



December 1, 2025

Cody Campbell
Director of Multifamily Programs
PO Box 13941
Austin, TX 78701-3941
Cody.campbell@tdhca.state.tx.us

RE: Request for 4-Month Extension under Force Majeure — #22257/#23830 The Reserves at Magnolia

Dear Mr. Campbell,

Overland Property Group respectfully requests a four-month extension of the placed-in-service deadline for #22257/#23830 The Reserves at Magnolia (current placed-in-service deadline December 31, 2025) to April 30, 2026. This request is made under the Department's force majeure provisions (10 TAC §11.6(5)) and is supported by circumstances that remain outside the Developer's control and that continue to materially impede project progress and the ability to obtain a timely temporary certificate of occupancy (TCO). Please consider this letter as a formal request to amend the Carryover Allocation Agreement or otherwise grant the relief necessary to effectuate the requested four-month extension. For background on the Department's force majeure standards, please see the Department's discussion of 10 TAC §11.6(5).

Basis for request

1. Continued municipal process and inspection delays outside the Developer's control.

After receiving the City of Denton's permit-ready confirmation, the City delayed issuance of the actual building permit for an extended period and required a drawn-out development agreement and multiple rounds of contract revisions before finally moving to issue permits. The City's Permit Ready Letter (March 20, 2024) confirms the City approved plans but made issuance contingent on completion of a pre-construction meeting, execution of development contracts, payment of all fees, and contractor validation. These additional requirements were not made known to the developer prior to delivering the permit ready letter. These administrative requirements from the City were then handled in an inconsistent and prolonged manner. A copy of the City's Permit Ready Letter is enclosed.

2. OPG closed on financing with the lender and investor on 6/11/24, and had our teams ready to mobilize at that time as we still thought we would be receiving the final building permit approval by that time.
3. Repeated, protracted development-agreement revisions and inspection scheduling problems

The City subjected the project to a long, convoluted development agreement process with frequent revisions, which slowed the City's eventual finalization of the agreement and the building permit issuance. During early site work the City required tree protection fencing but did not timely inspect the installation; after waiting for a City inspection the City then required the fencing to be replaced and re-inspected due to their initial failure to inspect the tree protection fencing when it was ready to be inspected. This lapse in follow through by the City caused unnecessary costs and schedule delay that were avoidable had inspections and review timing been prompt and reliable.

4. Material and fee shocks that materially impacted closing and the construction schedule.

After nearly two years of repeated requests for the City's fee schedule and final permit fee invoice, the City provided a substantial invoice very late in the closing process (approximately \$600,000), requiring last-minute budget revisions and delaying the original anticipated closing date and intended project mobilization. Receiving these fees so close to closing materially affected our ability for a timely closing, as we worked to remedy the last minute hit to the budget that had otherwise been solidified.

5. Investor and lender concerns

Our debt and equity partners are requiring additional time and protections in light of the City's historically murky and convoluted inspection and approval process; the investor has requested OPG request an extension because they are concerned the project cannot be guaranteed to meet the current placed-in-service date if municipal inspection or TCO issuance is further delayed. That said, OPG's team of architects, engineers, and contractors would feel confident in construction completion by the placed in service deadline, if not for the longstanding issues with the City's process.

Why these circumstances meet TDHCA's force majeure standard

Per 10 TAC §11.6(5), force majeure includes "sudden and unforeseen circumstances outside the control of the Development Owner," and explicitly contemplates supplier failures and materials or labor shortages, as well as changes in rules or processes. The combination of (1) the City's prolonged and unpredictable review, permitting and inspection process (including extensive development agreement revisions and delayed inspections), (2) a late, substantial permit fee/invoice that materially impacted closing, and (3) the delays that created cascading schedule risks, are all circumstances outside OPG's control that have and continue to materially impede construction activity and the project's ability to secure a timely TCO. These facts are squarely within the types of circumstances contemplated by the Department's rule.

Overland Property Group has a strong record in Texas of securing financing, obtaining permits, and completing developments on time. This request reflects an unusual delay caused by municipal and market conditions, and is not a pattern of developer underperformance.

What we are requesting

Because our team is working diligently to complete construction and believes the physical work can be completed in that period, our request is narrowly tailored and focused on the remaining municipal review, inspection, and TCO risk that is outside our control. We therefore respectfully request that the

Department grant a four-month extension of the placed-in-service deadline from December 31, 2025 to April 30, 2026. This limited extension will allow for a buffer to accommodate any unforeseen prolonged or delayed reviews and inspections by the City and will protect the development and its partners from an outcome caused by municipal process delays rather than developer performance.

