



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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October 2, 2025

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

Nitin Nagpal
Nitya Capital
Houston, Texas
nnagpal@nityacapital.com; awu@nityacapital.com

RE: Lakeside Forest Apartments

Dear Nitin Nagpal:

The Texas Department of Housing and Community Affairs (Department) received documentation on August 12, 2025 addressing the noncompliance identified during the review of the Audit Report submitted by Darren Smith on June 2, 2025. Corrective action was due on August 12, 2025.

The documentation submitted was sufficient to correct the noncompliance related to **Failure to comply with §10.1104(a)** requiring an audit sample size of twenty percent (20%) of restricted units.

The noncompliance related to **Failure to comply with §10.1104(b)(1)**, **Failure to comply with TAC§10.1104(c)**, **Failure to comply with TAC§10.1104(b)(7)**, **Failure to comply with TAC§10.1104(b)(8)**, **Failure to comply with TAC§10.1104(c)**, **Failure to comply with TAC§10.1104(d)**, **Failure to comply with TAC§10.1104(b)(3)**, **Failure to comply with §10.1104(a)(4)**, and **Failure to comply with §10.1104(b)(5)** has been dropped.

The documents submitted resulted in the following additional findings:

- **Household above the income limit** affecting units 2, 56, 113, 132, 153, 163, 193, and 212: The initial Audit Report submitted to the Department was incomplete and did not contain the file sample size of at least twenty percent (20%) of the total number of restricted units for the Development, which was cited as a Finding. As Corrective Action, the Development was instructed to engage an auditor to complete the file review of at least twenty percent (20%) of the total number of Restricted Units, not to exceed fifty (50) total household files and submit to the Department for Review the updated Tab-9 of the audit workbook. The Development submitted the updated Tab-9 to the Department. Upon review of the updated Tab-9, additional items of noncompliance were detected. The household file was requested as part of the



twenty-percent sample for the provided units; however, the file provided to the Auditor only contained the lease contract. Auditor reports income cannot be determined or verified as tenant file is incomplete and did not contain any income verification documentation. Finding remains uncorrected.

- **Household above the income limit** affecting unit 161: As Corrective Action, the Development was instructed to engage an auditor to complete the file review of at least twenty percent (20%) of the total number of Restricted Units, not to exceed fifty (50) total household files, and submit to the Department for Review the updated Tab-9 of the audit workbook. The Development submitted the updated Tab-9 to the Department. Upon review of the updated Tab-9, additional items of noncompliance were detected. Auditor reports the household file revealed the total household is \$75,920, which exceeds the applicable 80% AMI income limit of \$75,680. Finding remains uncorrected.
- **Household above the income limit** affecting unit 206: As Corrective Action, the Development was instructed to engage an auditor to complete the file review of at least twenty percent (20%) of the total number of Restricted Units, not to exceed fifty (50) total household files, and submit to the Department for Review the updated Tab-9 of the audit workbook. The Development submitted the updated Tab-9 to the Department. Upon review of the updated Tab-9, additional items of noncompliance were detected. Auditor reports the household's application indicates income is being received from employment, but file does not contain any income verification documents. Auditor reports income cannot be determined or verified as file is incomplete. Finding remains uncorrected.
- **Household above the income limit** affecting unit 103: As Corrective Action, the Development was instructed to engage an auditor to complete the file review of at least twenty percent (20%) of the total number of Restricted Units, not to exceed fifty (50) total household files, and submit to the Department for Review the updated Tab-9 of the audit workbook. The Development submitted the updated Tab-9 to the Department. Upon review of the updated Tab-9, additional items of noncompliance were detected. Auditor reports the household's application indicates income is being received from employment, but file does not contain any income verification documents. Auditor reports income cannot be determined or verified as file is incomplete. Finding remains uncorrected.
- **Household above the income limit** affecting unit 91: As Corrective Action, the Development was instructed to engage an auditor to complete the file review of at least twenty percent (20%) of the total number of Restricted Units, not to exceed fifty (50) total household files, and submit to the Department for Review the updated Tab-9 of the audit workbook. The Development submitted the updated Tab-9 to the Department. Upon review of the updated Tab-9, additional items of noncompliance were detected. Auditor reports the household's application indicates income is being received from employment, but file does not contain any income verification documents. Auditor reports income cannot be determined or verified as file is incomplete. Finding remains uncorrected.

Please note, in accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.

This Development was established prior to HB 2071, therefore the noncompliance listed above is not reportable to the County Appraiser District or the Comptroller's Office.

The next Audit report is due June 1, 2026.

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 flourish.

