

Texas State Affordable Housing Corporation

El Nido Apartments

24 Alicia Drive, El Paso, Texas 79905

Owner: RHAC – El Nido, LLC

Date Built: 1951

Management Company: Capstone Real Estate Service, Inc. **Property Manager:** Juana Pineda

Inspection Date & Time: August 31, 2016 at 2:00 p.m. **Inspector's Name:** Celina Mizcles

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	99.7%
Number of Units: 104			
Number of One Bedrooms:	26	Number of Two Bedrooms:	53
Number of Three Bedrooms:	25	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	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: During the physically inspection of the property, the reviewer was able to determine that the property is in good condition. The condition of the building exteriors, (i.e., sidewalks, roofs, widows, and doors) all appear to be in acceptable condition. About half of the property is xeriscape however the areas of the property that is not have overgrown grass and weeds. Note: The City of El Paso had been experienced severe rain storms, including the day of the onsite visit. Management mentioned this as the grass and weeds were a bit overgrown on the day of the visit.

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	12	
Disturbance	2	

Texas State Affordable Housing Corporation

Other	2	Suspicious Activity – 2
2) Does the property utilize a crime prevention agreement?		
➤ Management continues to utilize the Drug-Free Housing Policy to address crime prevention.		
3) What pro-active measures is the property taking to address crime on the property?		
➤ Executing the Drug-Free Housing Policy is the only measure taken to address crime on the property.		
4) How often is a light check conducted on the property? Who performs light checks on the property?		
➤ Light checks are conducted bi-weekly by maintenance staff.		
COMMENTS: Based on a review of the El Paso Police Department call logs, there were a total of 26 calls received from May 2016 through July 2016. 17 of the 26 calls received are listed above. There was no significant change in calls received by the local police department when compared with last year's report.		

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's insurance provider conducts annual risk assessments at the property.			

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?			
7) Which of the following community amenities are provided for resident use?			
➤ Playground – Two playgrounds	X		
➤ Community Room		X	
➤ BBQ/Picnic Area	X		
➤ Laundry Facility		X	
➤ Business Center		X	
➤ Pool		X	
➤ Other (describe) - Gazebo	X		
8) When are property licenses and permits renewed?			
➤ N/A			
9) Where are vendor insurance records/binders maintained?			
➤ The corporate office maintains all recodes and insurance binders.			
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 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		
4) On average, how many days does it take to complete a work order?			

Texas State Affordable Housing Corporation

➤ It is policy is to have emergency work orders completed within 24 hours and all others completed within 3-5 days. Based on a review of the Service Request Activity Report, work orders are being completed in an average of 2 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 as needed.			
7) What is the policy for following up on completed service requests?			
➤ At random, management will follow-up on completed service requests.			
8) What is the property's after-hours emergency policy?			
➤ Residents are to call the emergency phone number which is also posted in the management office for any and all emergency work orders request. The call is answered by the maintenance staff member on call.			
9) What capital improvements have been scheduled or completed for this budget year?			
➤ Currently there are no capital improvements scheduled or completed; however, management would like to schedule the continuation of the property's xeriscape.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
10) Unit Interior and Appliance upgrades			
➤ There has not been any major unit interior or appliance upgrades in the last budget year.			
11) Building Exterior and Curb Appeal repairs			
➤ There were not building exterior or curb appeal repairs completed in the last budget year.			
12) Amenity upgrades			
➤ There were no amenity upgrades completed in the last budget year.			
13) Other repairs or replacements			
➤ There were no other repairs or replacements completed in the last budget year.			
Number of service requests received:	28		
Number of requests open from prior periods:	0		
Number of service requests completed:	28		
Number of service requests completed within 24 hours:	17		
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 (Property marketing letters)			
TOTAL	\$0	0	0
The rental activity reflected in the above table was for the month of (note report dates): See comment below.			
	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 sends out marketing letters to various agencies to remind them of their affordability status; however, they continue to utilize the waiting list to fill vacancies.			

