



TSAHC ASSET OVERSIGHT MANUAL

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#### Attachments for the TSAHC Asset Oversight Manual

- Attachment 1: Asset Oversight Site Visit Notification Letter
- Attachment 2: Contact Form
- Attachment 3: Asset Oversight Observation Report
- Attachment 4: Corrective Action Letter (Cover Letter)
- Attachment 5: Asset Oversight Findings Closed Letter
- Attachment 6: Letter of Non-Response
- Attachment 7: Letter of Incomplete Response
- Attachment 8: Monthly Crime Prevention Reporting Spreadsheet
- Attachment 9: Asset Oversight Annual Report
- Attachment 10: Annual Report Totals



## TSAHC ASSET OVERSIGHT MANUAL Asset Oversight Procedures

### 1. OVERVIEW

The Asset Oversight Manual is to serve as guide for the Asset Oversight reviews required for qualified residential rental projects that are financed through the Multifamily Programs Department at Texas State Affordable Housing Corporation (TSAHC). This manual serves as a training tool for the owner, management company, and property staff. Additionally it provides information on the following: a timeline for completing the Asset Oversight Report, documents TSAHC will request to complete the Asset Oversight Report, a copy of the Asset Oversight Report, and descriptions of the areas that are reviewed.

The Asset Oversight review serves as a method of verifying that the owner, management company, and property staff are adhering to established guidelines in all areas of property operations. After the Asset Oversight review, Texas State Affordable Housing Corporation staff will provide the owner, management agent, and property staff with information about TSAHC's assessment of the properties.

A site visit will be conducted and Asset Oversight Report produced on each property annually. All Asset Oversight site visits will be completed by November 30<sup>th</sup> of each year.

### 2. TIMELINE

- A. **Calendar** – The Asset Oversight and Compliance Department will schedule annual site visits. The schedule is not posted and may change due to unanticipated events.
- B. **Notice** – A written notice will be sent electronically to the owner, management company, property staff, and/or any other requested contacts at least 21 days before a scheduled Asset Oversight site visit. This notice will request the information needed to complete a Desk Review. The information requested must be delivered to TSAHC 14 days prior to the site visit. In addition, the notice will inform staff that residents should be notified of a possible inspection 24-28 hours before the site visit.
- C. **Desk Review** – TSAHC staff will review the operating budget, financial statements, variance report, NSF policy and NSF log, physical occupancy, police reports, and renewal reports are to be submitted 14 days before a scheduled Asset Oversight site visit. The reports and documents will be used to prepare the appropriate sections of the report prior to the site visit. Additional information may need to be requested to complete the sections.

- D. **Site Review** – TSAHC staff will perform the site visit at the scheduled time. TSAHC staff will perform a physical inspection and will request reports to complete the following sections: Maintenance Program, Marketing, Lease Renewal, Vacant/Make Ready Units, Accounts Payable, and Delinquencies. Additional information may be requested on the day of the site review and following the site visit.
- E. **Final Asset Oversight Observation Report** – The final copy of the report, with all comments, observations, and findings, is due to the owner, management company, and property manager within 90 calendar days after the site visit. The report will be sent to the appropriate contacts electronically.
- F. **Corrective Action** – The corrective action notice advises the owner, management company, property staff, and/or any other requested contacts of deficiencies which resulted in findings and provide a specific timeframe for curing findings. **Annual Reports** – The Asset Oversight and Compliance Department will prepare annual reports summarizing the observations and findings from the Asset Oversight reports on all properties reviewed and will submit the reports to the Board at the end of each calendar year.

### 3. **DESK REVIEW**

The desk review is the first step in preparing for the site visit. When the requested information is submitted, the first sections can be completed and any comments/questions can be prepared for the site visit.