Christina Thompson
PFC Compliance Monitor

CC: Darren.smith@auxanodevelopment.com

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION REPORT

PFC ID: A25-101-0092
PFC User: Nitya Capital
Property Name: Lakeside Forest Apartments
Address: 1251 Wilcrest Drive, Houston TX 77042

Regulatory Agreement Date: 10/5/2023
Audit Report Received Date: 6/2/2025
Corrective Action Due Date: 8/12/2025

Audit Report Review Date: 6/11/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding: Failure to comply with §10.1104(a)				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	6/2/2025	Audit requirements under TAC §10.1104(a) require the file sample size used by the Auditor must contain at least twenty percent (20%) of the total number of Restricted Units for the Development but no more than a total of fifty (50) household files. The total number of Restricted Units for the Development is one-hundred fifty-six (156) and requires a sample size of thirty-two (32) household files. Audit report contained one (1) household file.	Engage an Auditor to complete the file review in accordance with §10.1104(a), which requires that the file sample include at least twenty percent (20%) of the total number of Restricted Units, not to exceed fifty (50) total household files. The sample must primarily consist of new move-ins and include at least a ten percent (10%) sample of households that completed a recertification. Submit to the Department for review an updated Tab-9 of the audit workbook for at least twenty-eight (28) new move-in files and at least four (4) renewal files from year 2024.	8/15/2025

ADDITIONAL FINDINGS

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
2	8/12/2025	The file was requested as part of the twenty percent sample; however the file provided to the Auditor only contained the lease contract. Auditor reports income cannot be determined or verified as tenant file is incomplete.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
56	8/12/2025	The file was requested as part of the twenty percent sample; however the file provided to the Auditor only contained the lease contract. Auditor reports income cannot be determined or verified as tenant file is incomplete.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
113	8/12/2025	The file was requested as part of the twenty percent sample; however the file provided to the Auditor only contained the lease contract. Auditor reports income cannot be determined or verified as tenant file is incomplete.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
132	8/12/2025	The file was requested as part of the twenty percent sample; however the file provided to the Auditor only contained the lease contract. Auditor reports income cannot be determined or verified as tenant file is incomplete.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
153	8/12/2025	The file was requested as part of the twenty percent sample; however the file provided to the Auditor only contained the lease contract. Auditor reports income cannot be determined or verified as tenant file is incomplete.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
163	8/12/2025	The file was requested as part of the twenty percent sample; however the file provided to the Auditor only contained the lease contract. Auditor reports income cannot be determined or verified as tenant file is incomplete.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
193	8/12/2025	The file was requested as part of the twenty percent sample; however the file provided to the Auditor only contained the lease contract. Auditor reports income cannot be determined or verified as tenant file is incomplete.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
212	8/12/2025	The file was requested as part of the twenty percent sample; however the file provided to the Auditor only contained the lease contract. Auditor reports income cannot be determined or verified as tenant file is incomplete.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
161	12/5/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$75,920, which exceeds the applicable 80% AMI income limit of \$75,680.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
39	7/1/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$72,082.14, which exceeds the applicable 60% AMI income limit of \$56,760.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
206	11/15/2024	In accordance with Section 3(c) of the Regulatory Agreement, the following items are acceptable to determine income eligibility: (1) pay stubs for the most recent four-week period; (2) income tax returns for the most recent two tax years; (3) an income verification from the applicant's current employer; (4) an income verification from the Social Security Administration; or (5) if applicant is unemployed, does not have tax returns or is otherwise unable to provide other forms of verification as required, another form of independent verification as would be satisfactory. The household reported income was being received from employment on the application but file does not contain any income verification documents. Auditor reports income cannot be determined or verified.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
103	11/22/2024	In accordance with Section 3(c) of the Regulatory Agreement, the following items are acceptable to determine income eligibility: (1) pay stubs for the most recent four-week period; (2) income tax returns for the most recent two tax years; (3) an income verification from the applicant's current employer; (4) an income verification from the Social Security Administration; or (5) if applicant is unemployed, does not have tax returns or is otherwise unable to provide other forms of verification as required, another form of independent verification as would be satisfactory. The household reported income was being received from employment on the application but file does not contain any income verification documents. Auditor reports income cannot be determined or verified.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
91	1/30/2025	In accordance with Section 3(c) of the Regulatory Agreement, the following items are acceptable to determine income eligibility: (1) pay stubs for the most recent four-week period; (2) income tax returns for the most recent two tax years; (3) an income verification from the applicant's current employer; (4) an income verification from the Social Security Administration; or (5) if applicant is unemployed, does not have tax returns or is otherwise unable to provide other forms of verification as required, another form of independent verification as would be satisfactory. The household reported income was being received from employment on the application but file does not contain any income verification documents. Auditor reports income cannot be determined or verified.	In accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.	Uncorrected