

Texas State Affordable Housing Corporation

Peppertree Acres
6555 Sheridan Circle
Fort Worth, TX 76134

Owner: RHAC-Peppertree, LLC **Date Built: 1982**
Management Company: Capstone Real Estate Services **Property Manager: Sabine Goodrich**

INSPECTION DATE/ TIME: May 3, 2011 at 10:00 AM
Inspector's Name: Mindy Green

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	99%
Number of Units:			
Number of One Bedrooms:	126	Number of Two Bedrooms:	18
Number of Three Bedrooms:	4	Number of Four Bedrooms:	0

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: Although the parking lot was in good repair, there were vehicles broken down on at least two of the property's four sites. Perimeter fence damage was noticed on the Ephriham site. The chain link fence at the back of the property near the woods was pulled back. Management stated that this was due to kids pulling it down to play in the woods. The grounds were in acceptable condition on the day of the site visit, and even though the landscaping is minimal, it is well kept. The maintenance storage is in a fenced in area connected to the maintenance shop. There are spare appliances and materials stored there that could potentially be accessed by persons who are not staff members. On the day of the site visit, there appeared to be a lot of loitering in front of units, it is suggested that management address the loitering as it increases the opportunity for other negative events to take place.

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		
Theft		

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Criminal Mischief		
Personal Assault		
Drug Activity		
Gunfire		
Domestic Violence		
Disturbance		
Other		
2) Does the property have a written plan to address criminal activity on the property? <input type="checkbox"/> The property does not have a written crime prevention plan.		
3) What pro-active measures is the property taking to address crime on the property? <input type="checkbox"/> The property does not have space to hold regular crime watch meetings; however they work very closely with the Fort Worth Police Department to monitor traffic on the property and to prevent crime. Due to the type of relationship the manager has with the Neighborhood Patrol Officer, she has quick and easy access to any property specific crime reports.		
4) How often is a light check conducted on the property? (Please obtain a copy of the schedule.) <input type="checkbox"/> A light check is performed on the property weekly.		
COMMENTS: Although there is not a written crime prevention plan the property distributes crime materials to all residents via the House Rules during certification. According to the police reports that were submitted, no criminal activity was listed for any of the four property addresses.		

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?			
<input type="checkbox"/> Violent Crime	X		
<input type="checkbox"/> Drug Activity	X		
<input type="checkbox"/> Family Violence	X		
<input type="checkbox"/> 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 vandalism that has occurred on the property includes neighborhood kids spray painting and pulling out fence posts. On the day of the site visit, there were no signs of vandalism. The property is having a risk assessment done on May 10 th . The last risk assessment was performed in June 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?			
<input type="checkbox"/> Fair Housing Poster	X		
<input 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 type="checkbox"/> Playground	X		
<input type="checkbox"/> Community Room		X	
<input type="checkbox"/> BBQ/Picnic Area	X		
<input type="checkbox"/> Laundry Facility		X	
<input type="checkbox"/> Business Center		X	
<input type="checkbox"/> Pool		X	
<input type="checkbox"/> Other (Sports Court)	X		
COMMENTS: The property is spread throughout four sites in various locations in Ft. Worth. The leasing office is at the Sheridan location.			

KEY CONTROL	YES	NO	N/A
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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? Ø The exterminator visits the property bi-weekly.			
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? Ø The maintenance shop has a copy of MSDS binder.			
5) What is the policy on follow ups for completed service requests? Ø Staff follows up with all completed work orders at the end of each week.			
6) What is the property's after hours emergency policy? Ø Residents call the after hours emergency number which dials the on call maintenance cell phone. Additionally, an email is sent to the property manager for all emergency calls.			
7) What capital improvements have been scheduled for this budget year? Ø The property does not have any scheduled capital improvements.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

8) Unit Interior upgrades Ø There were not any property wide unit interior upgrades in 2010.
9) Appliance Replacements Ø Appliances were replaced as needed.
10) Building Exterior repairs Ø Unit 900 was repaired after a vehicle drove into the unit. There were not any other exterior upgrades.
11) Curb Appeal upgrades Ø There were not any landscaping or curb appeal upgrades done in 2010.
12) Amenity upgrades Ø No amenity upgrades were done in the previous budget year.
13) Other repairs or replacements Ø NA

The following information was reported for the month of April 1, 2011-May 2, 2011:

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

COMMENTS: The property does full unit inspections semi annually. Exterior building inspections are done in the spring and fall. Energy Efficient refrigerators are not been installed on the property. 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 staff 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			
Resident Referral			
Locator Service			
Printed Advertising			
Internet Advertising			
Preferred Employer			
Other Source (list)			

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TOTAL	0	0	0
The rental activity reflected in the above table was for the month of April 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? Ø The property's competition have also closed their waiting lists therefore there is no need to shop the competition.			
5) How often is a market survey completed? Ø A market survey is not performed.			
COMMENTS: The property is working on a waiting list, which is currently closed. Currently the 2 bedroom list is approximately 3 years long while the 3 and 4 bedroom units have a 3 to 4 year wait.			