- A. **Notice and Report Request** – The TSAHC site visit notification letter (Attachment 1) and Contact Sheet (Attachment 2) will be sent to the owner, management agent, property manager, and/or any other requested contacts 30 days before the scheduled site visit via email or fax. The letter also requests that the following reports be sent to TSAHC at least 14 days prior to the site visit:
  - Current Year Operating Budget
  - Current Year-to-Date Financial Statements
  - Current Variance Report including Budget Comparison reflecting actual and year-to-date budget information
  - A copy of the written Non Sufficient Funds (NSF) policy, a copy of the NSF log for the past 3 months, and a copy of the corresponding resident ledgers (no more than 10 resident ledgers)
  - Physical Occupancy for each month of the past 12 months
  - Police Report (911 Call Sheet) for the past three months
  - Monthly renewal reports for the past 12 months reflecting the renewals due and the actual renewals completed for the month
  - Updated Contact Information (including e-mail addresses) for the owner, management agent, property manager, and/or any other requested contacts
- B. **Asset Oversight Observation Report** – The following sections of the Asset Oversight Observation Report (Attachment 3) will be partially completed as part of the desk review prior to the site visit:

- Average Occupancy over the past 12 months
- Security Program (Parts I and II)
- Lease Renewals
- Budget Management
  - Revenue
  - Returned Checks

C. **Review Last Year’s Observation Report-** The previous year’s Asset Oversight Observation Report should be reviewed for areas of concern that should be evaluated for improvement or further deterioration.

#### 4. **SITE REVIEW**

During the site review, Asset Oversight and Compliance staff will request additional information to complete sections of the report. Staff will also complete a physical inspection of the building exteriors and interiors along with all common areas of the property. Questions may be asked and comments may be given throughout the site review by staff.

- A. **Initial Meeting** – TSAHC staff will explain the Asset Oversight review process to the property manager and will request the following reports the day of the site visit:
- Service Request Report reflecting the number of completed service requests for the past 30 days and the number of requests completed within 24 hours
  - Traffic Summary Report reflecting the number of prospects and leases generated by traffic source for the past 30 days
  - Lease Renewal Report for the previous 12 months reflecting the number of leases expiring and the number of residents that actually renewed, the number of month to month leases, and the number of residents who moved out without giving notice, also known as a “skip”.
  - Unit Availability Report reflecting the current vacant units, made ready units, and length of vacancy
  - Current Accounts Payable Report as of the day of the site visit reflecting the current balance, 30-day balance, 60-day balance, and 90-day balance
  - Current Delinquency Report as of the day of the site visit reflecting the current balance, 30-day balance, 60-day balance, and 90-day balance
- B. **Asset Oversight Observation Report** – The following sections of the Asset Oversight Observation Report will be filled out as described (see Section 6, the Checklist for the Asset Oversight Observation Report) using the information from the reports received at the initial meeting:
- Service Request
  - Marketing
  - Lease Renewal
  - Vacant/Make Ready
  - Accounts Payable
  - Delinquencies
- C. **Property Inspection** – TSAHC staff will conduct a physical inspection of the property, including inspection of all common areas, leasing/office areas, maintenance shop(s), and boiler rooms if applicable. Items that are inspected include but are not

limited to the building foundations, building exteriors, stairways, sidewalks, landscaping, trip hazards, monument sign, windows, leaks, roofs, perimeter fence, and damage due to a natural disaster. After the inspection is complete, TSAHC staff will complete the Physical Inspection section of the Asset Oversight Observation Report.

- D. Unit Inspection** – TSAHC staff will select and inspect a minimum of three (3) vacant made ready units, a minimum of three (3) occupied units, all down units identified by the property manager, and any units vacant for an extended period of time. After the inspection of the units, TSAHC staff will then complete the Units Walked section of the Vacant/Make Ready Units section of the Asset Oversight Observation Report. The unit inspections include but is not limited to reviewing the quality of made ready product, condition of down units, condition of the units vacant for an extended period of time, and management policy on turning vacant units.
- E. Exit Interview** – During the exit interview, TSAHC staff will ask the manager any questions that are still unanswered on the Asset Oversight Observation Report. After completing the Observation Report, TSAHC staff will discuss with the property manager any areas of concern on the property, including any potential Observations and Findings.

## 5. **POST SITE REVIEW**

The post site review starts after the site visit is completed. During the post site review, Asset Oversight and Compliance staff completes all the sections in the Asset Oversight and Compliance Report from the submitted reports for each property. Staff will also write any comments, observations, and findings noted during the site visit. When the report is completed, the report will be sent to the owner, management company, property manager, and/or any other requested contacts.

