

# Texas State Affordable Housing Corporation

## Cove Village

1102 Golf Course Rd., Copperas Cove, Texas 76522

**Owner:** RHAC – Cove Village, LLC

**Date Built:** 1983

**Management Company:** Capstone Real Estate Services

**Property Manager:** Jeff Burton

**Inspection Date & Time:** February 18, 2016 at 1:00 p.m.

**Inspector's Name:** Celina Mizcles

<b>Occupancy at Time of Report:</b>	100%	<b>Average Occupancy Over Last 12 Months:</b>	99.6%
<b>Number of Units: 50</b>			
<b>Number of One Bedrooms:</b>	N/A	<b>Number of Two Bedrooms:</b>	28
<b>Number of Three Bedrooms:</b>	22	<b>Number of Four Bedrooms:</b>	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:**

### 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	2	
Criminal Mischief		
Personal Assault	2	
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance		
Other		
2) Does the property utilize a crime prevention agreement?		
➤ The resident selection plan and the property house rules are used to address crime prevention.		

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3) What pro-active measures is the property taking to address crime on the property? ➤ The Copperas Cove Police Department patrols the property twice a week and informs management of any issues.
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Light checks are conducted daily by management staff.
<b>COMMENTS:</b> A review of the Copperas Cove Police Department's records indicate there were four incidents during 11/01/2015 through 1/31/2016. According to the Property Manager, all incidents were reviewed, discussed with respective residents, and actions were taken when necessary.

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:** Annual risk assessments are conducted 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	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)			
8) When are property licenses and permits renewed? ➤ There are no property licenses or permits required at this property.			
9) Where are vendor insurance records/binders maintained? ➤ Vendor records 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:** Blackhorse key system is utilized at this property.

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? ➤ According to the <i>Service Request Activity Report</i> , it takes management 2 days to complete work orders.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
6) How often are Pest Control services provided? ➤ Services are provided monthly.			

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7) What is the policy for following up on completed service requests? ➢ Follow-up calls are made for reoccurring issues.
8) What is the property's after-hours emergency policy? ➢ Residents are provided with an after-hour telephone number that contacts the maintenance technician directly.
9) What capital improvements have been scheduled or completed for this budget year? ➢ Management confirmed that landscaping and the installation of two retentions walls (near buildings 4 and 6) are scheduled for the 2016 budget.

### Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades ➢ Unit interior and appliance upgrades were completed as needed.
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 completed during the last budget year.
13) Other repairs or replacements ➢ There were no other repairs or replacements completed during the last budget year.

Number of service requests received:	35		
Number of requests open from prior periods:	0		
Number of service requests completed:	35		
Number of service requests completed within 24 hours:	21		
Number of outstanding service requests:	0		

**COMMENTS:** The maintenance work order information noted above was taken from the *Service Request Activity Report* dated 01/01/2016 to 02/18/2016.

### 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 (Current residents and prior residents)	\$0	3	3
<b>TOTAL</b>	<b>\$0</b>	<b>3</b>	<b>3</b>

The rental activity reflected in the above table was for the month of February 2016.

	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:** Management stated they do not shop competitors or conduct market surveys because they maintain an extensive wait list.

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: 82%	6 months:	12 months:
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 renewal/rent increases notices are issued 120-days prior to the anniversary date of move-in. If no response is received, notices are issued at 90-days, 60-days, and 30-days prior to anniversary date of move-in.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		

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6) How are renewals and re-certifications tracked and monitored? ➤ Onesite is used to track unit 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 accordance with HUD.			
9) How many households are currently on month-to-month leases? ➤ After the initial 12 month lease ends, the lease rolls into a month-to-month lease.			
10) What is the charge for month-to-month leases? ➤ There are no month-to-month changes.			
<b>COMMENTS:</b>			

<b>VACANT/MAKE READY UNITS</b>
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1) Number of vacant units at time of activity report:	1
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:	1
9) Number of uncompleted three bedroom units at time of activity report:	0

