

# Texas State Affordable Housing Corporation

“Bringing Affordable Housing Closer to Home”

## Spring Terrace

2600 S Spring St  
Amarillo, TX 79109

**Owner:** RHAC-Spring, LLC      **Bond ID:**      **Date Built:**  
**Management Company:** Capstone Real Estate Services      **Property Manager:** Arra Coleman

**INSPECTION DATE/ TIME:** July 14, 2009 12:30 PM

**Inspector's Name:** Mindy Green

<b>Number of Units:</b>	50	<b>Occupancy at Time of Report:</b>	98%	<b>Average Occupancy Over Last 12 Months:</b>	100%
<b>Number of One Bedrooms:</b>	0	<b>Number of Two Bedrooms:</b>	40	<b>Number of Three Bedrooms:</b>	10

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 properties landscaping was in acceptable condition and was free from debris. The property maintained good curb appeal and was quiet on the day of the site visit. The property staff was prepared for the site visit and assisted the reviewer in completing the review.

### 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?	2	
- Theft?	1	Theft Vehicle
- Criminal Mischief?		
- Personal Assault?	7	Simple Assault (6), Aggravated Assault (1)
- Drug Activity?	2	
- Gunfire?	1	Weapon
- Domestic Violence?		
- Disturbance		

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- Other?	16	Disorderly Conduct (14), Vandalism-Vehicle (1), Trespassing (1)
2) Does the property have a Crime Prevention Plan in effect to address criminal activity on the property? <input type="checkbox"/> The property does not currently have a Crime prevention Plan.		
3) What pro-active measures is the property taking to address crime on the property? <input type="checkbox"/> The property is not currently taking any proactive measures to address crime on the property.		
4) How often is a light check conducted on the property? <input type="checkbox"/> A light check is conducted weekly.		

**COMMENTS:**  
**Observation:**

- Management stated that they are not currently taking any proactive measures to prevent crime on the property. After reviewing the police records, it appears that there is a need for crime prevention measures on the property. It is suggested that Management request 911 reports on monthly basis for review to determine if lease violations can be issued. It is also suggested that Management hold Crime Watch meetings with residents and local law enforcement officials. These meetings will make residents aware of law enforcement presence as well as help residents know what to do in case of emergency.

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:** The Risk Management department guides the property on how to handle all criminal activity situations.

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 type="checkbox"/> Playground, Pergula, BBQ areas, Basketball court, Laundry Room			

**COMMENTS:**

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		
3) How often does the exterminator provide services? <input type="checkbox"/> The exterminator provides services on a monthly basis.			
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? <input type="checkbox"/> An MSDS book was available for review on the day of the site visit.			

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5) What is the policy on follow ups for completed service request? <input type="checkbox"/> There is not a policy for follow up on work orders.			
6) What is the property's after hour's emergency policy? <input type="checkbox"/> Residents can call the after hours phone number and leave a message. Maintenance is then called to handle any issues.			
7) What capital improvements have been scheduled for this budget year? <input type="checkbox"/> New mailboxes and sidewalks are scheduled for this budget year. Sidewalk repairs and some kitchen countertop additions have already been completed this year.			
8) Were capital improvements scheduled from last year conducted? <input type="checkbox"/> Rehab was completed in late 2007 which included exterior painting, playground, BBQ pits, cabana, some cabinets and countertops.			
<b>The following information was reported for the month of <u>6/1/09-7/15/09</u> :</b>			
Number of service requests completed in the past 30 days:	7		
Number of service requests completed within 24 hours:	0		
Number of outstanding service requests:	0		
<b>COMMENTS:</b> Preventative Maintenance Log not available to review. On the day of the site visit, management was unable to provide reports from the software system reflecting that work orders had been entered or completed. Management stated that they would do a manual file audit to determine which residents had submitted work orders and re-enter them.			
<b>Observation:</b>			
<ul style="list-style-type: none"> <li>• <b>It appears that work orders are not being entered or completed in the software system on a daily basis. It is suggested that Management enter work orders daily so that they can effectively monitor the maintenance program and the timeliness of the work order completion.</b></li> <li>• <b>On the day of the site visit, management was unable to provide the reviewer with a completed preventative maintenance log. Preventative Maintenance is imperative to keep the buildings in proper working condition for as long as possible. It is suggested that Management implement the preventative maintenance program that is currently in place. The preventative maintenance log will be reviewed during future site visits.</b></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	4	2
Flyers	0		
Resident Referral	0		
Locator Service	0		
Printed Advertising	0		
Internet Advertising	0		
Preferred Employer	0		
Other Source (list)	0		
<b>TOTAL</b>	<b>\$0</b>	<b>4</b>	<b>2</b>
<b>(The rental activity reflected in the above table was for the month of June 21, 2009- July 21, 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 type="checkbox"/> The property is not shopping competitors.			
4) How often is a market survey completed? <input type="checkbox"/> The property is not completing market surveys.			
<b>COMMENTS:</b> The property is currently retaining a high occupancy and does not feel that marketing is necessary at this point in time. The property currently has a waiting list of 12 people.			