- A. Observations** – Observations are recommendations used as an important tool to allow TSAHC to address areas of concern and/or need for improvement. A cover letter is sent with the Asset Oversight Observation Report that defines Observations and Findings (Attachment 4).
- **Recommendations** – Recommendations accompany Observations. Adherence is not necessarily required; however, TSAHC expects that the property manager would give serious consideration to its recommendations. **Example** – Work orders are not being tracked efficiently. XYZ Apartments should consider purchasing industry related software that will allow its service request processing system to become automated and more efficient.
- B. Findings** – Findings represent violations that require the owner/agent to take corrective action, as required by TSAHC. All Findings must be clear, concise, and specific to the problem discussed. For example: the unit number, time frame and or building location number should be included if applicable. A cover letter will be sent with the Asset Oversight Observation Report that defines Observations and Findings

(Attachment 4). Note: If the information requested by TSAHC prior to the site visit was not provided (see Section 3A), it will be noted as a Finding in the report.

- **Corrective Action** – Corrective action requirements must also be concise and specific. The language must clearly state what the property must do to correct the issue, by what date it needs to be completed, and in what manner the property should notify TSAHC of the completed corrective action. For most Findings, the property will have 30 days to cure, but all health and safety Findings should have a time frame suited to the specific issue. This could give the property a time frame as short as 24 hours for a serious health or safety violation.

**Example** – The owner/agent of XYZ Apartments must replace the smoke alarm on unit 21 in building 6. A copy of the work order must be submitted as evidence that the Finding is corrected to TSAHC within 24 hours from the site review. The property may submit copies of completed work orders electronically.

### C. Responses

- **Findings Closed** – If TSAHC has received all requested corrective action(s) within the prescribed time frame, a Findings Cleared Letter (Attachment 5) will be sent electronically to the owner, management company, property manager, and/or any other requested contacts.
- **Non Response** – If TSAHC has not received a corrective action response within the prescribed time frame, a Letter of Non-Response (Attachment 6) will be sent to the owner, management company, property manager, and/or any other requested contacts electronically. and
- **Incomplete Response** – If TSAHC has received an incomplete or insufficient submission of a corrective action, an Incomplete or Insufficient Response Letter (Attachment 7) will be drafted to outline all outstanding Finding (s) and explain what actions need to be taken to completely resolve the Finding(s). The Incomplete Response letter will be sent to the owner, management company, property manager, and/or any other requested contacts electronically.
- **Extensions** – Properties requesting an extension to cure corrective action requirements must submit a formal written request on company letterhead to a member of TSAHC’s Multifamily Oversight staff. The length of extensions will be determined on an individual basis. Extensions will only be granted if the Finding cannot be cured within 30 days and in TSAHC’s judgment cure has commenced.

- D. **Email and Phone Calls** – During the corrective action process, a TSAHC staff member will be in contact with the owner, management company, property manager, and/or any other requested contacts to address any outstanding questions about the required or suggested corrective action and to check on the status of the required work.



- E. Borrowers' Default** – If a property has not cured the outstanding Findings within the prescribed time frame, it can result in a Default.

**6. CHECKLIST FOR THE ASSET OVERSIGHT OBSERVATION REPORT**

This section includes a copy of the Asset Oversight Observation Report. Descriptions and examples of what will be reviewed are provided for each section of the report. Comments, Observations, and Findings will be written in the Comments section of each section when needed. For additional information or questions, please contact the Multifamily Oversight Department.

