

# Texas State Affordable Housing Corporation

“Bringing Affordable Housing Closer to Home”

<b><u>Cove Village</u></b>			
<b>1102 Golf Course Rd</b>			
<b>Copperas Cove, TX 76522</b>			
<b>Owner: RHAC-Cove, LLC</b>		<b>Date Built: 1983</b>	
<b>Management Company: Capstone Real Estate Services</b>		<b>Property Manager: Jeff Burton</b>	
<b>INSPECTION DATE/ TIME: April 8, 2009 1:00PM</b>			
<b>Inspector's Name: Mindy Green</b>			
<b>Number of Units:</b>	50	<b>Occupancy at Time of Report:</b>	100%
		<b>Average Occupancy Over Last 12 Months:</b>	100%
<b>Number of One Bedrooms:</b>	0	<b>Number of Two Bedrooms:</b>	27
		<b>Number of Three Bedrooms:</b>	23

PHYSICAL INSPECTION	YES	NO	N/A
1) Are the access gates in operable condition?			X
2) Is the community monument sign in acceptable condition?	X		
3) Is the perimeter fence surrounding the property in acceptable condition?	X		
4) Is the grounds and landscaping in acceptable condition?	X		
5) Are trees and shrubs properly trimmed?	X		
6) Are there signs of erosion, foot paths or tree root elevations?		X	
7) Are sidewalks clean and in good repair?	X		
8) Is parking lot clean and in good repair with handicap parking clearly marked?	X		
9) Are recreational/common areas clean, maintained and accessible?	X		
10) Are laundry facilities clean, maintained and accessible?	X		
11) Is facility equipment operable and in acceptable condition?	X		
12) Is the area around the waste receptacles clean and are the enclosures in good repair?	X		
13) Is the exterior of the buildings in acceptable condition? (Please use the comment section if there is rotted wood, peeling paint, missing or broken bricks, or other signs of deferred maintenance.)	X		
14) Are hallways clean and maintained?	X		
15) Are storage/maintenance areas clean, maintained and organized?	X		
16) Are building foundations in good repair?	X		
17) Are the gutters, downspouts and fascia boards on the buildings in good repair?	X		
18) Do the building roofs appear to be in good condition?	X		
19) Do balconies and upper level walkways appear to be in good condition?	X		
20) Do windows, blinds, doors, and trim appear to be in good condition?	X		
21) Are there any major repairs on the property currently? (Please use the comment section if there are any water main repairs, boiler repairs, utility repair, other.)		X	
22) Have repairs or corrections recommended or required from the last physical inspection been satisfactorily completed?			X
23) Are there any other health, fire or safety concerns that need to be addressed?		X	

**COMMENTS:** On the day of the site visit the property displayed good curb appeal. The grounds were very well kept and the landscaping was in good condition. All of the buildings were nicely painted and there was not any trash in breezeways or on the grounds. The management staff was professionally dressed and easy to work with.

SECURITY PROGRAM Part I		
1) In reviewing the police report the following incidents were noted and includes the number of times incidents occurred:		
Incident Type	# of Occurrences	Comments:
- Burglary?	1	Burglary Habitation
- Theft?		
- Criminal Mischief?		
- Personal Assault?	2	Assault (1) Assault Bodily Injury (1)
- Drug Activity?		
- Gunfire?		
- Domestic Violence?		
- Disturbance?		

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- Other?		
2) Does the property have a Crime Prevention Plan in effect to address criminal activity on the property? Ø There is a crime prevention plan on site.		
3) What pro-active measures is the property taking to address crime on the property? Ø Copperas Cove Police Department patrol.		
4) How often is a light check conducted on the property? (Please obtain a copy of the schedule.) Ø A light check is conducted monthly.		
<b>COMMENTS:</b> Management is taking the extra step to verify that residents do not have a criminal background by asking the local police department to do a criminal background check as well.		

