

ENFORCEMENT ACTION AGAINST § BEFORE THE
PK CHERRYWOOD APARTMENTS LP, AND PK § TEXAS DEPARTMENT OF HOUSING
§
SOUTHWOOD APARTMENTS, LP, WITH § AND COMMUNITY AFFAIRS
§
RESPECT TO CHERRYWOOD APARTMENTS §
§
(HOME 1001216 / HTC EXCHANGE §
1509009999 / CMTS 4617) AND §
§
SOUTHWOOD APARTMENTS §
§
(HOME 1001505 / HTC 11084 / CMTS 4786) §

AGREED FINAL ORDER

General Remarks and official action taken:

On this 5th day of February, 2026, the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or Department) considered the matter of whether enforcement action should be taken against **PK CHERRYWOOD APARTMENTS LP**, a Texas limited partnership (Cherrywood Owner), and **PK SOUTHWOOD APARTMENTS, LP**, a Texas limited partnership (Southwood Owner) (to be collectively known as Respondents).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act ("APA"), Tex. Gov't Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondents agree to resolve this matter by this Agreed Final Order. The Respondents agree to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondents acknowledge the existence of their right to request a hearing as provided by Tex. Gov't Code §2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov't Code §2306.047. Pursuant to this compromise and settlement, the Respondents waive those rights and acknowledge the jurisdiction of the Board over Respondents.

FINDINGS OF FACT (FOF)

Jurisdiction:

1. During 2009 and 2010, Cherrywood Owner received HOME funds and an allocation of Low Income Housing Tax Credits, of which the tax credits were returned in exchange for a cash grant under the Texas Tax Credit Exchange Program, to acquire and rehabilitate Cherrywood Apartments (Cherrywood) (HOME 1001216 / HTC Exchange 1509009999 / CMTS 4617).
2. During 2010 and 2011, Southwood Owner received HOME funds and an allocation of Low Income Housing Tax Credits to acquire and rehabilitate Southwood Apartments (Southwood) (HOME 1001505 / HTC 11084 / CMTS 4786).
3. Respondents signed the following land use restriction agreements (LURAs):
 - a. The Cherrywood HOME LURA: Land Use Restriction Agreement (Multifamily Properties) effective September 30, 2010, and filed of record on October 4, 2010, at Document Number 2010031215 of the Official Records of Real Property of McLennan County, Texas (the McLennan Records).
 - b. The Cherrywood HTC Exchange LURA: Housing Tax Credit Program Declaration of Land Use Restrictive Covenants with Use of Tax Credit Exchange Program Funds dated as of September 30, 2010, and filed of record on October 5, 2010, at Document Number 2010031225 of the McLennan Records, as amended by a First Amendment to Declaration of Land Use Restrictive Covenants / Land Use Restriction Agreement for Low Income Housing Tax Credits With Use of Tax Exchange Program Funds, effective on September 30, 2010, and filed of record on January 12, 2012, at Document Number 2012001110 of the McLennan Records.
 - c. The Southwood HOME LURA: Land Use Restriction Agreement (Multifamily Properties) effective June 28, 2012, and filed of record on July 2, 2012, at Volume 2012, Page 14038 of the Official Records of Real Property of San Jacinto County, Texas (the San Jacinto Records).
 - d. The Southwood HTC LURA: Declaration of Land Use Restrictive Covenants Land Use Restriction Agreement for Low Income Housing Tax Credits dated as of September 6, 2013, and filed of record on October 31, 2013, at Volume 2013, Page 26557 of the San Jacinto Records.
4. Respondents are subject to the regulatory authority of TDHCA.

Compliance Violations¹:

5. A National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection was conducted at Cherrywood on April 23, 2025. The inspection report at Exhibit 1 showed multiple property condition violations, a violation of 10 TAC §10.621 (Property Condition Standards). The Department issued a notification of noncompliance setting a corrective action deadline of August 20, 2025, but Respondent failed to submit complete corrections, and the TDHCA Compliance Division referred the noncompliance for an administrative penalty. Corrective documentation was submitted to the Department on September 29, 2025, after referral to the Enforcement Committee.
6. An onsite file monitoring review was conducted at Southwood on April 17, 2025, to determine whether Respondent complied with LURA requirements to lease units to low-income households, maintain records demonstrating eligibility, and comply with additional file monitoring requirements under the LURA. The monitoring review found a violation of the LURA and TDHCA rules. Notifications of noncompliance were sent, and an extended corrective action deadline was set for September 18, 2025, however, the following violation was not resolved before the corrective action deadline:
 - a. Respondent failed to market to veterans, a violation of Appendix A of the Cherrywood HTC LURA, which requires affirmative marketing to veterans through direct marketing or contracts with veterans organizations. Acceptable evidence of veterans marketing conducted on June 25, 2025, was submitted to the Department on October 17, 2025, after intervention by the Enforcement Committee.
7. All violations listed above are considered resolved at the time of this Order.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC Chapter 2.
2. Respondents are a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC Chapter 10 refers to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

4. Pursuant to Tex. Gov't Code Chapter 2306, Subchapter DD and Tex. Gov't Code §2306.185, TDHCA is authorized to make Housing Tax Credit Allocations for the State of Texas and is required to monitor to ensure compliance.

5. Pursuant to 10 TAC §10.621(a), TDHCA has adopted HUD's NSPIRE as the standard for its physical inspections.

6. Respondent violated 10 TAC § 10.621 in 2025 and I.R.C. §42, as amended, by failing to comply with NSPIRE requirements when major violations were discovered and not timely corrected.

7. Respondents violated Appendix A of the Southwood HTC LURA in 2025, by failing to provide evidence of affirmative marketing to veterans.