**A. Physical Inspection**

PHYSICAL INSPECTION	YES	NO	N/A
1) Are the access gates in operable condition?			
2) Is the community monument sign in acceptable condition?			
3) Is the perimeter fence surrounding the property in acceptable condition?			
4) Are the grounds and landscaping in acceptable condition?			
5) Are trees and shrubs properly trimmed?			
6) Are the grounds free of erosion, foot paths and tree root elevation?			
7) Are sidewalks clean and in good repair?			
8) Is parking lot clean and in good repair with handicap parking clearly marked?			
9) Are recreational/common areas clean, maintained and accessible?			
10) Are laundry facilities clean, maintained and accessible?			
11) Is facility equipment operable and in acceptable condition?			
12) Is the area around the waste receptacles clean and are the enclosures in good repair?			
13) Is the exterior of the buildings in acceptable condition?			
14) Are hallways clean and maintained?			
15) Are storage/maintenance areas clean, maintained and organized?			
16) Are building foundations in good repair?			
17) Are the gutters, downspouts and fascia boards on the buildings in good repair?			
18) Do the building roofs appear to be in good condition?			
19) Do balconies and upper level walkways appear to be in good condition?			
20) Do windows, blinds, doors, and trim appear to be in good condition?			
21) Is Management addressing all health, fire or safety concerns on the property?			
22) Have repairs or corrections recommended or required from the last physical inspection been satisfactorily completed?			
<b>COMMENTS:</b>			

- o **Landscaping:** While conducting the property inspection, take note of the landscaping. If there are any major problems such as muddy areas, standing water, areas of dead trees or seriously overgrown trees, erosion, etc., make note of problems or deficiencies in the comments section under Physical Inspection.

- **Common Areas:** All common areas must be inspected for cleanliness and safety. This includes but is not limited to looking at the driveways, parking areas, sidewalks, clubhouse facilities, pool, playground, and laundry facilities, and any other amenities.
- **Building Exterior:** Look at the exterior of the buildings for signs of rotted wood, peeling paint, roof damage, structural damage, balconies and patios, deterioration and other signs of deferred maintenance.
- **Building Interior:** Check common hallways and elevators for cleanliness, vandalism, and health and safety concerns. All model units must be walked and noted in the Vacant/Make Ready section. **Health and Safety:** If there are any other health and safety concerns that have not been covered in the other questions make note of it in the Comments section. All serious health and safety violations result in a Finding with a 24 hour cure. (Examples of Health and Safety violations: Air Quality (Mold and Gases), Electrical Hazards (Exposed Wires/Open Panels and Water Leaks on/near Electrical), Elevation (Tripping), Emergency/Fire Exits (Blocked/Unusable Exits and Missing Exit Signs), Flammable Materials (Materials improperly stored), Garbage and Debris, Hazards (Sharp Edges, General Defects that pose risk of bodily injury and tripping), and Infestation.) **Documentation:** Give details in the Comments sections for any concerns the reviewer has observed while performing the physical inspection. Also, provide positive comments when warranted. **Photographs:** For any Observations or Findings, provide photographs to support the item when possible. Also, take photographs of the monument sign, exterior of the leasing office, common areas such as the pool or playground, and the exterior of a building.

## B. Security Program

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		
2) Does the property utilize a crime prevention agreement? Ø		
3) What pro-active measures is the property taking to address crime on the property? Ø		
4) How often is a light check conducted on the property? Who performs light checks on the property? Ø		
<b>COMMENTS:</b>		

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

4) Has a risk assessment been conducted to determine risk liabilities at the property?			
<b>COMMENTS:</b>			

- **Visual Observation:** While walking the property, look for signs of criminal activity such as graffiti, property damage, and loitering.
- **Police Report:** TSAHC staff will request the police reports for the three (3) months prior to the scheduled site visit. The information found in the report should be used to complete the above questions as well as to help facilitate the conversation about this subject. If the police reports show multiple burglaries, drug activity, multiple assaults, gun activity, murder, etc, this could result in a Finding to create a Crime Prevention Plan and report monthly to TSAHC.
- **Manager Questions:** Discuss with the Manager what types of security are being used on-site and whether the criminal activity is increasing/decreasing and why.