SECURITY PROGRAM Part II	YES	NO	N/A
1) Is the Staff trained in addressing crime on the property?	X		
2) Does the Management Policy or the Resident Services Program address any of the following activities responding to the needs of the community:			
- Violent Crime?	X		
- Drug Activity?	X		
- Family Violence?	X		
- Other?	X		
3) Are there other signs of vandalism on the property?		X	
4) Are criminal background checks being conducted on all residents over 18 years of age?	X		
5) Has a risk assessment been conducted to determine risk liabilities at the property?		X	
<b>COMMENTS:</b> Management stated that they were unaware of a risk assessment being completed. However, Resnick completed an audit in 2008 and management stated that this may have been a risk assessment.			

OFFICE	YES	NO	N/A
1) Is the office neat, the desk uncluttered?	X		
2) Are accurate office hours posted?	X		
3) Are emergency phone numbers posted?	X		
4) Are the EHO logos clearly posted?	X		
5) Are the following displayed in full view:			
- Fair Housing Poster?	X		
- Occupancy Qualifications?	X		
6) Are property licenses and permits on file and renewed on a timely basis?	X		
7) Are insurance binders maintained on vendors on-site and/or at the corporate office?	X		
8) Is there a compliance department that ensures the set aside and requirements are being maintained? (If no, please explain the current compliance procedures.)	X		
9) What community facilities and amenities are provided for resident use? Ø Laundry Room, BBQ area, Playscape, Sand Volleyball			
<b>COMMENTS:</b>			

KEY CONTROL	YES	NO	N/A
1) Are all property keys properly coded?	X		
2) Is key box locked and secured?	X		
3) Is the key code list kept separate from the key box?	X		
4) Are locks being changed during turnover of vacant units and turnover of staff?	X		
<b>COMMENTS:</b>			

MAINTENANCE PROGRAM	YES	NO	N/A
1) Is there a schedule for preventive maintenance/servicing? (Please include a copy of the schedule)	X		
2) Is the maintenance shop clean and organized?	X		
3) How often does the exterminator provide services? Ø Exterminator services are provided bi-weekly.			
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? Ø There is not a MSDS book located in the maintenance shop. Management stated that chemicals that require MSDS documentation are not kept on site; therefore, a MSDS book is not necessary.			
5) What is the policy on follow ups for completed service request? Ø Management does not have a policy for follow up on completed service requests.			

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6) What is the property's after hour's emergency policy? <input checked="" type="checkbox"/> After Hours calls go directly to the maintenance staff.			
7) What capital improvements have been scheduled for this budget year? <input checked="" type="checkbox"/> Routine cabinet, carpet, and vinyl replacements.			
8) Were capital improvements scheduled from last year conducted? <input checked="" type="checkbox"/> Rehab took place in 2008. Cabinets, carpet, vinyl, bathroom vanities were replaced.			
<b>The following information was reported for the month of <u>March 8, 2009-April 8, 2009</u> :</b>			
Number of service requests completed in the past 30 days:	16		
Number of service requests completed within 24 hours:	1		
Number of outstanding service requests:	0		
<b>COMMENTS:</b> The grounds looked good; maintenance is doing a great job keeping grounds clean.			
<b>Observation:</b>			
<ul style="list-style-type: none"> <li>• After reviewing the Work Order report, it appears that management is not closing work orders on a daily basis. The reviewer is unable to effectively monitor the Work Order report when completion dates are not reported accurately. It is suggested that management close work orders on a daily basis in order to effectively monitor the maintenance staff.</li> </ul>			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Source of traffic:			
Drive-By/Word of Mouth	\$0	9	3
Flyers			
Resident Referral			
Locator Service			
Printed Advertising			
Internet Advertising			
Preferred Employer			
Other Source (list)			
<b>TOTAL</b>	<b>\$0</b>	<b>9</b>	<b>3</b>
<b>(The rental activity reflected in the above table was for the month of March 8, 2009-April 8, 2009.)</b>			
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
2) Is the property doing bilingual advertising?		X	
3) How often are competitors shopped? <input checked="" type="checkbox"/> Competitors are not being shopped.			
4) How often is a market survey completed? <input checked="" type="checkbox"/> A market survey is completed annually.			
<b>COMMENTS:</b> The property is not currently spending any marketing money as it is un-necessary, because they are 100% leased. The property currently has a waiting list and management stated that most traffic is generated through word of mouth.			

