

Texas State Affordable Housing Corporation

Vista Rita Blanca

701 Maynard, Dalhart, Texas 79022

Owner: Guadalupe Economic Services Corp. (GESC)

Date Built: 2014

Management Company: JL Gray Company

Property Manager: Frances Arriaga

Inspection Date & Time: July 8, 2015 at 9:00 a.m.

Inspector's Name: Celina Mizcles

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	82%
Number of Units: 28			
Number of One Bedrooms:	N/A	Number of Two Bedrooms:	12
Number of Three Bedrooms:	12	Number of Four Bedrooms:	4

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 the grounds free of erosion, foot paths and tree root elevation?	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) Is Management addressing all health, fire or safety concerns on the property?	X		
22) Have repairs or corrections recommended or required from the last physical inspection been satisfactorily completed?			X

COMMENTS: Based on visual observations made on the day of the onsite visit, the community monument sign, property grounds, sidewalks and xeriscaping appears to be in acceptable condition. The common and recreational areas and laundry facility are clean and free of debris. The exterior of the buildings, roofs, blinds, doors and trim all appear to be in acceptable condition.

SECURITY PROGRAM Part I

1) After review of the prior 3 months of police reports, the following incidents were noted and includes the number of times incidents occurred:		
Incident Type	# of Occurrences	Comments:
Burglary		
Theft		
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance		
Other		

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2) Does the property utilize a crime prevention agreement? ➤ Management uses a crime free and drug free addendum to address crime prevention. Both addendums are required to be executed at the time of occupancy.
3) What pro-active measures is the property taking to address crime on the property? ➤ Along with the crime free and drug free addendums, all units are equipped with a security system. Management also implements a community curfew that begins at 9:00p.m. for the property's recreational and common areas.
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ The Property Manager conducts nightly light checks.

COMMENTS: Management did not provide TSHAC with copies of police reports for a 3 month period prior to the site visit, as requested. This was also noted in the previous Asset Oversight and Compliance report (dated 11/030/14).

Observation:

- **Management has not provided TSAHC with the requested police reports for this and the previous Asset Oversight and Compliance reviews. Prior to the onsite visit, the reviewer provided management staff with detailed information specific to requesting police reports (i.e., call logs) for the Dalhart Police Department. During the onsite visit, the reviewer discussed the importance of being familiar with the criminal activity occurring, if any, at the property. It is important that management periodically review police call logs to monitor activity, if any, and issue lease violations, if necessary. TSAHC strongly suggests management establish a positive and effective working relationship with the local police department.**

SECURITY PROGRAM Part II	YES	NO	N/A
1) Is the Staff trained to address crime on the property?	X		
2) Is the property free of graffiti and/or vandalism?	X		
3) Are criminal background checks being conducted on all residents over 18 years of age? ➤ Are criminal background checks being conducted on residents as they age to be 18 while living in the unit?	X		
4) Has a risk assessment been conducted to determine risk liabilities at the property?		X	

COMMENTS: Management stated risk assessments are conducted annually.

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 in the leasing office? ➤ Fair Housing Poster ➤ Occupancy Qualifications	X		
6) Is there a compliance department that ensures the set aside and eligibility requirements are being maintained?	X		
7) Which of the following community amenities are provided for resident use? ➤ Playground ➤ Community Room ➤ BBQ/Picnic Area ➤ Laundry Facility ➤ Business Center ➤ Pool ➤ Other (describe)	X	X	X
8) When are property licenses and permits renewed? ➤ Rita Blanca does not need to maintain licenses and/or permits.		X	
9) Where are vendor insurance records/binders maintained? ➤ Management stated that all vendor and insurance records/binders are kept in the corporate office.		X	

COMMENTS:

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 unit turnovers?	X		

COMMENTS: All keys are properly coded, locked and secured.

