

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: February 18, 2015 @ 1:00 pm

Inspector's Name: Celina Mizcles

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	100%
Number of Units: 50			
Number of One Bedrooms:	N/A	Number of Two Bedrooms:	28
Number of Three Bedrooms:	22	Number of Four Bedrooms:	N/A

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:

The property appeared to be in great condition on the day of the onsite visit. During the previous year's onsite visit, the reviewer noted the property's site sign was only visible from one side, debris in the parking lot and dumpster enclosure areas, and pieces of the playground's wrought iron fence missing. Based on visual observation the site sign is now visible from both sides, the exterior of the property is well-kept and free of debris and the fence surrounding the playground has been 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	1	
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		

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Disturbance		
Other		
2) Does the property utilize a crime prevention agreement? ➤ The property utilizes the resident selection plan and the property house rules to address criminal activity.		
3) What pro-active measures is the property taking to address crime on the property? ➤ Based on conversation with the Property Manager, the Copperas Cove Police Department continues to patrol the property with patrol dogs and informs the Property Manager of any and all criminal activity. Management then shares all necessary information with the residents.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Daily light checks are conducted by the Property Manager or the maintenance staff.		
COMMENTS:		

SECURITY PROGRAM Part II	YES	NO	N/A
1) Is the Staff trained to address 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? ➤ 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: Risk assessments are conducted annually in January.			

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 ➤ 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 ➤ Community Room ➤ BBQ/Picnic Area ➤ Laundry Facility ➤ Business Center ➤ Pool ➤ Other (describe)	X	X	
8) When are property licenses and permits renewed? ➤ The property does not need to maintain licenses and/or permits at this time.		X	
9) Where are vendor insurance records/binders maintained? ➤ Vendor insurance records/binders are maintained at the corporate office.		X	
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 unit turnovers?	X		
COMMENTS: The property utilizes the Blackhorse key system to ensure key control.			

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?			

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> The Work Order Status Report (dated 1/1/2015 to 2/28/2015) confirmed 32 total work order requests were submitted and 32 were completed within 1 day.			
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 once monthly with the option of an additional service visit, if needed.			
7) What is the policy for following up on completed service requests?			
> The Property Manager will follow up on calls for major items and recurring issues.			
8) What is the property's after-hours emergency policy?			
> Residents are told to call the property's after-hour emergency number that directly dials the maintenance staff.			
9) What capital improvements have been scheduled or completed for this budget year?			
> According to the Property Manager, landscaping and the installation of two retaining walls (near buildings 4 and 6) are scheduled for the 2015 budget year.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
10) Unit Interior and Appliance upgrades			
> There were no unit interior or appliance upgrades in the last budget year.			
11) Building Exterior and Curb Appeal repairs			
> There were no building exterior and/or curb appeal repairs in the last budget year.			
12) Amenity upgrades			
> There were no amenity upgrades in the last budget year.			
13) Other repairs or replacements			
> There were no additional repairs or replacements in the last budget year.			
Number of service requests received:	32		
Number of requests open from prior periods:	0		
Number of service requests completed:	32		
Number of service requests completed within 24 hours:	32		
Number of outstanding service requests:	0		
COMMENTS: A review of the property's Work Order Status Report (dated 1/1/2015 to 2/28/2015) supports management's efforts in maintaining the property's condition.			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth			
Flyers	\$0	1	1
Resident Referral			
Locator Service			
Printed Advertising			
Internet Advertising			
Other Source (Current resident, other, prior resident)	\$0	5	4
TOTAL	\$0	6	5
The rental activity reflected in the above table is from 01/01/2015 through 02/28/2015. The information was taken from the property's <i>Primary Advertising Source Evaluation</i> report.			
	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 is in place? If no, please comment below.	X		
2) What percentage of residents renewed last month, past 6 months, and past 12 months?	Current: N/A	6 months: N/A	12 months: 82%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	0%		
4) When are the lease renewal/rent increase notices sent to residents? <ul style="list-style-type: none"> > The first lease renewal notice is sent out 120 days prior to the move-in anniversary date. If the resident fails to respond to the 120 day notice, a 90 day notice will be sent, followed by a 60 day notice, and finally a 30 day notice is sent should there still be no response. 			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? <ul style="list-style-type: none"> > Management utilizes Onesite software to track renewals and recertifications. 			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? <ul style="list-style-type: none"> > Rent increases are implemented in March, per HUD regulation. 			
9) How many households are currently on month-to-month leases? <ul style="list-style-type: none"> > After completing the initial 12 month lease, all leases convert to a month-to-month lease. 			
10) What is the charge for month-to-month leases? <ul style="list-style-type: none"> > There are no charges for month-to-month leases. 			
COMMENTS: This property is layered with HUD funding and therefore, all leases convert to month-to-month leases after the completion of the initial 12 month lease.			