Supporting materials

To support this request we have attached the following documentation for the Department's review:

- Our original force majeure submission for this award year (for reference).
- City of Denton Permit Ready Letter – March 20, 2024
- City of Denton permit record showing Approved Date and permit fee schedule/fee summary (which does not include fees paid during the application and planning process) – August 23, 2024

OPG remains fully committed to completing The Reserves at Magnolia as expeditiously as possible. We are requesting this modest, four-month extension solely to protect the placed-in-service deadline from the demonstrable and ongoing municipal uncertainties described above. We appreciate the Department's prior consideration of force majeure relief for this development and respectfully request your approval of this additional four-month protection to ensure the project is not placed at risk through no fault of Overland Property Group.

Please reach out with any requests for information or questions not addressed in this letter or its attachments.

Best,



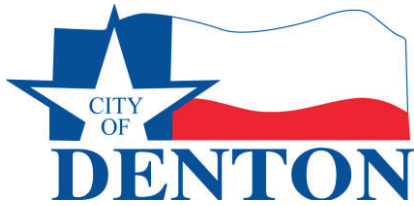
April Engstrom | Director of Development

Overland Property Group

5345 W. 151st Terrace, Leawood, Kansas 66224

C: 785.212.0810

aengstrom@overlandpg.com | www.overlandpg.com



Building Safety Division

401 N. Elm St. Denton, Texas 76201 940.349.8600

Date: March 20, 2024

To: Reserves at Magnolia

From: Amber Rodgers, Assistant Building Official

Subject: Permit Ready Letter

Good morning,

Please accept this letter as confirmation of permit approval. The plans have been reviewed for compliance by the City of Denton and are approved. In order to obtain the approved building permit, the following must be completed: Pre-Construction meeting must be held, development contracts must be submitted and executed and concurrent work approved, all fees must be paid, and all contractors must be validated and registered.

Please let me know if you have further questions.

Amber Rodgers
Assistant Building Official
City of Denton

INVOICE

From: Development Services
401 N. Elm Street
Denton, TX 76201

City of Denton Development Services
"One-Stop-Shop"
One Place Serving Denton's Development Needs



To: April Engstrom

Date: 3/4/2024

Company: Overland Property Group

Email: aengstrom@overlandpg.com

Office PH: (785)-212-0810

Cell PH: 0

Project Name: The Reserves at Magnolia


Project No.(PCM): PCM23-0036

Permit No(s): 2402-0529, 2305-0880

Permit/Project Number	Fee Description	Fee Amount
Building Permit		
Permit No. 2305-0880	Roadway Impact Fees	\$ 69,329.56
	Building Permit	\$ 36,298.75
	Certificate of Occupancy	\$ 75.00
	Park Development Fee	\$ 104,460.00
	Parking Lot Permit	\$ 538.00
	Plan Review	\$ 18,149.38
	Temporary Power Pole	\$ 48.00
	Temporary Utilities	\$ 96.00
Subtotal		\$228,994.69
Utility Permit		
Permit No. 2402-0529	Water Tap Fees (1-2" tap, 1-4" tap, 1-8" tap)	\$ 6,600.00
	Water Meter Fees (4" domestic and 1.5" irr.)	\$ 670.00
	Water Impact Fees	\$ 121,774.28
	Sewer Impact Fee	\$ 137,329.92
	Sewer Tap Fees (X-X" tap, X-X" tap)	\$ -
Subtotal		\$266,374.20
Pre-Construction		
Project No. PCM23-0036		
	County Filing Fee - HHA	\$ -
Subtotal		\$0.00
Miscellaneous		
Project No. FR23-0012	County Filing Fee - Final Plat	\$ -
Project No.	Other	\$ -
Subtotal		\$0.00
TOTAL		\$495,368.89

