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### Overview

**Financing Type: VHDA Taxable Bond – 100%@150%**

The guidelines outlined in this document are applicable to Multifamily Conventional developments financed with only VHDA Taxable Bonds, Housing Fund, SPARC/REACH and General Fund. There are no bond restrictions associated with these types of financing.

All restrictions associated with the financing sources identified above are imposed by the Authority’s enabling legislation. The legislation requires that admission to all multifamily housing developments financed by the Authority is limited to persons or families whose gross annual or adjusted annual income upon initial occupancy does not exceed the established overall income limit.

**NOTE:** The guidelines outlined in this document are specifically for developments financed with taxable bonds, housing fund or the general fund with no other type financing involved.

### Tax Exempt Not Subject to MSBTA

This type development was financed with tax exempt revenue bonds and experienced initial occupancy prior to July 1, 1983. These developments are the first group of conventional loans committed by Virginia Housing and are not subject to the federal restrictions of the Mortgage Subsidy Bond Tax Act. Initially, the overall admission and recertification income limit for this program type was seven times the Annual Gross Shelter Cost (7 x AGS). However, **effective May 1, 1998 the overall income limit and occupancy requirement was changed to 100% @ 150% of area median income.** Therefore, properties financed with Tax Exempt bonds prior to July 1, 1983 should follow the guidance outlined in this document.

### Overall Income Limit and Occupancy Requirement

**Effective May 1, 1998 the overall income limit and occupancy requirement is 100% @ 150% of median** for developments financed with VHDA Taxable Bonds, Housing Fund, SPARC/REACH and General Fund.

Owners may only admit individuals and families whose gross annual or adjusted gross annual income is less than or equal to 150% of the median income for that area.
The HUD Section 8 Income Limits are used to calculate the income limit for determining income eligibility. These limits are revised and published by HUD annually. Please be aware that the Section 8 income limits are not held harmless; therefore, when there is an increase or decrease in the limits published by HUD, owners of taxable financed properties must use the current income limits to determine income eligibility.

Income limits are posted on our website [www.vhda.com](http://www.vhda.com) as published by HUD annually.

To determine the overall income limit imposed by VHDA (150% of median); multiply the HUD median income for the area times 150%.

**Example:** HUD Median income for the area is $52,000.

$52,000 x 150% = $78,000.

**NOTE:** Applicants with an adjusted annual income that exceeds the overall VHDA admission/recertification income limit are not eligible for occupancy and should not be allowed to move in.

Work Sheet B, "VHDA Adjusted Annual Income" should be completed to compute the adjusted annual income for new applicants prior to move-in and existing households at recertification if the household’s gross annual income exceeds 150% of median.

Apply the following adjustments when determining a household’s annual adjusted income:

a) Enter $1000 for each dependent other than a family member qualifying under item (e) below (not applicable to roommates). (All roommates are considered co-heads.)

b) Enter the lesser of $1000 or 10% of Annual Income. (This allowance is applicable to roommates. Each roommate would be entitled to the lesser of $1000 or 10% of his/her annual income).
c) Enter income of any person or family member that is of an unusual or temporary nature and not related to regular employment.

d) Enter the earned income of minors under eighteen (18) years of age or family member certified with a physical/mental disability by a licensed physician.

e) Enter 50% of the income of a secondary wage earner over 18 years of age. This credit cannot exceed $2500 and is not allowed for roommates. (For this purpose, VHDA will only regard spouses as secondary wage earners.)

Use of Web Compliance Application

All owners with financing through VHDA are required to utilize the HDS/WTCMS Web Tenant Compliance application for submitting tenant income certifications.

Management staff is required to register online to gain access to WTCMS. A complete guide on how to access the WTCMS web system can be found on our website at www.vhda.com, in the blue banner click on Business Partners, then select Property Owners and Managers, in the navigation box to your right click on VHDA Multifamily Loan Compliance, you will then see the screen shown below. Here you have the options to obtain forms and documents, view income limits, obtain a copy of guidelines and view training opportunities offered. You also have the ability to click on the WTCMS link to register or gain access to the system. Once you click on the WTCMS link, there is an option to select the user’s guide with instructions on how to use WTCMS. Attending a hands-on training on the use of WTCMS is highly recommended.
### Worksheets on Website

Owners can access worksheet B on VHDA’s website at same location as shown in the screen above. Click on Forms and Documents and scroll down until you see Conventional Loan Program Worksheet B. You will be able to download and print this worksheet.

