eligibility determination by the owner/manager and the tenant's income actually exceeds the applicable LI limit, the unit can no longer be considered a QU. In such a case, the number of QUs may no longer satisfy the Total Set-Aside, causing the property to be out of compliance.

If an owner fails to properly replace QUs, the property may no longer comply with the Total Set-Aside or the VLI Set-Aside. For example, if an owner rents a vacated QU to an ineligible household without designating or holding available an unrestricted unit to replace the QU, the number of QUs will drop below the Total Set-Aside. When an owner fails to maintain the required number of QUs due to improper leasing practices, the property will be out of compliance with the LURA, and the owner must restore compliance by following the procedures for renting available units presented in Exhibit 3.3.

**EXHIBIT 3.3**

**PROPERTIES OUT OF COMPLIANCE WITH OCCUPANCY REQUIREMENTS  
REQUIRED PROCEDURES FOR RENTING AVAILABLE UNITS**

Property Status	Required Procedure
<p><b>Out of Compliance with Total Set-Aside (TSA) &amp; VLI Set-Aside (VLI-SA):</b></p> <ul style="list-style-type: none"> <li>◇ QUs (VLI+LI) &lt; TSA</li> <li>◇ VLI-QUs &lt; VLI-SA</li> </ul>	<p>Next available unit must be rented to LI or VLI households until the QUs meets both Set-Asides. Owners must hold enough of the units out of the Total Set-Aside to meet the VLI Set-Aside, and may not rent these VLI units to LIs.</p>
<p><b>Out of Compliance with VLI Set-Aside:</b></p> <ul style="list-style-type: none"> <li>◇ QUs (VLI+LI) = TSA</li> <li>◇ VLI-QUs &lt; VLI-SA</li> </ul>	<p>Next Available QU must be rented to VLI household until number of VLI-QUs meets VLI Set-Aside.</p>
<p><b>Out of Compliance with Total Set-Aside:</b></p> <ul style="list-style-type: none"> <li>◇ QUs (VLI+LI) &lt; TSA</li> <li>◇ VLI-QUs = VLI-SA</li> </ul>	<p>Next available unit must be rented to LI or VLI household until number of QUs meets Total Set-Aside.</p>