

# Texas State Affordable Housing Corporation

## Marshall Meadows

**1803 Marshall Cross San Antonio, TX 78214**

**Owner:** Chicory Court XXV, L.P.

**Date Built:** 2000

**Management Company:** The Lynd Company

**Property Manager:** Melissa Ramos

**Inspection Date & Time:** 4.20.2015 at 8:30 a.m.

**Inspector's Name:** James Matias

<b>Occupancy at Time of Report:</b>	96%	<b>Average Occupancy Over Last 12 Months:</b>	98%
<b>Number of Units: 250</b>			
<b>Number of One Bedrooms:</b>	50	<b>Number of Two Bedrooms:</b>	114
<b>Number of Three Bedrooms:</b>	86	<b>Number of Four Bedrooms:</b>	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 around the office and throughout the community was well maintained. The common areas and amenities appeared clean and well kept. The buildings, roofs, stairs, and foundations appear to be in acceptable condition. Most of the parking lots examined were found to be well kept with the handicap spaces clearly marked.

**Observations:**

- Numerous residents appeared to be using BBQ pits for cooking outside the unit. Bexar county fire code prohibits BBQ pits or grills from being used within 10 linear feet of the balconies or porches (308.1.4.1). During the site visit, no BBQ pits were found to be in use on the porches, however many were found to be left in the common space of the community. One BBQ pit was found in the breezeway of the 2<sup>nd</sup> floor, while a few others were found behind the buildings. (Pictures attached) It appears that a memo needs to go out to the residents outlining the local fire code and the community policy for proper storage and use of BBQ pits.
- During the previous site visit, management stated that quarterly power washing is scheduled for the breezeways. During the 2015 site visit, the community does not appear to be receiving the regular power washing. Since the breezeways remain dirty and/or stained, it is recommended that frequent power washing is scheduled.

**Finding:**

- During the site visit, all trash receptacles appeared to be overfilled. The overflow of garbage appears to be spilling onto the grounds of the community. The trash receptacle issue was noted during the subsequent property inspections conducted by TSAHC. It is recommended that larger receptacles be used or more frequent pickups be scheduled. It appeared the main reason for the overflowing dumpsters is the disposal of large items. (Pictures attached) It is suggested that management

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**notify residents about proper disposal of large items. Please provide TSHAC with a detailed schedule of how overflowing trash will be minimized moving forward. The plan for addressing the overflowing trash receptacle finding is due to TSHAC by 6/18/2015.**

## 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	2	
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity	1	Shots heard
Domestic Violence		
Disturbance	14	Family (4), Noise (4), Neighborhood (2), Child(1), Verbal (3)
Other	5	Harassment (2), Damaged property (1), Criminal trespassing (2)

2) Does the property utilize a crime prevention agreement?

➤ The property follows the written crime management plan from the Lynd community policy handbook.

3) What pro-active measures is the property taking to address crime on the property?

➤ In an effort to deter crime, the property has security cameras throughout the property and Code 3, a security patrol company, patrols the property every night of the week.

4) How often is a light check conducted on the property? Who performs light checks on the property?

➤ The courtesy officer and maintenance staff check the lights monthly.

### COMMENTS:

#### Observations:

- Item 4 above mentions that the light checks are conducted monthly. Last year's report reflects that light checks were conducted nightly. If light check frequency has decreased from last year to this year, it is suggested that the property revert back to what was being done last year. More frequent observation of the exterior lighting at the property is recommended.
- After review and discussion of the criminal reports provided, it is suggested that management pull the 911/incident reports more frequently and examine the reports for repeat offenders, problematic units, and ongoing issues.

## 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:** The Property Manager and Regional Property Manager do not recall the last time a risk assessment was conducted.

## 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		

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➤ Pool	X		
➤ Other (Sports court, fitness center)	X		
8) When are property licenses and permits renewed?			
➤ Annual permits are obtained for plumbing, pool, electrical, alarm, mechanical, and the fire system.			
9) Where are vendor insurance records/binders maintained?			
➤ Vendor insurance records are kept at the corporate office.			
<b>COMMENTS:</b>			