### Using Worksheets with WTCMS

The worksheets are not a part of the WTCMS application. Managers must determine the adjusted income for the household and then enter information into WTCMS. A copy of the worksheet used to determine allowable adjustments must be maintained in the household’s file.

### Verification of Income

Management is required to obtain income verifications for residents prior to their initial occupancy. The original or faxed verification forms must be maintained in the resident’s file. Management may develop its own verification forms or use the forms available on the VHDA website. These verification forms are to be implemented when verifying income and are to be completed by the employer or other third party sources.

Owners must date stamp all incoming tenant verifications with the actual date received.

When it is not possible or if management chooses not to obtain the employer's verification, the following verification of income is acceptable:

- 4-6 weeks of consecutive check stubs or earnings statements showing employee gross income per pay period, and frequency of pay.

- Tax returns, W-2s, or forms where the applicant has had the same position with an employer for at least a full calendar year and where pay can be accurately projected on such historical information.

- Notarized statements or affidavits signed by the applicant that describe the amount of income and source.

- Management may accept annual award letters from
Verification of Income, continued

applicants receiving Social Security or Veteran benefits as verification of income. Such letters do not have to be within 120 days of move-in; however, it must be the most recent received by the resident.

Alimony or child support that is court ordered or supported by a written agreement should be included as income unless the recipient certifies that the funds are not received. A signed, sworn self-certification by a resident is sufficient documentation to show that a resident is not receiving child support payments. Owners/management agents must retain copies of supporting documentation of child support or lack of child support in the resident file.

NOTE: If the move-in is urgent, management may call an employer and obtain employment and income information by phone. Management must use a clarification form to document name and title of person verifying the information, the amount of income stated as well as the date it was obtained.

Calculating Annual Income

The income of all households must be annualized. The following rules should be used in determining Annual Income:

a. To annualize full-time employment, multiply:

1) hourly wages by 2080 hours
2) weekly wages by 52
3) bi-weekly amounts by 26
4) semi-monthly amounts by 24
5) monthly amounts by 12

b. To annualize income from other than full-time employment, multiply periodic amounts (hourly, monthly, bi-weekly, etc.) by the number of periods (hours, weeks, and months) the family member expects to work.

c. Use an annual wage without additional calculations. For example, if a teacher is paid $25,000 a year, use $25,000 whether the payment is made in 12 monthly installments, 9 installments or some other payment schedule.
Calculating Annual Income; continued

d. Use current circumstances to project income unless verification form indicates that an imminent change will occur.

Example: Employer states the applicant or resident will receive an increase in the hourly rate of $1 effective 3/1/13. When processing the certification, use the current rate received now and multiply it times the number of weeks receiving that amount and then multiply the remaining weeks using the new rate as of 3/1/13. Add the two amounts to get the total annual income for the household.

Certification effective date: 11/1/12
Rate Increase Effective: 3/1/13

Rate effective 11/1/12: $6.50 (11/1/12 to 2/28/13 = 17 weeks)
$6.50 x 40 hours x 17 weeks = $4,420

Rate Effective 3/1/13: $7.50 (3/1/13 to 10/31/13 = 35 weeks)
$7.50 x 40 hours x 35 weeks = $10,500

$4,420 + $10,500 = $14,920

e. Use the average rate, hours or weeks to calculate income when a high and low range is given.

Example: Employer states Jane Smith will work 35-40 hours per week at a rate of $8 an hour. To determine the average number of hours worked, add 35 + 40 = 75. Divide 75 by 2 and the average hours worked is 37.5 hours.

Verifying Assets

CHANGE:
Verification of income from assets will not be required unless the household’s sole source of income is derived from assets. Management may accept documentation of such income from resident’s financial institution. Resident’s bank statements are acceptable. The under $5000 Asset Certification form should be used.

Income is not to be imputed from assets.

