

Texas State Affordable Housing Corporation

Champion Homes of Marshall Meadows

1803 Marshall Cross
San Antonio, TX 78214

Owner: Chicory Court XXV, L.P. Date Built: 2006

Management Company: The Lynd Company Property Manager: Lupita Chavez

INSPECTION DATE/ TIME: March 22, 2011 at 9:30 am

Inspector's Name: Sarah Schildmier Bloom

Occupancy at Time of Report:	94%	Average Occupancy Over Last 12 Months:	90%
Number of Units: 250			
Number of One Bedrooms:	50	Number of Two Bedrooms:	114
Number of Three Bedrooms:	86	Number of Four Bedrooms:	NA

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) Are 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: Occupancy on the day of the site visit has increased by 10% since the last report. Management has done a good job maintaining the curb appeal of the property. The property was free of trash and the landscaping was trimmed. The monument sign appears to be in good condition; however the landscaping covers part of the sign. The hallways in the buildings and metal stairways need to be addressed by management. The paint on the metal stairways is peeling in several areas.

Observation:

- **The hallways in the buildings need to be addressed by management. There are cobwebs on the ceiling, scuff marks on the siding, and stains on the concrete make the hallways appear dirty. Management stated that the hallways are cleaned, but they do not stay clean long. During the physical inspection, it was suggested that management may clean the hallways during the make ready process to increase curb appeal for future residents. It is recommended that management implements a schedule to clean the hallways regularly.**

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:

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Burglary		
Theft		
Criminal Mischief		
Personal Assault		
Drug Activity		
Gunfire		
Domestic Violence		
Disturbance	7	Disturbance (6), Disturbance-Loud Music (1)
Other	1	Family Violence (1)
2) Does the property have a written plan to address criminal activity on the property? ➤ The community guidelines address criminal activity.		
3) What pro-active measures is the property taking to address crime on the property? ➤ The pro-active measures the property is taking to address criminal activity include a courtesy officer and state patrol at night. The reviewer discussed implementing regular crime watch meetings with management on the day of the site visit.		
4) How often is a light check conducted on the property? (Please obtain a copy of the schedule.) ➤ A light check is conducted daily by the courtesy officer.		
COMMENTS:		

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 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: According to management, the only vandalism that has been noticed is graffiti. On the day of the site visit, there were not any signs of vandalism. Management stated that the fire department comes to the property annually to perform 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) Which of the following community amenities are provided for resident use?			
➤ Playground	X		
➤ Community Room	X		
➤ BBQ/Picnic Area		X	
➤ Laundry Facility	X		
➤ Business Center	X		
➤ Pool	X		
➤ Other (Basketball Court, Volleyball Court, Activity Room, Fitness Room)	X		

COMMENTS:
Observation:

- On the day of the site visit, the EHO logo was not posted. Management posted an EHO logo and sent a picture of the logo posted on

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the door to TSAHC by email on March 25, 2011. It is recommended that management continue to have the logo visible at all times.

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 the preventative maintenance schedule being implemented?	X		
2) Is the maintenance shop clean and organized?	X		
3) How often does the exterminator provide services? ➢ The exterminator provides services weekly.			
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? ➢ The MSDS binder was located in the maintenance shop.			
5) What is the policy on follow ups for completed service requests? ➢ A random selection of completed service requests receives a follow up call.			
6) What is the property's after hours emergency policy? ➢ The answering service directs the call to the manager or maintenance staff as appropriate.			
7) What capital improvements have been scheduled for this budget year? ➢ No capital improvements are scheduled this year except for appliances, wood flooring in the common areas of the units, carpet, and HVAC units.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

8) Unit Interior upgrades ➢ Unit interior upgrades included flooring as needed. The energy provider, CPS is updating the thermostats in all the units at no cost to the property.
9) Appliance Replacements ➢ Appliances were replaced as needed.
10) Building Exterior repairs ➢ Dryer vent covers and emergency lights were replaced as needed. Sheet rock repairs were made to the breezeway ceilings as needed.
11) Curb Appeal upgrades ➢ Landscaping upgrades completed last year include new flowerbeds, mulch, and new bushes.
12) Amenity upgrades ➢ Fitness equipment repairs were completed last year.
13) Other repairs or replacements ➢ Sidewalk and trip hazards repairs were completed last year.

The following information was reported for the dates of 2-22-2011 to 3-22-2011:

Number of service requests received:	118		
Number of service requests completed:	118*		
Number of service requests completed within 24 hours:	22		
Number of outstanding service requests:	0		

COMMENTS: * According to management, all service requests have been completed even though some completion dates are missing on the Service Request Ticket Report.

