

**FDIC  
MULTIFAMILY AFFORDABLE HOUSING  
COMPLIANCE REPORT (continued)**

**APPENDIX J**

**MONITORING MULTIFAMILY BULK PURCHASES  
WITH MASTER LURAs**

**OVERVIEW**

In the large majority of AHDP multifamily purchases, owners sign an individual LURA for each property that sets forth property-specific lower income occupancy requirements. A few owners making bulk purchases signed a Master LURA that gives them flexibility in how the lower-income occupancy requirements for the purchase are met. Although each property in the purchase has an individual LURA, the Master LURA that covers all properties allows the owner to vary the number of Qualifying Units in an individual property as long as the total number of QUs throughout the purchase meets the set-asides established in the Master LURA.

If an agency has been informed by FDIC that it will need to monitor a multifamily bulk purchase with a Master LURA, agency staff should follow the special instructions in this appendix as well as the procedures in Chapters 3 and 4 when monitoring this type of purchase.

**MONITORING OWNER COMPLIANCE**

The principal consideration in monitoring properties with Master LURAs is that the occupancy requirements apply to the whole purchase rather than a single property. All other program requirements apply in the same way they would to a multifamily property with an individual LURA.

*Pre-Compliance Monitoring*

During the pre-compliance period, the owner must follow the same procedures for leasing available units to reach the lower income set-asides (see Exhibit 2-4). For

**FDIC**  
**MULTIFAMILY AFFORDABLE HOUSING**  
**COMPLIANCE REPORT (continued)**

example, when holding units available for Qualified Tenants, the number held available must equal the number of additional QUs needed to meet the Total Set-Aside for the purchase. If the total number of vacant units is less than the number of QUs needed then the vacant units in every property must be held available for Qualified Tenants.

This requirement would apply to a property in the purchase even if the percent of LI or VLI units in that property exceeded the set-aside percentage listed in the Master LURA. For example, assume a purchase has not met its Total Set-Aside of 35 percent. Even if half of the units in a given property within the purchase are QUs, as long as the purchase lacks enough vacancies to meet the additional number of QUs needed, vacant units in the property may only be rented to Qualified Tenants.

*Ongoing Monitoring*

Once a purchase reaches full compliance, the owner must follow the procedures listed in Section 2.5-B for maintaining the required number of QUs. However, when the owner is required to rent the next available unit or the next available QU to a Qualified Tenant, the requirement applies throughout the purchase. For example, if the tenant of a QU was found to be over-income, the next unit of comparable or smaller size that became available in the purchase would need to be rented to a Qualified Tenant.

The conditions on shifting the QU designation from one unit to another also apply to these purchases. The owner may not remove the QU designation from a unit unless the tenant is over-income or moves out of the property.

*Reviewing Compliance Reports*

When the owner submits a compliance report, the report will cover units throughout the entire purchase. In reviewing these reports, monitoring staff should follow the same procedures used for reports from an individual

**FDIC**  
**MULTIFAMILY AFFORDABLE HOUSING**  
**COMPLIANCE REPORT (continued)**

property treating the purchase as though it represented one large property.

When checking the eligibility of tenants in QUs or compliance with the rents for these units, the applicable income and rent limits may vary across properties. Monitoring staff must make sure they compare the figures in the report to the appropriate limits. Agencies may amend the Compliance Report format if desired.

Just as if monitoring an individual property, if agency staff discover a compliance violation, the agency should issue a Notice of Non-Compliance and follow the procedures in Chapter 4 to compel the owner to restore compliance.

*On-Site Visits*

Owners who made bulk purchases under a Master LURA are required to keep a listing of all units in the purchase at a central management office. When the agency is preparing to conduct an on-site visit, monitoring staff should contact this central office and obtain occupancy lists for the purchase broken down by property for the past three months. These lists should indicate the QUs in the purchase for each month.

Monitoring staff should first review each list and confirm that the purchase contained a sufficient number of QUs (LI and VLI) to meet the set-asides in the Master LURA.

Then, using the most recent list, monitoring staff should select a sample of units to visit from several properties. When choosing properties and units to visit, monitoring staff should identify a group of units that will allow them to not only review tenant files for several types of units, but also to perform spot checks that the QU designation has not been improperly removed from the tenant of a QU. For example, if the earliest unit listing shows that Unit 225A in Property X is a QU rented to tenant "A. Michaels" and the next month's listing shows the same unit rented to tenant "Michaels" as an unrestricted unit, monitoring staff may want to visit that

**FDIC**  
**MULTIFAMILY AFFORDABLE HOUSING**  
**COMPLIANCE REPORT (continued)**

property and check the tenant files to confirm that A. Michaels did not have the QU designation improperly removed.

**FDIC**  
**MULTIFAMILY AFFORDABLE HOUSING**  
**COMPLIANCE REPORT (continued)**

Agencies should follow the guidelines in Chapter 3 regarding the frequency of on-site visits and the type of follow-up needed, if any. As mentioned above, if the owner is found to be out of compliance, monitoring staff should issue a Notice of Non-Compliance following the procedures set forth in Chapter 4.

**ENFORCING OWNER COMPLIANCE**

When an agency uncovers an occupancy violation, the whole purchase may be affected by the required corrective actions and special steps may need to be taken. If the owner commits another type of violation, such as a rent limit violation, the enforcement measures will be much the same as those for the owner of a single property who commits the same violation.

**MONITORING FEES**

The monitoring fees for bulk purchases with a Master LURA are determined using the same method applied to individual properties.

**FDIC  
MULTIFAMILY AFFORDABLE HOUSING  
COMPLIANCE REPORT (continued)**

**FDIC  
AFFORDABLE HOUSING PROGRAM  
HOMEBUYER INCOME CERTIFICATION**

**PART I: SUMMARY OF HOUSEHOLD INCOME DATA**

1. Name (Last, First) A. B. C. D.	2. Household Size	3. Household Income  VLI _____ LI _____
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**A. Assets:**

Household Member	Asset Description	Total Cash Value	Income from Assets
4. Total Net Value of Assets		4. \$.....	
5. Total Actual Asset Income			5. \$.....
6. If line 4 is greater than \$5,000, multiply line 4 by passbook savings rate and enter result here; otherwise, leave blank. Passbook savings rate = _____ %			6. \$.....

**FDIC  
MULTIFAMILY AFFORDABLE HOUSING  
COMPLIANCE REPORT (continued)**

**B. Anticipated Annual Income:**

Household Member	a. Wages/ Salaries	b. Benefits/ Pensions	c. Public Assistance	d. Other Income	e. Asset Income
A.					Enter the greater of lines 5 or 6 in box e.
B.					
C.					
D.					
<b>7. Totals</b>	a.	b.	c.	d.	e.

8. Enter total of items 7a. through 7e. This is <u>Annual Income</u>	8. \$.....
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