Note: Management may use the higher range given as long as it does not exceed the applicable income limit. However, management may never use an amount that is lesser than the average of the high and low ranges given.
<table>
<thead>
<tr>
<th>Students</th>
<th>There is no prohibition on the admittance of students.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Tenant Income Certification</th>
<th>Management must process and complete a Tenant Income Certification (TIC) in WTCMS for all households occupying a unit.</th>
</tr>
</thead>
</table>

The Tenant Income Certification must be completed in WTCMS when the following activities occur:

Initial Certification - The initial certification is the type of certification an owner completes for existing residents once a taxable loan is acquired through VHDA. The residents are already occupying the unit; however, an initial certification is completed to certify them as being eligible under the taxable loan requirements. Management must complete an initial certification for each existing household in WTCMS. The effective date is the date that management certifies the household as being income eligible. The initial TIC is to be signed and dated by all adult household members (18 yrs and older) and the owner/management representative.

Move-in - A move-in certification is for new applicants moving into the community for the first time. The TIC is to be signed and dated by all adult household members (18 yrs and older) and the owner/management representative on or prior to the move in certification effective date.

Three year Recertification - VHDA requires that a re-examination of income occur every three years after move-in or initial certification. It is to be signed and dated by all adult household members (18 yrs and older) and the owner/management representative.

Interim - This is the type of certification an owner completes whenever there is a change in household composition, of any family currently maintained by VHDA. It is to be signed and dated by all adult household members (18 yrs and older) and the owner/management representative.

Transfer - It is completed in WCMS when a resident moves from one unit to another.

Move-out - It is completed when a resident family moves out of the property.
If an owner is acquiring an existing property or owns an existing property and obtains taxable bond or housing fund financing through VHDA, management must follow the guidelines listed below:

**New Move-ins**
A Tenant Income Certification must be completed in WCMS with accurate information bearing dates and signatures of all adult household members and the manager. Management must verify the annual income of all household members. No household is allowed to move-in if their annual adjusted income is greater than the overall income limit imposed by VHDA (150% of the area median). (Note: A move-in is an applicant that is moving into the property for the first time).

**Existing Residents**
Normally, existing residents who were in occupancy prior to VHDA financing do not need to certify until the expiration of their current lease term. At that time, management must complete an initial Tenant Income Certification for the existing household and ask the members to disclose their current annual income.

Please note that when completing a Tenant Income Certification of an existing household for the first time, the type of action is an Initial Certification. Management is not required to obtain third party verification of income for existing households. Management and the adult household members must sign and date the Tenant Income Certification.

If an existing household is found to be over the income limit during the completion of an initial certification, management must allow the tenant to continue to occupy the unit but impose a rent surcharge. Please refer to Exhibit 4 to determine surcharge amount.

**Recertification**
Every three years on the anniversary date of the resident’s move-in or initial certification (for existing households), a recertification of income is required for all households.

No verifications of income are required for the three-year recertifications as the resident need only certify that the income reported is true and accurate to the best of his or her knowledge by signing and dating the TIC processed in WTCMS. Management
must maintain the completed signed TIC in the resident's file.

Management should notify each household in writing of the need to recertify at least 120 days prior to the effective date.

Management is responsible for maintaining a recertification tickler to ensure all households are recertified timely.

**Example of Recertification Schedule:**

<table>
<thead>
<tr>
<th>Move-in Date</th>
<th>Recert Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/01/2011</td>
<td>6/01/2014</td>
</tr>
<tr>
<td>6/10/2011</td>
<td>6/10/2014</td>
</tr>
</tbody>
</table>

Management may choose how they wish to set up their recertification schedule; however, the method chosen must be consistently applied for all residents.

**NOTE:** If a household refuses to recertify and they have signed the required lease addendum agreement (as indicated in section 2 of the VHDA Form MD: 225), management must non-renew the lease.

**Surcharge**

If a resident's adjusted income at the three-year recertification exceeds the then applicable VHDA overall admission/recertification income limit, the resident shall be permitted to continue to occupy the unit. However, that resident may be required to pay a surcharge on rent or management may choose not to renew the lease at the end of the term. Please refer to **Exhibit 4** for the surcharge table.

To determine if a surcharge is applicable, divide the annual adjusted income by the overall admission/recertification income limit. Round up at 50¢.

**Selection & Screening Criteria**

Owners must develop a screening and selection criteria for admitting and rejecting applicants for occupancy. Each applicant must be consistently admitted or denied based upon the established eligibility requirements and selection criteria.

