

Texas State Affordable Housing Corporation

“Bringing Affordable Housing Closer to Home”

Salem Village

5201 Stockbauer Rd

Victoria, TX 77904

Owner: RHAC-Salem, LLC Date Built:

Management Company: Capstone Real Estate Services Property Manager: Rachel Medrano

INSPECTION DATE/ TIME: May 13, 2009 9:00 AM

Inspector's Name: Mindy Green

Number of Units:	105	Occupancy at Time of Report:	98%	Average Occupancy Over Last 12 Months:	93%
Number of One Bedrooms:	40	Number of Two Bedrooms:	46	Number of Three Bedrooms:	17
Number of Four Bedrooms:	2				

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: Previous resident files are being kept in the maintenance shop. Management stated that they will be shredding files that are eligible to be destroyed soon. During the rehab the property installed solar panels for heating, new AC units, new doors, and double paned windows. The property maintained excellent curb appeal.

Observation:

- **All previous resident files are currently being kept in the maintenance shop. It is suggested that previous resident files be kept in a lockable fireproof cabinet or in offsite storage to prevent files from being damaged, stolen, or destroyed.**

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	
- Theft?	1	
- Criminal Mischief?	3	

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- Personal Assault?	2	
- Drug Activity?		
- Gunfire?	4	Shots Fired
- Domestic Violence?		
- Disturbance	6	
- Other?		
2) Does the property have a Crime Prevention Plan in effect to address criminal activity on the property? <input checked="" type="checkbox"/> The property does have a crime prevention program		
3) What pro-active measures is the property taking to address crime on the property? <input checked="" type="checkbox"/> Patrol Guard		
4) How often is a light check conducted on the property? (Please obtain a copy of the schedule.) <input checked="" type="checkbox"/> A light check is conducted on a weekly basis.		
COMMENTS: On the day of the site visit, Management stated that the “shots fired” code was because someone on property heard shots being fired in the neighborhood not specifically within the apartment community.		

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	
COMMENTS:			

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? <input checked="" type="checkbox"/> Community Room, Laundry Room, Resident Services, Play ground, Pergola, BBQ Area			
COMMENTS: The office was clean and well organized. The Community Room is located in the main leasing office was very large and was well maintained. During the rehab the property installed a laundry room for resident use. The laundry room is full of energy efficient washers and dryers. The new washers and dryers work on a card system which will eliminate vandalism to the machines.			

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		
COMMENTS:			

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		

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- 3) How often does the exterminator provide services?
 The exterminator provides service bi-monthly.
- 4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?
 The maintenance area does have a MSDS book for all necessary chemicals and materials.
- 5) What is the policy on follow ups for completed service request?
 The policy for follow up is to call each work order back when completing the work order in the system.
- 6) What is the property's after hour's emergency policy?
 Answering service pages on call maintenance.
- 7) What capital improvements have been scheduled for this budget year?
 NA
- 8) Were capital improvements scheduled from last year conducted?
 Flooring, cabinets, countertops, sinks, toilets, garbage disposal, dish washers, amenities, fencing, office furniture, parking lots, windows, blinds, ceiling fans

The following information was reported for the month of 4/13/09-5/13/09 :

Number of service requests completed in the past 30 days:	23		
Number of service requests completed within 24 hours:	12		
Number of outstanding service requests:	4		

COMMENTS: Two of the four outstanding work orders are for unit make readies.

Observation:

- On the day of the site visit management stated that work orders are not being closed on a daily basis. It is suggested that in the future work orders are closed on a daily basis, so the maintenance program can be properly evaluated.

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	\$12	13	
Flyers			
Resident Referral		4	
Locator Service			
Printed Advertising			
Internet Advertising (Craigslist)			
Preferred Employer			
Other Source (follow up)		2	1
TOTAL	\$12	19	4

(The rental activity reflected in the above table was for the month of 4/13/09-5/13/09.)

