



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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January 16, 2025

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

L+M Fund Management LLC
New York, New York
jweishaar@lmfm.com

RE: Ridgecrest Apartments

Dear L+M Fund Management LLC:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Public Facility Corporation (PFC) Audit Report submitted by Celine M. Williams Services on December 13, 2024. 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 Ridgecrest Apartments.

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 **March 17, 2025**, the last day of the corrective action period.

If clarification is necessary to complete the corrective action, 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 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: celine.williams2122@gmail.com

Audit Report
Ridgecrest Apartments

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

- Annual Income Certifications as described in Section 3(c) of the Development's Regulatory Agreement, must be obtained on the anniversary of such Low Income Household's occupancy of the unit, and in no event less than once in every 12-month period following each Low Income Household's occupancy of a unit.
- Development is required to obtain, complete and maintain on file Income Certifications from each Low Income Household, including (i) the Income Certification provided as Exhibit D, attached hereto and incorporated herein, dated prior to the initial occupancy of such Low Income Household in the Project that occupied the unit.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION
PFC PROGRAM

PFC User: L+M Fund Management LLC
Property Name: Ridgecrest Apartments
Address: 1300 Dallas Drive, Denton, TX 76205
RA Date: June 16, 2022

Audit Report Date: 12/13/2024
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	Correction Date:
Noncompliance Date	12/13/2024	
Reason	The Development's Regulatory Agreement requires a specific Designation of Low-Income Units detailed in Exhibit E. No less than 21 units must be designated at 50% AMI. The twenty-one (21) units are designated as follows per Exhibit E of the Development's Regulatory Agreement, nine (9) one-bedroom units and twelve (12) two-bedroom units.	
	The audit report submitted to the Department did not indicate on Tab 8 if this Regulatory Agreement unit mix requirement has been met.	
Corrective Action	Survey the existing 50% AMI units at the Development and submit for Department review the number of units for each bedroom unit type. If the minimum requirement is not met, owner may also survey existing market rate households and certify them if their income is at or below 50% 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 the Public Facility Corporation Regulatory Agreement	Correction Date:
Noncompliance Date	12/13/2024	
Reason	The Development's Regulatory Agreement requires a specific Designation of Low-Income Units detailed in Exhibit E. No less than 21 units must be designated at 60% AMI. The twenty-one (21) units are designated as follows per Exhibit E of the Development's Regulatory Agreement, nine (9) one-bedroom units and twelve (12) two-bedroom units.	
	The audit report submitted to the Department did not indicate on Tab 8 if this Regulatory Agreement unit mix requirement has been met.	
Corrective Action	Survey the existing 60% AMI units at the Development and submit for Department review the number of units for each bedroom unit type. If the minimum requirement is not met, owner may also survey existing market rate households and certify them if their income is at or below 60% 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.	

<p>Finding Noncompliance Date Reason</p>	<p>Failure to comply with the Public Facility Corporation Regulatory Agreement 12/13/2024 The Development's Regulatory Agreement requires a specific Designation of Low-Income Units detailed in Exhibit E. No less than 167 units must be restricted at 80% AMI and designated as follows per Exhibit E of the Development's Regulatory Agreement, seventy-four (74) one-bedroom units and ninety-three (93) two-bedroom units.</p> <p>The audit report submitted to the Department did not indicate on Tab 8 if this Regulatory Agreement unit mix requirement has been met.</p>	<p>Correction Date:</p>
<p>Corrective Action</p>	<p>Survey the existing 80% AMI units at the Development and submit for Department review the number of units for each bedroom unit type. If the minimum requirement is not met, owner may also survey existing market rate households and certify them if their income is at or below 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.</p>	
Unit # 1-1611		
<p>Finding Noncompliance Date Reason</p>	<p>Failure to comply with the Public Facility Corporation Regulatory Agreement: 8/17/2022 In accordance with the Regulatory Agreement, Section 3(c), annual Income Certification with verification of income must be obtained by the household's anniversary date (occupancy date of the unit) and no less than once in a 12-month period. Unit number 1-1611 moved in 8/17/2021 and a new Income Certification with verifications has not been completed as required.</p>	<p>Correction Date:</p>
<p>Corrective Action</p>	<p>To correct, complete annual Income Certification with verifications and submit to the Department for review. Submit the following documentation for review: application, verification of income/assets, executed Income Certification form and lease renewal contract.</p>	
<p>Finding Noncompliance Date Reason</p>	<p>Failure to comply with §10.1104(a) 12/13/2024 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.</p> <p>The sample size submitted to the Department did not contain at least ten percent (10%) sample of recertified household files.</p>	<p>Correction Date:</p>
<p>Corrective Action</p>	<p>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.</p>	
<p>Finding Noncompliance Date</p>	<p>Failure to comply with the Public Facility Corporation Regulatory Agreement 8/17/2021</p>	<p>Correction Date:</p>