### C. Office

OFFICE	YES	NO	N/A
1) Is the office neat, the desk uncluttered?			
2) Are accurate office hours posted?			
3) Are emergency phone numbers posted?			
4) Are the EHO logos clearly posted?			
5) Are the following displayed in full view in the leasing office?			
Ø Fair Housing Poster			
Ø Occupancy Qualifications			
6) Is there a compliance department that ensures the set aside and eligibility requirements are being maintained?			
7) Which of the following community amenities are provided for resident use?			
Ø Playground			
Ø Community Room			
Ø BBQ/Picnic Area			
Ø Laundry Facility			
Ø Business Center			
Ø Pool			
Ø Other (describe)			
8) When are property licenses and permits renewed?			
Ø			
9) Where are vendor insurance records/binders maintained?			
Ø			
<b>COMMENTS:</b>			

- **Office Organization:** During the initial interview, ask the manager for binders containing vendor insurance and the property’s licenses and permits. Review the binders to ensure that insurance permits and property licenses are current. If licenses or permits are expired, this would result in a Finding with a response that the property must submit current licenses and permits within 30 calendar days.
- **Signage:** When you arrive at the property, take note of the signage outside the building. Look for the office hours, emergency phone number, and Equal Housing Opportunity sticker. While inside the leasing office, look to verify that a fair housing poster and the occupancy

qualifications are posted. The fair housing and occupancy qualification should be posted in English. If there is not an English version of the fair housing sign, a Finding should be issued.

- o **Compliance:** Discuss with the Manager the compliance policies and procedures and look at their Qualifying Criteria to see if they are accurate and acceptable.
- o **Overall Office:** Check for cleanliness and safety. If you have any concerns about the office, make note of it in the Comments section. Make note of any positive items such as an organized office.

**D. Key Control**

KEY CONTROL	YES	NO	N/A
1) Are all property keys properly coded?			
2) Is key box locked and secured?			
3) Is the key code list kept separate from the key box?			
4) Are locks being changed during unit turnovers?			
<b>COMMENTS:</b>			

- o **Key Box Inspection:** Look at the key box to make sure that it is locked and in a secure location. While looking at the key box, check to see if the keys have a different code than the apartment number and not in any noticeable pattern. Also, make sure that the key code log is not being stored with the box. If either of these situations is found, there would be a serious safety concern resulting in a Finding with a corrective action requirement of 24 hours to cure from the date of the site visit.

**E. Maintenance Program**

MAINTENANCE PROGRAM	YES	NO	N/A
1) Does the property have a preventative maintenance program?			
2) Is the preventative maintenance schedule being implemented?			
3) Is the maintenance shop clean and organized?			
4) On average, how many days does it take to complete a work order? Ø			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?			
6) How often are Pest Control services provided? Ø			
7) What is the policy for following up on completed service requests? Ø			
8) What is the property's after-hours emergency policy? Ø			
9) What capital improvements have been scheduled or completed for this budget year? Ø			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
10) Unit Interior and Appliance upgrades			
Ø			
11) Building Exterior and Curb Appeal repairs			
Ø			
12) Amenity upgrades			
Ø			
13) Other repairs or replacements			
Ø			
Number of service requests received:			
Number of requests open from prior periods:			
Number of service requests completed:			
Number of service requests completed within 24 hours:			
Number of outstanding service requests:			
<b>COMMENTS:</b>			

- **Service Request Report:** Use the service request report to calculate the number of work orders completed within 30 days, completed within 24 hours, the number of outstanding work orders, and the number of outstanding work orders at the beginning of the period. The reports are evaluated to assess the effectiveness and efficiency of the maintenance program. Observations and Findings will be determined on a program by program basis.
- **Maintenance Shop Inspection:** During the Physical Inspection, look at the Maintenance Shop. Look for a working smoke detector in the maintenance shop and the Material Safety Data Sheets (MSDS) binder. If the smoke detector does not work or is not present, allow management staff a chance to correct the problem while you are present. If it is not fixed, a Finding will be issued with a cure period of 24 hours. The MSDS binder must be present in the Maintenance Shop or in the Office.

