TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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September 11, 2026

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

Preston Hoffman
S2 Canyon Ridge LP
Dallas, TX
phoffman@s2cp.com

RE: The Wilder

Dear The Wilder Owner:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Housing Facility Corporation (HFC) Audit Report submitted by Matt Vara on July 28, 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. Enclosed is a copy of the Audit Report summary.

Events of noncompliance have been identified and detailed in the attached Findings Report with required corrective action. In accordance with TAC Section 394.9027(d) a copy of this notice will be sent to the Chief Appraiser of the appraisal district in which the development is located.

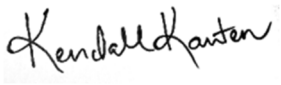
This notice begins the corrective action period. Supply all required documentation via Serv-U, no later than **March 10, 2027**, the last day of the corrective action period.

If you need a Serv-U account, email hfc@tdhca.texas.gov. Submissions must include a cover letter explaining, in detail, how each event of noncompliance was corrected.

Remaining uncorrected noncompliance after the corrective action period deadline will result in a referral to the Texas Comptroller and Chief Appraiser, with a recommendation for loss of ad valorem tax exemption under Section 394.905 of the Texas Local Government Code for the Tax Year being Audited.

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
Compliance Monitor

CC: matt@mesassurance.com; ptad.cpa@cpa.texas.gov; aoronacc@pecostx.gov; hcarrascocc@pwilder@s2res.com; ecostx.gov; rgrahamcc@pecostx.gov; vtrujillocc@pecostx.gov; phfced@gmail.com; econ.dev@cpa.texas.gov; phoffman@s2cp.com

Audit Report
The Wilder

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.

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	The Wilder	Is the Regulatory Agreement (RA) is properly recorded?	Yes	PRE or POST May 28, 2025 Development?	PRE
HFC Property Street Address	1000 West Yellow Jacket Lane	Regulatory Agreement Effective Date	4/1/2025		
HFC City, State Zip	Rockwall, TX 75087			Development Type	Acquisition
Property County	Rockwall	Does the development participate in other affordable programs?	No		
				Occupancy Type	General/Family
HFC User Name	S2 Canyon Ridge LP	Jurisdictional Boundaries	Outside Sponsor Boundaries		
		If Outside Sponsor Boundaries, was the Development acquired by Sept. 1, 2025?	Yes	Total Number of Units in the Development (ALL Restricted & Unrestricted)	164
		If Outside Sponsor Boundaries, has approval been obtained or is the Development in the transition period?	NA		

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	45	30	11	0	86
100% AMI Units	0	0	0	0	0	0
120% AMI Units	0	0	0	0	0	0
140% AMI Units	0	11	11	3	0	25
Other AMI Units: [Add % here]	0	0	0	0	0	0
Market Units	0	20	31	2	0	53
Total Restricted Units	0	56	41	14	0	111
Total Units (Restricted + Market)	0	76	72	16	0	164

Development Contacts

	Organization Name	City, State Zip
Property Name	The Wilder	Rockwall, TX 75087
Texas Comptroller	Texas Comptroller of Public Accounts	Austin, TX 78753
Appraisal District	Rockwall Central Appraisal District	Rockwall, TX 75087
Individual Auditor	Matt Vara	Dallas, TX 75201
HFC User	S2 Canyon Ridge LP	Dallas, TX 75201
HFC Management Company	S2 Residential	Dallas, TX 75201
HFC Sponsor	City of Pecos, Texas	City of Pecos, Texas
HFC Governing Body of Sponsor	Pecos Housing Finance Corporation - Board of	Pecos Housing Finance Corporation - Board of Directors

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?	Yes
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	111	Non-Restricted Occupied Units	32
Restricted Units Occupied by Voucher Holders	0	Restricted Vacant Units	0	Non-Restricted Vacant Units	21
Total Units (ALL)	164	Total Restricted Units	111	Total Non-Restricted Units	53

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?	Yes

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	NA
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:	7/28/2026

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?	No
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:	Noncompliant: Pending Corrective Action
TDHCA Notes/Notations:	See Detailed Finding Report

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION

HFC ID: AA26-199-0001
HFC User: S2 Canyon Ridge LP
Property Name: The Wilder
Address: 1000 West Yellow Jacket Lane, Rockwall, TX 75087

Regulatory Agreement Date: 4/1/2025
Audit Report Received Date: 7/28/2026
Corrective Action Due Date: 3/10/2027

Audit Report Review Date: 9/10/2026

PROGRAM: HFC

PROPERTY FINDINGS

Finding:	Failure to comply with §10.1204(2)			
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	7/28/2026	TAC §10.1204(2) requires the Auditor to use the Department's HFC monitoring forms available on the website. The file sample must contain at least 20% of the total number of Restricted Units, not to exceed 50 household files, with at least 75% of files from newly moved-in households and at least 10% from households that have recertified. The audit file sample in the Audit Report did not meet the minimum threshold of at least 75% of files from newly moved-in households. A total of 111 Restricted Units exist at the property, requiring a sample of 23 household files, including 18 move-in files. The audit sample submitted contained 17 move-in files.	Submit for Department review copies of the application(s), income and asset verifications, executed Income Certification, lease contract, and applicable lease addendums for one (1) household that moved into income-restricted units during 2025, in accordance with TAC §10.1204(2).	

Finding:	Failure to comply with §10.1203(4)			
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	7/31/2026	TAC §10.1203(4) requires the HFC User to submit an annual service fee to the Department by June 1 of each year, in the amount of the greater of $35 per Restricted Unit included in the audit sample or $500, tendered by check, money order, payable to the Texas Department of Housing and Community Affairs. Although payment was issued, the required Annual Service Fee form was not submitted with payment. The Department was unable to identify the development associated with the check submitted, therefore the check was returned.	Submit the required annual service fee and Annual Service Fee form to the Department in accordance with TAC §10.1203(4). The fee must be paid by check or money order payable to the Texas Department of Housing and Community Affairs and either delivered to 221 E. 11th St., Austin, TX 78701, or mailed to PO Box 13941, Austin, TX 78711-3941.	