



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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October 9, 2026

*Writer's direct phone # (512) 475-4047
Email: Kendall.kauten@tdhca.texas.gov*

Natalie Greene
2014 Galveston Jones Drive LLC
Austin, TX
ngreene@eurekaholdings.com

RE: Island Bay

Dear Island Bay Owner:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Housing Facility Corporation (HFC) Audit Report submitted by Natalie Greene on July 29, 2026. This review was performed as required by Section 394.9027 (b) of Chapter 394, the Texas Administrative Code (TAC) Chapter 10, Subchapter J, for Pecos Housing Finance Corporation. Enclosed is a copy of the Audit Report summary.

Events of noncompliance have been identified and detailed in the attached Findings Report with required corrective action. In accordance with TAC Section 394.9027(d) a copy of this notice will be sent to the Chief Appraiser of the appraisal district in which the development is located.

This notice begins the corrective action period. Supply all required documentation via Serv-U, no later than **April 7, 2027**, the last day of the corrective action period.

If you need a Serv-U account, email hfc@tdhca.texas.gov. Submissions must include a cover letter explaining, in detail, how each event of noncompliance was corrected.

Remaining uncorrected noncompliance after the corrective action period deadline will result in a referral to the Texas Comptroller and Chief Appraiser, with a recommendation for loss of ad valorem tax exemption under Section 394.905 of the Texas Local Government Code for the Tax Year being Audited.

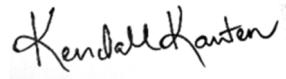


221 East 11th Street P.O. Box 13941 Austin, Texas 78711-3941 (800) 525-0657 (512) 475-3800



If you have any questions about this monitoring report, please contact Kendall Kauten toll free in Texas at (800) 643-8204, directly at (512) 475-4047, or email: Kendall.Kauten@tdhca.texas.gov.

Sincerely,



Kendall Kauten
Compliance Monitor

CC: yvette@premiercomplianceconsulting.com; econ.dev@cpa.texas.gov; twinklescc@pecostx.gov; aoronacc@pecostx.gov; hcarrascocc@pecostx.gov; rgrahamcc@pecostx.gov; vtrujillocc@pecostx.gov; pecospha@earthlink.net; phfced@gmail.com; islandbay@eurekamg.com; exempt.orgs@cpa.texas.gov; ngreene@eurekaholdings.com; cwilson@eurekaholdings.com

Audit Report
Island Bay

The Texas Department of Housing and Community Affairs provides the following Technical Assistance:

- TAC §10.1203(3)(B) requires that all Audit Reports include contact information for all Responsible Parties. The Audit Report did not contain contact information for the HFC Sponsor or the board members of the HFC Governing Body of Sponsor. Ensure current contact information for all Responsible Parties is provided in the Audit Report.

