

Texas State Affordable Housing Corporation

Scharbauer Flats Apartments

1915 E Scharbauer Dr., Midland, Texas 79705

Owner: THF Midland Leased Housing Associates II, Limited Partnership **Date Built:** 2022

Management Company: Dominion Management Services

Property Manager: Brenda Guidry

Inspection Date & Time: October 18, 2022 at 8:30 AM

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	8.3%	Average Occupancy Over Last 12 Months:	N/A
Number of Units: 300			
Number of One Bedrooms:	84	Number of Two Bedrooms:	108
Number of Three Bedrooms:	108	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 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: This is the first asset oversight review for Ventura at Tradewinds. On the day of the site visit the property was in great condition and had nice curb appeal. In June 2022, the property began its lease up efforts by releasing 3 buildings (1-3), followed by 3 additional buildings in phases moving forward. The building exteriors were in good condition however it evident that frequent power washing will be necessary. Management stated power washing will be part of the preventive maintenance schedule.

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		

Texas State Affordable Housing Corporation

Domestic Violence			
Disturbance			
Other			
		YES	NO
			N/A
2) Does the property utilize a crime prevention agreement?			X
3) Does the property take pro-active measures to address crime on property? If so, add comment		X	
4) Are light checks conducted by management staff on a weekly basis? If not, add comment.		X	
COMMENTS: The property utilizes the Texas Apartment Association (TAA) Contract lease to address criminal activity. Management discloses there are 6 cameras (5 overlooking the management office and 1 overlooking the trash receptable). Management staff monitor cameras and issues lease violations when necessary. According to the Midland Police Department, there were no calls logged for this property from July through September 2022.			

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?	X		
➤ 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? If yes, when?		X	
COMMENTS: This is a new construction property therefore a risk assessment has not been conducted this year. According to management, a risk assessment will take place annually beginning next year.			

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	X		
➤ Occupancy Qualifications	X		
6) Is there a compliance department that ensures the set aside and eligibility requirements are being maintained?	X		
7) Does the property require licenses or permits?			
➤ Pool			
8) Are property licenses and permits renewed as required?	X		
9) Are vendor insurance records/binders properly maintained?	X		
10) Are vendors properly screened to ensure proper insurance documents are being maintained?	X		
11) Which of the following community amenities are provided for resident use?			
➤ Playground (three playgrounds)	X		
➤ Community Room	X		
➤ BBQ/Picnic Area	X		
➤ Laundry Facility			X
➤ Business Center	X		
➤ Pool	X		
➤ Other: Bus stop, playroom, fitness center, and yoga room.			
COMMENTS: Management disclosed they are installing a dog park later this year. Full size washer and dryers are provided in each unit.			

KEY CONTROL	YES	NO	N/A
1) Does the property use an electronic key tracking system? If not, answer questions 2-5.		X	
2) Are all property keys properly coded?	X		
3) Is key box locked and secured?	X		
4) Is the key code list kept separate from the key box?	X		
5) Are locks being changed during unit turnovers?	X		
COMMENTS: The property is keyless and utilizes battery operated fobs for all apartment doors. The locks and keys are activated electronically.			

Texas State Affordable Housing Corporation

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)	Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X – see comment		
5)	How often are Pest Control services provided? ➤ Pest control services are provided twice a month for up to 5 units plus any unit call backs. All units get treated at least once per year.			
6)	What is the policy for following up on completed service requests? ➤ Company policy required site management to conduct call back on all work orders. The management software system alerts site staff of completed work which then prompts the office staff to conduct call backs.			
7)	What is the property's after-hours emergency policy? ➤ The community utilizes an after-hours answer service that contacts appropriate staff for after-hour emergencies.			
8)	What capital improvements have been scheduled or completed for this budget year? ➤ This is a newly constructed property therefore there have not been any scheduled or completed capital improvements.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
9)	Unit Interior and Appliance upgrades ➤ N/A			
10)	Building Exterior and Curb Appeal repairs ➤ N/A			
11)	Amenity upgrades ➤ N/A			
12)	Other repairs or replacements ➤ N/A			
	Number of service requests received:	27		
	Number of requests open from prior periods:	0		
	Number of service requests completed:	21		
	Number of service requests completed within 24 hours:	3		
	Number of outstanding service requests:	6		
13)	On average, how many days does it take to complete a work order? ➤ Unable to determine, see comment.			
COMMENTS: Based on a review of the Work Order Directory dated 9/18/22 – 10/19/22, there appeared to be 27 work orders created. After review, it was determined that 21 of the work orders were created as a tracking method for management's preventive maintenance and inspections. Removing these, there were only 6 resident created work orders. The report reflected 6 pending work orders, all of which are management created work orders to track preventive maintenance.				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth: Flags			
Flyers			
Resident Referral: \$1,000 per move-in	\$1,000		
Locator Service: \$2,500 per move-in	\$2,500		
Printed/Internet Advertising: 4 Walls, Inc (\$119/monthly) Apartments LLC (\$1,799/monthly), Zumper (\$450/monthly), Zillow Inc (\$3,000/monthly), The Lamar Companies (\$2,500/monthly), Weblisters (\$60/monthly), Star Tribune (\$1,200/monthly), RentPath Holding (\$856) 5G Search Marketing (\$159/monthly).	\$10,143	1440	27
Other Source: The following are at random; Christine Rivers (\$1,977), Midland AF (\$1,050) Midland Chamber (\$585), and Tunheim Partners (\$647).	\$4,259		
TOTAL	\$17,902	1440	27
The rental activity reflected in the above table was for the month of: 8/1/22 – 10/28/22			
	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		
COMMENTS: It is evident that management is taking adequate measures to market this community.			

