



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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May 14, 2026

Writer's direct phone # (512) 475-4065
Email: shay.erickson@tdhca.texas.gov

PFC Operator
Bishop Arts Property Owner, LLC
Dallas, TX

wmyers@banyanres.com

RE: Banyan Flats

Dear PFC Operator:

The Texas Department of Housing and Community Affairs (Department) received documentation on September 9, 2025, addressing the noncompliance identified during the review of the Audit Report submitted by Novogradac & Company LLP on June 2, 2025. Corrective action was due on September 9, 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 Banyan Flats.

The documentation submitted was sufficient to correct the noncompliance related to **Failure to Comply with TAC §10.1103, Failure to comply with §10.1104(b)(5), Failure to comply with §10.1104(b)(1), Failure to comply with §10.1104(b)(4)** affecting unit 1301, **Failure to comply with §10.1104(d), Failure to comply with the Public Facility Corporation Regulatory Agreement, and Households above the income limit** affecting units 1301, 1339, 1401, 1444, 1446, 1522, and 1553. Please see attached Finding Report for details.

The noncompliance related to **Failure to comply with §10.1104(b)(4)** affecting units 1446 and 1556 has been dropped.

The next Audit report is due June 1, 2026.



If you have any questions, 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 Compliance Monitor

CC:wmyers@banyanres.com;leguntese.patton@bridgepm.com;chad.west@dallas.gov;eric.johnson@dallas.gov;jesse.moreno@dallas.gov;carlton.brewer@dallas.gov;district4@dallascityhall.com;jaime.resendez@dallas.gov;laura.cadena@dallas.gov;adam.bazaldua@dallas.gov;lorie.blair@dallas.gov;paula.blackmon@dallas.gov;katherine.stewart@dallas.gov;bill.roth@dallas.gov;cara.mendelsohn@dallas.gov;gay.willis@dallas.gov;paul.ridley@dallas.gov;scott.hounsel@dallas.gov;stacy.marshall@dallas.gov;ronald.stinson@dallas.gov;prime.blankenship@dallas.gov;victor.toledo@dallas.gov;jason.brown@dallas.gov;ken.montgomery@dallas.gov;mark.holmes@dallas.gov;alan.tallis@dallas.gov;kevin.winters@dallas.gov;laurel.stone@dallas.gov;keith.pomykal@dallas.gov phong.tran@novoco.com;stephanie.naquin@novoco.com

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION
Corrective Action Response

PFC ID: B25-057-0004
PFC User: Bishop Arts Property Owner, LLC,
Property Name: Banyan Flats
Address: 2022 N Beckley Ave, Dallas, TX 75208

Regulatory Agreement Date: 11/17/2023
Audit Report Received Date: 6/2/2025
Corrective Action Due Date: 9/9/2025
Corrective Action Received: 9/9/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding: Failure to Comply with TAC §10.1103				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	6/2/2025	TAC §10.1103 requires the Public Facility User to submit an Audit Report to the Department no later than June 1 of each year. The Auditor did submit a Engagement Letter and Regulatory Agreement, however to date the full Audit Report has not been submitted.	Submit for Department review a completed Audit Report prepared by an independent Auditor in accordance with TAC §10.1103.	7/9/2025

Finding: Failure to comply with §10.1104(b)(5)				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	7/9/2025	TAC §10.1104(b)(5) requires the percentage of Restricted Units by unit type to be equal to or greater than the percentage of unrestricted units of that same unit type. Audit report did not provide the unit type count for market rate units. Audit report also did not include a rent roll. Department cannot confirm if the requirement has been met.	Provide for Department review the unit type for all market rate units and submit the rent roll that corresponds with the Audit Report.	9/9/2025

Finding: Failure to comply with §10.1104(d)				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	7/9/2025	TAC §10.1104(d) requires the Audit Report to include an annual rent savings calculation for occupied Developments acquired by a PFC. Savings must equal at least 60% of the estimated ad valorem taxes that would be imposed without an exemption. The audit did not include the required rent savings calculation for the reporting period.	Provide for Department review a rent savings calculation worksheet that demonstrates total savings to tenants in Restricted Units. Include methodology, unit comparison, and estimated amount of the annual ad-valorem taxes that would be imposed on the Development without the exemption.	9/9/2025

Finding: Failure to comply with §10.1104(b)(1)				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	7/9/2025	TAC §10.1104(b)(1) Requires all Public Facility Corporations approved post June 18, 2023 a recorded Regulatory Agreement with a minimum 10-year term. The Development's recorded Regulatory Agreement does not have a minimum 10-year term, as required for per TAC §10.1104(b)(1).	Amend the current Regulatory Agreement to comply. Submit documentation that evidences the amendment process has begun for Department review.	9/9/2025

