

Texas State Affordable Housing Corporation

Spring Terrace

2600 S. Spring St., Amarillo, Texas 79109

Owner: RHAC – Spring , LLC

Date Built: 1983

Management Company: Capstone Real Estate Services

Property Manager: Nicole Huddleston

Inspection Date & Time: July 7, 2015 at 8:30 a.m.

Inspector's Name: Celina Mizcles

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	99%
Number of Units: 50			
Number of One Bedrooms:	N/A	Number of Two Bedrooms:	40
Number of Three Bedrooms:	10	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: Based on visual observations made on the day of the onsite visit, the property appeared to be in great condition. The perimeter fence was in acceptable condition and the landscaping, grounds and parking lot were clean and free of debris. The property's building exteriors and roofs were found in acceptable condition.

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		
Criminal Mischief		
Personal Assault	4	4 - Assault
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance		
Other	21	13 – Disorderly conduct, 2 – Vandalism, 1- Stolen Vehicle, 1 – Trespassing, 1 – Warrant,

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		and 3 – Suspicious person
2) Does the property utilize a crime prevention agreement?		
➤ The property utilizes the House Rules to address crime prevention. All adult household members are required to execute the House Rules at the time of occupancy.		
3) What pro-active measures is the property taking to address crime on the property?		
➤ Management continues to conduct crime prevention community meetings.		
4) How often is a light check conducted on the property? Who performs light checks on the property?		
➤ Management staff conducts light checks on a weekly basis.		
COMMENTS: The Amarillo Police Department Call Out reports dated 3/1/2015 through 5/31/15 lists a total of 26 calls; 25 of the 26 calls are outlined above. According to management, police Call Out reports are reviewed and lease violations are issued, if necessary. Copies of lease violations are maintained in the resident tenant file.		

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: Management conducted a risk assessment in January 2015.			

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?			
➤ Spring Terrace Apartments is not required to have any licenses or permits.			
9) Where are vendor insurance records/binders maintained?			
➤ The vendor insurance records are maintained in the compliance department 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: Keys are properly coded, locked and secured.			

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		

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4) On average, how many days does it take to complete a work order? > The Maintenance Summary Report dated 6/6/15 through 7/7/15 that was provided for review does not provide enough information to determine how long it takes to complete a work order. According to the Property Manager, all emergency work orders are completed within one day and all other work orders are completed within one to three days.			
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 on a monthly basis and when requested.			
7) What is the policy for following up on completed service requests? > Management follows up on service requests by sending out notices to tenants confirming work is completed and to ensure work was completed to their satisfaction.			
8) What is the property's after-hours emergency policy? > Residents are provided with the after-hours emergency number. The call will directly dial the maintenance staff member who is on call.			
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 > No unit interiors and appliance upgrades have been completed in the last budget year.			
11) Building Exterior and Curb Appeal repairs > No building exteriors and curb appeal repairs have been completed in the last budget year.			
12) Amenity upgrades > No amenity upgrades have been completed in the last budget year.			
13) Other repairs or replacements > No other repairs or replacements have been completed in the last budget year.			
Number of service requests received:	38		
Number of requests open from prior periods:	4		
Number of service requests completed:	42		
Number of service requests completed within 24 hours:	8 (see comment)		
Number of outstanding service requests:	0		
COMMENTS: The Maintenance Summary Report dated 6/6/15 to 7/7/15 reflects a total of 8 work orders completed within 8 hours. Based on a review of the Maintenance Summary Report that was provided for review, it appears the report does have the ability to track the amount of time (hours and minutes) it takes to complete a work order. It appears the tool is not being utilized as the report indicates a total of "0 hours and 0 minutes" in each section of the report.			
Observation:			
<ul style="list-style-type: none"> • TSAHC suggests management utilize the Maintenance Summary Report's tools to capture the accurate amount of time (hours and minutes) it takes to complete work orders. This will help ensure maintenance staff is completing work orders within the company policy timeframe of one to three days. Resident retention and satisfaction are often strongly related to the maintenance program. 			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	0	0
Flyers	N/A	0	0
Resident Referral	N/A	0	0
Locator Service	N/A	0	0
Printed Advertising	N/A	0	0
Internet Advertising	N/A	0	0
Other Source (Local Housing Authority – 3, Other – 1 and Other – 5)	\$0	9	3
TOTAL	\$0	9	3
The rental activity reflected in the above table was for the month of 06/05/15 through 07/06/15.			
	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	

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5) Does the property complete a market survey at least monthly?		X	
COMMENTS: Based on a conversation with management, there are no marketing expenditures at the property as this property works off of an extensive waiting list. A review of the Primary Advertising Source Evaluation report lists three advertising sources (Local Housing Authority, Other and Other). Management stated that "Other" is used to document drive-bys/walk-ins and when potential applicants call the property. Management was advised to update the Primary Advertising Source Evaluation to include the sources "drive-bys and phone traffic" and to remove one of the two "Other" sources as they are duplicates.			

