

Texas State Affordable Housing Corporation

Salem Village
5201 Stockbauer Rd
Victoria, TX 77904
Owner: RHAC-Salem, LLC Date Built: 1981
Management Company: Capstone Real Estate Services Property Manager: Rachel Medrano
INSPECTION DATE/ TIME: March 23, 2011 at
Inspector's Name: Sarah Schildmier Bloom

Occupancy at Time of Report:	99%	Average Occupancy Over Last 12 Months:	98%
Number of Units: 105			
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) 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: The property staff has done an excellent job maintaining the curb appeal of the property. The property is free of trash, the exterior of the buildings appear to be in good condition, and the landscaping is maintained. Residents are allowed to plant and maintain flower gardens near their units. The resident amenities are clean and appear to be in working condition. During the physical inspection, the cover was missing on the cable box on building 16. Management has been communicating with the cable company to make sure the cover is replaced. Management is starting to prepare for a REAC inspection that is expected this year.

Observation:

- **During the 2009 and 2010 Asset Oversight reviews, an observation was made that "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." The previous resident files were still being stored in the maintenance shop at the time of the 2011 onsite review. Management stated that employees sign a confidentiality statement, however the files are still accessible. Management is encouraged to evaluate alternative storage options to decrease the risk of resident information from being damaged, stolen, destroyed, or accessible to unauthorized persons.**

Texas State Affordable Housing Corporation

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		
Criminal Mischief	2	
Personal Assault	1	
Drug Activity		
Gunfire		
Domestic Violence		
Disturbance	3	
Other		
2) Does the property have a written plan to address criminal activity on the property? > Management has <i>House Rules</i> to address criminal activity on the property.		
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 crime on the property include a drug free policy, a courtesy officer, courtesy patrol, and management notifies residents of criminal activity that occurs on the property. Management may implement crime watch meetings in the future.		
4) How often is a light check conducted on the property? (Please obtain a copy of the schedule.) > A light check is conducted monthly during the preventive maintenance schedule.		
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: Annual inspections are conducted to determine risk liabilities.			

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	

Texas State Affordable Housing Corporation

➤ Other (Sports Court, Pergola, Resident Services)	X		
COMMENTS: The office is organized and inviting. Management posted a sign to notify guests and residents that they were walking the property and would return shortly.			

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 twice a month.			
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. Management follows up with all high priority requests like no hot water and HVAC issues.			
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 and flooring. The manager would like to replace the mailboxes and repair a couple areas in the parking lot.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

8) Unit Interior upgrades ➤ Mini-blinds were replaced.
9) Appliance Replacements ➤ Dishwashers, refrigerators, and stoves were replaced.
10) Building Exterior repairs ➤ No building exterior repairs were completed in the last budget year.
11) Curb Appeal upgrades ➤ A flower bed was added to the front of the leasing office.
12) Amenity upgrades ➤ The HVAC was replaced for the community room.
13) Other repairs or replacements ➤ No other repairs or replacements were completed during the last budget year.

The following information was reported for the dates 2-23-2011 to 3-30-2011:

Number of service requests received:	39		
Number of service requests completed:	39		
Number of service requests completed within 24 hours:	24		
Number of outstanding service requests:	0		

COMMENTS: Management is encouraged to refer to Rehabilitation Standards in Section 4 (a-j) of the Compliance Agreement when replacing doors, windows appliances, heat and cooling units, and other items to ensure compliance. Texas State Affordable Housing Corporation can be contacted for assistance.

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth			
Flyers		14	0
Resident Referral			

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Locator Service			
Printed Advertising			
Internet Advertising			
Preferred Employer			
Other Source (list)		5	4
TOTAL	\$0	19	4

The rental activity reflected in the above table was for the dates 2-23-2011 to 3-23-2011:

	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? ➤ Management stated that Fox Run and Houston Housing provide public housing, but are not really competitors.			
5) How often is a market survey completed? ➤ A market survey is completed monthly.			

COMMENTS: Management is not currently spending any money on marketing. The property is 99% occupied and is working off a waiting list. Management does spend \$150 twice a year to replace the banner.

LEASE RENEWAL	YES	NO	N/A
1) Is an effective lease renewal program in place?	X		
2) What percentage of residents renewed in the past 12 months?	70%		
3) When are the lease renewal/rent increase notices sent to residents? ➤ Management starts sending 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 Management Plus and the Unit Status Report.			
6) Are rent increases being implemented?	\$20		
7) What is the number of month-to-month leases?			X
8) What is the month-to-month charge?			X

COMMENTS: The property currently recertifies all residents in May of each year. Due to the one month of recertification, the reports do not reflect renewal activity on a monthly basis. According to the Unit Activity Report, the property had 32 move outs from 2-1-2010 to 2-28-2011. All residents are on a month-to-month lease due to the project type. Rent increases are implemented if applicable in October of each year.

