

Texas State Affordable Housing Corporation

Salem Village

5201 John Stockbauer Victoria, Tx 77904

Owner: RHAC-Salem Village, LLC

Date Built: 1981

Management Company: Capstone Real Estate Services

Property Manager: Rachel Medrano

Inspection Date & Time: January 23, 2014 at 9:30AM

Inspector's Name: Mindy Taylor

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	99%
Number of Units: 105			
Number of One Bedrooms:	40	Number of Two Bedrooms:	46
Number of Three Bedrooms:	17	Number of Four Bedrooms:	2

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 had good curb appeal and appeared to be well maintained. The parking lot was maintained and handicapped parking spaces were clearly labeled. The common areas appeared to be heavily used and well maintained. The exterior of the buildings remains in good condition, with no visible roof, foundation, or stucco repairs needed.

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	1	
Theft		
Criminal Mischief		
Personal Assault	1	
Drug Activity	1	
Gunfire	1	
Domestic Violence		
Disturbance	1	
Other		

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2) Does the property utilize a crime prevention agreement?
➤ The property utilizes the community rules to address crime on the property.
3) What pro-active measures is the property taking to address crime on the property?
➤ The property is not taking any further preventative measures to address crime on the property.
4) How often is a light check conducted on the property? Who performs light checks on the property?
➤ A property-wide light check is performed weekly.

COMMENTS:

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 shared that a risk assessment is completed annually.

OFFICE	YES	NO	N/A
1) Is the office neat, the desk uncluttered?	X		
2) Are accurate office hours posted?	X		
3) Are emergency phone numbers posted?	X		
4) Are the EHO logos clearly posted?	X		
5) Are the following displayed in full view in the leasing office?			
➤ Fair Housing Poster	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/Pergola	X		
➤ Laundry Facility	X		
➤ Business Center	X		
➤ Pool		X	
➤ Other			X
8) When are property licenses and permits renewed?			
➤ The property does not have any facilities that require licenses or permits.			
9) Where are vendor insurance records/binders maintained?			
➤ Vendor Compliance is maintained in an online system called Nexus.			

COMMENTS: Staff was prepared and worked diligently to fulfill any requests on the day of the site visit.

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:

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?			
➤ Approximately seventy-one percent of work orders were completed in more than 72 hours.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
6) How often are Pest Control services provided?			

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➤ Each unit is serviced quarterly and also as needed.
7) What is the policy for following up on completed service requests?
➤ Management contacts residents to ensure satisfaction of work on any major work orders.
8) What is the property's after hours emergency policy?
➤ All calls made after office hours roll over to the property manager's cell phone.
9) What capital improvements have been scheduled or completed for this budget year?
➤ There have not been any capital improvements scheduled for this year.

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades
➤ In 2013 there were not any unit interior upgrades and appliances were replaced as needed.
11) Building Exterior and Curb Appeal repairs
➤ The parking lot was repaired and seal coated last year.
12) Amenity upgrades
➤ There were not any amenity upgrades in 2013.
13) Other repairs or replacements
➤ No additional repairs or replacements were completed in the last budget year.

Number of service requests received:	94		
Number of requests open from prior periods:	24		
Number of service requests completed:	69		
Number of service requests completed within 24 hours:	14		
Number of outstanding service requests:	49		

COMMENTS: Management is closing work orders more frequently as was suggested in the Asset Oversight report from 2013. However, as stated above, the majority (71%) of work orders took more than 72 hours to be closed. It is suggested that work orders be closed at least daily.

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	10	0
Flyers	\$0	0	0
Resident Referral	\$0	0	0
Locator Service	\$0	0	0
Printed Advertising	\$0	0	0
Internet Advertising	\$0	0	0
Other Source (list)	\$0	1	0
TOTAL	\$0	11	0

The rental activity reflected in the above table was for the month of: December 23, 2013-January 23, 2014

	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: The property does not spend any money advertising because there is a lengthy waiting list to gain occupancy at the property. Currently, the wait for a one bedroom is approximately one and half years, for a two bedroom the wait is six months, and the wait for a four bedroom is two years.

