

Texas State Affordable Housing Corporation

White Rock

3110 Thousand Oaks San Antonio, TX 78247

Owner: Commonwealth Multifamily

Date Built: 2003

Management Company: Orion Real Estate, Inc.

Property Manager: Donna Carraghan

Inspection Date & Time: at 8:30 a.m.

Inspector's Name: James M. Matias & Mindy Green

Occupancy at Time of Report:	96%	Average Occupancy Over Last 12 Months:	96.3%
Number of Units:336			
Number of One Bedrooms:	176	Number of Two Bedrooms:	178
Number of Three Bedrooms:	12	Number of Four Bedrooms:	0

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. Many of the stair and balcony rails had flaking paint. The exposed tree roots noted in the previous asset oversight inspections appeared to have additional dirt added to them. A large portion of the stone at the bottom of many of the buildings is starting to get discolored. (picture attached)

Observations:

- On the day of the site visit, many of the building appeared to have been touched up with a paint color that did not match the original color used. In an effort to increase curb appeal, it is suggested that management find the correct paint color and repair the areas that do not match.

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	5	Vehicle(3), Other(1), Robbery(1)
Theft	9	Vehicle(1) Other(8)
Criminal Mischief	1	
Personal Assault	3	

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Drug Activity		
Gunfire		
Domestic Violence	1	
Disturbance	14	Loud Music(3), Gun Involved(1), Family(1), Other(9)
Other	4	Threats
2) Does the property utilize a crime prevention agreement? ➤ Orion, the management company, has a written policy on how to handle criminal activity on the property, it is held in the policies and procedures manual.		
3) What pro-active measures is the property taking to address crime on the property? ➤ The property has a courtesy officer that lives on site, and holds quarterly crime watch meetings. The property also has limited access gates, camera systems in the fitness area, pool, and office.		
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 daily and turns in a report 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: The last risk assessment was completed in the Fall of 2013.			

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 room, conference room, car wash, nature walk)	X		
8) When are property licenses and permits renewed? ➤ The electrical maintenance, property electrical maintenance, and pool permits are renewed annually and kept in the manager's office.			
9) Where are vendor insurance records/binders maintained? ➤ 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: The property utilizes the KeyTrack System.			

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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? ➤ Forty-seven percent of work orders are completed within the first 48 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 provided weekly for the building exterior. The interior of units are sprayed when the residents request it.			
7) What is the policy for following up on completed service requests? ➤ Follow up calls are performed on approximately 60% of work orders.			
8) What is the property's after hours emergency policy? ➤ Residents call the office and an answering service picks up, the answering service determines if the property manager, on call maintenance or courtesy officer should be called.			
9) What capital improvements have been scheduled or completed for this budget year? ➤ In 2014 exterior paint will be completed on the siding and tree removal will be conducted.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
10) Unit Interior and Appliance upgrades ➤ Appliances were replaced as needed.			
11) Building Exterior and Curb Appeal repairs ➤ There were no exterior repairs last year.			
12) Amenity upgrades ➤ There were not any amenity upgrades performed last year.			
13) Other repairs or replacements ➤ There were not any other repairs or replacements in 2013.			
Number of service requests received:	234		
Number of requests open from prior periods:	18		
Number of service requests completed:	216		
Number of service requests completed within 24 hours:	21		
Number of outstanding service requests:	216		
COMMENTS:			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth/sign	\$75	34	10
Flyers	\$50		
Resident Referral	\$50	3	1
Locator Service	\$0		
Printed Advertising	\$0		
Internet Advertising (rent.com – \$399 for each – 9 annually)	\$300	15	0
Other Source (Prior Resident, Property website, Other)	\$0	63	10
TOTAL	\$475	115	21
The rental activity reflected in the above table is from March 14, 2014 through April 14, 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 report provided reflects that the property is receiving an adequate amount of traffic.			
Observation:			
<ul style="list-style-type: none"> According to the Primary Advertising Source Evaluation, 42 new prospects are listed as "other". It is suggested that a more specific source be selected in the system in an effort to more effectively monitor traffic activity. 			

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- During the site visit, management stated that they are not currently working with locators. If locators will continue to not be used, it is suggested that management allocate the expenses in the line item labeled locator services to a more appropriate line item.