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MAINTENANCE PROGRAM	YES	NO	N/A
1) Does the property have a preventative maintenance program?	X		
2) Is the preventative maintenance schedule being implemented?	X		
3) Is the maintenance shop clean and organized?	X		
4) On average, how many days does it take to complete a work order? <ul style="list-style-type: none"> ➢ Based on a review of the 5 work orders that were created and closed from 6/8/15 to 7/8/15, it takes an average of 1.5 days to complete a work order. 			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
6) How often are Pest Control services provided? <ul style="list-style-type: none"> ➢ Management is in the process of researching the cost for pest control services and service scheduling. Management stated that they hope to implement a quarterly pest control schedule in the next few months. 			
7) What is the policy for following up on completed service requests? <ul style="list-style-type: none"> ➢ The Property Manager follows up on all completed service requests. 			
8) What is the property's after-hours emergency policy? <ul style="list-style-type: none"> ➢ Residents are provided with the after-hours emergency phone number which will call the Property Manager directly. The Property Manager will then call the necessary service providers, if needed. 			
9) What capital improvements have been scheduled or completed for this budget year? <ul style="list-style-type: none"> ➢ No capital improvements have been scheduled or completed for this budget year. 			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
10) Unit Interior and Appliance upgrades <ul style="list-style-type: none"> ➢ There have been no unit interior and/or appliance upgrades in the last budget year. 			
11) Building Exterior and Curb Appeal repairs <ul style="list-style-type: none"> ➢ There have been no building exterior and /or curb appeal repairs in the last budget year. 			
12) Amenity upgrades <ul style="list-style-type: none"> ➢ There have been no amenity upgrades in the last budget year. 			
13) Other repairs or replacements <ul style="list-style-type: none"> ➢ There have been no? other repairs and/or replacements in the last budget year. 			
Number of service requests received:	5		
Number of requests open from prior periods:	0		
Number of service requests completed:	5		
Number of service requests completed within 24 hours:	4		
Number of outstanding service requests:	0		
COMMENTS: On the day of the onsite visit, management confirmed that all staff does not utilize an electronic system to create/complete work orders. Management provided copies of hand written work orders for the 6/8/15 to 7/8/15 time frame.			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	0	0
Flyers	\$0	0	0
Resident Referral	\$0	0	0
Locator Service	\$0	0	0
Printed Advertising (\$50/monthly)	\$600	0	0
Internet Advertising (Craiglist.com)	\$0	0	0
Other Source (Annual city parade)	\$0	0	0
TOTAL	\$600	0	0
COMMENT: The property does not maintain an electronic or written report documenting the property's traffic. Creating and implementing a traffic report (showing the number of prospects and leases generated by traffic source) is a great tool to have in case of an unforeseen increase in vacancy. It is suggested that management create and implement a traffic tracking system.			
	YES	NO	N/A
2) Is the property doing bilingual advertising?	X		
3) Does the property have any competitors nearby?		X	
4) Does the property "shop" their competitors?			X
5) Does the property complete a market survey at least monthly?			X

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COMMENTS: Management confirmed that there are no competitors nearby and therefore market surveys are not conducted.

LEASE RENEWAL	YES	NO	N/A
1) Does it appear that an effective lease renewal program is in place? If no, please comment below.	X		
2) What percentage of residents renewed last month, past 6 months, and past 12 months?	Current: 92%	6 months: 96%	12 months: 92%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	0%		
4) When are the lease renewal/rent increase notices sent to residents? ➢ Management issues renewal notices 90 days, 60 days, and 30 days prior to the end of the lease term.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➢ Management utilizes the Expiring Certification report to identify which leases are about to expire.			
7) Are rent increases being implemented?		X	
8) When was the last rent increase implemented? What was the average rent increase? ➢ Management has not increased rent amounts since the last Asset Oversight and Compliance review.			
9) How many households are currently on month-to-month leases? ➢ There are no month-to-month leases.			
10) What is the charge for month-to-month leases? ➢ N/A – There are no month-to-month leases.			

COMMENTS:

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:	0
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:	0
5) Number of completed three bedroom units at time of activity report:	0
6) Number of uncompleted made ready units at time of activity report:	0
7) Number of uncompleted one bedroom units at time of activity report:	0
8) Number of uncompleted two bedroom units at time of activity report:	0
9) Number of uncompleted three bedroom units at time of activity report:	0

Units Walked

Unit #	Brief Description
N/A	See comment.

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

Unit #	Brief Description
N/A	

	YES	NO	N/A
1) Does the Unit Availability Report match the make ready board?			X
2) Are units being turned in a timely manner?	X		
3) Are there any down units?		X	
4) Are there vacant units that have been vacant for an extended period of time? If so, please comment below.		X	
5) What system is used by management to monitor the timely preparation of units? ➢ Management utilizes the J.L. Gray system to monitor and track timely preparations of units.			
6) How often are occupied units inspected? ➢ Occupied units are inspected monthly.			
7) How often are vacant units inspected? ➢ Vacant units are inspected weekly.			
8) How many vacant units are in progress of being made ready? ➢ As of the date of the onsite visit, there are no vacant units.			

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- 9) What is the company policy on the number of days to turn vacant units?
 > Management confirmed the company policy is to turn vacant units within 3 business day.

