



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.texas.gov

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September 11, 2026

Writer's direct phone # (512) 876-9671
Email: Kendall.kauten@tdhca.texas.gov

Charlie Click
Knightvest
Dallas, TX
Charlie@knightvest.com

RE: Kade Apartments

Dear Kade Apartments Owner:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Housing Facility Corporation (HFC) Audit Report submitted by Matt Vara on July 24, 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 **March 10, 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.

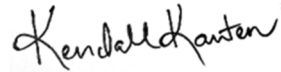


221 East 11th Street P.O. Box 13941 Austin, Texas 78711-3941 (800) 525-0657 (512) 475-3800



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,

A handwritten signature in black ink that reads "Kendall Kauten". The signature is written in a cursive, flowing style.

Kendall Kauten
Compliance Monitor

CC: matt@mesassurance.com; ptad.cpa@cpa.texas.gov; kade@knightvest.com; aoronacc@pecostx.gov; hcarrascocc@pecostx.gov; rgrahamcc@pecostx.gov; vtrujillocc@pecostx.gov; phfced@gmail.com; kade@knightvest.com; econ.dev@cpa.texas.gov

CC:

Audit Report

The Kade

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 the contact information for the board members of the HFC Sponsor. Ensure current contact information for all Responsible Parties is provided in the Audit Report.

CC:

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.

Development & Regulatory

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)

Development Contacts

Auditor Qualifications & Affiliations

Income & Rents Limits

Units & Occupancy

Triggering Events: Acquisition and Ownership Transfer

Set Asides

Set-Aside - Select Only One Option

Audit Sample Summary

Texas Department of Housing and Community Affairs (TDHCA) Observations - DEPARTMENT USE ONLY

Current Reporting Year: 2026

Reporting

Overall Chapter 394 Status:	Noncompliant: Pending Corrective Action
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TDHCA Notes/Notations: See Detail Findings Report

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION

HFC ID: AA26-057-0108
HFC User: KV Locale Apartments, LLC
Property Name: Kade Apartments
Address: 3301 Hudnall Street, Dallas, TX 75235

Regulatory Agreement Date: 5/16/2025
Audit Report Received Date: 7/24/2026
Corrective Action Due Date: 3/3/2027

Audit Report Review Date: 9/3/2026

PROGRAM: HFC

PROPERTY FINDINGS

Finding: Failure to comply with §10.1204(2)				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	7/24/2026	TAC §10.1204(2) requires the Auditor to use the Department's HFC monitoring forms available on the website. 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 threshold of at least 75% of files from newly moved-in households. A total of 314 Restricted Units exist at the property, requiring a sample of 50 household files, including 38 move-in files. The audit sample submitted contained 29 move-in files.	Submit for Department review copies of the application(s), income and asset verifications, executed Income Certification, lease contract, and applicable lease addendums for nine (9) households that moved into income-restricted units during 2025, in accordance with TAC §10.1204(2).	

Finding: Failure to comply with §10.1203(1)(C)				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	7/24/2026	TAC §10.1203(1)(C) requires the HFC User to provide the Auditor with all required documents prior to submission of the first Audit Report, including the underwriting assessment, applicable resolutions, board meeting minutes, the Regulatory Agreement, and the one-time exemption application submitted to the Texas Comptroller's office. These documents must be submitted to the Department with the first Audit Report. The Audit Report submitted to the Department did not contain the one-time exemption application submitted to the Texas Comptroller's office.	Ensure all required documents are provided to the Auditor prior to submission of the first Audit Report for the Development. Submit to the Department a copy of the one-time exemption application submitted to the Texas Comptroller's office.	