



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.texas.gov

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October 9, 2026

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

Natalie Greene
2016 Baytown Ward Lane LLC
Baytown, TX
ngreene@eurekaholdings.com

RE: Watermark at Baytown

Dear Watermark at Baytown 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.

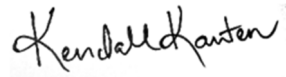


221 East 11th Street P.O. Box 13941 Austin, Texas 78711-3941 (800) 525-0657 (512) 475-3800



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; sanderson@eurekamg.com; watermarkmanager@eurekamg.com; exempt.orgs@cpa.texas.gov; ngreene@eurekaholdings.com; cwilson@eurekaholdings.com

Audit Report
Watermark at Baytown

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: Watermark at Baytown Apartments		Is the Regulatory Agreement (RA) properly recorded? Yes		PRE or POST May 28, 2025 Development? PRE					
HFC Property Street Address: 2700 Ward Road		Regulatory Agreement Effective Date: 7/18/2025		Development Type: Select One					
HFC City, State Zip: Baytown, Texas 77520		Does the development participate in other affordable programs? No		Occupancy Type: General/Family					
Property County: Harris		Jurisdictional Boundaries: Outside Sponsor Boundaries		Total Number of Units in the Development (ALL Restricted & Unrestricted): 290					
HFC User Name: 2016 Baytown Ward Road 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	100	145	0	0	245			
100% AMI Units	0	0	0	0	0	0			
120% AMI Units	0	0	0	0	0	0			
140% AMI Units	0	16	17	0	0	33			
Other AMI Units (Add % here)	0	0	0	0	0	0			
Market Units	0	8	8	0	0	12			
Total Restricted Units	0	116	162	0	0	278			
Total Units (Restricted + Market)	0	122	168	0	0	290			
Development Contacts									
Organization Name		City, State Zip							
Property Name: Watermark at Baytown Apartments		Baytown, Texas 77520							
Texas Comptroller: State of Texas Comptroller		Austin, TX 78753							
Appraisal District: Harris Central Appraisal District		Houston, TX 77292-2004							
Individual Auditor: Yvette Rodriguez		Georgetown, TX 78628							
HFC User: 2016 Baytown Ward Road LLC		Baytown, TX 77520							
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? No									
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)? No									
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: 234		Non-Restricted Occupied Units: 12					
		Restricted Vacant Units: 44		Non-Restricted Vacant Units: 0					
Total Units (ALL): 290		Total Restricted Units: 278		Total Non-Restricted Units: 12					
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? 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: 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									
Does the Auditor meet independence and qualification standards and comply with applicable rotation and cooling-off requirements? Auditor 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? Geographic Boundaries NA									
Overall Chapter 394 Status: Noncompliant: Pending									
TDHCA Notes/Notations: Corrective Action See Detailed Findings									

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION

HFC ID: AA26-101-0095
HFC User: 2016 Baytown Ward Road LLC
Property Name: Watermark at Baytown
Address: 2700 Ward Road, Baytown, TX

Regulatory Agreement Date: 2/18/2025
Audit Report Received Date: 7/29/2026
Corrective Action Due Date: 4/7/2027

Audit Report Review Date: 10/6/2026

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 two hundred seventy-eight(278) restricted units requiring a sample size of fifty (50) household files. Auditor reports only forty-seven (47) 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 three (3) household that moved into an income-restricted unit 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	

Finding: Failure to comply with §10.1203(4)				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	7/29/2026	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 annual service fee received by the Department for this property was \$1,645.00. The amount is incorrect as the sample size submitted to the Department was incorrect. The correct annual fee amount is \$1,750.00.	To correct, submit the remaining balance of \$105.00 toward the \$1,750.00 to the Department, in accordance with TAC §10.1203(4). Payments must be paid 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	