

Texas State Affordable Housing Corporation

Tealwood Place Apartments

5300 Professional Drive Wichita Falls, TX 76302

Owner: Dalcour Affordable Housing I, LLC

Date Built: 2004

Management Company: Dalcour Management, LLC

Property Manager: Chelsea Putney

Inspection Date & Time: July 23, 2014 at 8:00 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	89.4%	Average Occupancy Over Last 12 Months:	91.8%
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 landscaping was well maintained and the grounds appeared to be in great condition. The monument and office signs were in good condition and visible. The common areas and amenities appeared clean and well kept. The buildings, roofs and foundations appear to be in acceptable condition. Most of the parking lots examined were in good condition with the handicap spaces clearly marked. . The property is located in an area that is experiencing a severe drought. The water usage for the entire city is currently restricted and the areas with stressed grass growth are acceptable.

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	2	
Criminal Mischief	3	
Personal Assault	1	
Drug Activity	1	
Gunfire		
Domestic Violence		

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Disturbance	9	Noise(2), Other(7)
Other		
2) Does the property utilize a crime prevention agreement? ➤ 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? ➤ The property has security cameras and a courtesy officer on site that patrols daily.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ 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?	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?			
COMMENTS: A risk assessment was completed in the 2 nd quarter of 2014			

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(fitness center, volleyball court)			
8) When are property licenses and permits renewed?			
➤ Permits are renewed annually for the pool and alarm systems.			
9) Where are vendor insurance records/binders maintained?			
➤ Vendor insurance records and binders 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: 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) On average, how many days does it take to complete a work order?			
➤ The report provided has inconsistent closing dates for work orders making it impossible to determine the average time to complete a work			

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order. (see comments below)			
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 provided twice per month.			
7) What is the policy for following up on completed service requests? ➤ Random call back on major or repeat issues			
8) What is the property's after hours emergency policy? ➤ Calls received after hours are forwarded to a live answering service who contacts the on call maintenance staff or property manager.			
9) What capital improvements have been scheduled or completed for this budget year? ➤ No capital improvements have been scheduled or completed for this budget year.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
10) Unit Interior and Appliance upgrades ➤ Appliances are replaced as needed.			
11) Building Exterior and Curb Appeal repairs ➤ No curb appeal upgrades were completed in 2013.			
12) Amenity upgrades ➤ Amenity upgrades were not completed in the prior budget year.			
13) Other repairs or replacements ➤ The property completed the installation of some handicap accessibility ramps as part of the original rehab that did not get completed initially.			
Number of service requests received:	135		
Number of requests open from prior periods:	0		
Number of service requests completed:	125		
Number of service requests completed within 24 hours:	Unknown		
Number of outstanding service requests:	10		
COMMENTS:			
Observation:			
<ul style="list-style-type: none"> Service requests are not being opened or closed daily in the software system. The work order directory from June 23, 2014 through July 23, 2014 reflects that 100% of the work orders were completed on 3 days. It is apparent that work orders are not being closed on the same day the work is completed. When work orders are not closed on the same day the work is completed, it makes it impossible to determine an accurate turnaround time for work orders. Resident retention/satisfaction is often strongly related to the maintenance program. A clear understanding of work order turn times is critical in measuring how successfully a maintenance staff is performing. Diligent use of the software system and accuracy of the information entered is strongly recommended for all work orders. 			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$80	14	6
Flyers	\$20		
Resident Referral(\$50 each.)	\$50	7	
Locator Service	\$0		
Printed Advertising(apartment guide, Apartment Finder)	\$179	1	1
Internet Advertising (rent.com, apartmentguide.com, craigslist)	\$500	13	3
Other Source (radio, NA,	\$350	5	
TOTAL	\$1,179	40	10
The rental activity reflected in the above table is from 6/21/2014 through 7/23/2014.			
	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:			

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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: 100%	6 months: 93.9%	12 months: 79.4%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	32%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ Lease renewal and income recertification notices are sent to residents 120 days prior to lease expiration and every 30 days thereafter.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➤ Renewals are tracked through Yardi and on a spreadsheet.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➤ Rent increases were done in January per the HUD regulated rent increase.			
9) How many households are currently on month-to-month leases? ➤ The property does not have any households on month to month leases.			
10) What is the charge for month-to-month leases? ➤ It is against management policy to allow month to month leases.			
COMMENTS:			
Observation:			
<ul style="list-style-type: none"> The reason for move out report reflects that 113 households moved out in the previous 12 months. Out of the 113 move outs, 36(32%) were for non-payment of rent, or "skip". The cost to market and make units ready is high, if qualified residents are obtained those costs should decrease. It is suggested that management review the rental criteria and policies to ensure that residents are fully qualified and that screening process/criteria is only overridden when it is determined to be completely necessary. In addition, the reason for move out report also states that 21 (19%) units moved out for "other" reasons. It is critical to the properties financial stability to identify why residents are moving so that property can do its best to adjust to increase resident retention. 			

VACANT/MAKE READY UNITS			
1) Number of vacant units at time of activity report:	19		
2) Number of completed made ready units at time of activity report:	7		
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:	1		
5) Number of completed three bedroom units at time of activity report:	6		
6) Number of uncompleted made ready units at time of activity report:	12		
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:	3		
9) Number of uncompleted three bedroom units at time of activity report:	9		
Units Walked			
Unit #	Brief Description		
103	3x2, Vacant, Ready		
104	2x2, Vacant, Ready, no light cover in the laundry room, two inoperable smoke detectors.		
210	2x2, Vacant, Ready		
502	3x2, Vacant, Ready		
612	3x2, Vacant, Ready		
719	2x2, Vacant, Ready		
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	

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5) What system is used by management to monitor the timely preparation of units?
➤ Management uses Yardi and a make ready board to monitor the timely preparation of vacant units.
6) How often are occupied units inspected?
➤ Inspections are performed quarterly during preventative maintenance checks.
7) How often are vacant units inspected?
➤ Vacant units are inspected at least once per week.
8) How many vacant unready units are in progress of being made ready?
➤ 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?
➤ Management policy is to make ready the units within 3-5 business days.
COMMENTS:
Observation:
<ul style="list-style-type: none"> The company policy on turning vacant units is three to five business days. It does not appear that management is following the policy as 12 units are still vacant and not made ready. The average days vacant for the "vacant and not ready" units equals 23.8 days. Giving prospective applicants more options regarding the size and location of the units can be instrumental increasing the percentage of traffic that chooses to lease at the community. It is recommended that management follow the policy and make a concerted effort to turn units more efficiently.

BUDGET MANAGEMENT					YES	NO	N/A
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Three bids are collected 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 large unexpected repairs that have negatively affected 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	
Utilities		\$63,653	\$56,950	-\$6,703	-11.8%	Water & Sewer, Electric (House meters & Vacant units)	
Redecorating Expenses		\$20,039	\$16,280	-\$3,759	-23.1%	Carpet Cleaning & Repairs, Contract Painting Labor, Appliance Parts & Repairs, Vertical Blinds	
Repairs & Maintenance		\$7,117	\$10,290	\$3,173	30.8%	Plumbing, Pool & Spa maintenance, Fire Protection, Miscellaneous maintenance, Gate Repairs	
Administrative Expenses		\$9,652	\$5,425	-\$4,227	-77.9%	Advertising, Promotional Expenses, Social recreation, Resident Referrals	
COMMENTS: During the site visit management was asked what items fall under social recreation line item which is part of the administrative expenses. Management did not have a clear answer as to what items fall under that category or why the amount spent on social recreation was over budget.							

REVENUE			
FOR THE MONTH OF MAY, 2014		YEAR TO DATE	
Gross Potential	\$125,256	Gross Potential	\$626,280
Budgeted Rental Income	\$114,385	Budgeted Rental Income	\$571,172
Actual Rental Income Collected	\$107,663	Actual Rental Income Collected	\$550,984
Variance + (-)	-\$6,722	Variance + (-)	-\$20,188
Other Revenue	\$12,327	Other Revenue	\$57,505
Total Collected	\$119,990	Total Collected	\$608,489
Budgeted	\$125,653	Budgeted	\$627,512
Variance + (-)	-\$5,663	Variance + (-)	-\$19,023
COMMENTS:			

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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 weekly.			
COMMENTS:	0-30 Days:		\$7,810
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$7,810

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ 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? ➤ 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:		\$2,960
	30-60 Days:		\$200
	60 Days and Over:		\$0
	TOTAL		\$3,160

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) Has staff turnover occurred since the last site review?		X	
9) How often are staff meetings held? ➤ Staff meetings are held weekly.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Some of the staff attended Housing tax credit class in the past year.			
COMMENTS:			

OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to the software system utilized to manage the property?	X		
2) How often are reports submitted to the owner? ➤ The owner has access to all reports at all times.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Anything over budget needs approval from the owner.			

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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		
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COMMENTS:

SUMMARY OF OBSERVATIONS AND FINDINGS

No Findings

Observations:

- The company policy on turning vacant units is three to five business days. It does not appear that management is following the policy as 12 units are still vacant and not made ready. The average days vacant for the "vacant and not ready" units equals 23.8 days. Giving prospective applicants more options regarding the size and location of the units can be instrumental increasing the percentage of traffic that chooses to lease at the community. It is recommended that management follow the policy and make a concerted effort to turn units more efficiently.
- The reason for move out report reflects that 113 households moved out in the previous 12 months. Out of the 113 move outs, 36(32%) were for non-payment of rent, or "skip". The cost to market and make units ready is high, if qualified residents are obtained those costs should decrease. It is suggested that management review the rental criteria and policies to ensure that residents are fully qualified and that screening process/criteria is only overridden when it is determined to be completely necessary. In addition, the reason for move out report also states that 21 (19%) units moved out for "other" reasons. It is critical to the properties financial stability to identify why residents are moving so that property can do its best to adjust to increase resident retention.
- Service requests are not being opened or closed daily in the software system. The work order directory from June 23, 2014 through July 23, 2014 reflects that 100% of the work orders were completed on 3 days. It is apparent that work orders are not being closed on the same day the work is completed. When work orders are not closed on the same day the work is completed, it makes it impossible to determine an accurate turnaround time for work orders. Resident retention/satisfaction is often strongly related to the maintenance program. A clear understanding of work order turn times is critical in measuring how successfully a maintenance staff is performing. Diligent use of the software system and accuracy of the information entered is strongly recommended for all work orders.
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