## F. Marketing

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			
Other Source			
TOTAL			
The rental activity reflected in the above table was for the month of (note report dates):			
	YES	NO	N/A
2) Is the property doing bilingual advertising?			
3) Does the property have any competitors nearby?			
4) Does the property "shop" their competitors?			
5) Does the property complete a market survey at least monthly?			
<b>COMMENTS:</b>			

- **Traffic Report:** Use the traffic report from the past 30 days to complete the table with the number of Prospects and the number of Leases from the traffic. If the number of Prospects and Leases are not tracked, it may result in an Observation. TSAHC would recommend that management should track the number of Prospects and Leases to evaluate the marketing plan.
- **Monthly Costs:** To find out the monthly costs of all forms of marketing, have the manager tell you the amounts spent last month in each of the areas. If they do not know the information, it can be found by looking at the invoices for the previous month or at the actual dollars spent on the current variance report.
- **Manager Questions:** Discuss the current marketing plan and its effectiveness with management. Also, discuss how often the market survey is updated and how often the competition is being shopped. Feel free to add any helpful comments to the Comments sections. Any items of concern in this area should be listed as an Observation.

### G. Lease Renewal

LEASE RENEWAL	YES	NO	N/A
1) Does it appear that an effective lease renewal program is in place? If no, please comment below.			
2) What percentage of residents renewed last month, past 6 months, and past 12 months?	Current:	6 months:	12 months:
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?			
4) When are the lease renewal/rent increase notices sent to residents? Ø			
5) Are individual files being reviewed to determine renewal/non-renewal status?			
6) How are renewals and re-certifications tracked and monitored? Ø			
7) Are rent increases being implemented?			
8) When was the last rent increase implemented? What was the average rent increase? Ø			
9) How many households are currently on month-to-month leases? Ø			
10) What is the charge for month-to-month leases? Ø			
<b>COMMENTS:</b>			

- **Lease Renewal Report:** If the property has a lease renewal report or a renewal binder, use it to help answer the questions in this section. Calculate the renewal percentage for each month to find the renewal percentage for the last month, the last 6 months, and the last 12 months. If the month to month leases are not shown on the reports, have the manager pull a report that shows the number of people that are on month to month leases. Make certain that all month to month leases that are low income residents have a current Tenant Income Certification. Section 8 households should be on a monthly lease unless the situation permits otherwise.
- **Manager Questions:** Have the manager explain the effectiveness of the renewal process and why he/she feels that it is working or not. If no policy is in place and the property has an

extremely low renewal rate this would be considered a Finding. If a policy is in place but the renewal rate is low and the staff is not doing a good job handling the renewals, this would be considered an Observation.

## H. Vacant/Make Ready

VACANT/MAKE READY UNITS			
1)	Number of vacant units at time of activity report:		
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		
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?		
2)	Are units being turned in a timely manner?		
3)	Are there any down units?		
4)	Are there vacant units that have been vacant for an extended period of time? If so, please comment below.		
5)	What system is used by management to monitor the timely preparation of units? Ø		
6)	How often are occupied units inspected? Ø		
7)	How often are vacant units inspected? Ø		
8)	How many vacant units are in progress of being made ready? Ø		
9)	What is the company policy on the number of days to turn vacant units? Ø		
COMMENTS:			

- **Unit Availability Report:** Use the current unit availability report to complete this section of the report. The report should be compared to the Make Ready Status board in the office or the maintenance shop to check for accuracy. Using the information on the report, select the three (3) made ready units you would like to inspect. You can also use it to see if there are any down units and how quickly units are being turned. If there are down units or units vacant for an extended period of time, those units should be walked.
- **Down Units:** A unit's down status may be provided by the property manager and/or a down unit may be noted when walking vacant units. Any down units that are noted during the site review must be included in this section. If the down units are not removed from the Unit Status Report before the Asset Oversight Report is completed, it would result in a finding. If the down units are removed from the Unit Status Report before the Asset Oversight Report is completed, the down units should be included as a comment. A spreadsheet has been created to track the down units for each property.
- **Manager Questions:** Discuss with the manager anything on the unit availability report that might seem odd or of concern. It is also important to ask the manager if there are any down units or major renovations currently being done at this time. Ask the manager if there is a model apartment. If there is, walk all model units.
- **Physical Unit Inspections:** When inspecting made ready units, check the quality of the unit to ensure that it is really ready to be lived in. Look for items such as heavily stained/worn carpet, dirty walls, unclean appliances, insects/pests, or mold. Also, check to see if proper preventative maintenance is being done such as changing air filters or smoke detector batteries. Check for any health and safety concerns such as smoke detectors beeping or uneven sub flooring. If there are any other maintenance problems with the units such as leaking plumbing fixtures or broken windows, also make notations of these items. All vacant units should have electricity and all doors must have deadbolts to ensure resident safety. Write down as many items as needed in the description section. If the unit is in good condition, state the condition. For all Observations and Findings, photograph the items for documentation.