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		

Texas State Affordable Housing Corporation

2) What percentage of residents renewed last month, past 6 months, and past 12 months?	Current: 88.5%	6 months: N/A	12 months: N/A
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	11.1%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ Management issues recertification notices at 120, 90, 60, and 30-day interval periods prior to the current lease end date.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? Onsite is used to track this information.			
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 effective 8/1/2016. The average rent increase was \$15.			
9) How many households are currently on month-to-month leases? ➤ A HUD model lease is used at initial move-in. After the 12 month lease period it rolls into a month-to-month lease.			
10) What is the charge for month-to-month leases? ➤ There is no additional charge for a month-to-month lease.			
COMMENTS:			

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:			N/A		
3) Number of completed one bedroom units at time of activity report:			N/A		
4) Number of completed two bedroom units at time of activity report:			N/A		
5) Number of completed three bedroom units at time of activity report:			N/A		
6) Number of uncompleted made ready units at time of activity report:			N/A		
7) Number of uncompleted one bedroom units at time of activity report:			N/A		
8) Number of uncompleted two bedroom units at time of activity report:			N/A		
9) Number of uncompleted three bedroom units at time of activity report:			N/A		
Units Walked					
Unit #	Brief Description				
200DC	1 bedroom – Occupied.				
201AC	3 bedrooms – Occupied.				
5107A	3 bedrooms – Occupied. The occupied unit has a damage wall in the bathroom near the toilet. See comment below.				
5107B	2 bedrooms – Occupied.				
Down Units Walked (units vacant and unready for extended period of time and all down units)					
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? ➤ Onsite is used to track this information.					
6) How often are occupied units inspected? ➤ Occupied units are inspected annually, and during all program required inspections.					
7) How often are vacant units inspected? ➤ Vacant units are inspected twice, once when the unit is vacated and again to confirm the completion of the make ready process.					
8) How many vacant units are in progress of being made ready? ➤ There were no vacant units.					
9) What is the company policy on the number of days to turn vacant units? ➤ Units are turned within 3-5 business day, per company policy.					

Texas State Affordable Housing Corporation

COMMENTS: During the physical unit inspection, management staff informed the reviewer of the interior condition of unit 5107A. Management stated that the unit had previously been inspected and that lease violations were issued and work order had previously been created for the damaged wall in the bathroom. Management submitted a completed work order for the repair of the damaged wall prior to the issuance of this report.

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services?					
➤ Three bids are required to obtain materials and services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget?					
➤ Nothing has negatively affected the current budget.					
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	\$5,411	\$7,074	\$1,662	23.5%	Real Page, Credit checks, Telephone/Pagers
Leasing Expenses	\$51	\$45	(\$6)	(14.7%)	Promotions & Entertainment
Turnover Expenses	\$862	\$750	(\$112)	(15%)	Materials - Painting
Routine Replacements Expenses	\$11,711	\$14,433	\$2,721	18.8%	Stoves and HVAC
Capital/Renovations Expenses	\$11,575	\$4,000	(\$7,575)	(189%)	Landscaping
COMMENTS: According to management the large variance in Capital/Renovations Expenses (Landscaping) was due to dead tree removal. ,					

REVENUE			
FOR THE MONTH ENDING: JUNE 2016		YEAR TO DATE AS OF: JUNE 2016	
Gross Potential	\$83,930	Gross Potential	\$503,582
Budgeted Rental Income	\$83,930	Budgeted Rental Income	\$503,580
Actual Rental Income Collected	\$83,872	Actual Rental Income Collected	\$503,536
Variance + (-)	\$413	Variance + (-)	\$2,785
Other Revenue	\$517	Other Revenue	\$2,015
Total Collected	\$84,389	Total Collected	\$505,551
Budgeted	\$84,241	Budgeted	\$504,249
Variance + (-)	\$147	Variance + (-)	\$1,302
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 weekly.			
COMMENTS: The Vendor Aging Report dated as of 8/31/2106 has a 0-30 day balance of \$168,525. Of that balance, \$167,424 is from the RHAC-Texas Portfolio (CAP-RHACTX). According to management, this is an owner distribution that was requested for the monthly payment of the Bond. After further discussion, management confirmed that the amount paid was in excess of the requested amount by \$126,231 (requested amount, \$41,193). According to management this amount listed was payment of the Bonds for El Nido and a sister-property. The accounting department for the management company stated that El Nido will be reimbursed for the overpayment prior to the end of the year.	0-30 Days:		\$168,525
	30-60 Days:		\$132
	60 Days and Over:		(\$672)
	TOTAL		\$167,985