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		
15	(2x1), Occupied		
30	(3x2), Occupied – A Finding was issued for this unit. Please refer to the Compliance Report for further information.		
36	(2x1), Occupied		
49	(3x2), Occupied		
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? If so, please comment below.		X	
5) What system is used by management to monitor the timely preparation of units? x <ul style="list-style-type: none"> > Management utilizes Onesite to manage vacant units. 			
6) How often are occupied units inspected? <ul style="list-style-type: none"> > Occupied units are inspected semi-annually. 			

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7) How often are vacant units inspected? ➤ Vacant units are inspected daily.
8) How many vacant units are in progress of being made ready? ➤ There were no vacant units at the time of the onsite visit.
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy is to turn vacant units within 3 to 5 business days.
COMMENTS: The property does not utilize a make-ready board; however, they utilize Onsite to manage vacancies.

BUDGET MANAGEMENT

1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Three bids must be solicited prior to purchasing materials, supplies, and/or services.
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There have not been any large unexpected repairs or purchased that have negatively affected the current budget.
3) Explain YTD variances of 10% or greater. ➤ See items listed below.

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
Administrative Expenses	\$11,266	\$9,404	-\$1,864.40	19.82%	Telephone and Real page
Leasing Expenses	\$370	\$500	\$129.72	25.94%	Promotion and Entertainment
Maintenance Expenses	\$6,562	\$8,000	\$1,438	17.97%	Building/Structure and Glass & Screens
Turnover Expenses	\$1,222	\$1,650	\$428	25.93%	Contracted repairs

COMMENTS: Based on the conversation with the Property Manager, the variance in the Administrative Expenses was due to a new expense for the Real Page system.

REVENUE

FOR THE MONTH ENDING: December 2014		YEAR TO DATE AS OF: December 2014	
Gross Potential	\$34,922	Gross Potential	\$417,425
Budgeted Rental Income	\$34,924	Budgeted Rental Income	\$417,522
Actual Rental Income Collected	\$35,402	Actual Rental Income Collected	\$417,736
Variance + (-)	\$847	Variance + (-)	\$4,637
Other Revenue	\$483	Other Revenue	\$12,411
Total Collected	\$35,885	Total Collected	\$430,147
Budgeted	\$34,638	Budgeted	\$415,235
Variance + (-)	\$1,247	Variance + (-)	\$14,912

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: Based on a review of the property's *Vendor Aging Report (dated as of 02/18/15)*, the majority of the property's balance, specifically \$622.63 is a result from the following vendor: HD Supply Facilities Maintenance, Ltd. Prior to the issuance of this report, management provided sufficient documentation to support that property is in good standing.

0-30 Days:	\$658.55
30-60 Days:	\$0.00
60 Days and Over:	\$0.00
TOTAL	\$658.55

DELINQUENCIES

	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy?			

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<ul style="list-style-type: none"> ➤ Rent is due on or before the first day of the month. Rent not received by the 5th day of the month will be subject to a \$5.00 late fee on the 6th day. An additional charge of \$1.00 per day is accrued each day the rent remains unpaid, to a maximum of \$30.00. 			
3) When is legal action taken against delinquent accounts?			
<ul style="list-style-type: none"> ➤ The eviction process starts on or around the 20th of each month. 			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: Based on a review of the property's <i>Delinquent and Prepaid</i> report (dated as of 02/18/15), unit 35 is the only delinquent unit. The comment on the report states the resident will pay entire balance by the 10 th of the month of February. Prior to the issuance of this report, management provided sufficient documentation to support that unit 35 does not have an outstanding balance.	0-30 Days:		\$338.00
	30-60 Days:		\$119.00
	60 Days and Over:		\$0.00
	TOTAL		\$457.00

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:			

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?			
<ul style="list-style-type: none"> ➤ Staff meetings are held daily. 			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year.			
<ul style="list-style-type: none"> ➤ The Property Manager confirmed completing the following Grace Hill trainings: Fair Housing I, Fair Housing II, conflict resolution, and drug-free workplace as refreshers to the courses taken the previous 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?			
<ul style="list-style-type: none"> ➤ Reports are submitted to the owner three times a week. 			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds?			
<ul style="list-style-type: none"> ➤ Owner approval is required when the item is over the monthly budget. 			
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
No Observations or Findings.

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The picture below was taken to support the Finding listed in the Compliance Report.

