



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.texas.gov

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September 18, 2026

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

Charlie Koznick
Paramount Cypress Owner, LLC
Houston, TX
Charlie.koznick@thefoundersgroup.com

RE: Paramount Cypress

Dear Paramount Cypress Owner:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Housing Facility Corporation (HFC) Audit Report submitted by Matt Vara on August 19, 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 17, 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.

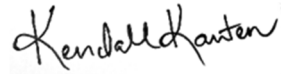


221 East 11th Street P.O. Box 13941 Austin, Texas 78711-3941 (800) 525-0657 (512) 475-3800



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; aoronacc@pecostx.gov; hcarrascocc@pecostx.gov; rgrahamcc@pecostx.gov; vtrujillocc@pecostx.gov; phfced@gmail.com; econ.dev@cpa.texas.gov; Charlie.koznick@thefoundersgroup.com

CC:

Audit Report
Paramount Cypress

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.

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 NameParamount Cypress Apartments

HFC Property Street Address1800 Barker Cypress Road

HFC City, State ZipHouston, TX 77084

HFC Property CountyHarris

HFC User NameParamount Cypress Owner, LLC

Is the Regulatory Agreement (RA) properly recorded?Yes

Regulatory Agreement Effective Date5/13/2025

Does the development participate in other affordable programs?No

Jurisdictional BoundariesOutside Sponsor Boundaries

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

PRE or POST May 28, 2025 Development?PRE

Development TypeAcquisition

Occupancy TypeGeneral/Family

Total Number of Units in the Development (ALL Restricted & Unrestricted)264

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	64	58	10	0	132
100% AMI Units	0	0	0	0	0	0
120% AMI Units	0	0	0	0	0	0
140% AMI Units	0	52	47	8	0	107
Other AMI Units: (Add % here)	0	0	0	0	0	0
Market Units	0	12	11	2	0	25
Total Restricted Units	0	116	105	18	0	239
Total Units (Restricted + Market)	0	128	116	20	0	264

Development Contacts

	Organization Name	City, State Zip
Property Name	Paramount Cypress Apartments	Houston, TX 77084
Texas Comptroller	Not provided	Austin, TX 78753
Appraisal District	Harris Central Appraisal District	Houston, TX 77040
Individual Auditor	Matt Vara	Dallas, TX 75201
HFC User	Paramount Cypress Owner, LLC	Not provided
HFC Management Company	Founders Group	Not provided
HFC Sponsor	City of Pecos, Texas	City of Pecos, Texas
HFC Governing Body of Sponsor	Pecos Housing Finance Corporation - Board	Pecos Housing Finance Corporation - Board of Directors

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?No

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 Occupied Units	Non-Restricted Occupied Units
Restricted Units Occupied by Voucher Holders	0	0
Total Units (ALL)	264	0
	Restricted Vacant Units	Non-Restricted Vacant Units
	25	0
Total Restricted Units	264	0

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?Yes

Are Restricted Units equal in finishes and equipment to Non-Restricted units?Yes

Do Restricted Units have equal amenity and program access as Non-Restricted Units?Yes

Are Restricted Units proportionally distributed by unit type and income category?Yes

Did the Auditor receive photographic evidence and written certification confirming unit comparability?Yes

Set-Aside - Select Only One Option

Option 1:

At Least 10% of units reserved for HH not earning more than 60% AMIYes

At least 40% of units reserved for HH not earning more than 80% AMIYes

Option 2:

At Least 10% of units reserved for HH not earning more than 50% AMINA

At least 40% of units reserved for HH not earning more than 100% AMINA

Audit Sample Summary

Audit Sample	Item
Overall Sample meets minimum requirements?	YES
Move-In Sample meets minimum requirements?	NO
Recertification Sample meets minimum requirements	YES
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:8/19/2026

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?Yes

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?No

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

Overall Chapter 394 Status:Noncompliant: Pending

See Detailed Findings

TDHCA Notes/Notations:Report

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION

HFC ID: AA26-170-0004
HFC User: Paramount Cypress Owner, LLC
Property Name: Paramount Cypress Apartments
Address: 1800 Barker Cypress Road, Houston, TX 77084

Regulatory Agreement Date: 5/13/2025
Audit Report Received Date: 8/19/2026
Corrective Action Due Date: 3/17/2027

Audit Report Review Date: 9/15/2026

PROGRAM: HFC

PROPERTY FINDINGS

Finding: Failure to comply with §10.1204(2)				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	8/19/2026	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 239 Restricted Units exist at the property, requiring a sample of 48 household files, including 36 move-in files. The audit sample submitted contained 15 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 twenty-one (21) 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	8/19/2026	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.	