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?		73%	
3) Of those who moved out in the last 12 months, what percentage was due to eviction/non-payment of rent or "skip"?		<1%	
4) When are the lease renewal/rent increase notices sent to residents?			
➤ Recertification notices are sent to residents 120 days prior to their annual recertification.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		

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6) How are renewals and re-certifications tracked and monitored? ➤ The Capstone compliance department monitors the renewal and recertification process.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➤ In October 2013 a gross rent change occurred that increased rent.			
9) How many households are currently on month-to-month leases? ➤ Due to the nature of the financing of this property, all residents are technically on month to month leases.			
10) What is the charge for month-to-month leases? ➤ NA			
COMMENTS:			

VACANT/MAKE READY UNITS				
1) Number of vacant units at time of activity report:				0
2) Number of completed made ready units at time of activity report:				0
3) Number of completed one bedroom units at time of activity report:				0
4) Number of completed two bedroom units at time of activity report:				0
5) Number of completed three bedroom units at time of activity report:				0
6) Number of uncompleted made ready units at time of activity report:				0
7) Number of uncompleted one bedroom units at time of activity report:				0
8) Number of uncompleted two bedroom units at time of activity report:				0
9) Number of uncompleted three bedroom units at time of activity report:				0
Units Walked				
Unit #	Brief Description			
3B	1x1 Occupied			
12D	1x1 Occupied			
15C	2x1 Occupied			
22A	3x1 Occupied – Repairs needed			
25C	2x1 Occupied – Repairs 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? ➤ Management uses an individual make ready schedule for each unit and then inspects each unit prior to new residents moving in.				
6) How often are occupied units inspected? ➤ Occupied units are inspected annually.				
7) How often are vacant units inspected? ➤ Vacant units are inspected daily as the unit is made ready, and every 3 days after the make ready process is complete.				
8) How many vacant unready units are in progress of being made ready? ➤ There were not any vacant units on the day of the site visit.				
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy on the number of days to turn a vacant unit is 3-5 days.				
COMMENTS:				

BUDGET MANAGEMENT	YES	NO	N/A
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Management collects three bids to obtain materials and services.			
2) Have there been any large unexpected repairs or purchases that have negatively affected the budget? ➤ There have not been any major repairs that have negatively affected the budget.			

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3) Explain YTD variances of 10% or greater.

Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending

(Please note that a positive variance is under budget and a negative variance is over budget.)

EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Salaries and Benefits	\$11,287	\$10,114	(\$1,173)	(12%)	Contract Labor
Administrative Expenses	\$1,516	\$1,703	\$186	11%	Real Page, Bank Fees
Maintenance Expenses	\$2,671	\$635	(\$2,036)	(320%)	Cleaning Supplies, Electrical/Lights

COMMENTS:

REVENUE

FOR THE MONTH OF November, 2013

YEAR TO DATE

Gross Potential	\$65,647	Gross Potential	\$712,235
Budgeted Rental Income	\$64,647	Budgeted Rental Income	\$703,337
Actual Rental Income Collected	\$65,373	Actual Rental Income Collected	\$704,365
Variance + (-)	\$274	Variance + (-)	\$1,028
Other Revenue	\$1,224	Other Revenue	\$15,085
Total Collected	\$66,276	Total Collected	\$719,450
Budgeted	\$65,896	Budgeted	\$715,045
Variance + (-)	\$381	Variance + (-)	\$4,405

COMMENTS:

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?
 - Management processes invoices weekly.

X

X

COMMENTS:

0-30 Days:	\$1,032
30-60 Days:	\$143
60 Days and Over:	\$592
TOTAL	\$1,767

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 1st and a 10 day notice to vacate is posted on the 6th. If rent is still outstanding, a 3 day notice to vacate is given on the 17th.
- 3) When is legal action taken against delinquent accounts?
 - Evictions are filed around the 20th of the month.
- 4) Does the property currently have any resident(s) under eviction?
- 5) Does Housing have any outstanding balances?

X

X

X

COMMENTS:

0-30 Days:	\$3,836
30-60 Days:	\$1,436
60 Days and Over:	\$458
TOTAL	\$5,730

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?

0

X

X

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COMMENTS:

PERSONNEL		YES	NO	N/A
1)	Does owner/agent have a system/procedure for providing field supervision of on-site personnel?	X		
2)	Does the property appear to be adequately staffed?	X		
3)	Is overtime being controlled?	X		
4)	Were requested pre-audit reports submitted on time?	X		
5)	Does it appear that personnel are team oriented?	X		
6)	Are name tags/photo IDs being worn by the maintenance personnel?		X	
7)	Was management staff prepared for the site visit?	X		
8)	Has staff turnover occurred since the last site review?		X	
9)	How often are staff meetings held? ➤ Staff meetings are held daily.			
10)	Have personnel been trained in Fair Housing?	X		
11)	List training staff has received in the past year. ➤ In the past year staff has completed a series of Grace Hill and Elizabeth Moreland 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? ➤ A monthly variance report and utility analysis are submitted to the owners contact.			
3)	What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Any expense over budget requires permission 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

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