Applicants not meeting the eligibility requirements and selection criteria established for the property must be notified in writing.
### Rental Application

Each applicant is required to complete a rental application for admission inclusive of date. It is recommended that management use a time date stamp when receiving rental applications to avoid any fair housing implications regarding sequential order of receiving an application.

The rental application should contain sufficient information to make a tentative decision as to whether the applicant meets management’s selection criteria and VHDA income eligibility requirements.

### Government Data Collection and Dissemination Practices Act

Prior to verifying the income of an applicant, VHDA requires management to execute The Government Data Collection and Dissemination Practices Act Letter (VHDA form No: MD:202). This form authorizes the management agent to request certain information used to determine eligibility for housing.

This letter is to be signed and dated by all adult household members at the time of application. This letter only needs to be signed once during the household tenancy.

It is suggested that the Government Data Collection and Dissemination Practices Act Letter be incorporated in or attached to the rental application so that it is signed in a timely manner. This letter can be found on VHDA’s website and included in these guidelines as Exhibit 2.

### Fees and Security Deposits

The owner shall collect, deposit, and disburse resident’s security deposits in accordance with the terms of the respective leases and Virginia law. Security deposit shall not exceed 2 months rent.

Non-refundable security deposits are not permitted. The owner may not collect cleaning deposits or fees, key deposits, or any other miscellaneous charges without review by VHDA. Fees for parking spaces, connection to community television antenna, and other services must be optional. The type and amount of the fee is subject to review by VHDA.

Management must notify applicants in writing of the reason for
### Rejecting Applicants

Rejecting Applicants in accordance with the Virginia Residential Landlord and Tenant Act (VRLTA).

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### Lease Agreement and Term

The initial lease term for each resident under the VHDA Conventional Housing Program must not be less than 30 days or more that 24 months.

Owners may choose the form of lease agreement used in a development financed by VHDA. Each accepted applicant should execute a lease agreement and the terms of the lease must comply with the lease terms so stated in the Regulatory Agreement.

Both the head of the household and the spouse (if applicable) should execute the lease on behalf of the resident’s household. If non-related individuals will occupy the unit as co-heads of the unit, each must sign the lease.

The lease should also identify all members of the household who will be authorized to occupy the apartment.

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### Lease Addendum

The Lease Addendum (MD:225) must accompany the Lease Agreement each time the lease is executed. Adult household members who sign the lease agreement must also sign the addendum. Please ensure that all household members are listed under paragraph 3 of the lease addendum.

It contains the clause that requires residents to recertify the household income every three years and imposes a surcharge if the annual adjusted income exceeds the VHDA overall admission/recertification income limit.

The addendum also restricts the subleasing of units without written consent of the landlord.

*Management may incorporate the provisions of this addendum into their lease agreement thus eliminating a separate lease addendum for residents to sign.*

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### Corporate Leasing

Owners of developments financed solely with Taxable Bonds or the VHDA Housing Fund may lease units to corporations; however, the occupants of the units must be income eligible.
Unit Inspections

The owner must inspect the dwelling unit at both move-in and at move-out to determine and record unit damages. The findings of both inspections are to be documented on a unit inspection form that is to be maintained on site in the resident’s file.

The VRLTA requires the owner to submit a written report to the resident itemizing damages to the unit existing at the time of occupancy. This record is to be provided to the resident within five days after occupancy and will be deemed correct unless the resident objects in writing within five days of its receipt.

Occupancy Audits

VHDA reserves the right to conduct a ninety-day occupancy review after initial occupancy of newly constructed developments or within 90 days after the first units are made available for occupancy of rehab developments. Such review is performed to ensure management’s compliance with the policies and procedures governing the VHDA Conventional Housing Program. The audit consists of three parts.

Part I reviews general administrative procedures such as tenant selection, tenant applications and general administration.

Part II reviews resident files for required records and documentation.

Part III is the conclusion.