LEASE RENEWAL	YES	NO	N/A
1) Is an effective lease renewal program in place?	X		
2) What percentage of residents renewed for the last 12 months?	58%		
3) When are the lease renewal/rent increase notices sent to residents? <input type="checkbox"/> Renewal notices are sent 120 days in advance.			
4) Are individual files being reviewed to determine renewal/non-renewal status?	X		

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5) How are renewals tracked and monitored? <input checked="" type="checkbox"/> Renewals are tracked via the Unit Status Report.			
6) Are rate increases being implemented?	\$22-\$26		
7) What is the number of month-to-month leases?	0		
8) What is the month-to-month charge?		X	
<b>COMMENTS:</b> In the past 12 months there were 21 move-ins and move outs. The property currently re-certifies all residents once in a calendar year; therefore the reports do not reflect renewal activity on a monthly basis.			

### VACANT/MAKE READY UNITS

1) Number of vacant units at time of activity report:	1
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:	NA
4) Number of completed two bedroom units at time of activity report:	1
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:	NA
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)
7	Occupied, 2x1
20	No electricity and no smoke detector, 2x1
45	Occupied, Mold under kitchen sink, 2x1

#### 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? <input checked="" type="checkbox"/> Occupied units are inspected twice annually.			
9) What is the company policy on turning vacant units? <input checked="" type="checkbox"/> Company policy is turn vacant units in 3-5 days.			
10) How many vacant unready units are near completion? <input checked="" type="checkbox"/> There are not currently any vacant units near completion.			

**COMMENTS:** The only vacant unit was vacated the evening before the site visit and is currently in the process of being turned.

**Finding:**

- **On the day of the site visit, the reviewer found mold growing under the kitchen sink in unit 45. This is a potential health and safety hazard for the occupants of this unit. Management must submit proof that the mold has been removed to TSAHC by September 6, 2009.**

**Observation:**

- **On the day of the site visit, the electricity in unit 20 had been turned off. The smoke detector for this unit was inoperable because the electricity had been turned off. Management was able to have the electricity turned back on so that the Smoke Detector was operable. It is suggested that Management put up an additional Smoke Detector in each unit that is battery operated so that a smoke detector is in working order during times of power outages.**

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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? <input checked="" type="checkbox"/> Three bids are solicited in order to obtain materials and supplies.					
3) Explain variance of 10% or greater YTD.					
<b><u>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</u></b>					
(Please note that a positive variance is under budget and a negative variance is over budget.)					
EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Administrative	\$16,324	\$10,162	-\$6,162	-61%	Audit Expense
Operating and Maintenance	\$3,228	\$7,324	\$4,096	56%	Landscape Maintenance
<b>COMMENTS:</b>					

REVENUE					
FOR THE MONTH OF MAY			YEAR TO DATE 2009		
Gross Potential		\$32,092	Gross Potential		\$158,973
Budgeted		32,320	Budgeted		160,210
Variance + (-)		-228	Variance + (-)		-1,237
Collected to Date		31,457	Collected to Date		158,513
Other Revenue		514	Other Revenue		2,558
Total Collected		31,971	Total Collected		160,593
Budgeted		32,157	Budgeted		159,437
Variance + (-)		-186	Variance + (-)		1,156
<b>COMMENTS:</b>					

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:		\$0
		30 Days:		\$3,464
		60 Days and Over:		\$0
		TOTAL		\$3,464

DELINQUENCIES		YES	NO	N/A
1) Is the delinquency report up to date?				
2) What is the collection policy for outstanding rents? <input checked="" type="checkbox"/> Late notices on the 6 <sup>th</sup> of the month, and a 3 day notice is sent by the 16 <sup>th</sup> of the month.				
3) When is legal action taken against delinquent accounts? <input checked="" type="checkbox"/> Legal action would be filed on the 19 <sup>th</sup> ; however the property does not typically file eviction.				
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 stated that they work with the residents so that they are able to pay rents without filing for eviction.		Current:		\$1,582
		30 Days:		\$0

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60 Days and Over:		\$0
TOTAL		\$1,582

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		
<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 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, Go-To Meetings, Special Claims, Fire Safety, File Audit Training, Management Plus Training			

**COMMENTS:** The property is currently without a second Maintenance Staff (for both Win Lin Village and Spring Terrace). Management stated that there is not a need for a second maintenance staff and will not be budgeted for in the following year.

**Observation:**

- **Maintenance personnel were not wearing a uniform or identification. For the safety of residents and property staff it is recommended that maintenance personnel wear a uniform and/or name tag so that they can be identified as property employees.**

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 Anything over \$1,000 and that is unbudgeted needs 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		

**COMMENTS:**

### SUMMARY OF OBSERVATIONS AND FINDINGS

**Finding:**

- **On the day of the site visit, the reviewer found mold growing under the kitchen sink in unit 45. This is a potential health and safety hazard for the occupants of this unit. Management must submit proof that the mold has been removed to TSAHC by September 6, 2009.**

**Observations:**

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will be reviewed during future site visits.

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