

Texas State Affordable Housing Corporation
 “Bringing Affordable Housing Closer to Home”

Los Ebanos Apartments

2133 Barnard Road
 Brownsville, TX 78520

Owner: RHAC-Ebanos, LLC

Date Built: 1981

Management Company: Capstone Real Estate Services

Property Manager: Frankie Gonzalez

INSPECTION DATE/ TIME: February 9, 2011 at 11:00am

Inspector’s Name: Mindy Green

Number of Units:	65	Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	100%
Number of One Bedrooms:	4	Number of Two Bedrooms:	32	Number of Three Bedrooms:	29

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 grounds were well maintained and landscaping appeared to be in decent condition. Resident amenities were clean and in operable condition. With the exception of resident belongings outside of their units and some fence repairs needed to the neighboring property, the property had good curb appeal. The monument sign is in good condition, but was not clearly visible until nearly reaching the entrance.

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?	2	Theft of Vehicle
- Criminal Mischief?		
- Personal Assault?		
- Drug Activity?		
- Gunfire?		
- Domestic Violence?		

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- Disturbance?	1	
- Other?		
2) Does the property have a Crime Prevention Plan in effect to address criminal activity on the property? > The property has Standard Operation Procedures from the Management Company to address crime on the property.		
3) What pro-active measures is the property taking to address crime on the property? > The property is holding crime watch meetings in the community room at least once per quarter.		
4) How often is a light check conducted on the property? (Please obtain a copy of the schedule.) > A light check is performed weekly and is submitted to corporate monthly.		
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 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 last risk assessment was performed by Centerline on November 9, 2010.			

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?	X		
9) What community facilities and amenities are provided for resident use? > The property offers a community room, playground, and picnic/bbq area for resident use.			
COMMENTS: Management stated that insurance binders are kept at the corporate office. The Management office was clean and organized.			

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? > The exterminator provides services to all units every other month.			
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? > The maintenance shop contains a MSDS binder.			
5) What is the policy on follow ups for completed service request? > The manager follows up with all maintenance requests.			
6) What is the property's after hour's emergency policy? > Residents call an answering service and the answering service contacts the property manager in case of emergencies.			
7) What capital improvements have been scheduled for this budget year?			

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<ul style="list-style-type: none"> ➤ Minor landscape improvements are budgeted for 2011. 			
8) Were capital improvements scheduled from last year conducted?			
<ul style="list-style-type: none"> ➤ There were not any major capital improvements completed in 2010. 			
The following information was reported for the month of <u>January 2011</u> :			
Number of service requests completed in the past 30 days:	54		
Number of service requests completed within 24 hours:	54		
Number of outstanding service requests:	0		
<p>COMMENTS: There is a schedule for preventative maintenance however the property staff is not following it. Preventative maintenance is being performed regularly and is being tracked via work orders. The reviewer discussed with Management that using a schedule and a central tracking device for preventative maintenance would be preferred. Management stated that in the future they would begin using Capstone's preventative maintenance schedule. The property is currently recording all maintenance requests by hand. The Management Plus software system is capable of electronically recording and tracking work orders. The Reviewer discussed this option with staff and suggested that in the future Management Plus software be used to reduce the possibility of error.</p>			

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			
Flyers			
Resident Referral			
Locator Service			
Printed Advertising			
Internet Advertising			
Preferred Employer			
Other Source (list)			
TOTAL	\$0	0	0
(The rental activity reflected in the above table was for the month of January 9, 2011- February 9, 2011.)			
	YES	NO	N/A
2) Is the property doing bilingual advertising?			X
3) How often are competitors shopped?			
<ul style="list-style-type: none"> ➤ Competitors are shopped monthly. 			
4) How often is a market survey completed?			
<ul style="list-style-type: none"> ➤ A market survey is completed monthly. 			
<p>COMMENTS: The property is currently 100% occupied thus there is no need to spend marketing dollars. The property currently has a waiting list that is 2 years long.</p>			

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?	93.8%		
3) When are the lease renewal/rent increase notices sent to residents?			
<ul style="list-style-type: none"> ➤ Notices are sent February 1 for May 1 renewals. 			
4) Are individual files being reviewed to determine renewal/non-renewal status?	X		
5) How are renewals tracked and monitored?			
<ul style="list-style-type: none"> ➤ Renewals are tracked in Management Plus. 			
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
<p>COMMENTS: The property renews all leases in the month of May. Due to the property performing annual recertification's, the reports do not reflect monthly renewal activity. In 2010, the property had 4 move outs.</p>			

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VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	0
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:	0
7) Number of uncompleted one bedroom units at time of activity report:	0
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)
14	3x1.5 Occupied - Good, clean.
40	2x1 Occupied - Good, clean.
57	2x1 Occupied - Good, clean.

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? > Occupied units are inspected at least twice annually.			
9) What is the company policy on turning vacant units? > Company policy is to turn a vacant unit within 3-5 days; however the maintenance staff typically turns a unit in 2 days.			
10) How many vacant unready units are near completion? > N/A			

COMMENTS: The property is 100% occupied. Management stated that in some units the ceiling is peeling off due to humidity, and that they hope in the future they will be able to remove all “popcorn” ceilings throughout the property to avoid this problem in the future.

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 collected before materials are collected and services are performed.			
3) 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	\$8,687	\$7,574	-\$1,114	-14.7%	Bonuses
Utilities	\$4,160	\$4,928	\$768	15.5%	Water, Wastewater/Sewer
Operating & Maintenance	\$2,359	\$1,810	-\$549	-30.3%	Plumbing Supplies, HVAC

COMMENTS:

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REVENUE			
FOR THE MONTH OF DECEMBER		YEAR TO DATE 2010	
Gross Potential	\$41,471	Gross Potential	\$491,270
Budgeted	40,447	Budgeted	483,204
Variance + (-)	1,024	Variance + (-)	8,066
Collected to Date	41,471	Collected to Date	491,270
Other Revenue	4,829	Other Revenue	4,856
Total Collected	46,300	Total Collected	496,126
Budgeted	40,437	Budgeted	483,204
Variance + (-)	5,863	Variance + (-)	12,922
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 daily.			
6) If payments are a problem, what is management doing to correct the problem? ➤ Payments are not a problem.			
COMMENTS:	Current:		\$0
	30 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$0

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? ➤ Three day notices are sent out on the 4 th , if rent is still not collected, a 10 day notice is sent 7 th of the month. A one dollar fee is charged for each day not to exceed thirty dollars.			
3) When is legal action taken against delinquent accounts? ➤ Legal action would be taken on the 10 th 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?)		X	
COMMENTS:	Current:		\$0
	30 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$0

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		

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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.			
10) Have personnel been trained in Fair Housing?	X		
11) List all training staff has received in the past three years. ➤ Elizabeth Mooreland training, Grace Hill training, Capstone training, TAA and TDHCA trainings are completed by staff.			
COMMENTS: The property manager has been with the property since it opened in 1981. She is extremely knowledgeable of the property and appears to do a wonderful job managing the property.			

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 on a weekly basis.			
4) What is the approval amount that the owner requires for the release of funds? ➤ Any expenses over budget must be approved by the Regional Manager.			
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 or Observations.

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