TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Greg Abbott
GOVERNOR

September 11, 2026

Writer's direct phone # (512) 876-9671
Email: Kendall.kauten@tdhca.texas.gov

Jacob Garza
2727 Elmside, LLC
San Antonio, TX
jacob@jacob.garza.com

RE: Rise at Elmside

Dear Rise at Elmside Owner:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Housing Facility Corporation (HFC) Audit Report submitted by Matthew Vara on July 18, 2026. This review was performed as required by Section 394.9027 (b) of Chapter 394, the Texas Administrative Code (TAC) Chapter 10, Subchapter J, for Pecos Housing Finance Corporation.

In accordance TAC §10.1203 (5) enclosed is a copy of the Audit Report summary. No event(s) of noncompliance were identified during the review. Please note that although no event(s) of noncompliance were identified, only a sample of information provided to the Department was reviewed for the purposes of this report. It is the HFC User's responsibility to maintain compliance.

The Department considers this review closed. The next annual Audit Report is due June 1, 2027.

If you have any questions about this monitoring report, please contact Kendall Kauten toll free in Texas at (800) 643-8204, directly at (512) 475-4047, or email: Kendall.kauten@tdhca.texas.gov.

Sincerely,

Kendall Kauten

Kendall Kauten
Compliance Monitor

CC: ptad.cpa@cpa.texas.gov; pecospha@earthlink.net; phfced@gmail.com; twinklescc@pecostx.gov; aoronacc@pecostx.gov; hcarrascocc@pecostx.gov; rgrahamcc@pecostx.gov; vtrujillocc@pecostx.gov; matt@mesassurance.com; debbie@reepresidential.com

Audit Report
Rise at Elmside

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

- TAC §10.1203(3)(B) requires that all Audit Reports include contact information for all Responsible Parties. The Audit Report did not contain the contact information for the board members of the HFC Sponsor. Ensure current contact information for all Responsible Parties is provided in the Audit Report.

CC:

Texas Department of Housing and Community Affairs
Housing Finance Corporation (HFC)
Preliminary Summary of Audit

This is a preliminary summary of the Audit Report. TDHCA's review is ongoing and not final. Findings and any required Corrective Action will be addressed in the official Monitoring Report Letter, if applicable.

Reporting Details

Report Due Date: 6/1/2026
Current Reporting Year: 2026
Occupancy Period Begin Date: 1/1/2025
Occupancy Period End Date: 12/31/2025

Development & Regulatory

HFC Property Name: Rise at Elmside
HFC Property Street Address: 2727 Elmside Dr
HFC City, State Zip: Houston, TX 77042
Property County: Harris
HFC User Name: 2727 Elmside, LLC

Is the Regulatory Agreement (RA) is properly recorded? Yes
Regulatory Agreement Effective Date: 4/14/2025
Does the development participate in other affordable programs? No
Jurisdictional Boundaries: Outside Sponsor Boundaries
If Outside Sponsor Boundaries, was the Development acquired by Sept. 1, 2025? Yes
If Outside Sponsor Boundaries, has approval been obtained or is the Development in the transition period? NA

PRE or POST May 28, 2025 Development? PRE
Development Type: Acquisition
Occupancy Type: General/Family
Total Number of Units in the Development (ALL Restricted & Unrestricted): 171

Affordability Requirements - AMI Percentage by Bedroom Size (Post Developments Only)

	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	Total
20% AMI Units	0	0	0	0	0	0
30% AMI Units	0	0	0	0	0	0
40% AMI Units	0	0	0	0	0	0
50% AMI Units	0	0	0	0	0	0
60% AMI Units	0	0	0	0	0	0
65% AMI Units	0	0	0	0	0	0
70% AMI Units	0	0	0	0	0	0
80% AMI Units	0	38	48	0	0	86
100% AMI Units	0	0	0	0	0	0
120% AMI Units	0	0	0	0	0	0
140% AMI Units	0	30	38	0	0	68
Other AMI Units: [Add % here]	0	0	0	0	0	0
Market Units	0	8	9	0	0	17
Total Restricted Units	0	68	86	0	0	154
Total Units (Restricted + Market)	0	76	95	0	0	171

