



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.texas.gov

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September 25, 2026

Writer's direct phone # (512) 475-4065
Email: shay.erickson@tdhca.texas.gov

Ed Monarchik
4920 Magnolia Cove Apartments LLC
Vienna, VA 22182
emonarchik@vikingcapllc.com

RE: Kings Cove

Dear Ed Monarchik:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Housing Facility Corporation (HFC) Audit Report submitted by Lauren Cohodes on July 31, 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 4920 Magnolia Cove Apartments LLC. 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 24, 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 Shay Erickson toll free in Texas at (800) 643-8204, directly at (512) 475-4065, or email: shay.erickson@tdhca.texas.gov.

Sincerely,



Shay Erickson
Compliance Monitor

CC: info@affordable-cs.com; lcohodes@affordable-cs.com; rkillion@porticopm.com; cbrown@vikingcapllc.com; cityadministrator@cityoflavilla.org; emonarchik@vikingcapllc.com; cbrown@vikingcapllc.com; rosaperez@cityoflavilla.org; bettyrodriguez@cityoflavilla.org; criseldamunoz@cityoflavilla.org; mariolopez@cityoflavilla.org; jorgelopez@cityoflavilla.org; citysecretary@cityoflavilla.org; jesusrodriguez@cityoflavilla.org; tloreords@hcad.org; econ.dev@cpa.texas.gov

Audit Report
Kings Cove

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

- TAC §10.1203(3)(B) requires all Audit Reports to include contact information for all Responsible Parties. The Audit Report did not include complete contact information for all Responsible Parties. Specifically, complete contact and address information for the Housing Finance Corporation (HFC), HFC User, and members of the HFC Governing Body of the Sponsor was missing. Ensure that current and complete contact information for all Responsible Parties is provided in future Audit Report submissions.

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									
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Report Due Date: 6/1/2026 Current Reporting Year: 2026 Occupancy Period Begin Date: 1/1/2025

[illegible]

HFC Property Name	Kings Cove	Is the Regulatory Agreement (RA) properly recorded?	Yes	PRE or POST May 28, 2025 Development?	PRE
HFC Property Street Address	4920 Magnolia Cove Drive	Regulatory Agreement Effective Date	3/25/2025	Development Type	Acquisition
HFC City, State Zip	Kingwood, TX 77335	Does the development participate in other affordable programs?	No	Occupancy Type	General/Family
Property County	Harris				
HFC User Name	4920 Magnolia Cove Apartments LLC	Jurisdictional Boundaries	Outside Sponsor Boundaries	Total Number of Units in the Development (All Restricted & Unrestricted)	192
		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
80% AMI Units	0	44	13	1	0	58
100% AMI Units	0	50	21	5	0	76
Market Units	0	2	6	8	0	16
Total Restricted Units	0	96	34	6	0	136
Total Units (Restricted + Market)	0	98	60	14	0	172

Development Contacts	
Development Manager	
Development Lead	
Development Team	
Development Support	
Development Tools	
Development Environment	
Development Process	
Development Metrics	
Development Risks	
Development Opportunities	
Development Challenges	
Development Success	
Development Failure	
Development Innovation	
Development Collaboration	
Development Communication	
Development Documentation	
Development Training	
Development Mentorship	
Development Career Development	
Development Work-Life Balance	
Development Diversity & Inclusion	
Development Ethics & Compliance	
Development Sustainability	
Development Social Responsibility	
Development Community Engagement	
Development Industry Relations	
Development Government Relations	
Development Academic Relations	
Development Media Relations	
Development Public Relations	
Development Investor Relations	
Development Analyst Relations	
Development Customer Relations	
Development Supplier Relations	
Development Partner Relations	
Development Competitor Relations	
Development Regulatory Relations	
Development Standardization	
Development Certification	
Development Accreditation	
Development Recognition	
Development Awards	
Development Honors	
Development Fellowships	
Development Grants	
Development Scholarships	
Development Stipends	
Development Allowances	
Development Benefits	
Development Insurance	
Development Retirement	
Development Savings	
Development Investments	
Development Loans	
Development Credit	
Development Finance	
Development Accounting	
Development Taxation	
Development Legal	
Development Compliance	
Development Security	
Development Privacy	
Development Data Protection	
Development Intellectual Property	
Development Patents	
Development Trademarks	
Development Copyrights	
Development Licenses	
Development Royalties	
Development Franchises	
Development Partnerships	
Development Alliances	
Development Joint Ventures	
Development Acquisitions	
Development Mergers	
Development Takeovers	
Development Spin-offs	
Development Divestitures	
Development Bankruptcy	
Development Liquidation	
Development Reorganization	
Development Restructuring	
Development Transformation	
Development Innovation	
Development Research	
Development Development	
Development Growth	
Development Expansion	
Development Diversification	
Development Globalization	
Development Internationalization	
Development Localization	
Development Regionalization	
Development Nationalization	
Development Decentralization	
Development Centralization	
Development Standardization	
Development Customization	
Development Mass Customization	
Development Personalization	
Development Individualization	
Development Differentiation	
Development Positioning	
Development Segmentation	
Development Targeting	
Development Promotion	
Development Advertising	
Development Publicity	
Development Sponsorship	
Development Endorsement	
Development Testimonial	
Development Case Study	
Development White Paper	
Development E-book	
Development Podcast	
Development Webinar	
Development Conference	
Development Summit	
Development Workshop	
Development Seminar	
Development Course	
Development Program	
Development Initiative	
Development Project	
Development Task	
Development Activity	
Development Process	
Development Method	
Development Technique	
Development Tool	
Development Software	
Development Hardware	
Development Network	
Development System	
Development Platform	
Development Framework	
Development Architecture	
Development Design	
Development Development	
Development Growth	
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Development Framework	
Development Architecture	
Development Design	
Development Development	
Development Growth	
Development Expansion	
Development Diversification	
Development Globalization	
Development	