## I. Budget Management

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services? Ø					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? Ø					
3) Explain YTD variances of 10% or greater. Ø					
<b>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</b> (Please note that a positive variance is under budget and a negative variance is over budget.)					
EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
<b>COMMENTS:</b>					

- **Budget Comparison:** Using the Year-to-Date information in the variance report, complete the table above. When using the property's report, check the mathematical calculations yourself for accuracy. Calculate the variance percent for each of the expense items listed. Any percentages



10% or higher should be included in the table. For this table, positive variances are under budget and negative variances are over budget. Ask the manager about variances 10% and over.

- o **Manager Questions:** During the exit interview, discuss with the manager any large variances in the Variance Report. This could cause an Observation or Finding. If management is keeping within the budget, make a note in the comment section.

**J. Revenue**

REVENUE			
FOR THE MONTH ENDING: _____		YEAR TO DATE AS OF:	
Gross Potential		Gross Potential	
Budgeted Rental Income		Budgeted Rental Income	
Actual Rental Income Collected		Actual Rental Income Collected	
Variance + (-)		Variance + (-)	
Other Revenue		Other Revenue	
Total Collected		Total Collected	
Budgeted		Budgeted	
Variance + (-)		Variance + (-)	
<b>COMMENTS:</b>			

- o **Budget Comparison:** Using the actual and budget values for Month End and the Year-to-Date information, complete the above table. Examine the categories and notice the variance of over and under budgeted expense items.

**K. Accounts Payable**

ACCOUNTS PAYABLE		YES	NO	N/A
1)	Is the payable report up to date?			
2)	Is the property in good standing with all vendors?			
3)	How often are invoices processed? Ø			
<b>COMMENTS:</b>		0-30 Days:		
		30-60 Days:		
		60 Days and Over:		
		TOTAL		

- o **Accounts Payable:** Request a copy of the aged accounts payable report on the day of the site visit. The report should be current as of the day of the site visit. Look for the current balance, 30-day balance, 60-day balance, and 90-day balance. Record the balances to complete this section. If there is a large aged balance, this could result in an Observation or Finding. Additional documentation may be requested to complete the section. Compare the current year balances to the previous year's balance for any significant increases or decreases.

**L. Delinquencies**

DELINQUENCIES		YES	NO	N/A
1)	Is the delinquency report up to date?			
2)	What is the rent collection policy? Ø			
3)	When is legal action taken against delinquent accounts? Ø			
4)	Does the property currently have any resident(s) under eviction?			
5)	Does Housing have any outstanding balances?			
COMMENTS:		0-30 Days:		
		30-60 Days:		
		60 Days and Over:		
		TOTAL		

- **Delinquency Report:** Request a copy of the aged delinquency report the day of the site visit. The report should be current as of the day of the site visit. Look for the current balance, 30-day balance, 60-day balance, and 90-day balance. Record the balances to complete this section. This report is instrumental in a review of how resident accounts are handled and if company policies on delinquencies are being handled correctly. If there is a large aged balance, this could cause an Observation or Finding.
- **Manager Questions:** Use the report to lead the discussion. Inquire with the manager how resident accounts are handled when there are outstanding balances. The manager will need to provide TSAHC with the eviction dollar amount and if there is a balance owed by the housing authority. If there are residents currently being evicted, calculate the total outstanding and input the dollar amount in the table. If the housing authority owes money, input the dollar amount in the table.

