

# Texas State Affordable Housing Corporation

## The Willows

1332 Lamar Square Drive  
Austin, Texas 78704

Owner: Mary Lee Community      Date Built: 2010

Management Company: Mary Lee Leasing      Property Manager: Max Courtney

INSPECTION DATE/ TIME: June 21, 2011 at 10:00 am

Inspector's Name: Mindy Green

Occupancy at Time of Report:	98%	Average Occupancy Over Last 12 Months:	NA*
<b>Number of Units:</b>			
Number of Efficiencies:	51	Number of One Bedrooms:	9
Number of Two Bedrooms:	4	Number Three 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:** \*On the day of the site visit, the property had only been open for 5 months; therefore occupancy information was not available for the previous 12 months. The building exterior appeared to be in good condition with no major repairs needed. The parking lot is very small, but in good condition. On the day of the site visit, resident belongings were in the breezeway and several blinds were broken. In the future, the number of resident belongings should be kept to a minimum, and blinds should be repaired to increase curb appeal. Management is encouraged to monitor the breezeways units to issue lease violations or charges when necessary.

### 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	Burglary of Residence
Theft		
Criminal Mischief		
Personal Assault	1	Assault by Threat

# Texas State Affordable Housing Corporation

Drug Activity		
Gunfire		
Domestic Violence		
Disturbance	2	
Other		

2) Does the property have a written plan to address criminal activity on the property?  
 > The property has language in the lease and in some addendums addressing criminal activity.

3) What pro-active measures is the property taking to address crime on the property?  
 > The property is not taking any preventative measures to deter crime on the property.

4) How often is a light check conducted on the property?  
 > Management performs a light check weekly.

**COMMENTS:** Management stated that there are sometimes issues with homeless persons befriending residents and then staying within the unit without being listed on the lease. However, management stated that they have a good working relationship with the Austin Police Department which helps in handling those situations. It is suggested that management begin taking preventative measures to deter crime from the property. Examples of preventative measures that can be implemented include holding crime watch meetings, issuing lease violations, dispersing crime prevention materials at move in, and monitoring monthly police reports.

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 unsure if a risk assessment had been performed on the property.

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		X	
> Other (Case Management services)	X		

**COMMENTS:** Vendor insurance information is kept with accounting. All compliance is performed by property staff without a compliance department.

**Observation:**

- The leasing office was cluttered and unkempt on the day of the site visit. It is suggested that management perform a thorough cleaning so that prospective residents are not deterred by its appearance.

# Texas State Affordable Housing Corporation

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 does not implement a key code system. All keys are kept in a box in the assistant manager's office.

**Finding:**

- **On the day of the site visit, the property keys were not properly coded or secured. The current security measures in place for the property keys decreases resident protection and damage to occupied and vacant units. The owner must create and implement a key code that is not easy to decipher. The owner must submit a copy of the new key code list and certification that the keys have been properly coded and are properly secured to TSAHC before or on August 22, 2011.**

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? ➢ Pest control services are performed every quarter and as needed.			
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? ➢ The property does not currently have a MSDS binder.			
5) What is the policy on follow ups for completed service requests? ➢ There is not a policy on follow up for completed service requests.			
6) What is the property's after hours emergency policy? ➢ The emergency phone number is called which will reach the on call maintenance cell phone.			
7) What capital improvements have been scheduled for this budget year? ➢ NA			

**The following information was reported for the month of \_\_\_\_\_:**

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

**COMMENTS:** The property does not currently have a system to monitor the completion of service requests. Management stated that there is not currently a system to follow up with residents after service request have been completed. It is suggested, as a resident retention tool, that residents be called to verify satisfaction with the completion of service requests within their unit.

**Findings:**

- **Management stated that they do not currently have a tool for tracking service requests. TSAHC has supplied the property with a basic service request tracking spreadsheet that will assist in verifying that all work orders are complete and that residents are satisfied with the work. The owner must implement a resident service tracking tool and submit a certification to TSAHC by August 22, 2011.**
- **On the day of the site visit, management stated that they do not have a preventative maintenance program. It is imperative that preventative maintenance is performed on the properties of all ages to extend the useful life of the property. Performing preventative maintenance assists in maintaining the quality of the structure and to reduce future maintenance costs. The owner must create and implement a preventative maintenance program and submit a copy to TSAHC before or on August 22, 2011.**
- **Management could not produce evidence of 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 on or before August 22, 2011.**

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)			

# Texas State Affordable Housing Corporation

TOTAL	0		
<b>The rental activity reflected in the above table was for the month of :</b>			
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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 have any competitors.			
5) How often is a market survey completed? ➢ A market survey is not completed.			
<b>COMMENTS:</b> The property does not perform any marketing functions and management appears confident that there is no need to do so.			
<b>Observation:</b>			
<ul style="list-style-type: none"> <li>• <b>The property does not currently track phone calls or foot traffic to identify lead generation and to follow up with potentially qualified prospects. It is important to track prospective resident activity to verify lead generation sources and to build a waiting list. TSAHC has provided the property with a basic spreadsheet that can easily track prospective resident traffic. The owner must implement the spreadsheet or a software program that can perform the same function.</b></li> </ul>			

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?			X
3) When are the lease renewal/rent increase notices sent to residents? ➢ Recertification notices will be sent to residents 90-120 days in advance.			
4) Are individual files being reviewed to determine renewal/non-renewal status?			X
5) How are renewals tracked and monitored? ➢ Renewals will be tracked using a renewal binder kept by the assistant manager.			
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
<b>COMMENTS:</b> The property has only been open for 5 months, therefore renewal information could not be provided.			