Texas State Affordable Housing Corporation

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: N/A	6 months: N/A	12 months: N/A
3)	What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	N/A		
4)	Are lease renewal/rent increase notices sent to residents at the 120-day, 90-day, 60-day and 30-day timeframes prior the end of the lease contract? If not, comment below.	X		
5)	Are rent increase notices sent to residents at least 30-days prior to the rent increase implementation?	X		
6)	Are individual files being reviewed to determine renewal/non-renewal status?	X – see comment		
7)	Are renewals and re-certifications tracked and monitored with property management software? I.e., Yardi, Onesite, or Owner/Agent created software?	X – see comment		
8)	Are rent increases being implemented?	X – see comment		
9)	When was the last rent increase implemented? What was the average rent increase? ➢ N/A –Management started the lease up process in June 2022 therefore rent increases have not been implemented.			
10)	How many households are currently on month-to-month leases? ➢ Management does not offer on month-to-month leases.			
11)	What is the charge for month-to-month leases? ➢ N/A			
COMMENTS: Lease up efforts started in June 2022 therefore lease renewals are not currently being offered. However, management policy is to review tenant files to determine renewal status at least 120-days prior to the recertification process.				

VACANT/MAKE READY UNITS				
1) Number of vacant units at time of activity report:				See comment
2) Number of completed made ready units at time of activity report:				
3) Number of completed one bedroom units at time of activity report:				
4) Number of completed two bedroom units at time of activity report:				
5) Number of completed three bedroom units at time of activity report:				
6) Number of uncompleted made ready units at time of activity report:				
7) Number of uncompleted one bedroom units at time of activity report:				
8) Number of uncompleted two bedroom units at time of activity report:				
9) Number of uncompleted three bedroom units at time of activity report:				
Units Walked				
Unit #	Brief Description			
1-108	(3x2) Vacant – Needs light cleaning			
2-110	(1x1) Vacant – Unit is made-ready			
2-208	(2x2) Vacant – Needs light cleaning			
3-108	(2x2) Vacant – Made-ready (Model Unit)			
Down Units Walked (units vacant and unready for extended period of time and all down units)				
Unit #	Brief Description			
NA				
		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) Is management utilizing property software (i.e., Yardi, Onesite, or an owner/agent created) to monitor the timely preparation of units? If not, comment.		X		
6) How often are occupied units inspected?				
➤ Occupied units are inspected: Annually				

Texas State Affordable Housing Corporation

7) How often are vacant units inspected? ➤ Vacant units are inspected: Monthly
8) How many vacant units are in progress of being made ready? ➤ There are no units in the process of being made ready.
9) What is the company policy on the number of days to turn vacant units? ➤ Company policy is to have units made-ready within 5 business days.
COMMENTS: All units are available for occupancy however management is releasing building in phases, 3 buildings at a time. According to management all units are scheduled for a cleaning prior to occupancy.

BUDGET MANAGEMENT					YES	NO	N/A
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ 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 unexpected repairs or purchased during the current budget year.							
3) Explain YTD variances of 10% or greater.							
<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	
Marketing Expenses		\$1,662	\$10,764	\$9,101	84.5%	See comment	
Repair and Maintenance		\$1,005	\$32,646	\$31,641	96.9%	See comment	
Turnover Expenses		\$0	\$13,992	\$13,992	100%	See comment	
Renovation/Start Up Costs		\$189,029	\$0	\$-189,029	-100%	See comment	
COMMENTS: Current expenses during the initial lease up are being spent under the Renovations/Start up budget, hence the large variances noted above.							

