



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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October 31, 2025

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REEP-AO South Main Owner, LLC., Texas  
Austin, Texas  
[taryn.merrill@greystar.com](mailto:taryn.merrill@greystar.com)

RE: Prose South Main

Dear REEP-AO South Main Owner, LLC:

The Texas Department of Housing and Community Affairs (Department) received documentation on August 27, 2025 addressing the noncompliance identified during the review of the Audit Report submitted by Stephanie Naquin on June 2, 2025. Corrective action was due on September 9, 2025.

The documentation submitted was sufficient to correct the noncompliance related to **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting the required set aside for the entire property, and **Household above the income limit** affecting units 4203, 14305, 12302 and 2202. Please see attached Finding Report for details.

The noncompliance related to **Gross rent exceeds the highest rent allowed under the Regulatory Agreement** affecting units 13103 and 1202 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.

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](mailto:christina.thompson@tdhca.texas.gov).

Sincerely,

A handwritten signature in black ink, appearing to be "CT" or "Christina".

Christina Thompson  
PFC Compliance Monitor

Cc: [stephanie.naquin@novoco.com](mailto:stephanie.naquin@novoco.com)



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION REPORT

PFC ID: A24-101--0079  
PFC User: REEP-AO South Main Owner, LLC.  
Property Name: Prose South Main  
Address: 1211 S. Main St., Houston, TX, 77035

Regulatory Agreement Date: 12/16/2022  
Audit Report Received Date: 6/2/2025  
Corrective Action Due Date: 9/9/2025

Audit Report Review Date: 7/3/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding:	Failure to comply with the Public Facility Corporation Regulatory Agreement - Set Aside			
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property-Wide	6/2/2025	The Development is not in compliance with Exhibit E of the Regulatory Agreement, which requires sixty-seven (67) two-bedroom units. Currently, only fifty-eight (58) are designated. To achieve compliance, the Development must designate nine (9) additional two-bedroom units for households at or below 80% AMI, in accordance with the required unit mix in the Regulatory Agreement.	As two-bedroom units become available, reserve or lease these units to households' at or below 80% AMI until the occupancy and unit mix 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 below 80% AMI. Submit copies of a current rent roll showing least eight 67 two-bedroom units are reserved or occupied by households at of below 80% AMI.	8/27/2025

Finding:	Household above the income limit			
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
4203	10/25/2024	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.  Department unable to establish eligibility. The tenant file for unit 4203 does not contain any acceptable forms of income verification documentation. The Auditor reported the income could not be 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.	8/27/2025

Finding:	Household above the income limit			
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
14305	12/7/2024	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) conduct a consumer credit search; (4) obtain an income verification from the applicant's current employer; (5) obtain an income verification from the Social Security Administration; or (6) if the applicant is unemployed, does not have income tax returns or is otherwise unable to provide other forms of verification as required above, obtain another form of independent verification.  The household reported income was being received from employment with Cencora. 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.	8/27/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
12302	12/17/2024	<p>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) conduct a consumer credit search; (4) obtain an income verification from the applicant's current employer; (5) obtain an income verification from the Social Security Administration; or (6) if the applicant is unemployed, does not have income tax returns or is otherwise unable to provide other forms of verification as required above, obtain another form of independent verification.</p> <p>Department unable to establish eligibility. The tenant file for unit 12302 does not contain pay stubs from the most current four-week-period. Paystubs used in the calculation are from three nonconsecutive paychecks. Auditor reports income could not be determined or verified.</p>	<p>To correct, 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>	8/27/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
2202	12/30/2024	<p>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.</p> <p>Department unable to establish eligibility. The tenant file for unit 2202 does not contain any acceptable forms of income verification documentation. The Auditor reported the income could not be verified.</p>	<p>To correct, 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>	8/27/2025