#### M. Returned Checks

RETURNED CHECKS		YES	NO	N/A
1)	Total number of returned checks in the past 3 months:			
2)	Has the manager collected and deposited all returned checks?			
3)	Is the manager following company policy on returned checks?			
COMMENTS:				

- **Non-Sufficient Funds Policy:** Review the NSF policy to ensure that management is following the policy on Returned Checks.
- **NSF Report:** Use the NSF report to count the number of Returned Checks that the property received in the three (3) months prior to the site visit. Use the log to ensure that you have received the correct resident ledgers to the residents that are on the NSF report.
- **Resident Ledgers:** Review all of the resident ledgers to verify if the NSF checks have been paid, how much they were charged in late fees, and NSF fees. In addition, verify if all resident account charges are consistent. If the amounts are different, find out why and determine if this would be an Observation or a Finding.

#### N. Personnel

PERSONNEL		YES	NO	N/A
1)	Does owner/agent have a system/procedure for providing field supervision of on-site personnel?			
2)	Does the property appear to be adequately staffed?			
3)	Is overtime being controlled?			
4)	Were requested pre-audit reports submitted on time?			
5)	Does it appear that personnel are team oriented?			
6)	Are name tags/photo IDs being worn by the maintenance personnel?			
7)	Was management staff prepared for the site visit?			
8)	Has staff turnover occurred since the last site review?			
9)	How often are staff meetings held?			
a.				
10)	Have personnel been trained in Fair Housing?			
11)	List training staff has received in the past year.			
a.				
<b>COMMENTS:</b>				

- **Observation:** Most of the personnel questions will be answered through observing the staff during the site visit. Observe whether the staff is wearing name tags or company identification, their attire is appropriate and professional, and there appears to be good team work among the staff.
- **Manager Questions:** Ask the manager about any training that the office staff or maintenance personnel have received or attended in the 12 months prior to the review. Also, ask about scheduling and whether the property is fully staffed. If the staff has not attended or is not scheduled to attend Fair Housing or Compliance training on a regular basis this would be a Finding.

### O. Owner Participation

OWNER PARTICIPATION		YES	NO	N/A
1)	Does the owner have access to the software system utilized to manage the property?			
2)	How often are reports submitted to the owner?			
a.				
3)	What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds?			
Ø				
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?			
<b>COMMENTS:</b>				

- **Manager Questions:** There is no report for this section. These answers will come directly from the property manager or the property supervisor.

### P. Summary of Findings and Observations

SUMMARY OF OBSERVATIONS AND FINDINGS

- **Findings:** Cut and paste all of the Findings from the body of the report and add the appropriate corrective action requirements. Be very specific and include the date by which the corrective action must be submitted.
- **Observations:** Cut and paste all of the Observations from the body of the report; add the suggested Recommendation for each Observation.
- **Photos:** Include pictures of the property sign, leasing office, swimming pools, amenities, buildings, parking lots, etc.

## 7. **ANNUAL BUDGET**

TSAHC staff will review the annual budget submitted by the property manager and will make a recommendation to the Owner regarding the property manager's budget proposal (such recommendation will be based upon the Asset Oversight and Compliance Department's opinion as to whether income, expense and capital items are realistic within the context of the property and its rental market). In addition, TSAHC staff will make recommendations to the Owner concerning any proposed variations from such budget that would require the approval of the Owner.

## 8. **ASSET OVERSIGHT MONTHLY REPORTS**

- A. **Monthly Crime Prevention Reporting** – If a property had a Finding that required management to create and implement a Crime Prevention Plan, the property is required to report to TSAHC on the 10<sup>th</sup> of the month. A report was created to track the submission of reports by the properties who are required to report monthly (Attachment 8).

## 9. **ASSET OVERSIGHT ANNUAL REPORTS**

- A. **TSAHC Asset Oversight Annual Report** – The TSAHC Asset Oversight Annual Report shows the properties by portfolio. The annual report has the property name, property address, the occupancy on the day of the site visit, the occupancy before year's end, and the findings and observations that were found on the site visit (Attachment 9).
- B. **TSAHC Annual Totals Report** – The TSAHC Annual Totals Report breaks down the average occupancy, findings, and observations by region and portfolio. The report is completed at the end of each calendar year and submitted to the Board when completed (Attachment 10).

**THIS DOCUMENT IS REVISED WHEN NECESSARY. TO VIEW THE MOST CURRENT VERSION GO TO: [www.tsahc.org](http://www.tsahc.org).**