

Texas State Affordable Housing Corporation

Los Ebanos Apartments

2133 Barnard Road, Brownsville, TX 78520

Owner: RHAC – Ebanos, LLC

Date Built: 1981

Management Company: Capstone Real Estate Services

Property Manager: Frankie Gonzalez

Inspection Date & Time: March 24, 2015 at 8:00 a.m.

Inspector's Name: Celina Mizcles

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	99.6%
Number of Units: 65			
Number of One Bedrooms:	4	Number of Two Bedrooms:	23
Number of Three Bedrooms:	32	Number of Four Bedrooms:	6

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: Based on visual observations made on the day of the onsite visit, the property appears to be in great condition. The property was free of debris, graffiti and/or vandalism. There were a few potholes noted at the entry of the complex; however, the City of Brownsville has received a lot of rain in early 2015. Based on conversation with the Property Manager, management is aware of the issue and mentioned that pothole repairs are part of the 2015 budget.

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	1 – Burglary of building
Theft	1	1 – Theft
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence	2	2 – Domestic dispute
Disturbance		

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Other	6	1 – Runaway, 2 Follow-up, 1 – Disturbance (unknown), and 2 – Harassment
2) Does the property utilize a crime prevention agreement?		
➤ The property utilizes the resident selection plan and the property's house rules to address criminal activity.		
3) What pro-active measures is the property taking to address crime on the property?		
➤ The Brownsville Police Department patrols the property regularly. According to the Property Manager, the police department conducts their patrols 1 or 2 times a day.		
4) How often is a light check conducted on the property? Who performs light checks on the property?		
➤ Management conducts daily light checks.		
COMMENTS: The information noted above was taken from The Brownsville Police Department report for the following time frame: 12/21/2014 through 2/10/2015.		

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?	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: Risk assessments are conducted 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	X		
➤ Laundry Facility		X	
➤ Business Center	X		
➤ Pool		X	
➤ Other (describe)		X	
8) When are property licenses and permits renewed?			
➤ The City of Brownsville does not require permits or licenses.			
9) Where are vendor insurance records/binders maintained?			
➤ All vendor insurance records and binders are maintained 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 unit turnovers?	X		
COMMENTS: The property continues to utilize the Blackhorse key control system.			

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 Closed Request Summary report confirmed a total of 20 work order requests were submitted from 2/1/2015 through 2/28/2015. All 20 work order requests were opened and completed within a 24-hour time frame.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
6) How often are Pest Control services provided?	➤ The Property Manager confirmed that all units are treated every other month.		
7) What is the policy for following up on completed service requests?	➤ Management stated that they follow up on about 30% of all completed work orders.		
8) What is the property's after-hours emergency policy?	➤ Residents are told to call the property's after-hours emergency number that directly dials the Property Manager.		
9) What capital improvements have been scheduled or completed for this budget year?	➤ According to the Property Manager, landscaping, the parking lot and the playground improvements are budgeted for this budget year.		

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades	➤ Interior and appliance upgrades were completed as needed 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:	20		
Number of requests open from prior periods:	0		
Number of service requests completed:	20		
Number of service requests completed within 24 hours:	20		
Number of outstanding service requests:	0		

COMMENTS:

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			
TOTAL			

The rental activity reflected in the above table was for the month of (note report dates): N/A – The property did not provide the reviewer with a report that documented the source of traffic for this property.

	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 Manager confirmed that the property has about a two-year waiting list. Therefore, management does not "shop" their competitors and does not complete a market survey.

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: 89%

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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? ➤ Lease renewals/rent increases are conducted in May. The first lease renewal notice is sent out 120 days prior to the lease renewal 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 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? ➤ 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? ➤ Rent increases are implemented in May, per HUD regulation.			
9) How many households are currently on month-to-month leases? ➤ In May of every year, a new lease is signed; however, tenants are able to provide a 30 day notice to vacate.			
10) What is the charge for month-to-month leases? ➤ There is no charge 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				
12	(2x1), Occupied				
51	(3x1), Occupied				
54	(4x2), Occupied – Small hole in upstairs bedroom door. See comment below.				
64	(1x1), 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? ➤ Management utilizes Onesite to manage vacant units.					
6) How often are occupied units inspected? ➤ Occupied units are inspected semi-annually.					
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.					

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- 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: Prior to issuance of the report, management submitted a completed work order for the repair of the damaged bedroom door in unit 54.

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?
- Last year's Asset Oversight Report noted the property experienced gas and water line repairs for this budget year. The items have been completed; however, it continues to be an ongoing issue due to the age of the property.
- 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
Administrative Expenses	\$1,987	\$751	-\$1,237	-165%	Real Page
Maintenance Expenses	\$2,355	\$586	-\$1,770	-302%	Building/Structure and Plumbing
Service Expenses	\$2,537	\$2,162	-\$376	-17%	Landscaping

COMMENTS: Based on a conversation with the management, the maintenance expenses have a high variance because the property experienced water damage (due to the amount of rain the area has received) which required replacement of stucco and textured paint. Management also confirmed that the amount reported for landscaping was entered incorrectly. Management confirmed that the landscaping reporting error is being corrected.

REVENUE

FOR THE MONTH ENDING: January 2015		YEAR TO DATE AS OF: January 2015	
Gross Potential	\$43,624	Gross Potential	\$43,624
Budgeted Rental Income	\$43,624	Budgeted Rental Income	\$43,624
Actual Rental Income Collected	\$43,006	Actual Rental Income Collected	\$43,006
Variance + (-)	(93)	Variance + (-)	(93)
Other Revenue	(172)	Other Revenue	(172)
Total Collected	\$42834.42	Total Collected	\$42834.42
Budgeted	\$43,708	Budgeted	\$43,708
Variance + (-)	(874)	Variance + (-)	(874)

COMMENTS:

ACCOUNTS PAYABLE

- 1) Is the payable report up to date?
- 2) Is the property in good standing with all vendors?
- 3) How often are invoices processed?
- Invoices are processed daily.

COMMENTS: A review of the Vendor Aging Report supports that the majority of the balance was for two of six reported vendors (\$3,580 and \$1,197).

0-30 Days:		\$4,922
30-60 Days:		\$0
60 Days and Over:		\$0
TOTAL		\$4,922

DELINQUENCIES

- 1) Is the delinquency report up to date?
- 2) What is the rent collection policy?
- 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?
- The eviction process starts around the 20th of each month.
- 4) Does the property currently have any resident(s) under eviction?

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5) Does Housing have any outstanding balances?	X		
COMMENTS: The outstanding balance is due to one unit (unit 10-57). The Property Manager confirmed that the Delinquency and Prepaid report does not reflect the recent move in (move in date, 2/6/15). Therefore the balance displays an amount that includes pending housing assistance payment (HAP) adjustments for move in and move out.	0-30 Days:		\$1,319
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$1,319

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: Management confirmed that there have not been any returned checks in the past three months.			

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. ➤ Management confirmed that staff completed the annual Grace Hill trainings that include: Standard Operating Procedures, Conflict Resolution and Fair Housing.			
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 a week.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ 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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