

Texas State Affordable Housing Corporation

The Wharf

**9320 South Padre Island Drive
Corpus Christi, TX 78418**

Owner: South Texas Affordable Properties Date Built: 1984
Management Company: Orion Real Estate Services Property Manager: Debbie White

INSPECTION DATE/ TIME: February 16, 2011 at 8:30am

Inspector's Name: Sarah Schildmier Bloom

Occupancy at Time of Report:	96%	Average Occupancy Over Last 12 Months:	91%
Number of Units:			
Number of One Bedrooms:	74	Number of Two Bedrooms:	132
Number of Three Bedrooms:	44	Number of Four Bedrooms:	N/A

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.)			
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: It appears management has been working hard on increasing occupancy. According to the occupancy report, the occupancy in January was under 90% and on the day of the site visit occupancy was at 96%. On the day of this site visit, the property was clean and maintained. Management has included siding and wood trim replacement as needed in capital improvements.

Observations:

- There are a few patios and balconies that have rotted wood and/or missing trim. Management has included patio and balcony repair in capital improvements for this year. It is recommended that management repair and paint the patios and balconies to increase curb appeal to both current and prospective residents.
- The shingles of the roofs are sporadically missing. During the physical inspection, management was picking up pieces of shingles. According to management, the roofs were hit by high winds before the site visit. Management has solicited bids to repair the roofs. It is recommended that management continue making repairs to the roofs to decrease the risk of future damage to the buildings and units.

SECURITY PROGRAM Part I

1) In reviewing the police report the following incidents were noted and includes the number of times incidents occurred:

Texas State Affordable Housing Corporation

Incident Type	# of Occurrences	Comments:
Burglary	4	
Theft	2	
Criminal Mischief	3	
Personal Assault	3	
Drug Activity		
Gunfire		
Domestic Violence		
Disturbance	16	Disturbance (12), Loud (4)
Other	2	Robbery
2) Does the property have a written plan to address criminal activity on the property? <ul style="list-style-type: none"> ➤ 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? <ul style="list-style-type: none"> ➤ The pro-active measures the property is taking to address criminal activity on the property include holding crime watch meetings, having a courtesy officer, and updating exterior lighting. 		
4) How often is a light check conducted on the property? (Please obtain a copy of the schedule.) <ul style="list-style-type: none"> ➤ A light check is conducted weekly by the courtesy officer. 		
COMMENTS:		
Observation:		
<ul style="list-style-type: none"> • According to the police reports that were submitted, the criminal activity has increased since the 2010 Asset Oversight report. The police reports reflect assaults, burglaries, theft, criminal mischief, and disturbances. During the site visit, the reviewer discussed with management that additional pro-active measures should be implemented to address the criminal activity on the property. It is recommended that management review the current policies in place to address criminal activity and implement any changes that may be made. Management is encouraged to request police reports on a monthly basis 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:			

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		

Texas State Affordable Housing Corporation

➤ Business Center	X		
➤ Pool	X		
➤ Other (Fitness Center, Basketball/Tennis Court, Washer and Dryer Connections)	X		

COMMENTS: The property manager reviews the resident files for final approval. Insurance binders are maintained 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		
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 weekly.			
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 and the leasing office.			
5) What is the policy on follow ups for completed service request? ➤ Management calls 50% of the completed service requests. Management also follows up with residents when they come into the office.			
6) What is the property's after hours emergency policy? ➤ The answering service directs the call to the property manager.			
7) What capital improvements have been scheduled for this budget year? ➤ Capital improvements scheduled for this year include replacing siding, replacing wood trim, repairing patios and balconies as needed. The townhouse units on the property received weatherization upgrades paid by American Electric Power and completed by an energy conservation company.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

8) Unit Interior upgrades ➤ No upgrades were completed other than flooring.
9) Appliance Replacements ➤ Management replaced refrigerators, stoves, and dishwashers as normal.
10) Building Exterior repairs ➤ Siding, wood trim, balcony, roofs, chimney, and perimeter fencing repairs were made. Exterior lighting was updated.
11) Curb Appeal upgrades ➤ Landscaping upgrades were completed on the property.
12) Amenity upgrades ➤ Not Applicable
13) Other repairs or replacements ➤ American Electric Power installed smart meters on all units. Irrigation repairs and tile replacements were completed.

The following information was reported for 1-1-2011 to 2-15-2011:

Number of service requests received:	122		
Number of service requests completed:	125		
Number of service requests completed within 24 hours:	66		
Number of outstanding service requests:	6		

COMMENTS:

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		111	33
Flyers			
Resident Referral (\$50 Per Referral, Usually have 1-2 Referrals Per Month)	\$100	10	10

Texas State Affordable Housing Corporation

Locator Service	(50% of First Month's Rent)	\$450	4	2
Printed Advertising	(Apartment Guide-Cost is included in the Internet Advertising)			
Internet Advertising	(ApartmentGuide.com, Rent.com, Property Website)	\$1,133	19	6
Preferred Employer				
Other Source (list)	(Preferred Employer)		2	1
TOTAL		\$1,683	146	52

The rental activity reflected in the above table was for 1-1-2011 to 2-16-2011:

	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? ➢ Competitors are shopped quarterly.			
5) How often is a market survey completed? ➢ Market surveys are completed quarterly.			