REVENUE			
FOR THE MONTH ENDING: August 2022		YEAR TO DATE AS OF: August 2022	
Gross Potential	\$506,755	Gross Potential	\$1,520,265
Budgeted Rental Income	\$506,755	Budgeted Rental Income	\$1,520,265
Actual Rental Income Collected	\$416,931	Actual Rental Income Collected	\$1,254,975
Variance + (-)	-\$89,824	Variance + (-)	-\$265,290
Other Revenue	\$1,269	Other Revenue	\$5,269
Total Collected	\$18,898	Total Collected	\$23,505
Budgeted	\$446,511	Budgeted	\$1,305,446
Variance + (-)	-\$427,612	Variance + (-)	-\$1,281,940
COMMENTS: The revenue variances noted are due to the lease up not being completed per the anticipated schedule.			

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) Are invoices processed weekly?				X		
COMMENTS: This section was completed using the Payable Aging Report dated 8/1/2022.				0-30 Days:		\$0
				30-60 Days:		\$0
				60 Days and Over:		\$0
				TOTAL		\$0

DELINQUENCIES				YES	NO	N/A
1) Is the delinquency report up to date?						
2) What is the rent collection policy? ➤ Rent is due on the 1 st of the month. On the 4 th day, a 10% late fee is assessed and a 3-day Notice to Vacate is issued.						

Texas State Affordable Housing Corporation

3) When is legal action taken against delinquent accounts? ➤ Legal action is taken on delinquent accounts that have not signed a repayment plan prior to the 15 th of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS: This section was completed using the Affordable Aging Detail report dated October 2022.	0-30 Days:		-\$4,076
	30-60 Days:		-\$5,570
	60 Days and Over:		\$0
	TOTAL		-\$9,646

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: According to management policy, there is a \$25 NSF fee.			

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) Are weekly staff meetings held?	X		
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Staff is required to take annual fair housing training and attend various Dominion University trainings.			
COMMENTS:			

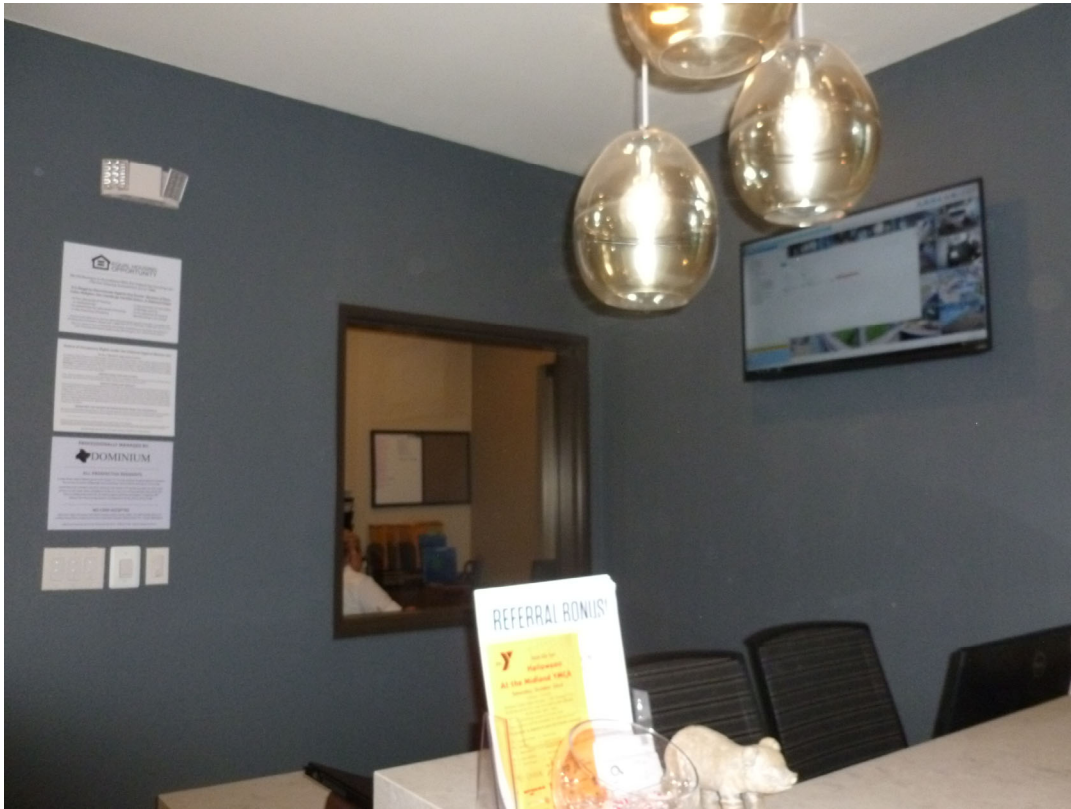
OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to the software system utilized to manage the property?	X		
2) How often are reports submitted to the owner? ➤ The owner has access to the management software system and therefore pulls reports as needed.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Amounts over \$500 for the property manager and \$5,000 for the regional manager 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>No Observations.</p> <p>No Findings.</p>

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Model Unit



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