

Texas State Affordable Housing Corporation

Spring Terrace
2600 S Spring St
Amarillo, TX 79109
Owner: RHAC-Spring, LLC Date Built: 1983
Management Company: Capstone Real Estate Services Property Manager: Arra Coleman
INSPECTION DATE/ TIME: June 16, 2011 at 1:00pm
Inspector's Name: Mindy Green

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	99%
Number of Units: 50			
Number of One Bedrooms:	NA	Number of Two Bedrooms:	40
Number of Three Bedrooms:	10	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? (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 landscaping is in good condition however grass is very brown and there are patches of missing grass. There are minimal flowers and trees throughout the property which does not provide for great curb appeal. The exterior of the buildings appears to be in good condition with no major repairs needed. The parking lot is also in good condition with handicap spaces clearly marked.

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	2	
Criminal Mischief		
Personal Assault	2	
Drug Activity		
Gunfire		

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Domestic Violence		
Disturbance		
Other	2	Vandalism
2) Does the property have a written plan to address criminal activity on the property? > The property has a standard operating procedure to address criminal activity. Additionally, all residents sign the <i>House Rules</i> which address criminal activity.		
3) What pro-active measures is the property taking to address crime on the property? > The property is taking the following proactive measures: Unit Inspections are performed twice annually and lease violations are issued when necessary, and the property staff calls the police department frequently to request patrol the property.		
4) How often is a light check conducted on the property? > A light check is performed monthly by the maintenance staff.		
COMMENTS: The police reports that were submitted for the previous three months reflect assaults, burglaries, and theft. Management is encouraged to create and implement a Crime Prevention Plan. The Crime Prevention Plan should include management requesting and reviewing police reports monthly, conducting crime watch meetings, and implementing additional pro-active measures to address criminal activity on the property. Reviewing the police reports may assist in issuing lease violations when appropriate and monitor the types of activity on the property in efforts to decrease the overall criminal activity.		

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: Management was unaware if a risk assessment had been performed.			

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) 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			X
COMMENTS: Vendor insurance binders are kept at the corporate office.			

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		

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4) Are locks being changed during turnover of vacant units and turnover of staff?	X		
COMMENTS: The property uses a code system for keys that is not easily decipherable.			

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? ➢ Exterminator services are provided monthly.			
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? ➢ Management was unable to produce a MSDS binder.			
5) What is the policy on follow ups for completed service requests? ➢ All residents are called after work orders have been completed to ensure satisfaction.			
6) What is the property's after hours emergency policy? ➢ Residents call the office and leave a message. The property manager is paged and she determines if it is a true maintenance emergency and then calls maintenance when necessary.			
7) What capital improvements have been scheduled for this budget year? ➢ The property is scheduled to repave the parking lot this year.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year
8) Unit Interior upgrades ➢ Last year the property upgraded an additional unit to be handicap accessible.
9) Appliance Replacements ➢ Appliances were replaced as needed in 2010.
10) Building Exterior repairs ➢ Small foundation repairs were completed last year.
11) Curb Appeal upgrades ➢ Small cracks in side walks were repaired for REAC inspection.
12) Amenity upgrades ➢ Amenity upgrades were not completed last budget year.
13) Other repairs or replacements ➢ No other repairs were completed in 2010.

The following information was reported for the month of May 16, 2011-June 16, 2011:			
Number of service requests received:	22		
Number of service requests completed:	15		
Number of service requests completed within 24 hours:	12		
Number of outstanding service requests:	7		

COMMENTS: Energy Efficient refrigerators have 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.

Finding:

- On the day of the site visit, management could not produce a Material Data Safety Sheet Binder. 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 by August 18, 2011.

Observation:

- On the day of the site visit, management stated that preventative maintenance was not currently being performed. Management stated that a preventative maintenance schedule has been created and discussed with maintenance staff to begin implementing. It is imperative that preventative maintenance is being performed and documented to minimize deterioration of the property and to prolong the useful life of facilities and equipment. It is suggested that management begin tracking all preventative maintenance activities on the schedule and maintained in a binder for future review.

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth		1	2

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Flyers			
Resident Referral			
Locator Service			
Printed Advertising			
Internet Advertising			
Preferred Employer			
Other Source (list)			
TOTAL	\$0	1	2

The rental activity reflected in the above table was for the month of May 16, 2011-June 16, 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? ➢ The property does not shop competitors.			
5) How often is a market survey completed? ➢ A market survey is not completed.			