**** Please pay this fee through our Customer Service Portal****

Project No.	CEP23-0021	Unpaid Civil Engineering Review Fees	\$ 6,825.00
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PERMIT NO: 2305-0880		ON-LINE PERMIT	
CITY OF DENTON 401 N. Elm St., Texas 76201	PERMIT TYPE APARTMENT	APPLIED DATE 5/22/2023	
SCHEDULE INSPECTIONS ONLINE https://www.cityofdenton.com/	PERMIT SUB-TYPE MULTI FAMILY	APPROVED DATE 8/23/2024	
	JOB VALUE 10586456.1	ISSUED DATE	
	APN 34090		
	DESCRIPTION THE RESERVES AT MAGNOLIA building (1), 4 stories, 60 units		
PERMIT INFORMATION		FEE SUMMARY	
SITE 1020 WILLOWWOOD ST DENTON, TX 76205	BUILDING PERMIT \$36,298.75 CERTIFICATE OF OCCUPANCY \$75.00 PARKING LOT PERMIT 51-100 SPACES \$538.00 PLAN REVIEW \$18,149.38 ROADWAY IMPACT FEE AREA B \$69,329.56 TEMPORARY GAS/ELECTRIC \$96.00 TEMPORARY POWER POLE \$48.00 PARK DEVELOPMENT FEE \$104,460.00 Total Fees Charged: \$228,994.69		
APPLICANT Maggie Gillam 730 N. 9th Street Salina KS 67401			
OWNER RPS VENTURES INC 2416 VERSAILLES DR ROCKWALL TX 750320000			
CONTRACTOR Larry Snyder and Company 4820 N Towne Centre Ozark MO 65721			
<p style="color: red; margin: 0;">This form does NOT constitute a valid permit unless approved by the City of Denton and an issued date is shown above.</p> <p style="margin: 0;">NOTE: This job copy of this permit shall be kept on the job site to make the required entries thereon. The permit will expire if work is not started in 180 days, is abandoned, or does not receive an inspection for more than 180 days. Additional fees will be collected to renew expired permits. This is a Building Permit when properly filled out, signed and validated, and is not transferable. Construction Hour: Construction is limited to the hours of 7:00am to 7:00pm each day. No work shall be performed on certain holidays (MMC V-213-3(b)).</p>			
LICENSED CONTRACTORS DECLARATION I hereby affirm under penalty of perjury that I am licensed under provisions of Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code, and my license is in full force and effect. License No: _____ Expiration Date: _____ Contractor: _____		INSPECTION SUMMARY <div style="border-bottom: 1px solid black; padding-bottom: 5px; margin-bottom: 10px;"> T1-TREE FENCE INSPEC </div> <div style="border-bottom: 1px solid black; padding-bottom: 5px;"> T1-TREE FENCE INSPEC </div>	
OWNER-BUILDER DECLARATION I hereby affirm under penalty of perjury that I am exempt from the contractors license Law for the following reason (Sec. 7031.5, Business and Professions Code: Any city or county which requires a permit to construct, alter, improve, demolish, or repair any structure, prior to its issuance, also requires the applicant for such permit to file a signed statement that he or she is licensed pursuant to the provisions of the Contractors License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code) or that he or she is exempt therefrom and the basis for the alleged exemption. Any violation of Section 7031.5 by an applicant for a permit subjects the applicant to a civil penalty of not more than five hundred dollars (\$500).): _____ I, as owner of the property, or my employees with wages as their sole compensation, will do the work, and the structure is not intended or offered for sale (Sec. 7044, Business and Professions Code: The Contractors License Law does not apply to an owner or property who builds or improves thereon, and who does such work himself or herself or through his or her own employees, provided that such improvements are not intended or offered for sale. If, however, the building or improvement is sold within one year of completion, the owner-builder will have the burden of proving that he or she did not build or improve for the purpose of sale.) _____ I, as owner of the property, am exclusively contracting with licensed contractors to construct the project (Sec. 7044, Business and Professions Code: The Contractors License Law does not apply to an owner or Property who builds or improves thereon, and who contracts for such projects with a contractor(s) licensed pursuant to the Contractors License Law.) I am exempt under Sec. _____ B.P.C. for this reason _____ DATE _____ OWNER _____			
WORKERS COMPENSATION DECLARATION			

I hereby affirm under penalty of perjury one of the following declarations:

_____ I have and will maintain a certificate of consent to self-insure for workers' compensation, as provided for by Section 3700 of the Labor Code, for the performance of the permit is issued.

_____ I have and will maintain workers' compensation insurance, as required by Section 3700 of the Labor Code, for the performance of the work for which this permit is issued.

My workers' compensation insurance carrier and policy number are:

Carrier/Policy No: _____

(This section need not be completed if the permit is for one hundred dollars (\$100) or less).

_____ I certify that in the performance of the work for which this permit is issued, I shall not employ any person in any number so as to become subject to the workers' compensation laws or California, and agree that if I should become subject to the workers' compensation provisions of Section 3700 of the Labor Code, I shall forthwith comply with those provisions.

DATE _____ APPLICANT: _____

WARNING: FAILURE TO SECURE WORKERS' COMPENSATION COVERAGE IS UNLAWFUL, AND SHALL SUBJECT AN EMPLOYER TO CRIMINAL PENALTIES AND CIVIL FINES UP TO ONE HUNDRED THOUSAND DOLLARS (\$100,000), IN ADDITION TO THE COST OF COMPENSATION, DAMAGES AS PROVIDED FOR IN SECTION 3706 OF THE LABOR CODE, INTEREST, AND ATTORNEY'S FEES.