Observation:

- **According to the Service Request Ticket Report, only 22 of the 118 service requests were completed in 24 hours. According to management, the number of service requests completed in 24 hours is not accurate. The report does not allow management to enter the actual date that the service requests are completed. Since the onsite review, management stated that the completion date of the services would be completed daily. It is recommended that management continue to enter the completion dates for service requests on a daily basis to accurately evaluate the maintenance program.**

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth		18	13

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Flyers	(Sprout, Paper)	\$129		
Resident Referral	(\$200/Referral, Usually 2/Month)		5	3
Locator Service	(75%-100%/Lease)		1	1
Printed Advertising	(Apartment Finder)	\$498		
Internet Advertising	(ApartmentFinder.com, Lynd Company Website)	\$122	5	2
Preferred Employer				
Other Source (list)	(Silver Stars Promo, Newsletter)	\$165		
TOTAL		\$914	29	19

The rental activity reflected in the above table was for the dates of 2-22-2011 to 3-22-2011:

	YES	NO	N/A
2) Is the property doing bilingual advertising?	X		
3) Does the property have any competitors?	X		
4) How often are competitors shopped? ➢ Competitors are shopped weekly.			
5) How often is a market survey completed? ➢ Market survey is completed monthly.			

COMMENTS: The property website and phone recording are available in Spanish.

Observation:

- **Management is in violation of Section 535.20(a) of the TREC rules containing an exception that allows a third party (i.e. a person who is not named as the resident on the lease that generates the locator's commission) to accept a very limited referral fee. (Information on the rule can be found on pages 528-531 in the TAA Redbook.) The rule was discussed with management during the asset oversight review and language from Section 535.20(a) was sent to management. Management stated that the referral fee has been adjusted since the review. It is suggested that management continue to adhere to the Section 535.20(a) of the TREC rules.**

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?	75%	70%	76%
3) When are the lease renewal/rent increase notices sent to residents? ➢ Lease renewals and rent increase notices are sent to residents 120 days before expiration.			
4) Are individual files being reviewed to determine renewal/non-renewal status?	X		
5) How are renewals tracked and monitored? ➢ Renewals are tracked and monitored through Esite.			
6) Are rent increases being implemented?	\$5-\$10		
7) What is the number of month-to-month leases?		X	
8) What is the month-to-month charge?			X

COMMENTS:

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	13
2) Number of completed made ready units at time of activity report:	1
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:	1
5) Number of completed three bedroom units at time of activity report:	0
6) Number of completed four bedroom units at time of activity report:	NA
7) Number of uncompleted made ready units at time of activity report:	12
8) Number of uncompleted one bedroom units at time of activity report:	0
9) Number of uncompleted two bedroom units at time of activity report:	10
10) Number of uncompleted three bedroom units at time of activity report:	2
11) Number of uncompleted four bedroom units at the time of activity report:	NA
Units Walked (model and minimum of 3 make ready units)	

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Unit #	Brief Description (See Unit Inspection Sheet for details)
1213	2 x 2- Model
533	2 x 1- Vacant 81 days. Management stated that third floor units are challenging to lease.
924	2 x 2- Vacant 62 days.
935	3 x 2- Great Made Ready

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

Unit #	Brief Description (See Unit Inspection Sheet for details)
635	3 x 2- Vacant 300 days. Management stated that third floor units are challenging to lease.

	YES	NO	N/A
1) Were inspected units in acceptable condition?	X		
2) Does the Unit Availability Report match the make ready board?	X		
3) Are units being turned in a timely manner?		X	
4) Are there any down units?		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) Are units inspected after being made ready?	X		
8) How often are occupied units inspected? ➢ Occupied units are inspected quarterly.			
9) How often are vacant units inspected? ➢ Vacant units are inspected at move out and when the unit is made ready.			
10) What is the company policy on turning vacant units? ➢ The company policy on turning vacant units is 2-3 days for easy make readies and 5 days for harder make readies.			
11) How many vacant unready units are near completion? ➢ No units were near completion.			

COMMENTS: *Management stated that there were not any down units. According to management, six units were recently leased that needed to be made ready, and would complete unit 635 afterward.

Finding:

- Unit 635 is considered down and is not available for rental on a continuous basis to members of the general public. After reviewing the Apartment Occupancy Status Report and walking unit 635, unit 635 is considered down after being vacant for an extended period of time and not being made ready. (Additional information can be found in Section 2.3 of the Compliance Manual on www.tsahc.org under Available Downloads on the Asset Oversight and Compliance page.) The unit should not be counted in the total number of units to meet the Safe Harbor Requirement until the unit is available for rental. The unit must be deleted from the April 2011 Unit Status Report due May 10, 2011 until the unit is made ready. The unit may be counted in the total number of units when the unit is made ready. The unit designation must be market until a qualified household occupies the unit. In response to this review, the owner must submit proof in the form of invoices, work orders, pictures, and/or Tenant Income Certifications to TSAHC on or before May 11, 2011.

Observation:

- Due to the number of residents moving into the property, only one unit was made ready on the day of the site visit. No units were near completion on the day of the site visit. The Apartment Occupancy Status that was submitted showed six units have been leased and management has a make ready board that assists with keeping vacant leased and vacant not leased units organized. The leased units are being made ready for the move in date. Due to a vacant maintenance position, management is contracting make ready work until the position is filled. It is recommended that management try to keep units made ready and available for resident move in to decrease playing catch up.