Texas Department of Housing and Community Affairs									
Housing Finance Corporation (HFC)									
Preliminary Summary of Audit									
This is a preliminary summary of the Audit Report. TDHCA's review is ongoing and not final. Findings and any required Corrective Action will be addressed in the official Monitoring Report Letter, if applicable.									
Reporting Details									
Report Due Date: 6/1/2026		Current Reporting Year: 2026		Occupancy Period Begin Date: 1/1/2025		Occupancy Period End Date: 12/31/2025			
Development & Regulatory									
HFC Property Name: Island Bay Apartments		Is the Regulatory Agreement (RA) is properly recorded? Yes		PRE or POST May 28, 2025 Development? PRE					
HFC Property Street Address: 7400 Jones Drive		Regulatory Agreement Effective Date: 3/13/2025		Development Type: Acquisition					
HFC City, State Zip: Galveston, Texas 77551		Does the development participate in other affordable programs? No		Occupancy Type: General/Family					
Property County: Galveston		Jurisdictional Boundaries: Outside Sponsor Boundaries		Total Number of Units in the Development (ALL Restricted & Unrestricted): 459					
HFC User Name: 2014 Galveston Jones Drive LLC		If Outside Sponsor Boundaries, was the Development acquired by Sept. 1, 2025? Yes							
		If Outside Sponsor Boundaries, has approval been obtained or is the Development in the transition period? NA							
Affordability Requirements - AMI Percentage by Bedroom Size (Post Developments Only)									
	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	Total			
20% AMI Units	0	0	0	0	0	0			
30% AMI Units	0	0	0	0	0	0			
40% AMI Units	0	0	0	0	0	0			
50% AMI Units	0	0	0	0	0	0			
60% AMI Units	0	0	0	0	0	0			
65% AMI Units	0	0	0	0	0	0			
70% AMI Units	0	0	0	0	0	0			
80% AMI Units	0	182	176	0	0	358			
100% AMI Units	0	0	0	0	0	0			
120% AMI Units	0	0	0	0	0	0			
140% AMI Units	0	32	43	0	0	75			
Other AMI Units (Add % here)	0	0	0	0	0	0			
Market Units	0	0	0	0	0	28			
Total Restricted Units	0	214	219	0	0	433			
Total Units (Restricted + Market)	0	222	237	0	0	459			
Development Contacts									
Organization Name: City, State Zip									
Property Name: Island Bay Apartments		Galveston, Texas 77551							
Texas Comptroller: State of Texas Comptroller		Austin, TX 78753							
Appraisal District: Galveston Central Appraisal District		Texas City, TX 77591							
Individual Auditor: Yvette Rodriguez		Georgetown, TX 78628							
HFC User: 2014 Galveston Jones Drive LLC		Austin, TX 78701							
HFC Management Company: Eureka Multifamily Group		Austin, TX 78701							
HFC Sponsor: Pecos Housing Finance Corporation		Pecos Housing Finance Corporation							
HFC Governing Body of Sponsor: Town of Pecos City		Town of Pecos City							
Auditor Qualifications & Affiliations									
Does the Auditor have a current Certified Occupancy Specialist (COS) or equivalent certification?		Yes							
Has the Auditor provided a resume demonstrating housing compliance audit experience?		Yes							
Is the Auditor free from any financial, ownership, or management interest in the Development or any Responsible Party?		Yes							
Is the Auditor currently serving, or has the Auditor previously served, as the Management Agent for this Development?		Yes							
Has the HFC User complied with the three-year rotation and, if applicable, the two-year cooling-off requirement?		Yes							
Income & Rents Limits									
Does the Regulatory Agreement specify income limits?		Yes							
Are the income limits adjusted for household size?		Yes							
Are the income limits based on HUD income limits?		Yes							
Did the Development comply with the Available Unit Rule when a household became over-income?		Yes							
Does the Regulatory Agreement specify rent limits for Restricted Units?		Yes							
Are the rent limits based on HUD rental limits?		Yes							
Are restricted unit rents ≤30% of the applicable income limit (adjusted for household size)?		Yes							
Are rent limit adjusted for family size, as determined by HUD?		Yes							
What is the family-size adjustment specified by the Development's Regulatory Agreement?		1.5 Persons per Bedroom							
Units & Occupancy									
Restricted Units Occupied by Voucher Holders: 0		Restricted Occupied Units: 356		Non-Restricted Occupied Units: 26					
Total Units (ALL): 459		Restricted Vacant Units: 77		Non-Restricted Vacant Units: 0					
		Total Restricted Units: 433		Total Non-Restricted Units: 26					
Triggering Events: Acquisition and Ownership Transfer									
Did a triggering event occur during the reporting period or any prior Tax Year?		No							
Set Asides									
Date first occupied by one or more tenants? Not provided									
Is the Development currently in lease up? No									
Do Restricted Units have comparable square footage and floor plans as Non-Restricted Units? NA									
Are Restricted Units equal in finishes and equipment to Non-Restricted units? NA									
Do Restricted Units have equal amenity and program access as Non-Restricted Units? NA									
Are Restricted Units proportionally distributed by unit type and income category? NA									
Did the Auditor receive photographic evidence and written certification confirming unit comparability? NA									
Set-Aside - Select Only One Option									
Option 1:									
At least 10% of units reserved for HH not earning more than 60% AMI		NA							
At least 40% of units reserved for HH not earning more than 80% AMI		NA							
Option 2:									
At Least 10% of units reserved for HH not earning more than 50% AMI		NA							
At least 40% of units reserved for HH not earning more than 100% AMI		NA							
Audit Sample Summary									
Audit Sample		Item							
Overall Sample meets minimum requirements?		NO							
Move-In Sample meets minimum requirements?		YES							
Recertification Sample meets minimum requirements?		NO							
Is the Development currently in lease-up?		No							
Texas Department of Housing and Community Affairs (TDHCA) Observations - DEPARTMENT USE ONLY									
Preliminary summary. TDHCA review is ongoing and not final.									
Report Due Date: 6/1/2026		Current Reporting Year: 2026		Audit Received Date: 7/29/2026					
PRELIMINARY COMPLIANCE INDICATORS									
Reporting		Is the Development required to submit an Audit Report? Yes							
Did the Development submit an Audit Report by the deadline, with approved extensions?		Yes							
Does the Audit Report cover the full prior reporting year ending December 31 and include a rent roll for the same period?		Yes							
Does the Audit Report include contact information for all Responsible Parties?		No							
Was the Audit Report submitted in the Department-prescribed manner through the Department's file transfer system (Serv-U/File Serve)?		Yes							
Was the annual service fee (\$35 per Restricted Unit in the sample or \$500 minimum) submitted with the Audit Report?		Yes							
Did the Audit Report include a one-time exemption application submitted to the Texas Comptroller's Office?		Yes							
Did the first Audit Report include all required supporting documentation?		Yes							
Auditor		Does the Auditor meet independence and qualification standards and comply with applicable rotation and cooling-off requirements? Yes							
Geographic Boundaries		Is the Development within sponsor boundaries, or—if outside those boundaries—has required approval been obtained or is the Development within the applicable transition period? NA							
Noncompliant: Pending Corrective Action		Overall Chapter 303 Status: See Detailed Findings							
TDHCA Notes/Notations:									