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: 88%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	33.33% (See comment)		
4) When are the lease renewal/rent increase notices sent to residents? > The first lease renewal notice is sent out 120 days prior to the lease end 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 Onsite 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? > The last rent increase was implemented in February 2015. The increase is based on the annual HUD income limits.			
9) How many households are currently on month-to-month leases? > There are no households on a month-to-month lease.			
10) What is the charge for month-to-month leases? > N/A - There are no households on a month-to-month lease.			
COMMENTS: The Reasons for Move Outs Report dated 7/6/14 through 7/17/15 listed a total of 12 move outs. Of the 12 move-outs, none were due to "skips." However, conversation with management revealed that there were two units that skipped in the last 12 months. The reviewer added two additional move-outs (the skips) to the report which resulted in 33.33% of move-outs due to eviction/non-payment of rent or "skip." This information may be inaccurate, however this shows the importance of creating a better management practice for obtaining the reasons for move-outs.			
Observation: <ul style="list-style-type: none"> • TSAHC suggests management utilize the Reason for Move Outs Report properly to have an accurate picture of the reasons residents move out moving forward. 			

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		
5	(2x1- Occupied) – Two inoperable smoke alarms.		
26	(3x1- Occupied) – Good condition		
38	(2x1- Occupied) – One inoperable smoke alarm.		
41	(3x1- Occupied) – Good condition		
Down Units Walked (units vacant and unready for extended period of time and all down units)			
Unit #	Brief Description		
N/A			
		YES	NO
1)	Does the Unit Availability Report match the make ready board?		X

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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 uses Onesite to monitor timely preparation of vacant units.			
6) How often are occupied units inspected? > Management inspects occupied units twice per year.			
7) How often are vacant units inspected? > Management inspects vacant units once per week.			
8) How many vacant units are in progress of being made ready? > N/A – As of the date of the onsite visit, there were no vacant units.			
9) What is the company policy on the number of days to turn vacant units? > The Property Manager stated vacant units are turned within 3 -5 business days, per policy.			
COMMENTS: Prior to the issuance of this report, management submitted copies of completed work orders for the deficiencies noted above for units 5 and 38.			

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services? > In order to obtain materials, supplies and services, management must obtain three bids.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? > Management confirmed there have been no large unexpected repairs or purchases during the current 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
Leasing Expenses	\$36	\$160	\$124	77.41%	Promotions & Entertainment
Services Expenses	\$5,677	\$6,340	\$663	10.45%	Alarm services and plumbing contractor
Turnover Expenses	\$605	\$750	\$145	19.28%	Materials - Painting
COMMENTS:					

REVENUE					
FOR THE MONTH ENDING MAY 2015			YEAR TO DATE AS OF MAY 2015		
Gross Potential		\$35,680	Gross Potential		\$177,890
Budgeted Rental Income		\$35,690	Budgeted Rental Income		\$177,930
Actual Rental Income Collected		\$35,680	Actual Rental Income Collected		\$177,619
Variance + (-)		\$792	Variance + (-)		\$3,697
Other Revenue		\$128	Other Revenue		\$303
Total Collected		\$35,808	Total Collected		\$177,922
Budgeted		\$35,350	Budgeted		\$176,307
Variance + (-)		\$458	Variance + (-)		\$1,616
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? ➤ According to management, invoices are processed weekly.			
COMMENTS: The Vendor Aging Report dated 6/30/15 reflects a credit amount of \$1,538 for Pittsburgh Paints. Management confirmed they are working with the vendor to clear the amount.	0-30 Days:	\$248	
	30-60 Days:	\$0	
	60 Days and Over:	(\$1,888)	
	TOTAL	(\$1,640)	

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Rent payments are due on the 1 st and late on the 6 th day of each month. On the 6 th , residents will be charged an initial late fee of \$5 and \$1 each day thereafter. On or around the 17 th day of the on the month, a three day Notice to Vacate is issued.			
3) When is legal action taken against delinquent accounts? ➤ According to management, legal action is usually taken on or around the 20 th day of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: According to management, the majority of the delinquent rent is due to the housing assistance payments. Based on a review of the Delinquent and Prepaid report as of 7/7/15, \$1,382 of the \$1,517 total delinquent balance (91%) is due to housing assistance payment. The remainder of the balance is due to a mix of rent, late fees, and utility assistance payments.	0-30 Days:	\$1,517	
	30-60 Days:	\$894	
	60 Days and Over:	\$464	
	TOTAL	\$2,875	

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? ➤ Staff meetings are held weekly.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ The staff has attended an annual Fair Housing training.			
COMMENTS: The property is under a new Property Manager as of March 2015.			

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 weekly to the owner.			

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3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ All items and dollar amounts that are not budgeted or are over budget require owner approval.			
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
<p>Add Observations:</p> <ul style="list-style-type: none"> TSAHC suggests management utilize the Maintenance Summary Report's tools to capture the accurate amount of time (hours and minutes) it takes to complete work orders. This will help ensure maintenance staff is completing work orders within the company policy timeframe of one to three days. Resident retention and satisfaction are often strongly related to the maintenance program. TSAHC suggests management utilize the Reason for Move Outs Report properly to have an accurate picture of the reasons residents move out moving forward. <p>No Findings.</p>

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