<b>Units Walked</b>
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Unit #	Brief Description
18	(2x1) Occupied: Blocked egress in bedroom. See comment below.
32	(3x2) Occupied: Electrical box in not flush against the wall in bedroom. See comment below.
34	(2x1) Vacant: The unit is in the make ready process.
47	(3x2) Occupied

<b>Down Units Walked (units vacant and unready for extended period of time and all down units)</b>
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Unit #	Brief Description
N/A	

	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 uses Onesite and communicates with the maintenance technician daily to ensure timely preparation of vacant units.			
6) How often are occupied units inspected? ➤ Units are inspected semi-annually.			
7) How often are vacant units inspected? ➤ Management confirmed vacant units are inspected daily.			
8) How many vacant units are in progress of being made ready? ➤ There is one (unit 34) in the processing of being made ready for occupancy.			
9) What is the company policy on the number of days to turn vacant units? ➤ According to management policy, unit turns should take no longer than 3-5 days.			

**COMMENTS:** During the physical inspection of units, deficiencies were noted in units 18 and 32. Management submitted closed work orders, including pictures, to support that both deficiencies were corrected within 24hours.

<b>BUDGET MANAGEMENT</b>
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1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Three bids must be solicited for services.			
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- 2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget?  
 > There has not been any large unexpected expenditures.
- 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
Salaries & Benefits	\$81,604	\$70,708	(\$10,898)	(15%)	Salaries – Manager, Salaries – Maintenance, and Bonuses
Leasing Expenses	\$194	\$525	\$331	62.9%	Promotions & Entertainment
Maintenance	\$10,049	\$9,077	(\$972)	(10.7%)	Doors/Locks/Keys and Glass/Screens
Turnover Expenses	\$4,568	\$3,095	(\$1,473)	(47.6%)	Vacant Carpet Cleaning and Materials - Repairs

**COMMENTS:** The information noted above is based on a review of the River Park Budget Comparison dated as of December 2015.

### REVENUE

FOR THE MONTH ENDING: December 2015		YEAR TO DATE AS OF: December 2015	
Gross Potential	\$35,567	Gross Potential	\$425,463
Budgeted Rental Income	\$35,516	Budgeted Rental Income	\$425,004
Actual Rental Income Collected	\$35,542	Actual Rental Income Collected	\$424,359
Variance + (-)	\$408	Variance + (-)	\$420,413
Other Revenue	\$1,746	Other Revenue	\$7,867
Total Collected	\$37,289	Total Collected	\$432,226
Budgeted	\$35,637	Budgeted	\$428,269
Variance + (-)	\$1,652	Variance + (-)	\$3,957

**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? > According to management, invoices are processed daily.			
<b>COMMENTS:</b> Based on a review of the Vendor Aging Report dated as of 2/17/2016.	0-30 Days:	\$1,118	
	30-60 Days:	0.00	
	60 Days and Over:	0.00	
	TOTAL	\$1,118	

### DELINQUENCIES

	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? > Rent is due on the first of each month. An initial late fee is applied on the 5 <sup>th</sup> of the month and daily fees begin thereafter up to a maximum of \$30.00.			
3) When is legal action taken against delinquent accounts? > Legal action is taking around the 20 <sup>th</sup> day 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> Information noted in the section is based on the property's Delinquent and Prepaid report dated as of 2/18/2016. The report shows at least 3 households with a high rent balances. According to management, repayment agreements have been made with these households.	0-30 Days:	\$1,454	
	30-60 Days:	\$776	
	60 Days and Over:	\$1067	
	TOTAL	\$3,297	

### RETURNED CHECKS

	YES	NO	N/A

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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		
<b>COMMENTS:</b> Management states they will follow management policy if rent checks are returned.			

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? ➤ The property's staff consists of the Property Manager and the Maintenance Technician; discussions regarding the property are held daily.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Staff attends and/or completes Grace Hill trainings: Fair Housing I & II and Conflict Resolution.			

**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? ➤ The Regional Manager submits reports to the owner when necessary; however, the owner has access to the system to retrieve reports.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ All expenses 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
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**No Findings or Observations.**

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