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?	89%		
3) When are the lease renewal/rent increase notices sent to residents? Ø Lease renewals/re-certification's are completed for every unit in September.			
4) Are individual files being reviewed to determine renewal/non-renewal status?	X		
5) How are renewals tracked and monitored? Ø Renewals are tracked through the property software system.			
6) Are rent increases being implemented?		X	
7) What is the number of month-to-month leases?			X
8) What is the month-to-month charge?			X
COMMENTS: The property had 16 move outs in the last 12 months. Rent increases have not been implemented since the last review. However, rent increases should go into effect sometime during the month of May.			

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:	NA
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:	NA
5) Number of completed three bedroom units at time of activity report:	NA
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:	NA
8) Number of uncompleted one bedroom units at time of activity report:	NA
9) Number of uncompleted two bedroom units at time of activity report:	NA
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 (See Unit Inspection Sheet for details)
934	Occupied 3x1.5
1032	Occupied 2x1
2340	Occupied 2x1
5232	Occupied 2x1
5218	Occupied 2x1
6549	Occupied 2x1
6510	Occupied 3x1.5
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	There were not any vacant units for an extended amount of time on the day of the site visit.

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	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? Ø Occupied units are inspected at a minimum twice annually.			
9) How often are vacant units inspected? Ø The property is working on a waiting list so there is not currently a policy for inspecting vacant units.			
10) What is the company policy on turning vacant units? Ø A vacant unit should be turned within 3-5 days.			
11) How many vacant unready units are near completion? Ø On the day of the site visit, the property did not have any vacant units.			
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? Ø Major repairs require 3 bids to obtain materials or services.							
3) Have there been any large unexpected repairs or purchases that have negatively affected the budget? Ø There have not been any expenses that will negatively affect the budget.							
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	\$44,770	\$52,389	\$7,619	15%	Assistant Manager, Medicare & Social Security Tax, Workers Compensation Insurance, Maintenance Salaries		
Operating & Maintenance	\$13,932	\$21,448	\$7,517	35%	Landscape Maintenance, Courtesy Patrol		
COMMENTS:							

REVENUE					
FOR THE MONTH OF MARCH			YEAR TO DATE 2011		
Gross Potential		\$96,636	Gross Potential		\$289,908
Budgeted		96,636	Budgeted		289,908
Variance + (-)		0	Variance + (-)		0
Collected to Date		96,301	Collected to Date		286,534
Other Revenue		113	Other Revenue		289
Total Collected		96,414	Total Collected		286,823
Budgeted		95,915	Budgeted		287,745
Variance + (-)		499	Variance + (-)		-922
COMMENTS:					

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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? Ø Invoices are processed daily.			
6) If payments are a problem, what is management doing to correct the problem? Ø Payments are not an issue for the property.			
COMMENTS:	Current:		\$1,079
	30 Days:		\$1,721
	60 Days and Over:		\$0
	TOTAL		\$2,800

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? Ø Rent is due the 1 st and is late on the 6 th . A late fee of \$5 is charged on the 6 th and then \$1 everyday thereafter. Ten day notices are given on the 6 th , and then a 3 day notice is given on the 16 th .			
3) When is legal action taken against delinquent accounts? Ø In the even that eviction is necessary, it be filed for on the 21 st .			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS:	Current:		\$4,466
	30 Days:		\$538
	60 Days and Over:		\$126
	TOTAL		\$5,130

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: The property has not had any returned checks.			

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 2-3 times per week.			
10) Have personnel been trained in Fair Housing?	X		
11) List all training staff has received in the past three years. Ø Grace Hill, Employee Health and Safety, Elizabeth Mooreland, Capstone webinars are utilized to train staff.			
COMMENTS: Site staff were prepared for the site visit and appeared to work exceptionally well together. Management was knowledgeable of residents, buildings, and specific site information when asked.			

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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 owners at least weekly.			
4) What is the amount that requires owner approval for the release of funds? Ø Any expenses over budget 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
No Findings or Observations.



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