LEASE RENEWAL	YES	NO	N/A
1) Is an effective lease renewal program in place?	X		
2) What percentage of residents renewed last month, past 6 months, and past 12 months?			62%
3) When are the lease renewal/rent increase notices sent to residents? <input checked="" type="checkbox"/> Notices go out in May for September annual recertifications.			
4) Are individual files being reviewed to determine renewal/non-renewal status?	X		
5) How are renewals tracked and monitored? <input checked="" type="checkbox"/> Renewals are tracked and monitored by using the Unit Status Report.			
6) Are rate increases being implemented?		X	
7) What is the number of month-to-month leases?			X
8) What is the month-to-month charge?			X
<b>COMMENTS:</b> Due to a change in software systems, as well as annual re-certifications that took place primarily before the software change,			

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management was unable to submit the proper reports to review the Renewal Program. Management stated that they were unable to generate a report that showed the number of move ins and move outs in the past 12 months, but they were able to disclose that they had 19 move outs and move ins. Management also stated that there is currently a waiting list of 18-24 months.

**Observation:**

- **Management was unable to submit a report reflecting lease expiration dates as well as renewal dates for all 50 units. The reviewer is unable to properly assess the renewal program without accurate move in and move out documentation. It is suggested that management create a renewal binder that will track all lease expirations and annual re-certification status.**

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	0
2) Number of completed made ready units at time of activity report:	0
3) Number of completed one bedroom units at time of activity report:	0
4) Number of completed two bedroom units at time of activity report:	0
5) Number of completed three bedroom units at time of activity report:	0
6) Number of uncompleted made ready units at time of activity report:	0
7) Number of uncompleted one bedroom units at time of activity report:	0
8) Number of uncompleted two bedroom units at time of activity report:	0
9) Number of uncompleted three bedroom units at time of activity report:	0

**Units Walked (model and minimum of 3 make ready units)**

Unit #	Brief Description (See Unit Inspection Sheet for details)
17	2x1 Occupied
36	2x1 Occupied
41	3x2 Occupied

**Units Walked (units vacant and unready for extended period of time and all down units)**

Unit #	Brief Description (See Unit Inspection Sheet for details)
NA	All units were occupied.

	YES	NO	N/A
1) Is the make ready product acceptable?	X		
2) Does the Unit Availability Report match the make ready board?			X
3) Are there any down units?		X	
4) Are units being turned in a timely manner?	X		
5) Are there vacant units that have been vacant for an extended period of time? (If yes, specify the reason below.)		X	
6) Does management have a system to monitor timely preparation of vacant units?	X		
7) Does the property manager walk vacant units after they are made ready?	X		
8) How often are occupied units inspected? Ø Units are inspected twice annually.			
9) What is the company policy on turning vacant units? Ø Company policy is to turn vacant units within 3 days.			
10) How many vacant unready units are near completion? Ø Currently, there are not any vacant units.			

**COMMENTS:**

BUDGET MANAGEMENT	YES	NO	N/A
1) Is management using the current budget to monitor and control operating expenses?	X		
2) How many bids are solicited in order to obtain materials, supplies, and services? Ø Three bids are solicited to obtain services.			
3) Explain variance of 10% or greater YTD.			

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## Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending

(Please note that a positive variance is under budget and a negative variance is over budget.)

EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Utilities	\$4,946	\$5,908	\$961	16%	Water, Electricity
<b>COMMENTS:</b>					

REVENUE			
FOR THE MONTH OF		YEAR TO DATE	
Gross Potential	\$31,080	Gross Potential	\$62,160
Budgeted	31,080	Budgeted	62,160
Variance + (-)	0	Variance + (-)	0
Collected to Date	31,080	Collected to Date	62,160
Other Revenue	158	Other Revenue	467
Total Collected	31,238	Total Collected	62,562
Budgeted	31,024	Budgeted	62,048
Variance + (-)	214	Variance + (-)	514
<b>COMMENTS:</b> It appears that Management has done an good job maintaining the budget.			

ACCOUNTS PAYABLE	YES	NO	N/A
1) Is the payable report up to date?	X		
2) Do the invoices reflect late charges due to late payments?		X	
3) Have any property accounts been closed in the past 30 days?		X	
4) Is debt being controlled?	X		
5) How often are invoices processed? <input checked="" type="checkbox"/> Invoices are processed weekly.			
6) If payments are a problem, what is management doing to correct the problem? <input checked="" type="checkbox"/> NA			
<b>COMMENTS:</b>	Current:		\$1,642
	30 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$1,642

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? <input checked="" type="checkbox"/> Management sends a 10 day notice to vacate on the 6 <sup>th</sup> of the month and a 3 day notice to vacate is sent on the 16 <sup>th</sup> of the month.			
3) When is legal action taken against delinquent accounts? <input checked="" type="checkbox"/> Eviction is filed on the 21 <sup>st</sup> .			
4) Does the property currently have any resident(s) under eviction? (If yes, how much?)		X	
5) Does housing have any outstanding balances? (If yes, how much?)		X	
<b>COMMENTS:</b> Management has done a good job keeping delinquency low.	Current:		\$260
	30 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$260

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		0	

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2) Has the manager collected and deposited all returned checks?			X
3) Is the manager following company policy on returned checks?			X
<b>COMMENTS:</b>			

PERSONNEL	YES	NO	N/A
1) Does owner/agent have a system/procedure for providing field supervision of on-site personnel?	X		
2) Does the property appear to be adequately staffed?	X		
3) Is overtime being controlled?	X		
4) Were requested pre-audit reports submitted on time?	X		
5) Does it appear that personnel are team oriented?	X		
6) Do personnel appear to be dressed appropriately?	X		
7) Are name tags/photo IDs being worn by the maintenance personnel?	X		
8) Was management staff prepared for the site visit?	X		
9) How often are staff meetings held? Ø Staff meetings are held monthly.			
10) Have personnel been trained in Fair Housing?	X		
11) List all training staff has received in the past three years. Ø All Grace Hill, Tax Credit, Budget, Management Plus, Inspection Training, Appraisal Training			
<b>COMMENTS:</b>			

OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to computer generated reports?	X		
2) If owner does not have computer access to the reports, what reports are submitted to the owner? Ø NA			
3) How often are the reports submitted to the owner? Ø Reports are submitted to the owner on a weekly basis.			
4) What is the approval amount that the owner requires for the release of funds? Ø Anything that is un-budgeted or over budget requires owner approval.			
5) Are the funds for needed capital improvement items, turning of units, marketing campaigns released by the owner according to what has been budgeted?	X		
<b>COMMENTS:</b>			

SUMMARY OF OBSERVATIONS AND FINDINGS
<p><b>Observation:</b></p> <ul style="list-style-type: none"> <li>After reviewing the Work Order report, it appears that management is not closing work orders on a daily basis. The reviewer is unable to effectively monitor the Work Order report when completion dates are not reported accurately. It is suggested that management close work orders on a daily basis in order to effectively monitor the maintenance staff.</li> <li>Management was unable to submit a report reflecting lease expiration dates as well as renewal dates for all 50 units. The reviewer is unable to properly assess the renewal program without accurate move in and move out documentation. It is suggested that management create a renewal binder that will track all lease expirations and annual re-certification status.</li> </ul>

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