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?	February: 75%	6 months: 75.9%	12 months: 77.8%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	5%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ Renewal/Re-certification notices are sent 120 days in advance. Follow ups are completed at 90, 60, and 30 days prior to lease expiration.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➤ Re-certifications are tracked in Onsite.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➤ Rent increases were implemented on April 1 st . All households received a \$20 rent increase. The property ensures that all affordable households are at least \$30 under the market rent.			
9) How many households are currently on month-to-month leases? ➤ Two households are on a month to month lease.			
10) What is the charge for month-to-month leases? ➤ Month to month leases are charged market rent plus \$150.			
COMMENTS:			

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			13		
2) Number of completed made ready units at time of activity report:			2		
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:			1		
6) Number of uncompleted made ready units at time of activity report:			11		
7) Number of uncompleted one bedroom units at time of activity report:			6		
8) Number of uncompleted two bedroom units at time of activity report:			5		
9) Number of uncompleted three bedroom units at time of activity report:			0		
Units Walked					
Unit #	Brief Description				
135	1x1, subfloor is being repaired				
231	3x2, Ready, Pre-leased				
631	2x2, Ready, Pre-leased				
824	1x1, Not ready, Recent move out				
1134	1x1, Not ready, Recent move out				
1328	1x1, Not ready, Recent move out				
1414	1x1, Not ready, Recent move out				
1923	1x1, Not ready, Recent move out				
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?					
➤ The make ready binder and Onesite report are used to monitor timely preparation of units.					

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6)	How often are occupied units inspected? ➤ Occupied units are inspected twice annually, once by management and once by maintenance during the fire inspection.
7)	How often are vacant units inspected? ➤ Vacant units are checked at least once per week.
8)	How many vacant unready units are in progress of being made ready? ➤ Eleven vacant units are in the process of being made ready.
9)	What is the company policy on the number of days to turn vacant units? ➤ Company policy is to turn vacant units in 5 business days.
COMMENTS:	

BUDGET MANAGEMENT	YES	NO	N/A		
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ At least three bids are collected in order 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 or purchases yet this budget year.					
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
Recreational Amenities	\$1,197	\$895	-\$302	-33.8%	Swimming Pool Supplies, Video Library
Contract Services	\$6,781	\$10,196	\$3,415	33.5%	Trash, Washer/Dryer Rental Contract, Landscaping
Marketing & Retention	\$6,914	\$7,893	\$979	12.4%	Locator Fees, Voluntary Resident Services
Administrative Expenses	\$4,257	\$5,594	\$1,337	23.9%	Office Supplies, telephone Expense
General & Administrative	\$3,328	\$3,868	\$540	14.0%	Legal/Professional fees, Travel Expenses
COMMENTS:					

REVENUE			
FOR THE MONTH OF FEBRUARY, 2014		YEAR TO DATE 2014	
Gross Potential	\$288,180	Gross Potential	\$576,360
Budgeted Rental Income	\$291,540	Budgeted Rental Income	\$579,720
Actual Rental Income Collected	\$243,521	Actual Rental Income Collected	\$488,662
Variance + (-)	-\$4,487	Variance + (-)	-\$7,487
Other Revenue	\$20,879	Other Revenue	\$39,422
Total Collected	\$264,399	Total Collected	\$528,084
Budgeted	\$267,167	Budgeted	\$534,317
Variance + (-)	-\$2,768	Variance + (-)	-\$6,233
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: Payments do not appear to be a problem. However an outstanding balance of \$16,098 was discussed with management. Management explained that this particular vendor is turning in invoices in bulk rather than invoicing them regularly. Management stated they will be talking with this vendor about more frequent invoicing.	0-30 Days:		\$16,075
	30-60 Days:		\$15,254
	60 Days and Over:		\$3,151
	TOTAL		\$34,480

DELINQUENCIES	YES	NO	N/A
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1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Rent is due on the 1 st and late on the 3 rd . On the 3 rd day a balance due notice is posted on the residents door. Around the 8 th a three day notice to Vacate is sent.			
3) When is legal action taken against delinquent accounts? ➤ Evictions are usually filed around the 11th of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: The housing balance of \$332.93 is from a recent move in.	0-30 Days:		\$8,629
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$8,629

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		21	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		
COMMENTS: On the day of the site visit management explained that the amount of NSF's is high because each time an on-line payment is not made in the exact amount needed, it shows up as a NSF.			