COMMENTS: Management also spends \$1,000 each year on brochures for the property with floor plans and amenities.

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?	45%	52%	60%
3) When are the lease renewal/rent increase notices sent to residents? ➢ Lease renewals and rent increase notices are sent to residents 60 days and 30 days before expiration. Management is aware that notices can be sent 120 days before expiration to start obtaining income verifications.			
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.			
6) Are rent increases being implemented?	\$10-\$20/ Month		
7) What is the number of month-to-month leases?	7		
8) What is the month-to-month charge?	MKT + \$50		

COMMENTS:

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	9
2) Number of completed made ready units at time of activity report:	7
3) Number of completed one bedroom units at time of activity report:	7
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 completed four bedroom units at time of activity report:	N/A
7) Number of uncompleted made ready units at time of activity report:	2
8) Number of uncompleted one bedroom units at time of activity report:	0
9) Number of uncompleted two bedroom units at time of activity report:	1
10) Number of uncompleted three bedroom units at time of activity report:	1
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)
806	2 x 2 Good Made Ready
1904	2 x 1 Good Made Ready
3308	2 x 2 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	No units were down or unready for an extended period of time on the day of the site visit.

Texas State Affordable Housing Corporation

	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 annually. Units are also inspected when work orders are being completed.			
9) How often are vacant units inspected? ➢ Vacant units are inspected daily.			
10) What is the company policy on turning vacant units? ➢ The company policy on turning vacant units is 3-5 business days.			
11) How many vacant unready units are near completion? ➢ One unit was in process of being made ready.			

COMMENTS: The make ready board reflected an additional unit that was made ready than the Availability Report.

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 year to date budget? ➢ The cost of replacing the HVAC unit for the leasing office was the only expense that 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
Marketing and Retention	\$33,743	\$48,304	\$14,561	30%	Advertising, Locator Fees
Repairs and Maintenance-Building	\$58,140	\$52,232	-\$5,908	-11%	Roof, Other Building Repairs and Maintenance
Repairs and Maintenance-Units	\$47,548	\$55,440	\$7,892	14%	Painting, Other Rental Unit Repairs and Maintenance, Draperies/Blinds, Appliances

COMMENTS:

REVENUE					
FOR THE MONTH OF DECEMBER			YEAR TO DATE 2010		
Gross Potential		\$ 209,990	Gross Potential		\$ 2,313,870
Budgeted		185,560	Budgeted		2,221,720
Variance + (-)		24,430	Variance + (-)		92,150
Collected to Date		137,297	Collected to Date		1,759,428
Other Revenue		11,476	Other Revenue		184,050
Total Collected		148,773	Total Collected		1,943,478
Budgeted		164,016	Budgeted		1,979,624
Variance + (-)		-15,243	Variance + (-)		-36,146

COMMENTS:

Texas State Affordable Housing Corporation

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? ➤ Management has been working with a new point of contact at MBIA to ensure that expenses are paid on time.			
COMMENTS: Management closed their account at Home Depot because of the accounting problems that were occurring at Home Depot after the property had made payments. The total aged payables have been reduced by more than \$16,000.	Current:		\$ 19,082
	30 Days:		\$ 17,831
	60 Days and Over:		\$ 13,379
	TOTAL		\$ 50,292

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? ➤ A three day notice is sent on the 4 th and the 10 th of the month. Management works with the resident to pay the balance.			
3) When is legal action taken against delinquent accounts? ➤ Eviction is filed on the 20 th of the month.			
4) Does the property currently have any resident(s) under eviction? (If yes, how much is outstanding?)	\$2,576		
5) Does Housing have any outstanding balances? (If yes, how much is outstanding?)	\$1,087		
COMMENTS:	Current:		\$ 23,974
	30 Days:		\$ 1,675
	60 Days and Over:		\$ 961
	TOTAL		\$ 26,610

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		8	
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 and 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: Human Resources, HVAC, Pool, Fair Housing, Bed Bugs, Mold Awareness, Resident Retention, and other Grace Hill trainings.			
COMMENTS: Management did a great job working and communicating with the reviewer to complete the report.			

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

Texas State Affordable Housing Corporation

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

No Findings.

Observations:

- There are a few patios and balconies that have rotted wood and/or missing trim. Management has included patio and balcony repair in capital improvements for this year. It is recommended that management repair and paint the patios and balconies to increase curb appeal to both current and prospective residents.
- The shingles of the roofs are sporadically missing. During the physical inspection, management was picking up pieces of shingles. According to management, the roofs were hit by high winds before the site visit. Management has solicited bids to repair the roofs. It is recommended that management continue making repairs to the roofs to decrease the risk of future damage to the buildings and units.
- According to the police reports that were submitted, the criminal activity has increased since the 2010 Asset Oversight report. The police reports reflect assaults, burglaries, theft, criminal mischief, and disturbances. During the site visit, the reviewer discussed with management that additional pro-active measures should be implemented to address the criminal activity on the property. It is recommended that management review the current policies in place to address criminal activity and implement any changes that may be made. Management is encouraged to request police reports on a monthly basis to monitor the criminal activity.

Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation

