

Texas State Affordable Housing Corporation

Asset Oversight Observation Report

Tealwood Place Apartments

5300 Professional Drive Wichita Falls, TX 76302

Date Built: 2004

Management Company: Dalcors Management, LLC

Owner: Dalcors Affordable Housing I, LLC

Property Manager: Chelsea Putney

Inspection Date/Time: August 7, 2013 at 11:00 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	91.7%	Average Occupancy Over Last 12 Months:	92.5%
Number of Units: 180			
Number of One Bedrooms:	36	Number of Two Bedrooms:	84
Number of Three Bedrooms:	60	Number of Four 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 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: On the day of the site visit the property was in good condition and the recently completed construction looked great. The landscaping around the leasing office was in terrific condition and the grass throughout the community appeared to be healthy. The property is located in an area that is experiencing a severe draught. The water usage for the entire city is currently restricted and the areas with stressed grass growth are acceptable. On the day of the site visit, one of the dumpsters had a large couch near it and a lot of trash/debris scattered around it. (see attached photos) The exterior of the office and monument sign was found to be well maintained and inviting. The fence, sidewalks, parking lot, stairs, and railings all appeared to be well kept and in great working order.

Observations:

- **On the day of the site visit, the breezeways and porches were particularly dirty. There were stains, cobwebs, cigarette butts, and other unsightly issues. It is suggested that management have all breezeways cleaned, blown off or power washed. In addition, it is suggested that cleaning breezeways be added to the regular maintenance activities.**

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:

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Burglary	2	
Theft		
Criminal Mischief		
Personal Assault		
Drug Activity		
Gunfire		
Domestic Violence		
Disturbance	15	Other(8), Noise(7)
Other		
2) Is the property currently following a crime prevention plan/program? <input checked="" type="checkbox"/> Management utilizes the community policies and crime free addendums to address crime prevention.		
3) What pro-active measures is the property taking to address crime on the property? <input checked="" type="checkbox"/> The property has quarterly crime prevention meetings and a security officer on site that patrols daily.		
4) How often is a light check conducted on the property? Who performs light checks on the property? <input checked="" type="checkbox"/> The courtesy officer performs a light check weekly and logs the activity		
COMMENTS:		

SECURITY PROGRAM Part II	YES	NO	N/A
1) Is the Staff trained in addressing crime on the property? <input checked="" type="checkbox"/> Does the Management Policy or the Resident Services Program address any of the following activities responding to the needs of the community?	X		
<input checked="" type="checkbox"/> Violent Crime	X		
<input checked="" type="checkbox"/> Drug Activity	X		
<input checked="" type="checkbox"/> Family Violence	X		
<input checked="" type="checkbox"/> Other	X		
2) Is the property free of graffiti and vandalism?	x		
3) Are criminal background checks being conducted on all residents over 18 years of age?	X		
4) Has a risk assessment been conducted to determine (risk) liabilities at the property?	X		
COMMENTS: A risk assessment was completed in October 2012.			

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?			
<input checked="" type="checkbox"/> Fair Housing Poster	X		
<input checked="" type="checkbox"/> 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 eligibility requirements are being maintained?	X		
9) Which of the following community amenities are provided for resident use?			
<input checked="" type="checkbox"/> Playground	X		
<input checked="" type="checkbox"/> Community Room	X		
<input checked="" type="checkbox"/> BBQ/Picnic Area	X		
<input checked="" type="checkbox"/> Laundry Facility		X	
<input checked="" type="checkbox"/> Business Center	X		
<input checked="" type="checkbox"/> Pool	X		
<input checked="" type="checkbox"/> Other (fitness center, volleyball court)	X		
COMMENTS: On the day of site visit the amenities were all in great condition. The newly renovated business center will provide a great environment for community meetings and resident development.			

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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 Handytrack key system is being used.			

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) How often are Pest Control services provided? Ø Pest control services are provided every other Wednesday.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? Ø The maintenance area did have a MSDS binder; however most of the documentation in the folder appeared to be dated.			
6) What is the policy on follow ups for completed service requests? Ø The office staff follows up on large projects and reoccurring issue.			
7) What is the property's after hours emergency policy? Ø Calls received after hours are forwarded to a live answering service who contacts office staff when emergencies arise.			
8) What capital improvements have been scheduled or completed for this budget year? Ø See rehabilitation detail below.			

