

Texas State Affordable Housing Corporation

Hillcrest

**1960 West Tarrant
Grand Prairie, TX 75050**

**Owner: American Opportunity Foundation Date Built: 1984
Management Company: Asset Plus Property Manager: Michelle Dsouza**

INSPECTION DATE/ TIME: September 6, 2011 at 9:00 AM

Inspector's Name: Mindy Green

Occupancy at Time of Report:	84%	Average Occupancy Over Last 12 Months:	72%**
Number of Units: 310			
Number of One Bedrooms:	226	Number of Two Bedrooms:	94
Number of Three Bedrooms:	NA	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?		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?	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 had good curb appeal. They have begun replacing the rail road tie retaining walls with brick retaining walls. The property is also repairing all balconies with rotted or missing wood throughout the property. In addition, buildings have been patched and repaired as a precursor to a full hardy plank siding replacement. On the 2009 and 2010 Asset Oversight Reports, it was noted that the parking lot has several pot holes and is in need of immediate attention. Management stated that parking lot repairs are in the current schedule of repairs. On the day of the site visit several building numbers and unit numbers were mismatched or in poor condition. Management stated that all placards would be replaced as a part of the rehab. Management stated that buildings 1, 4, 7, 9, 10, 11, and 16 have foundation issues. Management also stated that bids are being collect to complete repairs.

**Occupancy information was only available for the previous 11 months.

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		

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Theft	19	Theft (6) Theft from Vehicle (4) Theft of Vehicle (9)
Criminal Mischief		
Personal Assault	6	Assault (4) Assault with a Deadly Weapon (2)
Drug Activity		
Gunfire		
Domestic Violence		
Disturbance		
Other	5	Breaking & Entering
2) Does the property have a written plan to address criminal activity on the property? <input checked="" type="checkbox"/> The property currently has a written crime plan to address crime on the property.		
3) What pro-active measures is the property taking to address crime on the property? <input checked="" type="checkbox"/> The property takes the following preventative measures: A courtesy patrol officer patrols regularly, residents are notified of all criminal activity and crime watch meetings are held monthly.		
4) How often is a light check conducted on the property? <input checked="" type="checkbox"/> A light check is performed weekly.		
COMMENTS:		

SECURITY PROGRAM Part II	YES	NO	N/A
1) Is the Staff trained in addressing crime on the property? <input checked="" type="checkbox"/> Does the Management Policy or the Resident Services Program address any of the following activities responding to the needs of the community?	X		
<input checked="" type="checkbox"/> Violent Crime	X		
<input checked="" type="checkbox"/> Drug Activity	X		
<input checked="" type="checkbox"/> Family Violence	X		
<input checked="" type="checkbox"/> Other	X		
2) Are there signs of vandalism on the property?		X	
3) Are criminal background checks being conducted on all residents over 18 years of age?	X		
4) Has a risk assessment been conducted to determine risk liabilities at the property?	X		
COMMENTS: Accord, the properties insurance company, performed a risk assessment in August.			

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?			
<input checked="" type="checkbox"/> Fair Housing Poster	X		
<input checked="" type="checkbox"/> 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?	X		
9) Which of the following community amenities are provided for resident use?			
<input checked="" type="checkbox"/> Playground	X		
<input checked="" type="checkbox"/> Community Room	X		
<input checked="" type="checkbox"/> BBQ/Picnic Area	X		
<input checked="" type="checkbox"/> Laundry Facility	X		
<input checked="" type="checkbox"/> Business Center		X	
<input checked="" type="checkbox"/> Pool	X		
<input checked="" type="checkbox"/> Other (Volleyball Court, Resident Service Department)			
COMMENTS:			

KEY CONTROL	YES	NO	N/A
1) Are all property keys properly coded?	X		

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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? Ø Exterminator services are provided weekly.			
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? Ø There was a MSDS binder available however, it didn't have any MSDS information inside.			
5) What is the policy on follow ups for completed service requests? Ø Most work orders are called back after completion			
6) What is the property's after hours emergency policy? Ø After hours answering service contacts maintenance for "fire, flood, or blood" situations.			
7) What capital improvements have been scheduled for this budget year? Ø Stucco, siding, balcony and patio railings, retaining wall, paint, parking lot repairs, turning units/repairs, foundation repairs			

The following information was reported for the month of August 1, 2011-September 6, 2011:

Number of service requests received:	30		
Number of service requests completed:	5		
Number of service requests completed within 24 hours:	0		
Number of outstanding service requests:	43		

COMMENTS:

Finding:

- **The MSDS binder found on the day of the site visit did not contain any MSDS information. Material Data Safety Sheets are important to have on site and easily accessible so that the property staff knows how to properly handle materials and chemicals that are typically housed in the Maintenance area. The owner must submit a copy of materials collected and put into the binder on or before October 30, 2011.**
- **The Summary Work Order Report submitted on the day of the site visit reflects that 43 work orders are currently open. It appears that work orders are not being completed or closed on a daily basis. The reviewer is unable to effectively review the maintenance program. Management must complete and close all work orders in the system and submit an accurate Summary Work Order Report to TSAHC by October 30, 2011. The Owner must also begin completing and closing work orders on a daily basis to accurately manage the maintenance program.**

REHABILITATION DETAIL	YES	NO	N/A
1) Has rehab been completed according to the schedule?	X		
2) Were materials and repairs completed according to the detail provided during the application process?	X		
	DATE	AMOUNT	LOCATION
3) Were unit interior upgrades performed? Ø Carpet has been replaced throughout the property.	As of 9.6.11	\$22,169	
4) Were appliances purchased/replaced? Ø Refrigerators, Stoves, and Dishwashers have been replaced.		\$5,164	
5) Were building exteriors repaired? Ø Balcony and stair repairs have been performed.	As of 9.6.11	\$130,353	
5) Were amenities upgraded/repairs? Ø NA		\$	
6) Were HVAC systems installed or repaired? Ø NA	As of 9.6.11	\$497	
7) Were plumbing or electrical repairs made? Ø NA		\$	
8) Were any repairs made to the parking area, including carports? Ø NA		\$	
8) Were any additional repairs made? Ø Retaining walls have been replaced throughout the property.	As of 9.6.11	\$211,343	

COMMENTS:

Finding:

- **A detailed schedule of funds expended was requested on the day of the site visit. Management did provide the reviewer with a schedule of basic funds expended however it did not meet the request for a detailed report. Management must submit a detailed report of how funds have been spent. In addition this report should be maintained through the duration of the rehab.**

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MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$300	22	11
Flyers	\$25		
Resident Referral \$300 (7-9/month)	\$2,450	8	4
Locator Service 50%--2-3 month		1	0
Printed Advertising (Apartment Finder)	\$947	14	0
Internet Advertising (Forrent.com \$335)	\$335	4	3
Preferred Employer			
Other Source		1	0
TOTAL	\$4,057	50	18
The rental activity reflected in the above table was for the month of : August 1, 2011-September 6, 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? <input checked="" type="checkbox"/> Competitors are shopped 2-3 times per month.			
5) How often is a market survey completed? <input checked="" type="checkbox"/> A market survey is completed monthly.			
COMMENTS:			
Observation:			
<ul style="list-style-type: none"> 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. It is suggested that management 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?	64%	67%	65%
3) When are the lease renewal/rent increase notices sent to residents? <input checked="" type="checkbox"/> 90			
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 using the renewal binder.			
6) Are rent increases being implemented?	\$5-\$25		
7) What is the number of month-to-month leases?	11		
8) What is the month-to-month charge?	\$50		
COMMENTS:			
Observation:			
<ul style="list-style-type: none"> The property currently has 11 residents on month to month leases. This allows for a heightened level of vulnerability for the property if those residents chose to move out at the same time. It is suggested that Management increase efforts to renew month to month leases to decrease the potential for abrupt lost income. 			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	42
2) Number of completed made ready units at time of activity report:	5
3) Number of completed one bedroom units at time of activity report:	3
4) Number of completed two bedroom units at time of activity report:	2
5) Number of completed three bedroom units at time of activity report:	NA
6) Number of completed four bedroom units at the time of activity report:	NA

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7) Number of uncompleted made ready units at time of activity report:	37
8) Number of uncompleted one bedroom units at time of activity report:	27
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:	NA
11) Number of uncompleted four bedroom units at the time of activity report:	NA

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

Unit #	Brief Description
902	2x2 patio railings are loose and need to be painted, unit is in progress
1406	2x2 Unit in progress, No smoke detector, missing outlet covers
1921	1x1 Made Ready

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

Unit #	Brief Description
407	1x1 (Vacant 269 Days) Unit is missing appliances, has no power has very strong odor, and is being used as storage.
408	1x1 (Vacant 162 Days) Patio railings are not secure, need cabinet repairs, need countertop resurfacing, unit in progress
409	1x1 (Vacant 283 Days) Unit needs carpet, has very strong pet odor, needs apartments and AC unit.
417	1x1 (Vacant 158 Days) Need clean
904	2x2 (Vacant 273 Days) Unit needs door lock, carpet needs cleaned, cabinets need repaired, unit is in progress.
1101	2x1 (Vacant 237 Days) Unit needs appliances, possible foundation issues, unit in progress.
1308	1x1 (Vacant 273 Days) Unit missing AC unit, breaker box is in disrepair, doors missing in unit, need appliances.
1915	1x1 (Vacant 242 Days) Unit has mold growing in bedroom and needs full turn.