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? ➢ Three bids are solicited in order to obtain materials, supplies, and services.			
3) Have there been any large unexpected repairs or purchases that have negatively affected the budget? ➢ Management made repairs to prepare for the TDHCA inspection.			
4) 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.)

EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
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Maintenance and Operating	\$8,677	\$4,420	-\$4,257	-96%	Repairs/Material Supplies
Make Ready and Decorating	\$12,870	\$4,915	-\$7,955	-162%	Painting/Make Ready Contract, Decorating Materials/Supplies, Janitor/Cleaning Contract
Advertising	\$5,615	\$4,609	-\$1,006	-22%	Locator Fees
Administrative	\$8,873	\$6,492	-\$2,384	-36%	Legal/Professional
Utilities	\$33,606	\$30,248	-\$3,358	-11%	Water and Sewer

COMMENTS: Management stated that they have prepared the budget for the new HVAC expenses and supplies.

REVENUE			
FOR THE MONTH OF FEBRUARY		YEAR TO DATE 2011	
Gross Potential	\$169,890	Gross Potential	\$341,472
Budgeted	172,151	Budgeted	344,247
Variance + (-)	-2,261	Variance + (-)	-2,775
Collected to Date	153,520	Collected to Date	297,076
Other Revenue	5,098	Other Revenue	8,141
Total Collected	158,618	Total Collected	305,251
Budgeted	149,512	Budgeted	296,698
Variance + (-)	9,106	Variance + (-)	8,553

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? ➤ Invoices are processed weekly.			
6) If payments are a problem, what is management doing to correct the problem? ➤ Payments do not appear to be a problem.			
COMMENTS: The accounts payable balance has significantly decreased since the 2010 Asset Oversight report. The Aged Invoice List reflects \$1,123 outstanding due to legal costs in regards to the City of San Antonio case regarding taxes.	Current:		\$ 205
	30 Days:		\$ 4,583
	60 Days and Over:		\$ 2,703
	TOTAL		\$ 7,491

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? ➤ A notice is sent on the 5 th of the month. Management will make arrangement with residents to pay balances.			
3) When is legal action taken against delinquent accounts? ➤ Eviction is filed on the 3 rd Monday of each month as needed.			
4) Does the property currently have any resident(s) under eviction? (If yes, how much is outstanding?)	\$1,498		
5) Does Housing have any outstanding balances? (If yes, how much is outstanding?)	\$4,025		
COMMENTS: According to management, receiving funds from San Antonio Housing Authority takes time.	Current:		\$ 5,024
	30 Days:		\$ 1,047
	60 Days and Over:		\$ 1,112
	TOTAL		\$ 7,183

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		2	
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:

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? ➤ Staff meetings are held daily and weekly.			
10) Have personnel been trained in Fair Housing?	X		
11) List all training staff has received in the past three years. ➤ Staff has received the following training: HVAC, Pool, Grace Hill, Tax Credit			

COMMENTS: Management has hired a person to fill the open maintenance position, but the person has not started yet.

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? ➤ NA			
3) How often are the reports submitted to the owner? ➤ Reports are submitted to the owner bi-weekly. Owner can review any reports at any time.			
4) What is the amount that requires owner approval for the release of funds? ➤ Approval is needed for all funds over budget. Funds for capital expenses require approval even if the expenses are within the budget.			
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

Findings:

- Unit 635 is considered down and is not available for rental on a continuous basis to members of the general public. After reviewing the Apartment Occupancy Status Report and walking unit 635, unit 635 is considered down after being vacant for an extended period of time and not being made ready. (Additional information can be found in Section 2.3 of the Compliance Manual on www.tsahc.org under Available Downloads on the Asset Oversight and Compliance page.) The unit should not be counted in the total number of units to meet the Safe Harbor Requirement until the unit is available for rental. The unit must be deleted from the April 2011 Unit Status Report due May 10, 2011 until the unit is made ready. The unit may be counted in the total number of units when the unit is made ready. The unit designation must be market until a qualified household occupies the unit. In response to this review, the owner must submit proof in the form of invoices, work orders, pictures, and/or Tenant Income Certifications to TSAHC on or before May 11, 2011.

Observations:

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- On the day of the site visit, the EHO logo was not posted. Management posted an EHO logo and sent a picture of the logo posted on the door to TSAHC by email on March 25, 2011. It is recommended that management continue to have the logo visible at all times.
- According to the Service Request Ticket Report, only 22 of the 118 service requests were completed in 24 hours. According to management, the number of service requests completed in 24 hours is not accurate. The report does not allow management to enter the actual date that the service requests are completed. Since the onsite review, management stated that the completion date of the services would be completed daily. It is recommended that management continue to enter the completion dates for service requests on a daily basis to accurately evaluate the maintenance program.
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