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		
<b>COMMENTS:</b>			

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?			
➤ On average it takes 3.9 days to complete a work order.			
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 is provided every Tuesday and all buildings are completed once per month.			
7) What is the policy for following up on completed service requests?			
➤ Management stated that all work orders get a follow up call within two business days.			
8) What is the property's after-hours emergency policy?			
➤ Residents call the office phone number that rolls over to an on-call answering service. The on-call maintenance staff person is called for all maintenance issues and the Property Manager is called for any other emergency. When necessary, the patrol service or police department is called.			
9) What capital improvements have been scheduled or completed for this budget year?			
➤ Capital improvements scheduled or completed for this budget year include one foundation repair for building 6.			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>			
10) Unit Interior and Appliance upgrades			
➤ Interior and appliance upgrades were completed as needed.			
11) Building Exterior and Curb Appeal repairs			
➤ No curb appeal upgrades were completed in the last budget year. Foundation repairs for building 8 & 9 were completed.			
12) Amenity upgrades			
➤ Amenity upgrades were not completed in 2014.			
13) Other repairs or replacements			
➤ No amenity upgrades were completed in the last budget year.			
Number of service requests received:	92		
Number of requests currently open:	28		
Number of service requests completed:	64		
Number of service requests completed within 24 hours:	29		
Number of outstanding service requests:	28		
<b>COMMENTS:</b>			
<b>Observation:</b>			
<ul style="list-style-type: none"> <li>Eleven of the 28 open work orders have a priority level of either high or emergency. The eleven work orders with a high or emergency priority level are greater than 72 hours old. It is highly recommended that any and all emergency work orders get completed within 24 hours and items with a high priority level get completed in less than 3 days. It is also suggested that items with high priority levels are completed ahead of items with low or medium priority levels.</li> </ul>			

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MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$285	32	
Flyers (Sprouts)	\$165	0	
Resident Referral (\$150)	\$50	1	
Locator Service	\$0	0	
Printed Advertising (Apartment Finder)	\$0	13	
Internet Advertising (For rent, Gosetction8.com)	\$533	13	
Other Source(360 promotions, previous resident referral, sister property)	\$0	6	1
<b>TOTAL</b>	<b>\$1,033</b>	<b>65</b>	<b>1</b>
<b>The rental activity reflected in the above table is from March 1, 2015 through March 31, 2015.</b>			
	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		
<b>COMMENTS:</b> Management stated that a marketing survey is completed once per month.			

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: 44.1%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	(see observation below)		
4) When are the lease renewal/rent increase notices sent to residents? <div style="margin-left: 20px;">➤ Lease renewal notifications are sent to residents 120 days in advance of expiration. Follow up notices are sent at 90, 60 and 30 days in advance.</div>			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? <div style="margin-left: 20px;">➤ The compliance department uses an internal software system called AMSI to track and monitor renewals and recertifications.</div>			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? <div style="margin-left: 20px;">➤ Rent increases were implemented in March, they averaged about \$10.</div>			
9) How many households are currently on month-to-month leases? <div style="margin-left: 20px;">➤ Two households are currently on month to month leases.</div>			
10) What is the charge for month-to-month leases? <div style="margin-left: 20px;">➤ Management stated that no additional charges are currently being applied to the month to month leases.</div>			
<b>COMMENTS:</b>			
<b>Observation:</b> <ul style="list-style-type: none"> <li>The renewal and daily activity reports provided did not give enough information to accurately determine the lease renewal percentage for March 2015 or the last six months. The amount of move outs over the last 12 months (137) factored in to the amount of occupied units over the last 12 months (245) reflects that about 66% of the residents have chosen to move out or not renew. Resident retention is strongly related to the overall financial success of the property and if the property has a low resident retention percentage the property will most likely experience an increase in expense for marketing, make readies and maintenance. It is suggested that management always know the resident retention percentage or have access to reports that provide the information. It is also a good practice to continue to survey the residents and monitor the reasons for move out report or a report that is similar. If you pull and review this report regularly it can assist you with determining what needs to be corrected at the community in order to increase resident retention. The Reasons for Move Out report was not provided to TSHAC during the review.</li> </ul>			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	10
2) Number of completed made ready units at time of activity report:	1

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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:	0
6) Number of uncompleted made ready units at time of activity report:	9
7) Number of uncompleted one bedroom units at time of activity report:	1
8) Number of uncompleted two bedroom units at time of activity report:	1
9) Number of uncompleted three bedroom units at time of activity report:	7

## Units Walked

Unit #	Brief Description
312	3 x 2, Full turn needed
527	3 x 2, Full turn needed
611	1 x 1, Almost ready, Make ready cleaning needed
914	2 x 1, Full turn needed, Possible discoloration starting under the bathroom sink
1133	3 x 2, Almost ready, bath missing drawer, sub-floor is weak under the bathroom floor
1227	3 x 2, Full turn 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?			
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? ➤ Make ready board and Occupancy Status report			
6) How often are occupied units inspected? ➤ At a minimum, occupied units are inspected once per year but usually more like 2-3 times a year.			
7) How often are vacant units inspected? ➤ Vacant units are inspected at least 3 times per week.			
8) How many vacant units are in progress of being made ready? ➤ There were 6 vacant units in the process of being made-ready.			
9) What is the company policy on the number of days to turn vacant units? ➤ Per policy, vacant units should be turned in 3-5 business days.			