CONSTRUCTION LENDING AGENCY

I hereby affirm under penalty of perjury that there is a construction lending agency for the performance of the work for which this permit is issued (Sec. 3097, Civ. C.).

DATE _____ APPLICANT: _____

* I certify that I have read this application and state that the above information is correct.

I agree to comply with all city ordinances and state laws relating to building construction, and hereby authorize representatives of this city to enter upon the above-mentioned property for inspection purposes.

SIGNATURE OF APPLICANT OR

AGENT ; _____

DATE _____

Permit Finaled Date: _____ Inspector Name: _____ Signature: _____



Texas Department of Housing and Community Affairs

Legislation Text

File #: 287, Version: 1

Presentation, discussion, and possible action on multiple requests for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Applications previously awarded 9% housing tax credits

22008	Cloudbaven Apartments
22023	Kirkwood Crossing
22054	Hillside Crossing
22220	Burkburnett Royal Gardens
22227	Lalita Senior Living
22250	Juniper Apartments
22257	The Reserves at Magnolia
22269	Retirement Living for Seniors
22331	Pinehurst Villas

RECOMMENDED ACTION

WHEREAS, the above listed Developments were previously awarded 9% Housing Tax Credits;

WHEREAS, staff executed Carryover Allocation Agreements with the Development Owners, which included certifications from the Development Owners that each building for which the allocations were made would be placed in service by a set date;

WHEREAS, the Department received requests from the Development Owners to extend the placement in service deadline and the 10% Test deadline under the provisions of 10 TAC §11.6 (5) related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, other than in situations covered by force majeure, the Department lacks authority to extend federal deadlines for placement in service and 10% Test; and

WHEREAS, the Development Owners have presented evidence that relief under force majeure is appropriate.

NOW, therefore, it is hereby

RESOLVED, the requests for treatment under an application of the force majeure rule are approved, with the original award-year Qualified Allocation Plan and Uniform Multifamily Rules, and the 2023 Program Calendar applicable to the Developments.

BACKGROUND

Awards of Competitive (9%) Housing Tax Credits and Supplemental 9% Housing Tax Credits were approved by the Board for the above-listed Developments. Staff executed Carryover Allocation Agreements with the Development Owners which included a certification from the

Development Owners that documentation for the 10% Test would be submitted by a set date, and, in order to satisfy the requirements of §42 of the Internal Revenue Code, each building for which the allocations were made would be placed in service by a set date. The Department received requests from the Development Owners to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credits Returns Resulting from Force Majeure Events. Staff determined that this effective “extension” of the 10% Test deadline due to Force Majeure events was appropriate under these circumstances.

Per 10 TAC §11.6(5) of the Qualified Allocation Plan (QAP), related to Credits Returns Resulting from Force Majeure Events, a Development Owner is allowed to return issued credits within three years of award, and have those credits re-allocated to the Development outside of the usual regional allocation system if all of the requirements of the subsection are met. Per 10 TAC §11.6(5), the Department’s Governing Board may approve the execution of a current program year Carryover Allocation Agreement regarding the returned credits with the Development Owner that returned such credits only if:

(A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

The Development Owners have communicated to staff that rising construction costs, labor shortages, supply chain issues, inflation and interest rate increases have impacted the construction timelines.

Staff has determined there is sufficient evidence of “sudden and unforeseen circumstances outside the control of the Development Owner . . . [regarding] supplier failures; or materials or labor shortages,” as described in 10 TAC §11.6(5), for the Department to treat the Developments under an application of the force majeure rule.

If the Board approves the request to consider these force majeure events, the Development Owners will return the awarded credits and execution of a 2023 Carryover Allocation Agreement will result in a new award and a new placed in service deadline of December 31, 2025, for the Developments, with a new 10% Test deadline of July 1, 2024. The Qualified Allocation Plan and Uniform Multifamily Rules from the original year of award will be applicable to the Developments for the purposes of the force majeure event.

If the Board denies the requests regarding the force majeure events, the date by which the denied Developments must be placed in service will remain as previously agreed. Because the Development Owners have anticipated not meeting the placed in service deadline, the credits are expected to be returned. If the Development Owners returns the credits, the credits would

first be made available in the subregions from which they were originally awarded, pursuant to 10 TAC §11.6(2), related to returned credits. If there are pending Applications on the 2023 or 2024 (depending on when the credits are returned) waiting list from the relevant subregions, the next Application would be awarded, assuming there are enough credits to make the award. If there are not enough credits in the subregion to make an award, the credits will go into the statewide collapse and contribute the next award.

Staff recommends the Board approve the requests for treatment under an application of the force majeure rule for the Developments. Approval of this request does not change any federal or state deadlines for MFDL.