

Texas State Affordable Housing Corporation

Cove Village

1102 Golf Course Rd, Copperas Cove, TX 76522

Owner: RHAC-Cove Village, LLC

Date Built: 1983

Management Company: Capstone Real Estate Services

Property Manager: Jeff Burton

Inspection Date & Time: May 20, 2014 at 8:00 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	99.3%
Number of Units: 50			
Number of One Bedrooms:	NA	Number of Two Bedrooms:	28
Number of Three Bedrooms:	22	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 grounds were well kept and landscaping appeared to be in decent condition. The monument sign is in good condition, but it is only visible from one side because of a large bush that covers up the majority for anyone viewing it from the north. Many of the dumpsters and dumpster enclosures had trash surrounding them. The parking lot had a large pile of trash that needs to be cleaned up. (see picture attached) The exterior of the buildings, amenities, and surrounding fences were found to be adequate and well maintained.

Observation:

- Resident amenities were clean and in operable condition. However, on the day of the site visit the playground area had missing piece of wrought iron fencing. In an effort to decrease a false sense of security for children or the care takers of children, it is suggested that the fence either be repaired or removed.

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 Activity	1	Possession of a controlled substance(1)

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Gunfire		
Domestic Violence		
Disturbance		
Other		
2) Does the property utilize a crime prevention agreement? ➤ The property has implemented a resident selection plan that outlines what type of criminal history is acceptable for prospective residents. In addition, the House Rules (part of the lease) mentions the repercussions for certain criminal behaviors that take place while as residents of the property.		
3) What pro-active measures is the property taking to address crime on the property? ➤ The Copperas Cove Police Department patrols regularly with police dogs and residents are informed of any criminal activity that takes place on the property.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Light checks are performed daily by the manager or the maintenance staff.		
COMMENTS: The crime at this property and in this area is very low according to the reports provided and no addition crime reporting is warranted.		

SECURITY PROGRAM Part II	YES	NO	N/A
1) Is the Staff trained in addressing 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?	X		
COMMENTS: Management provided a risk assessment that was completed on January 9 th .			

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) Which of the following community amenities are provided for resident use?			
➤ Playground	X		
➤ Community Room		X	
➤ BBQ/Picnic Area	X		
➤ Laundry Facility	X		
➤ Business Center		X	
➤ Pool		X	
➤ Other		X	
8) When are property licenses and permits renewed?			
➤ The property has no licenses or permits that it must maintain.			
9) Where are vendor insurance records/binders maintained?			
➤ Management stated that vendor insurance records are kept at the corporate office.			
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 turnover of vacant units and turnover of staff?	X		
COMMENTS: This property utilizes the Blackhorse key system to maintain key control.			

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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? ➤ On average it takes less than 24 hours to complete open work orders, 100% of the work orders opened for the time period requested have been completed within 8 hours.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
6) How often are Pest Control services provided? ➤ Pest control services are completed twice per month.			
7) What is the policy for following up on completed service requests? ➤ Management stated that he follows up on work orders that are for recurring or major items.			
8) What is the property's after hours emergency policy? ➤ Residents call an afterhours emergency phone that goes straight to the maintenance staff.			
9) What capital improvements have been scheduled or completed for this budget year? ➤ Sidewalk to the playground and some minor landscaping has been budgeted for this budget year.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
10) Unit Interior and Appliance upgrades ➤ Appliances replacement and interior upgrades have been completed as needed.			
11) Building Exterior and Curb Appeal repairs ➤ No exterior or curb appeal upgrades were completed in 2013.			
12) Amenity upgrades ➤ No amenity upgrades were completed in the last budget year.			
13) Other repairs or replacements ➤ Management stated that a few minor lighting upgrades were done for a few units.			
Number of service requests received:	43		
Number of requests open from prior periods:	0		
Number of service requests completed:	43		
Number of service requests completed within 24 hours:	43		
Number of outstanding service requests:	0		
COMMENTS: Management and the maintenance staff appear to be doing a terrific job with completing work orders promptly and properly documenting the work in the system.			

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 (walk -in)	\$		
TOTAL	\$0		
The rental activity reflected in the above table was for the month of:			
	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:			
Observation:			
<ul style="list-style-type: none"> The property does not appear to be entering all walk-in or phone leads into the traffic report. Although the property is 100% 			

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occupied and has a waiting list, it is essential to know when and where your traffic comes from. It is suggested that management start entering all traffic onto the report so management will know how to properly market the property if the future demands it.

LEASE RENEWAL	YES	NO	N/A
1) Does it appear that an effective lease renewal program is in place?	X		
2) What percentage of residents renewed last month, past 6 months, and past 12 months?	Current:	6 months:	12 months: 68%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	10%		
4) When are the lease renewal/rent increase notices sent to residents? <div style="margin-left: 20px;">➤ All renewals notices are sent 90 days in advance. Follow ups to the renewal notices are sent at 60 and 30 days or until a renewal or recertification has been completed.</div>			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? <div style="margin-left: 20px;">➤ Renewals are tracked through the property software system (Onesite).</div>			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? <div style="margin-left: 20px;">➤ Management stated that a 1.5% rent increase was implemented March 1st according to the HUD regulated rent increases.</div>			
9) How many households are currently on month-to-month leases? <div style="margin-left: 20px;">➤ All residents are on month to month lease, please see the comment below.</div>			
10) What is the charge for month-to-month leases? <div style="margin-left: 20px;">➤ NA</div>			
COMMENTS: Due to the type of lease used at this property, all residents are on month to month leases that are renewed/recertified at the same time. The renewal percentage used for the purposes of this report is calculated based on the number of move outs in the last 12 months.			