The breakdown of the types of certifications reviewed is as follows:

- 60% original applications
- 40% recertifications

These ratios may be changed at VHDA’s discretion and knowledge of the development’s activities.
Maintenance of Tenant Files

Management must maintain a resident file for each household occupying a unit in the development. The on-site resident file should contain the following documents:

- Rental application
- The Government Data Collection and Dissemination Practices Act Letter
- Tenant Income Certification
- Itemized Move-in Inspection Report
- Reference inquiries, i.e., credit report, previous landlord inquiry
- Security deposit record: should not exceed two months rent
- Lease Agreement
- Lease Addendum (if not incorporated in lease)
- Lead Based Paint Disclosure Form (if applicable)

Proper Notices

Verification of household income

- Employment
- Social Security Benefits
- Social Services Benefits (TANF)
- Pensions
- Veterans Benefits
- Bank Verifications (if applicable)
- Child Support
- Alimony
## Exhibit 1 - Annual Income Inclusions and Exclusions

### INCOME INCLUSIONS AND EXCLUSIONS

#### INCOME INCLUSIONS

1. The **full amount**, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
2. The **net income from operation of a business or profession**. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
3. **Interest, dividends, and other net income** of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family.
4. The full amount of **periodic amounts** received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a **periodic amount** (e.g., Veterans Disability, Dependent Indemnity Compensation, payments to the widow of a serviceman killed in action).
5. Payments in **lieu of earnings**, such as unemployment, disability compensation, worker’s compensation, and severance pay,
6. **Welfare Assistance**.
   (a) Welfare assistance received by the family.
7. **Periodic and determinable allowances**, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling; and
8. **All regular pay, special pay, and allowances** of a member of the Armed Forces

#### INCOME EXCLUSIONS

1. Income from employment of children (including foster children) under the age of 18 years;
2. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital gains, and settlement for personal or property losses, except as provided in paragraph (5) under Income Inclusions;
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
5. Income of a live-in aide,
6. The full amount of student financial assistance paid directly to the student or to the educational institution
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire
Exhibit 2 - Government Data Collection and Dissemination Practices Act Letter (MD: 202)

GOVERNMENT DATA COLLECTION AND DISSEMINATION PRACTICES ACT LETTER

MARKET RATE DEVELOPMENTS

Dear (Mr/Mrs/Ms) __________________________

As provided by the Government Data Collection and Dissemination Practices Act, anyone who is requested to provide personal information about himself must be informed whether he is legally required to provide such information, or whether he may refuse to supply the information requested. As an applicant for housing financed by the Virginia Housing Development Authority, you are requested to provide certain information that will enable ________________________________ to complete the Tenant Income Certification.

The information requested will be used to determine an adjusted annual income which you and your family receive from all income sources. This is necessary because the Rules and Regulations adopted pursuant to the Authority conferred on the Virginia Housing Development Authority limit eligibility for initial occupancy to families whose adjusted income does not exceed certain established limits. In addition, it is necessary to know the composition of your family (number of dependents) so that the proper size of dwelling unit may be authorized for you and your family.

Although you are not legally required to provide the information requested, your failure to do so will result in our inability to determine your eligibility for housing in this development.

Copies of the completed “Tenant Income Certification” are transmitted by this management agent/owner to the Virginia Housing Development Authority, 601 South Belvidere Street, Richmond, VA 23220. It is possible that information provided by you will be revealed to others for the purpose of confirmation or for other purposes in accordance with the Virginia Freedom of Information Act, but any information so supplied is subject to the safeguards of the Government Data Collection and Dissemination Practices Act.

Sincerely,

______________________________
Management

Received (Date) ________________ By: ________________________________

______________________________

VHDA Form No. MD:202
Exhibit 3 - Lease Addendum (MD:225)

ADDENDUM TO LEASE

Apartment Number

Landlord

Tenant(s)

Date

The following provisions shall be incorporated into and made a part of the Lease of even date herewith between Landlord and Tenant and shall control over any inconsistent provisions therein.

1. Eligibility. Tenant hereby acknowledges that Tenant’s family income and composition and other matters relating to Tenant’s eligibility for occupancy of the Apartment are material to this Lease. Prior to execution of this Lease, Tenant provided Landlord with certain information, documents and certifications with respect to Tenant’s eligibility for occupancy of the Apartment. Tenant hereby warrants and confirms that such information, documents and certifications are in all respects true, accurate and complete as of the date hereof. Tenant agrees to comply with all requests hereafter made by the Landlord or the Virginia Housing Development Authority ("the Authority") for information, documents, and certifications concerning Tenant’s eligibility for occupancy of the Apartment. Such requests may be made annually (and shall be made no less frequently than every three years) and at such other times as Landlord or the Authority may require. Tenant shall furnish all such information, documents and certifications requested by Landlord or the Authority on or before the date specified in such request, which date shall not be earlier than ten (10) days from the date of receipt by Tenant of such request. Such information, documents and certifications shall in all respects be true, accurate and complete.