Finding: Failure to comply with §10.1104(b)(4)				
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Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1301	10/21/2024	Unit 1301 is designated as 80% AMI. The household's rent of \$2,391 exceeds the 80% AMI rent limit of \$2,382.	To correct, reduce the household's rent to \$2,382 per month. Calculate the rent overage from the time of move-in, and either refund or credit the household the overpaid rent. Submit the follow documentation for review: the rent overage calculation, an amended lease contract reflecting the new rent amount, the household's rent ledger of the new rent amount reflected and the rent credit (if applicable) or a copy of the cancelled check (if a refund is issued).	9/9/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1401	8/10/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$93,056.56, which exceeds the applicable 80% AMI income limit of \$79,440.	To correct, designate unit 1401 to a non-program unit since their income exceeds the 80% AMI limit and lease the next available unit of comparable or smaller size to a household that income qualifies at the 80% AMI limit. Owner may survey existing vacant non-program units to replace unit 1401 and reserve as a program-unit to be occupied with a household that income qualifies at 80% AMI. Submit documentation to the Department that the unit is vacant and a statement that it is reserved to be occupied by a Low-Income Household. Or if the household's circumstances have changed, the owner may certify them under current circumstances using current income limits. If verifying under current circumstances, submit a copy of the household file, application, verification of income and assets, executed Income Certification and lease agreement.	9/9/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1553	8/26/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$46,764.64, which exceeds the applicable 60% AMI income limit of \$46,320.	To correct, designate unit 1553 to an 80% AMI unit since their income exceeds the 60% AMI limit and lease the next available unit of comparable or smaller size to a household that income qualifies at the 60% AMI limit. Owner may survey existing vacant non-program units to replace unit 1553 and reserve as a program-unit to be occupied with a household that income qualifies at 60% AMI. Submit documentation to the Department that the unit is vacant and a statement that it is reserved to be occupied by a Low-Income Household. Or if the household's circumstances have changed, the owner may certify them under current circumstances using current income limits. If verifying under current circumstances, submit a copy of the household file, application, verification of income and assets, executed Income Certification and lease agreement.	9/9/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1301	10/21/2024	The household reported income was being received from employment with Kehe Distribution but this source of income was not verified. Auditor reports income cannot be determined or verified.	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 for Department review a copy of the application(s), income and asset verifications and a new Income Certification form the time of move-in. 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 asset verifications 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. Submit copies of the application(s), income and asset verifications, an executed Income Certification, lease contract and applicable lease addendums to the Department for review.	9/9/2026

Finding: Household above the income limit				
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Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1444	9/13/2024	<p>TAC §10.1105(a) requires annual income be determined using the definitions in 24 C.F.R. §5.609, as further described in the HUD Handbook 4350.3. The HUD Handbook 4350.3 also outlines the appropriate forms of income documentation and verification that must be obtained to ensure household income is accurately determined.</p> <p>The bank statements in the file show recurring deposits. The deposits were not verified or explained. Auditor reports total household income cannot be determined or verified.</p>	<p>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 for Department review a copy of the application(s), income and asset verifications and a new Income Certification form the time of move-in. 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 asset verifications 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. Submit copies of the application(s), income and asset verifications, an executed Income Certification, lease contract and applicable lease addendums to the Department for review.</p>	9/9/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1446	11/11/2024	<p>TAC §10.1105(a) requires annual income be determined using the definitions in 24 C.F.R. §5.609, as further described in the HUD Handbook 4350.3. The HUD Handbook 4350.3 also outlines the appropriate forms of income documentation and verification that must be obtained to ensure household income is accurately determined.</p> <p>The bank statements in the file show recurring deposits. The deposits were not verified or explained. Auditor reports total household income cannot be determined or verified.</p>	<p>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 for Department review a copy of the application(s), income and asset verifications and a new Income Certification form the time of move-in. 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 asset verifications 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. Submit copies of the application(s), income and asset verifications, an executed Income Certification, lease contract and applicable lease addendums to the Department for review.</p>	9/9/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1522	12/6/2024	<p>TAC §10.1105(a) requires annual income be determined using the definitions in 24 C.F.R. §5.609, as further described in the HUD Handbook 4350.3. The HUD Handbook 4350.3 also outlines the appropriate forms of income documentation and verification that must be obtained to ensure household income is accurately determined.</p> <p>The bank statements in the file show recurring deposits. The deposits were not verified or explained. Auditor reports total household income cannot be determined or verified.</p>	<p>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 for Department review a copy of the application(s), income and asset verifications and a new Income Certification form the time of move-in. 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 asset verifications 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. Submit copies of the application(s), income and asset verifications, an executed Income Certification, lease contract and applicable lease addendums to the Department for review.</p>	9/9/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date

1339	8/16/2024	<p>TAC §10.1105(a) requires annual income be determined using the definitions in 24 C.F.R. §5.609, as further described in the HUD Handbook 4350.3. The HUD Handbook 4350.3 also outlines the appropriate forms of income documentation and verification that must be obtained to ensure household income is accurately determined.</p> <p>The household file contained inconsecutive paychecks from employer Dry Bar. Auditor reports income cannot be determined or verified.</p>	<p>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 for Department review a copy of the application(s), income and asset verifications and a new Income Certification form the time of move-in. 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 asset verifications 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. Submit copies of the application(s), income and asset verifications, an executed Income Certification, lease contract and applicable lease addendums to the Department for review.</p>	9/9/2025
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Finding: Failure to comply with the Public Facility Corporation Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	7/9/2025	<p>Section 3(f) of the Development's Regulatory Agreement states, each lease or rental agreement pertaining to a Low-Income Unit shall contain a provision to the effect that the Development has relied on the Income Certification and supporting information supplied by the Low Income Household in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) may be cause for immediate termination of such lease or rental agreement. Each lease or rental agreement shall also disclose that the tenant's income is subject to annual certification.</p>	<p>Submit to the Department for review an owner's statement of compliance with the Regulatory Agreement moving forward, along with a blank template of the Lease or Lease Addenda that includes the required language.</p>	9/9/2025