**COMMENTS:** The following discrepancies were found with the units walked, Daily Activity report, Unit Status Report (USR) and the Apartment Occupancy Status (AOS) report provided (The AOS and daily activity reports were pulled on 4/20/2015 and the most recent USR for April was used for reference):

### Observations:

- Unit 312 has a vacated date of 8/31/2014 on the AOS. The USR and Daily Activity reports reflect a vacated date of 4/13/2015.
- Unit 527 has a date ready of 3/14/2014 on the AOS. The USR report reflects a move out date of 3/31/2015. The unit and the move out date are not entered on the Daily Activity report.
- Unit 914 has a date ready of 2/14/2014 on the AOS. The USR and Daily Activity reports reflect a vacated date of 3/31/2015.
- Unit 936 has a vacated date of 4/1/2015 on the AOS. The USR has a vacated date of 4/14/2015.
- Unit 1233 has a vacated date of 12/31/2013 in the AOS. The USR has a vacated date of 4/8/2015. AOS has a vacate date of 12/31/2013.

It appears that the correct vacated and ready dates are not being entered on the AOS report. It seems that the dates for the units that moved out prior to the current move out are often being left in the fields on this report. Having incorrect dates is creating discrepancies between the internal reports provided for review and the USR submitted to TSHAC. In addition, the make ready and vacancy days on the AOS are being calculated incorrectly by the system. The AOS also shows ready dates for units that are not ready. For example, units 527 and 914 have ready dates but the physical inspection determined these units are not ready. It is strongly suggested that a diligent approach to entering these units and their dates is followed. An accurate depiction of how long it takes a unit to be ready and the total vacant days of all vacant units is something that is extremely valuable to managers and the success of the property.

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## Findings:

- Unit 1133 is not moved out on the USR. The AOS and Daily Activity report reflect that a move out occurred 11/30/14. Unit 1133 must be up updated on the USR so that TSHAC can properly monitor the extended vacancy. Unit 1133 is designated as affordable in reference to the community meeting the set aside requirements. The clarification and correction of the discrepancy is due to TSHAC by 6/18/2015.

BUDGET MANAGEMENT					
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 current budget? ➢ Large unexpected repairs that have negatively affected the budget include foundation repairs and underground plumbing repairs in building 9.					
3) Explain YTD variances of 10% or greater. ➢ See 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
Maintenance & Operating	\$17,235	\$10,130	\$7,105	70.1%	Repairs Plumbing, Repairs/Material Supplies
Contract Services	\$10,859	\$8,430	\$2,429	28.8%	Seasonal Landscaping/Other
Make Ready & Decorating	\$9,181	\$8,200	\$981	12.0%	Janitor Cleaning Contract, carpet Cleaning/ Repairs
COMMENTS:					

REVENUE					
FOR THE MONTH ENDING: February 2015			YEAR TO DATE AS OF: February 2015		
Gross Potential		\$189,011	Gross Potential		\$380,493
Budgeted Rental Income		\$174,683	Budgeted Rental Income		\$347,458
Actual Rental Income Collected		\$175,013	Actual Rental Income Collected		\$353,112
Variance + (-)		\$330	Variance + (-)		\$5,654
Other Revenue		\$4,669	Other Revenue		\$8,407
Total Collected		\$181,509	Total Collected		\$363,376
Budgeted		\$179,463	Budgeted		\$357,268
Variance + (-)		\$2,046	Variance + (-)		\$6,108
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? ➢ See notes below				
<b>COMMENTS:</b> The accounting manager explained the accounting process as follows: We use an accounts payable management software called AVIDXchange to upload and properly allocate invoices by property and general ledger code. Any invoices received at the property should be uploaded and coded by the community manager or assistant at least once a week. Lynd's policy on payment is net 30-45 days of the invoice date, unless the property owner has made other arrangements with a vendor.		0-30 Days:		\$13,851
		30-60 Days:		\$30,759
		60 Days and Over:		\$102,721
		TOTAL		\$147,331
<b>Finding:</b> <ul style="list-style-type: none"> <li>The high delinquent balance was noted on the 2014 report as an observation. The delinquent balances have increased from 2014 to 2015 by 60%. The management policy mentioned above is to make vendor payments net 30-45 days of the invoice date. The accounts payable report dated 4/20/2015 reflects an outstanding balance of \$102,721 greater than 60 days old. The majority of the outstanding balance is made up from 10 different vendors. These vendors include a foundation repair provider, fire protection service, trash compactor repair technician, landscaping, social services, a flooring company, maintenance Supply Company, the San Antonio water system, and a private repair person who has competed numerous jobs. The accounting and regional manager informed TSHAC that the management company has submitted reserve draws to pay the outstanding balances. Once the reserve draws funds come in the extended delinquency payments will be made. <u>Management must provide TSHAC with an updated accounts payable report by 6/18/2015.</u></li> </ul>				6