Any failure by Tenant to comply with any such request in accordance with the terms of this Paragraph or any falsification, misstatement or misrepresentation by Tenant of any information relating to Tenant’s eligibility for occupancy of the Apartment shall be deemed a substantial and material violation of this Lease. Furthermore, in the case of any such violation of this Lease, Landlord may (subject to the prior approval of the Authority and in lieu of exercising its rights or remedies arising under this Lease as a result of such violation) determine that Tenant shall no longer be eligible for occupancy of the Apartment and shall be subject to the provisions set forth below relating to ineligibility.

2. Ineligibility. In the event that (a) at the time of any determination by Landlord as to Tenant’s eligibility for occupancy of the Apartment, Tenant’s adjusted family income shall exceed the maximum limit then established by the Authority for initial occupancy of the Apartment or (b) Tenant is otherwise determined not to be eligible for occupancy of the Apartment in accordance with criteria then established by the Authority or in accordance with the provisions hereof, this Lease shall remain in full force and effect unless otherwise terminated pursuant to any of the provisions of this Lease; provided, however, that commencing on the first day of the month after Tenant becomes ineligible, Tenant shall pay a surcharge on the rent in the amount set forth in such schedule as shall be prescribed by the Authority; provided, further, that the amount of such surcharge imposed by the Authority shall not cause the rent (including such surcharge) to exceed the limitation imposed by Section 42 of the Internal Revenue Code, if applicable. In the event that such a surcharge is imposed, Tenant shall have the right to terminate this Lease either (a) on the first day of the month in which such surcharge is to commence or (b), upon at least thirty (30) days prior written notice to the Landlord, on the first day of the next succeeding month. For the purposes of this Lease, any such surcharge shall be deemed to be rent and shall be subject to all of the provisions hereof relating to rent. Tenant shall be obligated to pay such surcharge on the first day of each month for such period of time as Tenant shall remain ineligible for occupancy.

3. Assign or Sublease. Tenant may not, without the prior written consent of the Landlord, assign this Lease or sublet the Apartment or any part thereof or give accommodation to any roofer, lodger or other person not herein set forth, nor permit the use of the Apartment for any purposes other than as a private dwelling solely for the use of Tenant and Tenant’s family consisting of the following named persons:

4. Rights of the Authority. It is understood and agreed by Landlord and Tenant that the Authority shall have the right (but shall not be obligated) to exercise any and all of the rights of Landlord under this Lease in the event of a breach or violation by Tenant of any of the provisions hereof.

In Witness Whereof, the parties hereto have executed these presents the day and year first above written:

TENANT(s)

(SEAL)

LANDLORD

By (SEAL)

Last Updated 02/05/2014
### Exhibit 4 - Surcharge Table

<table>
<thead>
<tr>
<th>Family's Adjusted Annual Income As a Percentage of the Current Applicable VHDA Market Rate Income Limit</th>
<th>Amount of Surcharge (Percentage of Rent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 120%</td>
<td>None</td>
</tr>
<tr>
<td>121% to 125%</td>
<td>2 1/2%</td>
</tr>
<tr>
<td>126% to 130%</td>
<td>5%</td>
</tr>
<tr>
<td>131% to 135%</td>
<td>7 1/2%</td>
</tr>
<tr>
<td>136% to 140%</td>
<td>10%</td>
</tr>
<tr>
<td>141% to 145%</td>
<td>15%</td>
</tr>
<tr>
<td>146% to 150%</td>
<td>20%</td>
</tr>
<tr>
<td>In Excess of 150%</td>
<td>25%</td>
</tr>
</tbody>
</table>

If individual or family’s adjusted annual income exceeds the applicable Admission/Recertification Income Limit from Part B, the following surcharge schedule is applicable:

Complete Worksheet B to determine the annual adjusted income for any applicant or tenant household with a gross annual income greater than 150% of the area median income.