VACANT/MAKE READY UNITS			
1)	Number of vacant units at time of activity report:		1
2)	Number of completed made ready units at time of activity report:		1
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:		1
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:		0
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:		0
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
<b>Units Walked (model and minimum of 3 make ready units)</b>			
<b>Unit #</b>	Brief Description (See Unit Inspection Sheet for details)		
305	2x1 Never occupied		
<b>Units Walked (units vacant and unready for extended period of time and all down units)</b>			
<b>Unit #</b>	Brief Description (See Unit Inspection Sheet for details)		
NA			
		<b>YES</b>	<b>NO</b>
1)	Were inspected units in acceptable condition?	X	
2)	Does the Unit Availability Report match the make ready board?	X	

# Texas State Affordable Housing Corporation

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 quarterly.			
9) How often are vacant units inspected? ➢ Vacant units are shown regularly but are not inspected regularly.			
10) What is the company policy on turning vacant units? ➢ Units are typically turned within 5-7 business days.			
11) How many vacant unready units are near completion? ➢ All vacant units are made ready.			
<b>COMMENTS:</b> The property has one vacant unit. Management stated that this is due to difficulties finding qualified residents who meet the income requirements. Management did not notify residents of a site visit therefore the reviewer was unable to view occupied units. In the future, residents must be notified of a possible unit inspection so that a minimum of 3 units can be inspected.			

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 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 large unexpected repairs or purchases that have had a negative affect on 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

**COMMENTS:**  
**Finding:**

- **The budget variance report was not submitted. The reviewer cannot complete the section without the budget variance report. The owner did submit copies of different variance reports, but the reports did not reflect month end and year to date end variances. The owner must submit a copy of the budget variance report to TSAHC before or on August 22, 2011.**

REVENUE			
FOR THE MONTH OF		YEAR TO DATE	
Gross Potential	\$	Gross Potential	\$
Budgeted		Budgeted	
Variance + (-)		Variance + (-)	
Collected to Date		Collected to Date	
Other Revenue		Other Revenue	
Total Collected		Total Collected	
Budgeted		Budgeted	
Variance + (-)		Variance + (-)	

**COMMENTS:**  
**Finding:**

- **The budget variance report was not submitted. The reviewer cannot complete the section without the budget variance report. The**

# Texas State Affordable Housing Corporation

owner did submit copies of different variance reports, but the reports did not reflect month end and year to date end variances. The owner must submit a copy of the budget variance report to TSAHC before or on August 22, 2011.

ACCOUNTS PAYABLE	YES	NO	N/A
1) Is the payable report up to date?			
2) Do the invoices reflect late charges due to late payments?		X	
3) Have any property accounts been closed in the past 30 days?			
4) Is debt being controlled?			
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 the new point of contact at MBIA to ensure that expenses are paid on time.			
<b>COMMENTS:</b> Management stated that the accounting department handles all invoices and was unable to provide the information on the day of the site visit.  <b>Finding:</b> <ul style="list-style-type: none"> <li>Management has not submitted a copy of the Aging Accounts Payable information. The reviewer cannot complete the section without a copy of a accounts payable report. The owner must submit a copy of the Aging Accounts Payable report to TSAHC before or on August 22, 2011.</li> </ul>	Current:		\$
	30 Days:		\$
	60 Days and Over:		\$
	TOTAL		\$

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? ➤ Rent is due on the 1 <sup>st</sup> and late on the 6 <sup>th</sup> , a 3 day notice is sent to residents at different times based on their current standing with Management.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken on delinquent accounts on a case by case basis.			
4) Does the property currently have any resident(s) under eviction? (If yes, how much is outstanding?)	\$729		
5) Does Housing have any outstanding balances? (If yes, how much is outstanding?)	\$1,828		
<b>COMMENTS:</b> Several residents have significant balances because the manager has worked out payment agreements with residents.  <b>Observations:</b> <ul style="list-style-type: none"> <li>The collection policy described by management appears to be in violation of Fair Housing. Preferential treatment of residents should not be tolerated. All residents should receive the same payment polices and be treated equally. It is suggested that management implement a written rent collection policy to ensure that all residents are being treated the same.</li> <li>The Delinquency report submitted does not reflect an aging balance. TSAHC has provided the property with a basic spreadsheet to begin tracking aging outstanding balance. It is suggested that the property begin using that spreadsheet or software program that can perform the same function so that aged balances for each resident can be tracked.</li> </ul>	Current:		\$
	30 Days:		\$
	60 Days and Over:		\$
	TOTAL		\$8,584

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
<b>COMMENTS:</b>			

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	

# Texas State Affordable Housing Corporation

8) Was management staff prepared for the site visit?	X		
9) How often are staff meetings held? ➤ Staff meetings are held daily with case managers, management staff, and maintenance staff.			
10) Have personnel been trained in Fair Housing?		X	
11) List all training staff has received in the past three years. ➤ The following training courses have been attended by staff: Income Certification training, EIV training, Section 202 and 811 Income Certification training, Fair Housing, legal process, and criminal awareness.			