8. Because Respondents are a housing sponsor with respect to the properties, and have violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and Tex. Gov't Code §2306.267.

9. Because Respondents are housing sponsors, TDHCA may order Respondents to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondents and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.

10. Because Respondents have violated rules promulgated pursuant to Tex. Gov't Code §2306.053 and has violated agreements with the Agency to which Respondents are a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.

11. An administrative penalty of \$6,500.00 is an appropriate penalty in accordance with 10 TAC Chapter 2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Governing Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondents are assessed a collective administrative penalty in the amount of \$6,500.00

IT IS FURTHER ORDERED that Respondents shall pay and are hereby directed to pay the \$6,500.00 administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before March 9, 2026, to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that Respondents shall follow the requirements of [10 TAC §10.406](#), and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on February 5, 2026.

By: _____
Name: Leo Vasquez
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 5th day of February, 2026, personally appeared Leo Vasquez, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 5th day of February, 20256, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF _____ §

BEFORE ME, _____ (*notary name*), a notary public in and for the State of _____, on this day personally appeared Ronald Potterpin (*person signing document*), known to me or proven to me through *circle one: personally known / driver's license / passport* to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is Ronald Potterpin, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I am the authorized representative of Respondents, PK Cherrywood Apartments LP and PK Southwood Apartments, LP, which are each subject to Land Use Restriction Agreements monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondents to execute this document on behalf of each owning entity.
3. The Taxpayer ID for PK Cherrywood Apartments LP, is _____.
4. The Taxpayer ID for PK Southwood Apartments, LP is _____.
5. The mailing address for Respondents is _____
_____.
6. Respondents knowingly and voluntarily enter into this Agreed Final Order, and agree with and consent to the issuance and service of the foregoing Agreed Order by the Governing Board of the Texas Department of Housing and Community Affairs."

RESPONDENTS:

PK CHERRYWOOD APARTMENTS LP, a Texas limited partnership

MEGAN & ASSOCIATES V, LLC, a Texas limited liability company, its general partner

PK COMPANIES, LLC, a Michigan limited liability company, its sole member

PK FAMILY, LLC, a Michigan limited liability company, its sole member

By: _____

Name: Ronald Potterpin

Title: Managing Member

Given under my hand and seal of office this _____ day of _____, 2026.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

RESPONDENTS:

PK SOUTHWOOD APARTMENTS, LP, a Texas limited partnership

MEGAN & ASSOCIATES XIV, LLC, a Texas limited liability company, its general partner

PK COMPANIES, LLC, a Michigan limited liability company, its sole member

PK FAMILY, LLC, a Michigan limited liability company, its sole member

By: _____

Name: Ronald Potterpin

Title: Managing Member

Given under my hand and seal of office this _____ day of _____, 2026.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

Exhibit 1

List of NSPIRE Noncompliance at Cherrywood, including correction details provided by Respondent

Cherrywood NSPIRE Inspection 4/23/20205

Area	Bldg	Apt	Location	Item	Standard	Result	Notes	Sev.	Date Complete:	Completed By: (Full Name)
Unit	1	A02	Alternate Location - See Notes for Details	Cabinets/Vanity	Storage component is damaged, inoperable, or missing	50%+ of medicine cabinet components are missing/damaged/inoperable in a bathroom or laundry	bathroom	Mod	5/26/2025	Larry Perryman
Unit	1	A02	Main Entry	Door Hardware - Entry (non-fire)	Entry door cannot be secured	Entry door cannot be secured/locked		Severe	4/24/2025	Larry Perryman
Unit	2	A14	Bathroom 1	Call-for-Aid System	System does not function properly	Call-for-aid system does not emit sound or light		LT	4/24/2025	Larry Perryman
Unit	2	A14	Bedroom 1	Call-for-Aid System	System does not function properly	Call-for-aid system does not emit sound or light		LT	4/23/2025	Larry Perryman
Unit	3	A23	Bathroom 1	Call-for-Aid System	System is blocked, or pull cord is higher than 6 inches off the floor	Pull cord end is higher than 6in. from the floor		LT		04/23/2025-Larry Perryman
Unit	3	A23	Bedroom 1	Call-for-Aid System	System is blocked, or pull cord is higher than 6 inches off the floor	Pull cord end is higher than 6in. from the floor		LT	4/23/2025	Larry Perryman
Unit	4	B03	Bathroom 1	Sink	Sink component is damaged or missing and the sink is functionally adequate	Sink stopper damaged, inoperable, or missing with evidence of prior installation		Low	5/23/2025	Larry Perryman
Unit	5	B05	Bathroom 1	Sink	Sink component is damaged or missing and the sink is functionally adequate	Sink component is damaged or missing but does not impact functionality		Low	5/23/2025	Larry Perryman
Unit	5	B05	Bedroom 1	Call-for-Aid System	System is blocked, or pull cord is higher than 6 inches off the floor	Pull cord end is higher than 6in. from the floor		LT	4/24/2025	Larry Perryman
Unit	5	B09	Bedroom 1	Call-for-Aid System	System does not function properly	Pull cord is coiled or tied up/off		LT	4/24/2025	Larry Perryman
Unit	6	B12	Kitchen	Kitchen Sink	Sink or sink component is damaged or missing and the sink is not functionally adequate	Sink component is damaged or missing impacting functionality		Mod	5/26/2025	Larry Perryman
Unit	6	B12	Kitchen	Plumbing & Water Leaks	Plumbing leak	Plumbing Leaks		Mod	5/26/2025	Larry Perryman
Unit	6	B17	Bedroom 1	Call-for-Aid System	System is blocked, or pull cord is higher than 6 inches off the floor	Call-for-aid pull cord is blocked		LT	4/24/2025	Larry Perryman
Equipped Business Center: (Common Area)										