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:	1
3) Number of completed one bedroom units at time of activity report:	1
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 completed four bedroom units at time of activity report:	0
7) Number of uncompleted made ready units at time of activity report:	0
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:	0
10) Number of uncompleted three bedroom units at time of activity report:	0
11) Number of uncompleted four bedroom units at the time of activity report:	0

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

Unit #	Brief Description (See Unit Inspection Sheet for details)
7A	1 x 1 Occupied- Clean
20D	3 x 1 Occupied- Clean
21A	4 x 1 Occupied- Clean
22B	2 x 1 Vacant Made Ready

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

Texas State Affordable Housing Corporation

Unit #	Brief Description (See Unit Inspection Sheet for details)	YES	NO	N/A
NA	On the day of the site visit, no units were down or vacant for an extended period of time.			
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 semi-annually.			
9)	How often are vacant units inspected? ➢ Vacant units are inspected at move out and after being made ready.			
10)	What is the company policy on turning vacant units? ➢ The company policy on turning vacant units is 3-5 business days.			
11)	How many vacant unready units are near completion? ➢ There was only one vacant unit and it was made ready.			
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? ➢ Three bids are solicited to obtain materials, supplies, and services.						
3)	Have there been any large unexpected repairs or purchases that have negatively affected the budget? ➢ Management stated that there have not been any large unexpected repairs.						
4)	Explain variance of 10% or greater YTD.						
<u>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</u>							
(Please note that a positive variance is under budget and a negative variance is over budget.)							
EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION		
Payroll	\$9,591	\$10,834	\$1,243	12%	Maintenance Salaries, Group Health Insurance		
Administrative	\$5,821	\$1,668	-\$4,153	-249%	Audit Expenses		
Operating and Maintenance	\$5,318	\$4,712	-\$606	-13%	HVAC, Appliance Repairs and Supplies		
COMMENTS:							

REVENUE					
FOR THE MONTH OF JANUARY			YEAR TO DATE 2011		
Gross Potential		\$63,052	Gross Potential		\$63,052
Budgeted		63,052	Budgeted		63,052
Variance + (-)		0	Variance + (-)		0
Collected to Date		61,392	Collected to Date		61,392
Other Revenue		1,461	Other Revenue		1,461
Total Collected		62,853	Total Collected		62,853
Budgeted		62,506	Budgeted		62,506
Variance + (-)		347	Variance + (-)		347
COMMENTS:					

Texas State Affordable Housing Corporation

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:	Current:		\$ 2,267
	30 Days:		\$ 13
	60 Days and Over:		\$ 0
	TOTAL		\$ 2,280

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? ➤ A 10 day notice is sent on the 6 th of the month. A 3 day notice is sent on the 17 th of the month.			
3) When is legal action taken against delinquent accounts? ➤ Eviction is filed on the 20 th of the month.			
4) Does the property currently have any resident(s) under eviction? (If yes, how much is outstanding?)		X	
5) Does Housing have any outstanding balances? (If yes, how much is outstanding?)	\$4,944		
COMMENTS: The balance due from Housing is for new move ins.	Current:		\$ 4,292
	30 Days:		\$ 878
	60 Days and Over:		\$ 437
	TOTAL		\$ 5,607

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
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: Elizabeth Moreland (Tax Credit Training), Grace Hill, Webcasts with Capstone, HVAC, Electrical, and Preventive Maintenance.			
COMMENTS: Management is in the process of hiring a maintenance technician.			

Texas State Affordable Housing Corporation

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? ➤ Not Applicable			
3) How often are the reports submitted to the owner? ➤ Reports are submitted to the owner weekly.			
4) What is the amount that requires owner approval for the release of funds? ➤ Approval is needed for all funds over 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
<p>No Findings.</p> <p>Observation:</p> <ul style="list-style-type: none"> • During the 2009 and 2010 Asset Oversight reviews, an observation was made that “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.” The previous resident files were still being stored in the maintenance shop at the time of the 2011 onsite review. Management stated that employees sign a confidentiality statement, however the files are still accessible. Management is encouraged to evaluate alternative storage options to decrease the risk of resident information from being damaged, stolen, destroyed, or accessible to unauthorized persons.

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