COMMENTS:

Observation:

- On June 9, 2015 site visit notification letters were sent to the owner, owner representative, and management agent (via email) of Rita Blanca which notifies them of the onsite visit, lists the reports needed prior to the day of the onsite visit, and notifies them that a limited physical inspection of at least three units will be completed. However, on the day of the onsite visit, it was confirmed that the Property Manager was not aware of the site visit and that resident notifications of unit inspection were not issued to residents in a timely manner. This resulted in the reviewer not being able to physically inspect units. It is the owner's responsibility to ensure that a property is available and ready for annual monitoring and review by TSAHC. TSAHC strongly suggests owners notify the site manager of all correspondence relating to TSAHC's annual onsite monitoring visit in the future.

BUDGET MANAGEMENT

- 1) How many bids are solicited in order to obtain materials, supplies, and services?
 > According to management, three bids are required to obtain materials, supplies, and/or services.
- 2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget?
 > There have not been any large unexpected repairs or purchases during the current budget year.
- 3) Explain YTD variances of 10% or greater.

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
Administrative Fees	\$42,601	\$34,894	\$7,707	22%	Professional fees, Other renting expense, Manager's salary, and Bad debt.

COMMENTS: On the day of the onsite visit, management staff was asked why Bad Debt was listed in the Administrative Expense section of the Budget Comparison report provided for review. The reviewer was told that they would ask corporate office for additional information. As of the date of this report, the reviewer was not provided with additional information to address this inquiry.

REVENUE

FOR THE MONTH ENDING MAY 2015		YEAR TO DATE AS OF MAY 2015	
Gross Potential	\$25,520	Gross Potential	\$179,520
Budgeted Rental Income	\$25,520	Budgeted Rental Income	\$198,000
Actual Rental Income Collected	\$25,516	Actual Rental Income Collected	\$174,763
Variance + (-)	\$1,272	Variance + (-)	-\$13,029
Other Revenue	\$235	Other Revenue	\$2,368
Total Collected	\$25,751	Total Collected	\$177,131
Budgeted	\$24,661	Budgeted	\$191,124
Variance + (-)	\$1,090	Variance + (-)	-\$13,993

COMMENTS:

ACCOUNTS PAYABLE

- | | YES | NO | N/A |
|---|-----|----|-----|
| 1) Is the payable report up to date? | X | | |
| 2) Is the property in good standing with all vendors? | X | | |
| 3) How often are invoices processed?
> According to the Property Manager, invoices are submitted weekly. | | | |

COMMENTS: According to the Accounts Payable Ledger dated 7/15/2015, \$17,291 of the \$22,987 (75%) total balance is for one vendor (Guadalupe Economic Services Corporation).

0-30 Days:	\$5,687		
30-60 Days:	\$2,500		
60 Days and Over:	14,791		
TOTAL	\$22,978		

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DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? According to the Property Manager, rent is due on the 1 st of the month and considered late on the 5 th of the month. If rent is late, a 3-day Notice to Vacate (NTV) is issued around the 6 th of the month.			
3) When is legal action taken against delinquent accounts? ➤ According to the Property Manager, legal action is taken on or around the 10 th day of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: The Property Manager confirmed that there are no delinquent balances at this time. It was also determined that management staff does not have a delinquency report to print and share, however, the manager provided the reviewer with a copy of the current rent roll to support that all units are occupied and all rents have been paid.	0-30 Days:	\$0	
	30-60 Days:	\$0	
	60 Days and Over:	\$0	
	TOTAL	\$0	

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) Are name tags/photo IDs being worn by the maintenance personnel?	X		
7) Was management staff prepared for the site visit?		X	
8) Has staff turnover occurred since the last site review?		X	
9) How often are staff meetings held? ➤ The property is staffed by a full-time Property Manager and a maintenance staff member who was hired and reports to Rita Blanca every Wednesday. Staff meetings are held on Wednesdays.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Since the last onsite visit, the Property Manager has taken the annual fair housing training and participated in the TSAHC Online Compliance training.			
COMMENTS:			

OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to the software system utilized to manage the property?	X		
2) How often are reports submitted to the owner? ➤ Owner has access to property and can access reports at any time.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ A dollar amount of \$1,000 and items unbudgeted or over budget requires owner approval.			
4) Are the funds for needed capital improvement items, turning of units, and marketing campaigns released by the owner according to what has been budgeted?	X		
COMMENTS:			

SUMMARY OF OBSERVATIONS AND FINDINGS
<p>Observations:</p> <ul style="list-style-type: none"> Management has not provided TSAHC with the requested police reports for this and the previous Asset Oversight and Compliance reviews. Prior to the onsite visit, the reviewer provided management staff with detailed information specific to requesting police reports (i.e., call logs) for the Dalhart Police Department. During the onsite visit, the reviewer discussed the importance of being familiar with the criminal activity occurring, if any, at the property. It is important that management periodically review police call logs to monitor activity, if any, and issue lease violations, if necessary. TSAHC strongly suggests management establish a positive and effective working relationship with the local police department.

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No Finding.

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