The following information was reported for the month of July 1, 2013 – July 31, 2013:

Number of service requests received:	134		
Number of service requests completed:	134		
Number of service requests completed within 24 hours:	122		
Number of outstanding service requests:	0		

COMMENTS: On the day of the site visit management was encouraged to keep a more detailed log of the ongoing preventive maintenance for the property.

REHABILITATION DETAIL	YES	NO	N/A
1) Has rehab been completed according to the schedule?	X		
2) Were materials and repairs completed according to the detail provided during the application process?	X		
		AMOUNT	
3) Were unit interior upgrades performed? Ø New water heaters, new plumbing fixtures, countertop resurfacing, and new flooring were added in all units. In addition several units were rehabbed to become fully ADA compliant.		\$1,204,101	
4) Were appliances purchased/replaced? Ø Refrigerators, dishwashers, microwaves, and ovens were replaced in all units.		\$409,444	
5) Were building exteriors repaired? Ø Carpentry repairs (soffit, fascia, and trim), exterior painting of all of the buildings, and the fence, stairwell and solar screens have all been completed.		\$139,778	
5) Were amenities upgraded/repaired? Ø The leasing office, business center were remodeled, rubber much will be put on the playground, and the dumpsters have been fully enclosed.		\$175,840	
6) Were HVAC systems installed or repaired? Ø All HVAC systems were replaced.		\$572,834	
7) Were plumbing or electrical repairs made? Ø Electrical and plumbing repairs have been completed as needed.		\$247,167	
8) Were any repairs made to the parking area, including carports? Ø Parking lot repairs were made and the parking lot was restriped.		\$57,778	
9) Were any additional repairs made? Ø Change Order 1 through 4 included additional ADA work, Windows, Plumbing trim, Interior Hardware, Interior paint, hot water heaters, and Leasing office furnishings.		\$270,071	
		TOTAL: \$3,077,013	

COMMENTS:

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MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$90	25	3
Flyers	\$75	0	0
Resident Referral (\$50 each 1.5 per month)	\$75	5	2
Locator Service(none)	\$0	0	0
Printed Advertising (For Rent and Apartment Finder)	\$200	5	0
Internet Advertising (aptguide.com, go section 8, craigslist, & property website)	\$350	9	0
Other Source (Pens, housing, "n/a")	\$30	35	13
TOTAL	\$820	79	18
The rental activity reflected in the above table was for the month of: July 1, 2013- August 7, 2013			
	YES	NO	N/A
2) Is the property doing bilingual advertising?		X	
3) Does the property have any competitors nearby?	X		
4) How often are competitors shopped? <input type="checkbox"/> Management stated that competitors are shopped monthly.			
5) How often is a market survey completed? <input type="checkbox"/> A market survey is completed bi-weekly.			
COMMENTS:			
Observations:			
<ul style="list-style-type: none"> The marketing source for approximately 44% of the prospective residents was listed as "n/a" on the Traffic Sheet Report. It is suggested that management require a marketing source be selected during the leasing process to accurately capture the effectiveness of all marketing sources. 			

LEASE RENEWAL	YES	NO	N/A
1) Does it appear that an effective lease renewal program in place?	X		
2) What percentage of residents renewed last month, past 6 months, and past 12 months?	Current: NA	6 months: 95%	12 months: 86%
3) When are the lease renewal/rent increase notices sent to residents? <input type="checkbox"/> Lease renewal and income recertification notices are sent to residents 90 days prior to lease expiration and every 30 days thereafter.			
4) Are individual files being reviewed to determine renewal/non-renewal status?	X		
5) How are renewals tracked and monitored? <input type="checkbox"/> Renewals are tracked through Yardi and the leasing professional has a binder that she monitors.			
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
COMMENTS: The property does not permit month to month rents.			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	15
2) Number of completed made ready units at time of activity report:	5
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:	5
6) Number of uncompleted made ready units at time of activity report:	10
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:	2
9) Number of uncompleted three bedroom units at time of activity report:	8
Units Walked (model and minimum of 3 make ready units)	

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Unit #	Brief Description (See Unit Inspection Sheet for details)
206	1x1, Occupied
302	3x2, Vacant, Full turn needed
511	3x2, Vacant, Full turn needed
616	2x2, Vacant, Ready
710	3x2, Model
721	2x2, Vacant, Ready