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DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Rent due on the 1 <sup>st</sup> and late on the 4 <sup>th</sup> . 3-day notice to vacate letters (NTV) are sent around the 5 <sup>th</sup> of the month.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken around the 10th of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b> The majority (80% or \$6,616) of the total delinquent balance and 100% of the balance over 30 days is due to San Antonio Housing Authority (SAHA) outstanding payments for new move-ins and annual recertifications.	0-30 Days:		\$13,249
	30-60 Days:		\$5,883
	60 Days and Over:		\$934
	TOTAL		\$16,226

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		
<b>COMMENTS:</b> Management stated that after 2 NSF's, residents can no longer pay with a check.			

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. ➤ Grace Hill training completed by staff include: fair housing, sexual harassment, preventive maintenance, and leasing. Safety courses are taken quarterly by all staff members			
<b>COMMENTS:</b>			

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 biweekly and monthly to the owner.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Anything over \$1,000 that is unbudgeted or over budget requires approval 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		
<b>COMMENTS:</b>			

SUMMARY OF OBSERVATIONS AND FINDINGS
<b>Observations:</b> <ul style="list-style-type: none"> <li>Numerous residents appeared to be using BBQ pits for cooking outside the unit. Bexar county fire code prohibits BBQ pits or grills from being used within 10 linear feet of the balconies or porches (308.1.4.1). During the site visit, no BBQ pits were found to be in use on the porches, however many were found to be left in the common space of the community. One BBQ pit was found in the breezeway of the 2<sup>nd</sup> floor, while a few others were found behind the buildings. (Pictures attached) It appears that a memo needs to go out to the residents outlining the local fire code and the community policy for proper storage and use of BBQ pits.</li> <li>During the previous site visit, management stated that quarterly power washing is scheduled for the breezeways. During the 2015 site visit, the community does not appear to be receiving the regular power washing. Since the breezeways remain dirty and/or stained, it is recommended that frequent power washing is scheduled.</li> </ul>



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- After review and discussion of the criminal reports provided, it is suggested that management pull the 911/incident reports more frequently and examine the reports for repeat offenders, problematic units, and ongoing issues.
- Eleven of the 28 open work orders have a priority level of either high or emergency. The eleven work orders with a high or emergency priority level are greater than 72 hours old. It is highly recommended that any and all emergency work orders get completed within 24 hours and items with a high priority level get completed in less than 3 days. It is also suggested that items with high priority levels are completed ahead of items with low or medium priority levels.
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## VACANT/MAKE READY UNITS

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## VACANT/MAKE READY UNITS

- Unit 1133 is not moved out on the USR. The AOS and Daily Activity report reflect that a move out occurred 11/30/14. Unit 1133 must be up updated on the USR so that TSHAC can properly monitor the extended vacancy. Unit 1133 is designated as affordable in reference to the community meeting the set aside requirements. The clarification and correction of the discrepancy is due to TSHAC by 6/18/2015.
- The high delinquent balance was noted on the 2014 report as an observation. The delinquent balances have increased from 2014 to 2015 by 60%. The management policy mentioned above is to make vendor payments net 30-45 days of the invoice date. The accounts payable report dated 4/20/2015 reflects an outstanding balance of \$102,721 greater than 60 days old. The majority of the outstanding balance is made up from 10 different vendors. These vendors include a foundation repair provider, fire protection service, trash compactor repair technician, landscaping, social services, a flooring company, maintenance Supply Company, the San Antonio water system, and a private repair person who has competed numerous jobs. The accounting and regional manager informed TSHAC that the management company has submitted reserve draws to pay the outstanding balances. Once the reserve draws funds come in the extended delinquency payments will be made. Management must provide TSHAC with an updated accounts payable report by 6/18/2015.



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