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION

HFC ID: AA26-084-0005
HFC User: 2014 Galveston Jones Drive LLC
Property Name: Island Bay Apartments
Address: 7400 Jones Drive, Galveston, TX

Regulatory Agreement Date: 3/13/2025
Audit Report Received Date: 7/29/2026
Corrective Action Due Date: 4/7/2027

Audit Report Review Date: 10/5/2026

PROGRAM: HFC

PROPERTY FINDINGS

Finding: Failure to comply with §10.1204(2)				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	7/29/2026	TAC §10.1204(2) requires the file sample must contain at least 20% of the total number of Restricted Units, not to exceed 50 household files, with at least 75% of files from newly moved-in households and at least 10% from households that have recertified. The audit file sample in the Audit Report did not meet the minimum requirement. Development has four hundred thirty-three (433) restricted units requiring a sample size of fifty (50) household files. Auditor reports only forty-nine (49) files were provided for review.	Submit to the Department for review: copies of the application(s), income and asset verifications, executed Income Certification, lease contract, and applicable lease addendums for one (1) household that moved into income-restricted units during 2025, in accordance with TAC §10.1204(2). The owner may complete a retroactive income certification that completely and clearly documents the sources of income and assets for all household members that were in place at the time of the initial occupancy and apply income limits in effect on the move-in date. Submit to Department for review documentation to evidence the income from the assets have been verified and included in the total household eligibility, application, executed Income Certification and lease contract. Or the owner has the option to complete a new current certification using current income and assets sources and current income limits. Submit for Department review a copy of the application(s), income and evidence the income from the assets have been verified and included in the total household eligibility, and a new Income Certification form. If the household has moved out or is not income eligible, occupy the unit or another comparable unit on the property with a new qualified household	