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy?			
➤ Rent is accepted on or before the 1 st of the month. Rent collected on or after the 5 th is considered late and is subject to a late fee of \$5 and \$1 each day thereafter until rent is paid in full.			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taken around the 20 th .			
4) Does the property currently have any resident(s) under eviction?		X	

Texas State Affordable Housing Corporation

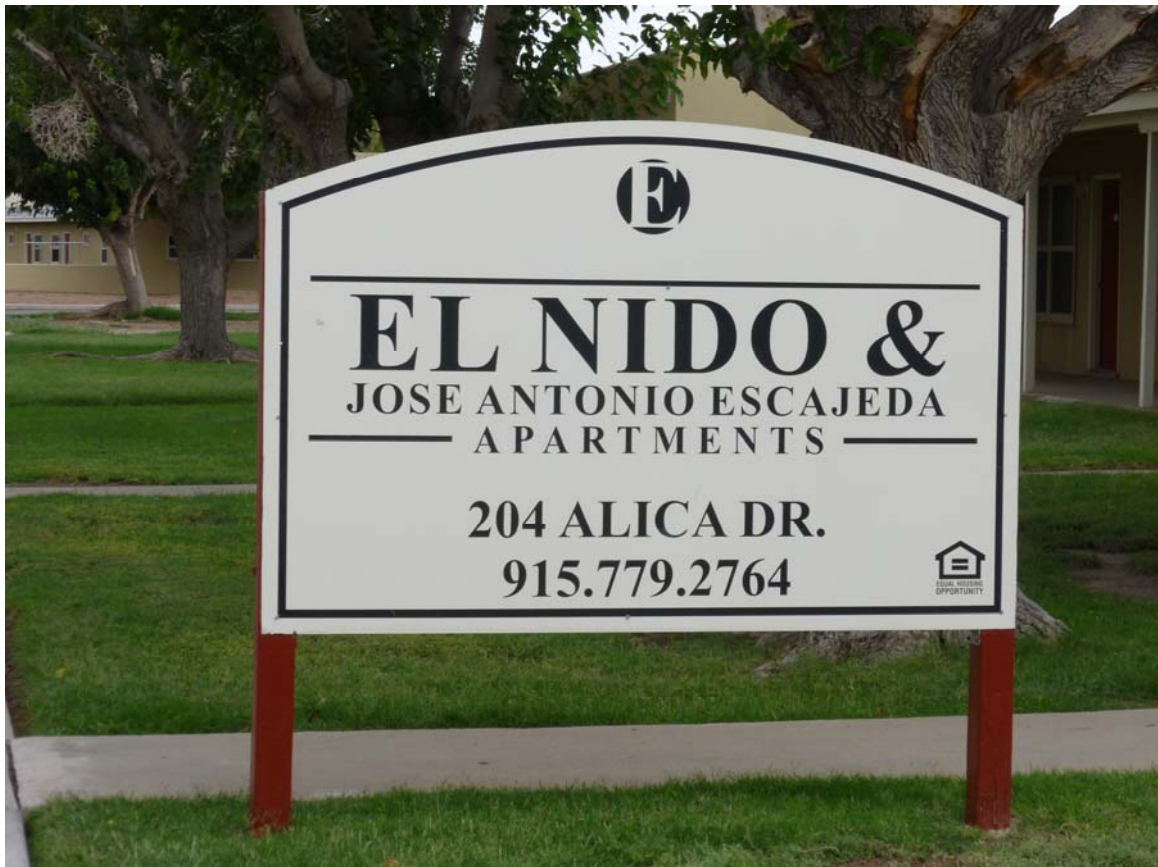
5) Does Housing have any outstanding balances?	X		
COMMENTS: There is a current balance of 4,627 however there are several prepaid Housing Assistance (HAP) Payments ready to be applied on the next voucher submission/payment.	0-30 Days:		\$4,627
	30-60 Days:		(\$1,735)
	60 Days and Over:		(\$1,656)
	TOTAL		(\$3,391)

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:	1		
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?			
9) How often are staff meetings held? ➤ Staff meetings are held on Monday and Friday of each week.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Management is required to complete Grace Hill's Vision LMS training courses which include Fair Housing, Sexual Harassment, and Customer Services.			
COMMENTS: Management confirmed that they have hired a new Maintenance Technician.			

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 Owner has the ability to pull and review reports at all times.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Items over \$1,000 that are unbudgeted or 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
No Observations or Findings.



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