Organization Name	City, State Zip
Property Name Kings Cove	Kingwood, TX 77345
Texas Comptroller Texas Comptroller of Public Accounts	Austin, TX 78753
Appraisal District Harris County Appraisal District	Houston, TX 77292
Individual Auditor Lauren Colodres	Beverly Hills, California 90210
HFC User H200 Magnolia Cove Apartments LLC	Vienna, VA 22182
HFC Management Company Portico Property Management	Katy, TX 77454
HFC Sponsor City of La Villa	City of La Villa
HFC Governing Body of Sponsor La Villa City Commission/City Council	La Villa City Commission/City Council

Auditor Qualifications & Affiliations	
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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
Has the HFC User complied with the three-year rotation and, if applicable, the two-year cooling-off requirement?	Yes

Income & Rents Limits	
1. Gross Income	\$10,000
2. Less: Standard Deduction	\$1,000
3. Taxable Income	\$9,000
4. Less: Federal Income Tax	\$1,800
5. Net Income	\$7,200
6. Less: State Income Tax	\$1,440
7. Net Income After State Tax	\$5,760
8. Less: Federal Income Tax Credit	\$1,800
9. Net Income After Federal Tax Credit	\$3,960
10. Less: State Income Tax Credit	\$1,440
11. Net Income After State Tax Credit	\$2,520
12. Less: Federal Income Tax Credit	\$1,800
13. Net Income After Federal Tax Credit	\$720
14. Less: State Income Tax Credit	\$1,440
15. Net Income After State Tax Credit	\$0

Does the Regulatory Agreement specify income limits?	Yes
Are the income limits adjusted for household size?	NA
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?	NA
What is the family-size adjustment specified by the Development's Regulatory Agreement?	NA

Units & Occupancy	
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Restricted Units Occupied by Voucher Holders		Restricted Occupied Units	175	Non-Restricted Occupied Units	8
	0	Restricted Vacant Units	9	Non-Restricted Vacant Units	0
	Total Units (All)	192	Total Restricted Units	184	Total Non-Restricted Units

Triggering Events: Acquisition and Ownership Transfer

Did a triggering event occur during the reporting period or any prior Tax Year?	No
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Set Asides

Date first applied by one or more tenants?	2007
Is the Development currently in lease up?	NA
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	
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	Audit Sample	Item
Overall Sample meets minimum requirements?		No
Move-In Sample meets minimum requirements?		Yes
Recertification Sample meets minimum requirements?		NA
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:	7/31/2026
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PRELIMINARY COMPLIANCE INDICATORS

	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 transfer system (Serv-U or Serv-U)?	Yes	Yes
	No	No
	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	Yes
	Does the Auditor meet independence and qualification standards and comply with applicable rotation and cooling-off requirements?	NA
	Geographic Boundaries	Yes
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
	Overall Chapter 394 Status:	Noncompliant
		Corrective Action and Technical Assistance
		Provided
	TDHCA Notes/Notations:	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION

HFC User: 4920 Magnolia Cove Apartments LLC
 Property Name: Kings Cove
 Address: 4920 Magnolia Cove Drive
 Kingwood, TX 77345

Corrective Action Report Issued: 9/25/2026
 Corrective Action Due Date: 3/24/2027

PROGRAM: HFC

PROPERTY FINDINGS

Finding: Failure to comply with §10.1204(2)				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	7/31/2026	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 Development reported a total of 184 Restricted Units; therefore, the required minimum sample size was 37 household files. The Audit Report included only 35 household files and did not meet the required minimum sample size.	Ensure that the file sample meets TAC §10.1204(2). Submit a revised Audit Report with a minimum of 37 household files, including at least 75% from newly moved-in households and at least 10% from households that have recertified. If fewer than 10% have recertified, include the households that have recertified. Submit at least two (2) additional household files and any additional files necessary to meet the sample requirements. For each additional file, submit the application, income and asset verifications, executed Income Certification, lease contract, and applicable lease addenda. If a selected file does not contain a compliant income certification, the Owner may complete a retroactive certification using income and asset sources in place at initial occupancy and the income limits in effect on the move-in date, or complete a new certification using current income, assets, and income limits. Submit the applicable supporting documentation and executed Income Certification. If the household has moved out or is not income eligible, occupy the unit, or another comparable unit, with a new qualified household.	

Finding: Failure to comply with §10.1203(4)				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	7/31/2026	TAC §10.1203(4) requires the HFC User to submit an annual service fee to the Department by June 1 of each year, in the amount of the greater of \$35 per Restricted Unit included in the audit sample or \$500, tendered by check, money order, payable to the Texas Department of Housing and Community Affairs. The Department received an annual service fee of \$1,225 for the Development. Based on the required audit sample size of 37 household files, the correct annual service fee is \$1,295. Therefore, an additional \$70 is due.	To correct, submit the remaining balance of \$70 toward the \$1,295 annual service fee to the Department in accordance with TAC §10.1203(4). Payments must be made by check or money order payable to the Texas Department of Housing and Community Affairs and either delivered to 221 E. 11th St., Austin, TX 78701, or mailed to PO Box 13941, Austin, TX 78711-3941. Payment must include the completed HFC Annual Service Fee Form, available on the Department's website: https://www.tdhca.texas.gov/housing-finance-corporation-compliance-monitoring.	