Development Contacts

	Organization Name	City, State Zip
Property Name	Rise at Elmside	Houston, TX 77042
Texas Comptroller	Not provided	Austin, TX 78753
Appraisal District	Harris County Tax Assessor-Collector / Harris C	Houston, TX 77253
Individual Auditor	Matt Vara	DALLAS, TX 75201
HFC User	2727 Elmside, LLC	San Antonio, TX 78216
HFC Management Company	REEP Residential (REEP Management)	San Antonio, TX 78216
HFC Sponsor	City of Pecos, Texas	City of Pecos, Texas
HFC Governing Body of Sponsor	Pecos Housing Finance Corporation - Board of	Not provided

Auditor Qualifications & Affiliations

Does the Auditor have a current Certified Occupancy Specialist (COS) or equivalent certification? Yes
Has the Auditor provided a resume demonstrating housing compliance audit experience? Yes
Is the Auditor free from any financial, ownership, or management interest in the Development or any Responsible Party? Yes
Is the Auditor currently serving, or has the Auditor previously served, as the Management Agent for this Development? No
Has the HFC User complied with the three-year rotation and, if applicable, the two-year cooling-off requirement? Yes

Income & Rents Limits

Does the Regulatory Agreement specify income limits? Yes
Are the income limits adjusted for household size? Yes
Are the income limits based on HUD income limits? Yes
Did the Development comply with the Available Unit Rule when a household became over-income? Yes
Does the Regulatory Agreement specify rent limits for Restricted Units? Yes
Are the rent limits based on HUD rental limits? No
Are restricted unit rents ≤30% of the applicable income limit (adjusted for household size)? Yes
Are rent limit adjusted for family size, as determined by HUD? Yes
What is the family-size adjustment specified by the Development's Regulatory Agreement? 1.5 Persons per Bedroom

Units & Occupancy

Restricted Occupied Units: 147
Non-Restricted Occupied Units: 8
Restricted Units Occupied by Voucher Holders: 0
Restricted Vacant Units: 16
Non-Restricted Vacant Units: 0
Total Units (ALL): 171
Total Restricted Units: 163
Total Non-Restricted Units: 8

Triggering Events: Acquisition and Ownership Transfer

Did a triggering event occur during the reporting period or any prior Tax Year? No

Set Asides

Date first occupied by one or more tenants? Not provided
Is the Development currently in lease up? No
Do Restricted Units have comparable square footage and floor plans as Non-Restricted Units? Yes
Are Restricted Units equal in finishes and equipment to Non-Restricted units? Yes
Do Restricted Units have equal amenity and program access as Non-Restricted Units? Yes
Are Restricted Units proportionally distributed by unit type and income category? Yes
Did the Auditor receive photographic evidence and written certification confirming unit comparability? NA

Set-Aside - Select Only One Option	
Option 1:	
At Least 10% of units reserved for HH not earning more than 60% AMI	NA
At least 40% of units reserved for HH not earning more than 80% AMI	Yes
Option 2:	
At Least 10% of units reserved for HH not earning more than 50% AMI	NA
At least 40% of units reserved for HH not earning more than 100% AMI	NA

Audit Sample Summary

Audit Sample	Item
Overall Sample meets minimum requirements?	YES
Move-In Sample meets minimum requirements?	NO
Recertification Sample meets minimum requirements?	YES
Is the Development currently in lease-up?	No

Texas Department of Housing and Community Affairs (TDHCA) Observations - DEPARTMENT USE ONLY

Preliminary summary. TDHCA review is ongoing and not final.

Report Due Date: 6/1/2026
Current Reporting Year: 2026
Audit Received Date: 7/18/2026

PRELIMINARY COMPLIANCE INDICATORS

Reporting

Is the Development required to submit an Audit Report? Yes
Did the Development submit an Audit Report by the deadline, with approved extensions? Yes
Does the Audit Report cover the full prior reporting year ending December 31 and include a rent roll for the same period? Yes
Does the Audit Report include contact information for all Responsible Parties? Yes
Was the Audit Report submitted in the Department-prescribed manner through the Department's file transfer system (Serv-U/File Serve)? Yes
Was the annual service fee ($35 per Restricted Unit in the sample or $500 minimum) submitted with the Audit Report? Yes
Did the Audit Report include a one-time exemption application submitted to the Texas Comptroller's Office? Yes
Did the first Audit Report include all required supporting documentation? Yes

Auditor

Does the Auditor meet independence and qualification standards and comply with applicable rotation and cooling-off requirements? Yes

Geographic Boundaries

Is the Development within sponsor boundaries, or—if outside those boundaries—has required approval been obtained or is the Development within the applicable transition period? NA

Overall Chapter 394 Status: Compliant
TDHCA Notes/Notations: NA