**COMMENTS:** Requested pre-audit materials were not submitted on time. However, there were several instances of correspondence between staff and TSAHC regarding missing reports. On the day of the site visit, the property staff consisted of a property manager and an assistant manager. Since the site visit, the property has added a compliance coordinator and a receptionist.

**Finding:**

- **Management stated that not all staff has been trained in Fair Housing. Fair Housing violations can be very costly to the owner. All staff persons must have Fair Housing training to avoid any violations, reports, or fines. The owner must submit proof that all staff persons have received Fair Housing training to TSAHC before or on August 22, 2011.**

**Observation:**

- **Management stated that there is not currently a system in place for oversight of property staff. It is suggested that someone be put in charge of verifying that the asset and the daily operations of the asset are maintained according to industry best practices.**
- **On the day of the site visit, maintenance staff was not wearing name badges. For the safety of residents and guests, it is suggested that maintenance personnel are easily identifiable.**

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? ➤ The owner is given reports regarding specific property activity by the property manager as requested.			
3) How often are the reports submitted to the owner? ➤ Reports are submitted to the owner weekly. A meeting is held every Wednesday to discuss property performance.			
4) What is the amount that requires owner approval for the release of funds? ➤ Any expenses that can not be covered by petty cash require approval from the Executive Director.			
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**

**Findings:**

- **On the day of the site visit, the property keys were not properly coded or secured. The current security measures in place for the property keys decreases resident protection and damage to occupied and vacant units. The owner must create and implement a key code that is not easy to decipher. The owner must submit a copy of the new key code list and certification that the keys have been properly coded and are properly secured to TSAHC before or on August 22, 2011.**
- **Management stated that they do not currently have a tool for tracking service requests. TSAHC has supplied the property with a basic service request tracking spreadsheet that will assist in verifying that all work orders are complete and that residents are satisfied with the work. The owner must implement a resident service tracking tool and submit a certification to TSAHC by August 22, 2011.**
- **On the day of the site visit, management stated that they do not have a preventative maintenance program. It is imperative that preventative maintenance is performed on the properties of all ages to extend the useful life of the property. Performing preventative maintenance assists in maintaining the quality of the structure and to reduce future maintenance costs. The owner must create and implement a preventative maintenance program and submit a copy to TSAHC before or on August 22, 2011.**
- **Management could not produce evidence of 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 on or before August 22, 2011.**
- **The budget variance report was not submitted. The reviewer cannot complete the section without the budget variance report. The owner did submit copies of different variance reports, but the reports did not reflect month end and year to date end variances. The owner must submit a copy of the budget variance report to TSAHC before or on August 22, 2011.**
- **Management has not submitted a copy of the Aging Accounts Payable information. The reviewer cannot complete the section without a copy of a accounts payable report. The owner must submit a copy of the Aging Accounts Payable report to TSAHC before or on August 22, 2011.**
- **Management stated that not all staff has been trained in Fair Housing. Fair Housing violations can be very costly to the owner. All staff persons must have Fair Housing training to avoid any violations, reports, or fines. The owner must submit proof that all staff persons have received Fair Housing training to TSAHC before or on August 22, 2011.**

# Texas State Affordable Housing Corporation

## Observations:

- The leasing office was cluttered and unkempt on the day of the site visit. It is suggested that management perform a thorough cleaning so that prospective residents are not deterred by its appearance.
- The property does not currently track phone calls or foot traffic to identify lead generation and to follow up with potentially qualified prospects. It is important to track prospective resident activity to verify lead generation sources and to build a waiting list. TSAHC has provided the property with a basic spreadsheet that can easily track prospective resident traffic. The owner must implement the spreadsheet or a software program that can perform the same function.
- The collection policy described by management appears to be in violation of Fair Housing. Preferential treatment of residents should not be tolerated. All residents should receive the same payment policies and be treated equally. It is suggested that management implement a written rent collection policy to ensure that all residents are being treated the same.
- The Delinquency report submitted does not reflect an aging balance. TSAHC has provided the property with a basic spreadsheet to begin tracking aging outstanding balance. It is suggested that the property begin using that spreadsheet or software program that can perform the same function so that aged balances for each resident can be tracked.
- Management stated that there is not currently a system in place for oversight of property staff. It is suggested that someone be put in charge of verifying that the asset and the daily operations of the asset are maintained according to industry best practices.
- On the day of the site visit, maintenance staff was not wearing name badges. For the safety of residents and guests, it is suggested that maintenance personnel are easily identifiable.

Texas State Affordable Housing Corporation

