

Texas State Affordable Housing Corporation

Summer Oaks

**1400 Patricia
San Antonio, TX 78213**

**Owner: South Texas State Affordable Housing Corporation Date Built: 1984
Management Company: Orion Real Estate Services, Inc. Property Manager: Michelle Rodriguez**

INSPECTION DATE/ TIME: April 13, 2011 at 8:30 am

Inspector's Name: Sarah Schildmier Bloom

Occupancy at Time of Report:	96%	Average Occupancy Over Last 12 Months:	93%
Number of Units: 256			
Number of One Bedrooms:	184	Number of Two Bedrooms:	72
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? (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 current management team has done a great job maintaining occupancy. The property appeared to be free of trash and landscaping appeared to be maintained on the day of the site visit. In response to the 2010 Asset Oversight Report, management added landscaping upgrades to a couple areas to address run off issues. Management also painted the metal stairways and created an open window in the mailbox building to make it feel open. One of the boilers in the front of the property is no longer working. Even though the boiler was not being replaced on the day of the site visit, management is in the process obtaining bids and reviewing the current options in replacing the boiler.

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	1*	Robbery-Habitat
Criminal Mischief	1*	Property's Fitness Center/Clubroom
Personal Assault		

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Drug Activity		
Gunfire		
Domestic Violence		
Disturbance		
Other		
2) Does the property have a written plan to address criminal activity on the property? > Management follows company policy when addressing criminal activity. Management also completes an Incident Report for any criminal activity that is reported to the office.		
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 criminal activity on the property includes having "Meet Your Neighbor" meetings, having a courtesy officer on the property, crime watch meetings, and sending out notices to residents regarding recent criminal activity as needed.		
4) How often is a light check conducted on the property? (Please obtain a copy of the schedule.) > A light check is conducted weekly by the maintenance staff and monthly during the preventive maintenance program.		
COMMENTS: *The criminal activity listed above was reported through Incident Reports submitted by the manager. The system that contains the police and 911 calls for San Antonio recently changed. Due to the system change, management was unable to get the police reports to reflect the criminal activity during January 2011 to March 2011. Management is encouraged to review police reports to monitor the 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: The Fitness Room/Clubroom was vandalized in February 2011. There were not any signs of vandalism on the property on the day of the site visit.

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 (The property has 2 pools.)	X		
> Other (Fitness Center, Volleyball Court)	X		

COMMENTS: Insurance binders are maintained vendors and located at the corporate office. The property manager reviews the resident files for final compliance approval.

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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: The property uses the KeyTrak system to secure the keys.			

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 once a week. Each apartment is treated quarterly.			
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? ➢ A copy of the MSDS binder is maintained in the maintenance office.			
5) What is the policy on follow ups for completed service requests? ➢ Management calls a random selection of the completed service requests.			
6) What is the property's after hours emergency policy? ➢ Management is currently using an audio system to direct calls to the maintenance staff and/or courtesy officer. Management stated that they will be switching back to a live call center in May.			
7) What capital improvements have been scheduled for this budget year? ➢ Capital improvements scheduled for this budget year include replacing a boiler, installing new cabinet doors, refinishing cabinets, replacing flooring, balcony repairs, soffits, and repairing retaining walls. Management will be restriping the parking lot in house.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

8) Unit Interior upgrades ➢ Management added smoke detectors to all bedrooms. Management also started replacing cabinet doors and refinishing the cabinets during the make ready as needed. Other unit upgrades that are completed include updating flooring and bath tubs as needed.
9) Appliance Replacements ➢ Appliances were replaced as needed.
10) Building Exterior repairs ➢ Management repaired soffits during the last budget year.
11) Curb Appeal upgrades ➢ Curb appeal upgrades that were completed last year include painting the metal stairs and doors and repairing the stair landings.
12) Amenity upgrades ➢ Amenity upgrades that were completed last year include resurfacing the pools and repairing the pool pump.
13) Other repairs or replacements ➢ Management made repairs to the dumpster pads and side walks during the last budget year. Management also had to repair a water main break by building 13. An open window was created on mailbox building to make the building feel open and deter criminal activity.

The following information was reported for the dates 3-1-2011 to 4-13-11:

Number of service requests received:	133		
Number of service requests completed:	134		
Number of service requests completed within 24 hours:	71		
Number of outstanding service requests:	12		

COMMENTS: During the Asset Oversight review, management was able explain and verify the outstanding service requests. The outstanding service requests include units scheduled to be painted by a contractor, carpet repairs, move in inventories, and recent requests.

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth (Balloons, Signs)	\$100	7	2
Flyers			
Resident Referral (\$50/Referral, 2 Resident Referrals/Month)	\$100	6	5
Locator Service (\$50/Lease, 0-1 Referrals/Month)	\$50	1	1
Printed Advertising (For Rent)	\$599	2	
Internet Advertising (Forrent.com, Property Website, Rent Jungle, 365 Connect)	\$300	7	6

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Preferred Employer			
Other Source (list)		1	1
TOTAL	\$1,149	24	15
The rental activity reflected in the above table was for the dates 3-1-2011 to 4-13-2011:			
	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? ➢ Competitors are shopped quarterly. Competitors may be shopped more often when specials are advertised.			
5) How often is a market survey completed? ➢ Market surveys are completed monthly.			
COMMENTS:			

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?	79%	78%	76%
3) When are the lease renewal/rent increase notices sent to residents? ➢ Lease renewals and rent increase notices are sent to residents 90 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 OneSite and the Unit Status Report			
6) Are rent increases being implemented?	\$5		
7) What is the number of month-to-month leases?	1		
8) What is the month-to-month charge?	\$150 + MKT		
COMMENTS: Management has done a great job implementing the lease renewal program.			