Reason	Section 2(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.	
Corrective Action	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.	
Unit # 1-0718		
Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	
Noncompliance Date	6/7/2024	Correction Date:
Reason	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 above, another form of independent verification as would be satisfactory.	
Corrective Action	Department is unable to establish eligibility. The tenant file for unit 1-0718 does not contain any acceptable forms of income verification documentation. To correct, submit for Department review the income from the time of initial occupancy, and an updated Income Certification, if needed. If unable to verify income from the time of initial occupancy, the household may be certified under current circumstances using current income limits. If verifying under current circumstances, please provide the following for Department review: application, verification of income/assets, and executed Income Certification. If the household remains ineligible, when the unit becomes available lease to a qualified household and submit the following for Department review: application, verification of income/assets and, executed Income Certification and the lease contract.	
Unit # 1-0725		
Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	
Noncompliance Date	7/18/2024	Correction Date:
Reason	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 above, another form of independent verification as would be satisfactory.	
Corrective Action	Department is unable to establish eligibility. The tenant file for unit 1-0725 does not contain consecutive paystubs. To correct, submit for Department review the income from the time of initial occupancy, and an updated Income Certification, if needed. If unable to verify income from the time of initial occupancy, the household may be certified under current circumstances using current income limits. If verifying under current circumstances, please provide the following for Department review: application, verification of income/assets, and executed Income Certification. If the household remains ineligible, when the unit becomes available lease to a qualified household and submit the following for Department review: application, verification of income/assets and, executed Income Certification and the lease contract.	
Unit # 1-1111		
Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	
Noncompliance Date	7/11/2022	Correction Date:

Reason 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 above, another form of independent verification as would be satisfactory.

Department is unable to establish eligibility. Auditor stated the tenant file for unit 1-1111 does not contain complete income/pay information to determine Gross Income.

Corrective Action To correct, submit for Department review the income from the time of initial occupancy, and an updated Income Certification, if needed. If unable to verify income from the time of initial occupancy, the household may be certified under current circumstances using current income limits. If verifying under current circumstances, please provide the following for Department review: application, verification of income/assets, and executed Income Certification. If the household remains ineligible, when the unit becomes available lease to a qualified household and submit the following for Department review: application, verification of income/assets and, executed Income Certification and the lease contract.

Unit # 1-1621

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement

Noncompliance Date 2/25/2024

Correction Date:

Reason 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 above, another form of independent verification as would be satisfactory.

Department is unable to establish eligibility. The tenant file for unit 1-1621 does not contain any acceptable forms of income verification documentation.

Corrective Action To correct, submit for Department review the income from the time of initial occupancy, and an updated Income Certification, if needed. If unable to verify income from the time of initial occupancy, the household may be certified under current circumstances using current income limits. If verifying under current circumstances, please provide the following for Department review: application, verification of income/assets, and executed Income Certification. If the household remains ineligible, when the unit becomes available lease to a qualified household and submit the following for Department review: application, verification of income/assets and, executed Income Certification and the lease contract.

Unit # 2-1311

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement

Noncompliance Date 3/26/2024

Correction Date:

Reason 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 above, another form of independent verification as would be satisfactory.

