



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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August 18, 2025

Writer's direct phone # (512) 475 -3907
Email: christina.thompson@tdhca.texas.gov

Morgan Group
Houston, Texas
assetmanagement@morgangroup.com

RE: Caroline Post Oak

Dear Morgan Group:

The Texas Department of Housing and Community Affairs (Department) received documentation on March 10, 2025 addressing the noncompliance identified during the review of the Audit Report submitted by Novogradac & Company LLP on December 13, 2024. Corrective action was due on March 17, 2025.

The documentation submitted was sufficient to correct the noncompliance related to **Failure to comply with §10.1103(1)** regarding Tab 7 of the Audit Report, and **Household above the income limit upon initial occupancy** affecting unit 1-427. Please see attached Finding Report for details.

The noncompliance related to **Failure to comply with §10.1104(a)** regarding the audit sample size, and **Failure to comply with the Public Facility Corporation Regulatory Agreement** regarding 80% AMI set-aside, has been dropped.

Please note, the noncompliance outlined above is considered corrected during the corrective action period.

The Department considers this review closed. The next annual Audit Report is due June 1, 2026 for reporting year ending December 31, 2025.



If you have any questions, please contact Christina Thompson toll free in Texas at (800) 643-8204, directly at (512) 475-3907, or email: christina.thompson@tdhca.texas.gov.

Sincerely,

A handwritten signature in black ink, appearing to be 'CT' followed by a long horizontal flourish.

Christina Thompson
PFC Monitor

Cc: Stephanie.Naquin@novoco.com

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION
PFC PROGRAM

PFC User: Morgan Group
Property Name: Caroline Post Oak
Address: 2525 McCue Rd, Houston, TX 77056
RA Date: November 15, 2022

Audit Report Date: 11/20/2024
Program: PFC

Corrective Action Due Date: 3/17/2025

Audit Report Review Date: 1/16/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement:	
Noncompliance Date	11/20/2024	Correction Date: Dropped
Reason	The Development's Regulatory Agreement requires at least thirty-four (34) 80% AMI income restricted 2-bedroom units. The Development currently only has twenty-nine (29) 80% AMI 2-bedroom units.	
Corrective Action	As units become available, lease units to households' with 80% AMI or less until the occupancy requirements of the Regulatory Agreement have been met. The owner may also survey existing market rate households and certify them if their income is at or 60% AMI to 80% AMI. Submit copies five (5) new move-ins etc. that have been certified between 60% AMI to 80% AMI and a current rent roll showing at least amount five (34) units are restricted at 80% AMI. Provide the Department copies of the following for the new certified households: application(s), verifications of income/assets, executed Income Certification and the lease contract.	
Finding	Failure to comply with §10.1103(1)	
Noncompliance Date	11/20/2024	Correction Date: 3/10/2025
Reason	An Audit Report from an Auditor must be submitted to the Department annually. This submission will satisfy the requirements by demonstrating eligibility to continue under the former law, but must fully address the requirements of identifying the difference in rent charged for income-restricted residential units and the estimated maximum market rents that could be charged for those units without the rent and income restrictions.	
	The Audit Report submitted to the Department did not contain the comparison of the restricted rent to the estimated market rent on Tab 7 of the Audit Report.	
Corrective Action	Submit the comparison of the restricted rent to the estimated market rent for each unit identified in Tab 7.	

Finding	Failure to comply with §10.1104(a):	
Noncompliance Date	11/20/2024	Correction Date: Dropped
Reason	Audit requirements under §10.1104(a) require the file sample size of Restricted Units primarily be new move-ins but also contain/include at least ten percent (10%) sample of all household files that have recertified.	
	The sample size submitted to the Department did not contain at least ten percent (10%) sample of recertified household files.	
Corrective Action	Submit the complete file for one (1) additional restricted unit for Department review. The submission should include the initial and renewal application, verification of income and assets and an executed Income Certification.	
Unit # 1-427		
Finding	Household above the income limit upon initial occupancy	
Noncompliance Date	8/11/2022	Correction Date: 3/10/2025
Reason	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$88,249.46, which exceeds the applicable 80% AMI income limit of \$83,600.	
Corrective Action	When the unit becomes available occupy with an eligible household and submit the following documentation to the Department for review: application, verification of income and assets, executed Income Certification. If the households circumstances have changed they may be qualified using current income limits. If qualifying the household under current circumstances please submit the following for Department review: application, verification of income and assets, and executed Income Certification.	