	YES	NO	N/A
1) Were the 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?	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? Ø Occupied units are inspected twice annually.			
9) How often are vacant units inspected? Ø Vacant units are inspected weekly.			
10) What is the company policy on turning vacant units? Ø Vacant units should be turned within 3-5 days.			
11) How many vacant unready units are near completion? Ø			

COMMENTS:

Findings:

- On the day of the site visit unit 1915 had mold growing on the walls of the bedroom. This is a health and safety issue that must be cured within 7 days. The owner must submit proof that the mold has been remediated to TSAHC by October 30, 2011. Proof can be submitted in the form of Invoices and/or work orders.
- Units 407, 409, 904, 1101, 1308, and 1915 are considered down because they are not available for rental on a continuous basis to members of the general public. These units must be deleted from the September 2011 Unit Status Report due October 10, 2011 until repairs are made. The unit designation must be market until a qualified household occupies the unit. In response to this review, the owner must submit proof that the units are back on-line and available for rental to the general public in the form of invoices, work orders, pictures, and/or Tenant Income Certifications to TSAHC.

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 2-3 bids are collected in order to obtain materials an services.			

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- 3) Have there been any large unexpected repairs or purchases that have negatively affected the budget?
 There have not been any unexpected expenses.
- 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
Advertising	\$3,361	\$5,741	\$2,380	41%	Brochures, Corporate Outreach, Promotions and Events, Referral Fees
Communications	\$342	\$582	\$240	41%	Internet

COMMENTS:

REVENUE

FOR THE MONTH OF JULY 2011		YEAR TO DATE	
Gross Potential	\$152,098	Gross Potential	\$1,114,220
Budgeted	153,281	Budgeted	1,112,538
Variance + (-)	-1,183	Variance + (-)	1,682
Collected to Date	99,065	Collected to Date	638,235
Other Revenue	10,326	Other Revenue	74,238
Total Collected	109,391	Total Collected	712,473
Budgeted	102,753	Budgeted	702,580
Variance + (-)	6,638	Variance + (-)	9,893

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? <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			

COMMENTS:

Current:			\$34,261
30 Days:			\$469
60 Days and Over:			\$566
TOTAL			\$35,296

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"/> Rent is due on 3 rd and is late on the 4 th which results in a \$50 charge and there is a \$5 charge every day thereafter. A 3 day notice is sent on the 4 th or 5 th of the month. Payment arrangements/eviction hold off agreements are made where needed.			
3) When is legal action taken against delinquent accounts? <input checked="" type="checkbox"/> Eviction is typically filed on the 20 th .			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	

COMMENTS:

Current:			\$2,890
30 Days:			\$0
60 Days and Over:			\$0
TOTAL			\$0

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

COMMENTS: There were discrepancies when reviewing NSF checks however management corrected the appropriate ledgers.

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 being held weekly.			
10) Have personnel been trained in Fair Housing?	X		
11) List all training staff has received in the past three years. Ø Staff has received the following training: Fair Housing, Leasing, Affordable requirements, Policies and Procedures, CallSource, Budget, and OneSite			

COMMENTS: On the day of the site visit, Management was prepared for the review.

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 once a month.			
4) What is the amount that requires owner approval for the release of funds? Ø Expenses over \$1000 require 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
<p>Finding:</p> <ul style="list-style-type: none"> The MSDS binder found on the day of the site visit did not contain any MSDS information. Material Data Safety Sheets are important to have on site and easily accessible so that the property staff knows how to properly handle materials and chemicals that are typically housed in the Maintenance area. The owner must submit a copy of materials collected and put into the binder on or before October 30, 2011. The Summary Work Order Report submitted on the day of the site visit reflects that 43 work orders are currently open. It appears that work orders are not being completed or closed on a daily basis. The reviewer is unable to effectively review the maintenance program. Management must complete and close all work orders in the system and submit an accurate Summary Work Order Report to TSAHC by <u>October 30, 2011</u>. The Owner must also begin completing and closing work orders on a daily basis to accurately manage the maintenance program. A detailed schedule of funds expended was requested on the day of the site visit. Management did provide the reviewer with a schedule of basic funds expended however it did not meet the request for a detailed report. Management must submit a detailed report of how funds have been spent. In addition this report should be maintained through the duration of the rehab. On the day of the site visit unit 1915 had mold growing on the walls of the bedroom. This is a health and safety issue that must be cured within 7 days. The owner must submit proof that the mold has been remediated to TSAHC by October 30, 2011. Proof can be submitted in the form of Invoices and/or work orders. Units 407, 409, 904, 1101, 1308, and 1915 are considered down because they are not available for rental on a continuous basis to members of the general public. These units must be deleted from the September 2011 Unit Status Report due October 10, 2011 until repairs are made. The unit designation must be market until a qualified household occupies the unit. In response to this review, the owner must submit proof that the units are back on-line and available for rental to the general public in the form of invoices, work orders, pictures, and/or Tenant Income Certifications to TSAHC. <p>Observations:</p> <ul style="list-style-type: none"> 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

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