COMMENTS:

LEASE RENEWAL	YES	NO	N/A
1) Is an effective lease renewal program in place?	X		
2) What percentage of residents renewed in the last 12 months?	58%		
3) When are the lease renewal/rent increase notices sent to residents? ➢ Lease renewals are all performed in March and notices are sent 120 days in advance.			
4) Are individual files being reviewed to determine renewal/non-renewal status?	X		
5) How are renewals tracked and monitored? ➢ Renewals are tracked in Management Plus.			
6) Are rent increases being implemented?	\$23-\$27		
7) What is the number of month-to-month leases?			X
8) What is the month-to-month charge?			X

COMMENTS: The property has had 21 move ins and move out's in the past 12 months. Management explained that in the summer months the Amarillo Housing Authority approves residents to move into homes so the property loses several residents to that program each year.

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)
3	2x1 Occupied
27	2x1 Occupied
42	3x1 Occupied

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

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Unit #	Brief Description (See Unit Inspection Sheet for details)			
NA				
		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 twice annually.			
9)	How often are vacant units inspected? ➤ If units continue to be vacant after make ready, they are inspected every other day. If there were vacant units on the property they would be inspected every other day.			
10)	What is the company policy on turning vacant units? ➤ Company policy to turn vacant units is 3-5 days.			
11)	How many vacant unready units are near completion? ➤ NA			
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 in order to obtain materials and services.			
3) Have there been any large unexpected repairs or purchases that have negatively affected the budget? ➤ There have not been any unexpected repairs or purchases this year that have negatively affected the budget.			
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
Payroll	\$18,219	\$21,816	\$3,598	16%	Group Health Insurance, Maintenance Salaries
Administrative	\$15,656	\$4,072	-\$11,584	-163%	Audit Expense, Professional Services
Operating and Maintenance	\$3,256	\$4,664	\$1,408	30%	Landscape Maintenance

COMMENTS:

REVENUE					
FOR THE MONTH OF APRIL 2011			YEAR TO DATE		
Gross Potential	\$33,990		Gross Potential	\$134,724	
Budgeted	33,990		Budgeted	134,724	
Variance + (-)	0		Variance + (-)	0	
Collected to Date	33,722		Collected to Date	134,409	
Other Revenue	36		Other Revenue	1,445	
Total Collected	33,664		Total Collected	135,274	
Budgeted	33,003		Budgeted	131,805	
Variance + (-)	661		Variance + (-)	3,469	

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? ➤ Invoices are processed weekly.			
6) If payments are a problem, what is management doing to correct the problem? ➤ NA			
COMMENTS:	Current:		\$0
	30 Days:		\$1,685
	60 Days and Over:		\$2,146
	TOTAL		\$3,831

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 to vacate goes to residents on the 6 th and 3 day notice to vacate on the 17 th or 18 th .			
3) When is legal action taken against delinquent accounts? ➤ Eviction is filed on the 22 nd or 23 rd of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS:	Current:		\$1,010
	30 Days:		\$50
	60 Days and Over:		\$0
	TOTAL		\$1,060

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 between the property manager and maintenance staff.			
10) Have personnel been trained in Fair Housing?	X		
11) List all training staff has received in the past three years. ➤ Grace Hill, Elizabeth Mooreland, and Capstone University training programs are being implemented.			
COMMENTS: Both maintenance staff people are currently temps but are in the process of being hired permanently.			

OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to computer generated reports?	X		

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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 weekly and monthly.			
4) What is the amount that requires owner approval for the release of funds? ➤ All unbudgeted expenses require approval from the Regional supervisor.			
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"> On the day of the site visit, management could not produce a Material Data Safety Sheet Binder. 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 by August 18, 2011. <p>Observation:</p> <ul style="list-style-type: none"> On the day of the site visit, management stated that preventative maintenance was not currently being performed. Management stated that a preventative maintenance schedule has been created and discussed with maintenance staff to begin implementing. It is imperative that preventative maintenance is being performed and documented to minimize deterioration of the property and to prolong the useful life of facilities and equipment. It is suggested that management begin tracking all preventative maintenance activities on the schedule and maintained in a binder for future review.



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