VACANT/MAKE READY UNITS			
1) Number of vacant units at time of activity report:			10
2) Number of completed made ready units at time of activity report:			3
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:			2
5) Number of completed three bedroom units at time of activity report:			N/A
6) Number of completed four bedroom units at time of activity report:			N/A
7) Number of uncompleted made ready units at time of activity report:			7
8) Number of uncompleted one bedroom units at time of activity report:			5
9) Number of uncompleted two bedroom units at time of activity report:			2
10) Number of uncompleted three bedroom units at time of activity report:			N/A
11) Number of uncompleted four bedroom units at the time of activity report:			N/A
Units Walked (model and minimum of 3 make ready units)			
Unit #	Brief Description (See Unit Inspection Sheet for details)		
110	Model 1x1 (Model shows the upgrades that management is implementing.)		
908	1x1 Good Made Ready		
1008	2x2 Good Made Ready		
1303	2x1 Good Made Ready		
Units Walked (units vacant and unready for extended period of time and all down units)			
Unit #	Brief Description (See Unit Inspection Sheet for details)		
N/A	On the day of the site visit, no units were down or vacant for an extended period of time.		
	YES	NO	N/A
1) Were inspected units in acceptable condition?	X		

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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 annually.			
9) How often are vacant units inspected? ➢ Vacant units are inspected at move out and made ready. If units are vacant for several days, management walks the unit to check the condition and curb appeal.			
10) What is the company policy on turning vacant units? ➢ The company policy on turning vacant units is 5 business days.			
11) How many vacant unready units are near completion? ➢ Two units were near completion on the day of the site visit.			
COMMENTS: According to the Availability Report and the make ready board, management appears to have an organized system to ensure units are made ready. The Availability Report showed that nine of the 10 units have been vacant 12 days or less. The make ready board showed three made ready units, two units near completion, and five units in the process of being made ready.			

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, supplies, and services.					
3) Have there been any large unexpected repairs or purchases that have negatively affected the budget? ➢ Management has budgeted for repairing one water main break each year and replacing the boiler to decrease unexpected large expenses.					
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
Resident Services	\$1,806	\$3,114	\$1,308	42%	Rent Reductions for Services
Repairs/Maintenance-Site	\$4,835	\$6,042	\$1,207	20%	Landscape, Pool/Spa Maintenance/Furniture
Repairs/Maintenance-Units	\$16,290	\$13,990	-\$2,300	-16%	Painting
COMMENTS:					

REVENUE					
FOR THE MONTH OF FEBRUARY			YEAR TO DATE 2011		
Gross Potential		\$159,288	Gross Potential		\$318,576
Budgeted		159,288	Budgeted		318,576
Variance + (-)		0	Variance + (-)		0
Collected to Date		140,472	Collected to Date		277,632
Other Revenue		12,409	Other Revenue		24,294
Total Collected		152,882	Total Collected		301,925
Budgeted		150,593	Budgeted		299,556
Variance + (-)		2,289	Variance + (-)		2,369
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? ➤ With the increase of revenue in 2011, management expects expenses payments to be better.			
COMMENTS: Management stated that invoices from Target and Home Depot have had late charges. According to the Vendor Aging Report submitted for this report, all balances to Target are current. Management closed their account at Home Depot because of the accounting problems that were occurring at Home Depot after the property had made payments. Management submitted a plan of action to decrease the accounts payables to TSAHC on April 29, 2011 to address the outstanding finding from 2010 Asset Oversight Report and the current accounts payable balance. According to management, the \$29,000 due to one vendor will remain a pending payment until agreement is made on the equipment. Management also stated that a payment was submitted to another vendor with an outstanding balance. With an increase of revenue in 2011, management expects payments to improve.	Current:		\$ 14, 956
	30 Days:		\$ 19,075
	60 Days and Over:		\$ 47, 735
	TOTAL		\$ 81,766

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? ➤ A notice is sent on the 3 rd of the month. Management continues to follow up with calls and notices. Management also makes payment arrangements.			
3) When is legal action taken against delinquent accounts? ➤ Eviction is filed on the 10 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?)	\$1,281		
COMMENTS:	Current:		\$ 6,307
	30 Days:		\$ 44
	60 Days and Over:		\$ 260
	TOTAL		\$ 6,611

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		5	
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 weekly. Safety meetings are held monthly.			
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: Grace Hill, new HVAC training, and legal. Grace Hill training includes but is not limited to the following topics: Human Resources, Fair Housing, Bed Bugs, Mold Awareness, and Resident Retention			
COMMENTS:			

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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? ➤ N/A			
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? ➤ The property manager needs approval for the release of funds for expenses \$750 or more over the budget. The regional manager needs approval for the release of funds for expenses \$5,000 or more 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 or Observations were identified during the review.</p>

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