	YES	NO	N/A
2) Is the property doing bilingual advertising?		X	
3) How often are competitors shopped? <input type="checkbox"/> The property is not conducting shops.			
4) How often is a market survey completed? <input type="checkbox"/> A market survey is completed monthly.			

COMMENTS: The only marketing money spent has been on a sign posted out front stating that the property is accepting applications. There is currently a waiting list for the property. The waiting list is approximately 64 applicants long. Ranging from 6-9 months for a two or three bedroom to 2 years for a one or four bedroom unit.

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?			
3) When are the lease renewal/rent increase notices sent to residents? <input type="checkbox"/> Residents are on an annual recertification process. Notices are sent to residents 3 months in advance.			
4) Are individual files being reviewed to determine renewal/non-renewal status?	X		
5) How are renewals tracked and monitored? <input type="checkbox"/> Annual Recertification.			

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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

COMMENTS: The property currently utilizes Management Plus software that does not generate a report reflecting the exact renewal percentage. The property is also performing annual certifications. Management stated that in the future they will create a binder with information reflecting all of the move-ins and move-outs for each month.

VACANT/MAKE READY UNITS

1) Number of vacant units at time of activity report:		2
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:		2
7) Number of uncompleted one bedroom units at time of activity report:		1
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:		1

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

Unit #	Brief Description (See Unit Inspection Sheet for details)
18C	Occupied 2x2
27A	In progress 3x2
13B	In progress 1x1

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	

	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 Occupied units are inspected quarterly.			
9) What is the company policy on turning vacant units? Ø Vacant units are to be turned in 3-5 days.			
10) How many vacant unready units are near completion? Ø One unit is near completion.			

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.			

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.)

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EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Payroll	\$25,679	\$31,906	\$6,227	20%	Maintenance Salaries, Group Health Insurance
Utilities	\$15,567	\$18,331	\$2,764	15%	Electricity, Water
COMMENTS:					

REVENUE					
FOR THE MONTH OF MARCH			YEAR TO DATE 2009		
Gross Potential		\$59,838	Gross Potential		\$178,178
Budgeted		59,170	Budgeted		177,510
Variance + (-)		668	Variance + (-)		668
Collected to Date		55,839	Collected to Date		162,847
Other Revenue		241	Other Revenue		3,151
Total Collected		56,080	Total Collected		165,998
Budgeted		58,198	Budgeted		174,643
Variance + (-)		-2,118	Variance + (-)		-8,645
COMMENTS:					

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? Ø Invoices are processed weekly.			
6) If payments are a problem, what is management doing to correct the problem? Ø NA			
COMMENTS: Management has done a good job of keeping accounts payable low.	Current:		\$13
	30 Days:		\$28
	60 Days and Over:		\$0
	TOTAL		\$41

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? Ø Ten day notice sent on the 6 th of the month. Three day notice sent on the 13 th .			
3) When is legal action taken against delinquent accounts? Ø Evictions are filed near the end of the month.			
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?)	\$5,677		
COMMENTS:	Current:		\$5,224
	30 Days:		\$1,141
	60 Days and Over:		\$0
	TOTAL		\$6,385

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		0	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		

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COMMENTS: Management stated that they rarely receive NSF checks.

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 weekly.			
10) Have personnel been trained in Fair Housing?	X		
11) List all training staff has received in the past three years. Ø Grace Hill, Fair Housing, Management Plus, Conflict Resolution, EPA AC certification, Standard Operating Procedures, Budget Camp, Risk Management			

COMMENTS: Staff was professionally dressed and ready to assist the reviewer.

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 weekly.			
4) What is the approval amount that the owner requires for the release of funds? Ø \$1000			
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		

COMMENTS:

SUMMARY OF OBSERVATIONS AND FINDINGS

No Findings.

Observation:

- All previous resident files are currently being kept in the maintenance shop. It is suggested that previous resident files be kept in a lockable fireproof cabinet or in offsite storage to prevent files from being damaged, stolen, or destroyed.
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