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

Unit #	Brief Description (See Unit Inspection Sheet for details)	YES	NO	N/A
NA				
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?		X	
5)	What system is used by management to monitor the timely preparation of units? <input checked="" type="checkbox"/> Management uses Yardi and a make ready board to monitor the timely preparation of vacant units.			
6)	How often are occupied units inspected? <input checked="" type="checkbox"/> Inspections are performed quarterly during preventative maintenance checks.			
7)	How often are vacant units inspected? <input checked="" type="checkbox"/> Vacant units are inspected at least once per week.			
8)	How many vacant unready units are in progress of being made ready? <input checked="" type="checkbox"/> On the day of the site visit seven units were in progress of being made ready.			
9)	What is the company policy on the number of days to turn vacant units? <input checked="" type="checkbox"/> Management requires units to be made ready within 5 days of becoming vacant.			

COMMENTS:

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? <input checked="" type="checkbox"/> Three bids are collected to obtain materials and services.			
3)	Have there been any large unexpected repairs or purchases that have negatively affected the budget? <input checked="" type="checkbox"/> There have not been any large unexpected repairs that have negatively affected the budget.			
4)	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
Utilities	\$59,310	\$67,715	\$8,405	12.4%	Water and Sewer
Redecorating Expenses	\$15,359	\$12,380	-\$2,979	-24.1%	Contract Painting Labor, Paint and Supplies
Repairs & Maintenance	\$7,637	\$10,500	\$2,863	27.3%	Plumbing, Pest control, Fire Protection, Common area maintenance, Gate Repairs
Grounds and Maintenance	\$9,172	\$10,835	\$1,663	15.4%	Grounds Contract
Administrative Expenses	\$3,759	\$12,040	\$8,281	68.8%	Promotional Expenses, Resident Retention, Advertising, Locator Fees

COMMENTS:

REVENUE					
FOR THE MONTH OF <u>MAY</u>			YEAR TO DATE - <u>2013</u>		
Gross Potential		\$110,603	Gross Potential		\$544,581
Budgeted		\$111,312	Budgeted		\$537,643
Variance + (-)		-\$709	Variance + (-)		\$6,938

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Collected to Date	\$110,603	Collected to Date	\$544,581
Other Revenue	\$12,738	Other Revenue	\$57,174
Total Collected	\$123,341	Total Collected	\$601,755
Budgeted	\$126,427	Budgeted	\$613,218
Variance + (-)	-\$3,086	Variance + (-)	-\$11,462

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? Ø Invoices are processed weekly.			
4) If payments are a problem, what is management doing to correct the problem? Ø Payments do not appear to be a problem.			
COMMENTS:	0-30 Days:		\$10,474
	30-60 Days:		\$496
	60 Days and Over:		\$0
	TOTAL		\$10,970

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? Ø Rent is late on the 6 th day of the month. Management calls residents and works late on Tuesdays and Thursdays to be available for each resident's schedule.			
3) When is legal action taken against delinquent accounts? Ø Eviction is filed around the 10 th unless payment agreements have been made with the resident.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS:	0-30 Days:		\$82
	30-60 Days:		\$851
	60 Days and Over:		
	TOTAL		\$933

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		5	
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) How often are staff meetings held? Ø Staff meetings are held weekly.			
9) Have personnel been trained in Fair Housing?	X		

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10) List training staff has received in the past year.
 Property staff receives monthly safety training and they attend Housing Tax Credit courses.

COMMENTS:

OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to computer generated reports?	X		
2) How often are the reports submitted to the owner? <input type="checkbox"/> Reports are submitted to the owner weekly.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? <input type="checkbox"/> Anything over budget needs approval from the owner.			
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

Observations:

- On the day of the site visit, the breezeways and porches were particularly dirty. There were stains, cobwebs, cigarette butts, and other unsightly issues. It is suggested that management have all breezeways cleaned, blown off or power washed. In addition, it is suggested that cleaning breezeways be added to the regular maintenance activities.
- The marketing source for approximately 44% of the prospective residents was listed as "n/a" on the Traffic Sheet Report. It is suggested that management require a marketing source be selected during the leasing process to accurately capture the effectiveness of all marketing sources.

No Findings.



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