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 once per month for the leasing staff and twice per month for maintenance.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ The property uses the Grace Hill training program. The following courses were completed in 2013: Risk management, fair housing, time management, sexual harassment, safety			
COMMENTS:			

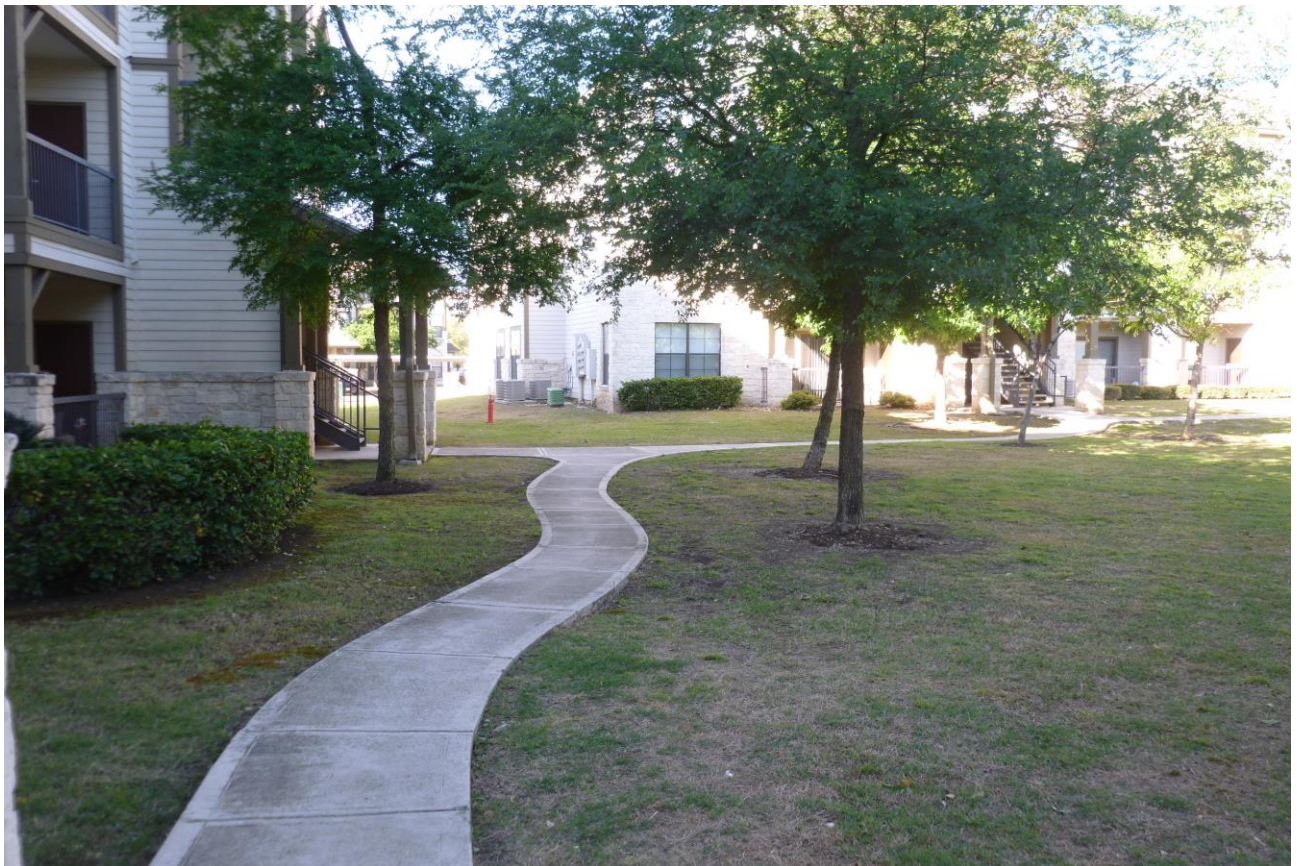
OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to the software system utilized to manage the property?	X		
2) How often are reports submitted to the owner? ➤ Reports are submitted to the owner weekly.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ The onsite manager has an allowable of \$750 for unbudgeted or over budgeted expenses.			
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"> On the day of the site visit, many of the building appeared to have been touched up with a paint color that did not match the original color used. In an effort to increase curb appeal, it is suggested that management find the correct paint color and repair the areas that do not match. According to the Primary Advertising Source Evaluation, 42 new prospects are listed as "other". It is suggested that a more specific source be selected in the system in an effort to more effectively monitor traffic activity. During the site visit, management stated that they are not currently working with locators. If locators will continue to not be used, it is suggested that management allocate the expenses in the line item labeled locator services to a more appropriate line item.

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