



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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June 13, 2025

Writer's direct phone # (512)475-4065

Email: shay.erickson@tdhca.texas.gov

Justin Temple
CAI Cathedral Lakes Owner, LLC
Dallas, TX
justin.temple@civitascapital.com

RE: Cathedral Lakes

Dear Justin Temple:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Public Facility Corporation (PFC) Audit Report submitted by Novogradac & Company, LLP on May 28, 2025. This review was performed as required by Section 303.042 (c) of Chapter 303, the Texas Administrative Code Chapter 10, Subchapter I, and the Regulatory Agreement/Deed Restriction for Cathedral Lakes.

Events of noncompliance have been identified and corrective action is required. The attached Findings Report details the event(s) of noncompliance and the required corrective action. This notice begins the corrective action period. Please supply all requested documentation no later than **August 12, 2025**, the last day of the corrective action period.

If clarification is needed to complete the corrective action, please contact us as soon as possible. If it is not possible to provide the requested documentation by the corrective action period, correct as much as you can and submit a corrective action plan detailing how and when the remaining issue(s) of noncompliance will be corrected.

The Department recommends submitting a cover letter explaining the documentation submitted to address each event of noncompliance. Submit corrective action to pfc.monitoring@tdhca.texas.gov.

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,

A handwritten signature in black ink, appearing to read 'Shay Erickson', with a long horizontal flourish extending to the right.

Shay Erickson
PFC Monitor

CC: stephanie.naquin@novoco.com

Audit Report
Cathedral Lakes

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

- Section 3(f) of the Regulatory Agreement requires each lease for a Low Income Unit to include a provision stating that tenant eligibility is based on the Income Certification and that material misrepresentation may result in immediate lease termination. The lease must also disclose that income will be reviewed annually. The file review found that two (2) households were missing this required provision or addendum.
- Income must be documented in accordance with Section 3(c) of the Regulatory Agreement. Acceptable sources include: (1) recent pay stubs; (2) income tax returns for the past two years; (3) employer verification; (4) Social Security verification; or (5) other independent verification if standard documentation is unavailable. The file sample revealed that two (2) households lacked acceptable documentation as required.
- Exhibit-E of the Development's Regulatory Agreement identifies and requires a specific unit mix for program units. The Audit reports that the required set-aside unit mix was not achieved for the 1-bedroom units at 60% AMI. The Development's Regulatory Agreement requires at least thirty-nine (39) income restricted 1-bedroom units at 60% AMI; however, only twenty-four (24) such units are currently designated.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION

PFC ID: A24-017-0001

PFC User: CAI Cathedral Lakes Owner, LLC

Property Name: Cathedral Lakes

Address: 698 Basilica Bay Drive Spring, Texas 77386

Regulatory Agreement Date: 6/8/2023

Audit Report Received Date: 5/28/2025

Corrective Action Due Date: 8/12/2025

Audit Report Review Date: 6/9/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding:	Household above the income limit			
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
02-2302	5/28/2025	Above 80% income limit: Income from all sources received resulted in the household's annual gross income of \$61,360, which exceeds the applicable 80% AMI income limit of \$52,960.	<p>To correct, designate unit 02-2302 as a non-program unit, as the household's income exceeds the 80% AMI limit.</p> <p>If the household's circumstances have changed, the Owner may recertify them under current income limits and submit the complete household file, including the application, income and asset verifications, executed Income Certification, and lease.</p> <p>Alternatively, lease the next available comparable or smaller unit to a household that qualifies at the 80% AMI level. The Owner may also designate a vacant non-program unit as a 80% AMI program unit. Submit documentation confirming the unit is vacant and reserved for a qualified Low-Income Household.</p>	

Finding:	Household above the income limit			
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
02-2310	5/28/2025	Above 60% income limit: Income from all sources received resulted in the household's annual gross income of \$63,616, which exceeds the applicable 60% AMI income limit of \$51,060.	<p>To correct, designate unit 02-2310 as a non-program unit, as the household's income exceeds both the 60% and 80% AMI limits.</p> <p>If the household's circumstances have changed, the Owner may recertify them under current income limits and submit the complete household file, including the application, income and asset verifications, executed Income Certification, and lease.</p> <p>Alternatively, lease the next available comparable or smaller unit to a household that qualifies at the 60% AMI limit. The Owner may also designate a vacant non-program unit as a 60% AMI program unit. Submit documentation confirming the unit is vacant and reserved for a qualified Low-Income Household.</p>	

Finding:	Gross rent exceeds the highest rent allowed under the Regulatory Agreement			
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
07-7104	5/28/2025	Above 60% income limit: Income from all sources received resulted in the household's annual gross income of \$51,580, which exceeds the applicable 60% AMI income limit of \$39,720.	<p>The household disclosed ownership of real estate; however, the Auditor found the asset was not verified or included in gross income. To correct, verify all income sources, including assets, gifts, and employment. If circumstances have changed, the Owner may recertify the household under current income limits and submit the complete file, including the application, income and asset verifications, executed Income Certification, and lease.</p> <p>If total income remains at or below 80% AMI for a 1 person household at \$52,960, designate unit 07-1404 as an 80% AMI unit and lease the next available comparable or smaller unit to a household qualified at 60% AMI.</p> <p>Alternatively, the Owner may designate a vacant non-program unit as a 60% AMI unit. Submit documentation confirming the unit is vacant and reserved, along with the full household file as outlined above.</p>	