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		
6	3x2, Occupied		
13	2x1, Occupied		
25	3x2, Occupied, one not working smoke detector		
38	2x1, Skip, full turn needed		
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?		X	
5) What system is used by management to monitor the timely preparation of units? <div style="margin-left: 20px;">➤ Onesite is utilized to manage the timely preparation of vacant units.</div>			
6) How often are occupied units inspected? <div style="margin-left: 20px;">➤ Occupied units are inspected twice annually.</div>			

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7) How often are vacant units inspected? ➤ Vacant units are inspected daily.
8) How many vacant unready units are in progress of being made ready? ➤ The properties unit availability report does not have any vacant units at this time. However a "skip" was found during the unit inspections.
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy for turning vacant units is three to five business days.
COMMENTS: On the day of the site visit, during the unit inspections, management found units 38 and 42 to have skipped. Management appeared to be on top of things regarding a final clean out of the units as well as updating the system. Management opened work orders, completed the work, and closed the work orders for the inoperable smoke detector and missing bathroom door handle found in unit 25 prior to my departure from the site visit.

BUDGET MANAGEMENT					YES	NO	N/A
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ At least 3 bids are obtained for materials and services.							
2) Have there been any large unexpected repairs or purchases that have negatively affected the budget? ➤ The property has not had any unexpected repairs that will negatively affect the budget.							
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		
Operating Expenses	\$16,325	\$19,585	\$3,261	16.6%	Salaries – Assistant manager, Housekeeper, service coordinator, Group Health Insurance		
Administrative Expenses	\$2,820	\$1,901	-\$919	-48.4%	Postage/Shipping, Telephone/Pagers, Real Page, Internet Access		
Leasing Expenses	\$10	\$125	\$115	92.2%	Promotions and Entertainment		
Maintenance Expenses	\$1,696	\$2,312	\$616	26.6%	Plumbing, Pool Furniture, Cleaning Supplies		
Turnover Expenses	\$212	\$360	\$148	41.2%	Materials - painting		
Utility Expenses	\$7,755	\$9,357	\$1,602	17%	Water and Sewer		
COMMENTS: Management explained that pool furniture is listed under the maintenance expenses, even though the property does not have a pool, because the current system does not have a different line item when the community purchases other benches or chairs for the community.							

REVENUE			
FOR THE MONTH ENDING MARCH 31, 2014		YEAR TO DATE	
Gross Potential	\$34,992	Gross Potential	\$103,722
Budgeted Rental Income	\$34,037	Budgeted Rental Income	\$102,111
Actual Rental Income Collected	\$34,922	Actual Rental Income Collected	\$103,722
Variance + (-)	\$885	Variance + (-)	\$1,611
Other Revenue	\$271	Other Revenue	\$1,085
Total Collected	\$35,193	Total Collected	\$104,807
Budgeted	\$34,240	Budgeted	\$102,545
Variance + (-)	\$953	Variance + (-)	\$2,262
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? ➤ Invoices are processed daily.				
COMMENTS: On the day of the site visit, management provided a report that has outstanding balances greater than 60 days. Prior to the completion of the asset oversight report, management submitted an accounts payable report that reflects that the overdue balances have been paid.		0-30 Days:		\$931
		30-60 Days:		(\$46)
		60 Days and Over:		\$314
		TOTAL		\$1,198

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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? ➤ Rent is due by the first of the month and late by the fifth. On the sixth a 10 day notice is sent and on the seventeenth a 3 day Notice to Vacate is sent.			
3) When is legal action taken against delinquent accounts? ➤ Evictions are started around the twentieth of each month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS: The majority of delinquent rent (88%) is from the current month. Management stated that proper action has been taken in order to collect the outstanding balances.	0-30 Days:		\$870
	30-60 Days:		\$114
	60 Days and Over:		\$0
	TOTAL		\$984

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: If the property has a NSF, \$25 is the charge for the first offense and \$30 is the charge for the 2nd offense.			

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? ➤ Staff meetings are held daily.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ The staff completed the following Grace Hill training: mold awareness, drug free workplace, customer relations, conflict resolution, and sexual harassment.			
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? ➤ Reports are submitted to the owner three times each week.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ All expenses not in the budget must get 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
Observations: <ul style="list-style-type: none"> Resident amenities were clean and in operable condition. However, on the day of the site visit the playground area had missing piece of wrought iron fencing. In an effort to decrease a false sense of security for children or the care takers of children, it is suggested that the fence either be repaired or removed. The property does not appear to be entering all walk-in or phone leads into the traffic report. Although the property is 100% occupied and has a waiting list, it is essential to know when and where your traffic comes from. It is suggested that management start entering all traffic onto the report so management will know how to properly market the property if the future demands it.

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