Department is unable to establish eligibility. The tenant file for unit 2-1311 does not contain any acceptable forms of income verification documentation.

Corrective Action To correct, submit for Department review the income from the time of initial occupancy, and an updated Income Certification, if needed. If unable to verify income from the time of initial occupancy, the household may be certified under current circumstances using current income limits. If verifying under current circumstances, please provide the following for Department review: application, verification of income/assets, and executed Income Certification. If the household remains ineligible, when the unit becomes available lease to a qualified household and submit the following for Department review: application, verification of income/assets and, executed Income Certification and the lease contract.

Unit # 2-1924

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement

Noncompliance Date 10/30/2023

Correction Date:

Reason 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 above, another form of independent verification as would be satisfactory.

Department is unable to establish eligibility. The tenant file for unit 2-1924 does not contain any acceptable forms of income verification documentation.

Corrective Action To correct, submit for Department review the income from the time of initial occupancy, and an updated Income Certification, if needed. If unable to verify income from the time of initial occupancy, the household may be certified under current circumstances using current income limits. If verifying under current circumstances, please provide the following for Department review: application, verification of income/assets, and executed Income Certification. If the household remains ineligible, when the unit becomes available lease to a qualified household and submit the following for Department review: application, verification of income/assets and, executed Income Certification and the lease contract.

Unit # 2-2123

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement

Noncompliance Date 6/28/2024

Correction Date:

Reason 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 above, another form of independent verification as would be satisfactory.

Department is unable to establish eligibility. The tenant file for unit 2-2123 does not contain any acceptable forms of income verification documentation.

Corrective Action To correct, submit for Department review the income from the time of initial occupancy, and an updated Income Certification, if needed. If unable to verify income from the time of initial occupancy, the household may be certified under current circumstances using current income limits. If verifying under current circumstances, please provide the following for Department review: application, verification of income/assets, and executed Income Certification. If the household remains ineligible, when the unit becomes available lease to a qualified household and submit the following for Department review: application, verification of income/assets and, executed Income Certification and the lease contract.

Unit # 1-0728

Finding Household above the income limit upon initial occupancy

Noncompliance Date 3/9/2023

Correction Date:

Reason Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$73,168.22 which exceeds the applicable 60% AMI income limit of \$52,920.

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.

Unit # 1-1024

Finding Household above the income limit upon initial occupancy
 Noncompliance Date 12/18/2023 Correction Date:
 Reason Income documentation showed household received bonus income. The inclusion of the additional income resulted in the household's annual gross income of \$82,673.20 which exceeds the applicable 80% limit of \$70,560.

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.

Unit # 2-1111

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement
 Noncompliance Date 3/4/2024 Correction Date:
 Reason 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 2-1111 does not contain any acceptable forms of income verification documentation. The Auditor reported the income could not be verified.

Corrective Action To correct, submit for Department review the income from the time of initial occupancy, and an updated Income Certification, if needed. If unable to verify income from the time of initial occupancy, the household may be certified under current circumstances using current income limits. If verifying under current circumstances, please provide the following for Department review: application, verification of income/assets, and executed Income Certification. If the household remains ineligible, when the unit becomes available lease to a qualified household and submit the following for Department review: application, verification of income/assets and, executed Income Certification and the lease contract.

Unit # 2-2322

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement
 Noncompliance Date 12/28/2023 Correction Date:

Reason	<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 2-2322 does not contain any acceptable forms of income verification documentation.</p>
Corrective Action	<p>To correct, submit for Department review the income from the time of initial occupancy, and an updated Income Certification, if needed. If unable to verify income from the time of initial occupancy, the household may be certified under current circumstances using current income limits. If verifying under current circumstances, please provide the following for Department review: application, verification of income/assets, and executed Income Certification. If the household remains ineligible, when the unit becomes available lease to a qualified household and submit the following for Department review: application, verification of income/assets and, executed Income Certification and the lease contract.</p>