

Texas State Affordable Housing Corporation

Jose Antonio Escajeda Apartments

204 Alicia Drive, El Paso, Texas 79905

Owner: RHAC – JAE, LLC

Date Built: 1983

Management Company: Capstone Real Estate Services, Inc.

Property Manager: Juan Pineda

Inspection Date & Time: September 1, 2016 at 8:30 a.m.

Inspector's Name: Celina Mizcles

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	93%
Number of Units: 88			
Number of One Bedrooms:	12	Number of Two Bedrooms:	26
Number of Three Bedrooms:	34	Number of Four Bedrooms:	16

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 onsite visit, the reviewer conducted a visual observation of the physical condition of all 5 scatter site locations (Father Rahm, 710 S. Tays, Campbell, Park, and 1018 S. Tays). All sites appeared to be in acceptable condition. Sidewalks, recreational areas and parking lots were clean and free of debris. Building exteriors, structures, window blinds etc. also appeared to be in good 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	1	
Drug Related Activity		
Gun Related Activity		
Domestic Violence	9	6 Tays and 3 Campbell
Disturbance	2	1 Tays and 1 Campbell
Other	1	1 Suspicious (Tays)

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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 33 calls received from May 2016 through July 2016. 13 of the 33 calls received are listed above. While there is no significant increase in the number of incidents when compared with last year's report, the change in type of incidents being reported ha

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? ➤ 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:

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 ➤ Occupancy Qualifications	X 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 ➤ Community Room ➤ BBQ/Picnic Area ➤ Laundry Facility ➤ Business Center ➤ Pool ➤ Other (describe)	X	X X X X X	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? ➤ 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 within an average of 3 days.			

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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 provided with the emergency phone number which is also posted in the management office.			
9) What capital improvements have been scheduled or completed for this budget year? ➢ There are no capital improvements scheduled or completed.			
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:	27		
Number of requests open from prior periods:	0		
Number of service requests completed:	26		
Number of service requests completed within 24 hours:	12		
Number of outstanding service requests:	1		
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	\$0	1	1
TOTAL	\$0	0	0
The rental activity reflected in the above table was for the month of (note report dates): 8/1/2016 – 8/31/216			
	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. The property's Primary Advertising Source Evaluation report should be used as a tool to help determine successful marketing strategies. According to the property's report, the source type "other" lists 1 prospect that resulted in an approved applicant. Management is advised to remove "other" as a source type.			

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: 86%	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"?	0%		

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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 4/26/2016.			
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: According to the Reasons for Move-Out report, all move-outs in the last 12 month were tenant initiated.			

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
4	1 bedroom – Occupied.
21	2 bedrooms – Occupied.
24	2 bedrooms – Occupied.
43	4 bedrooms – Occupied.
92	3 bedrooms – 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? ➤ 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.			

COMMENTS:

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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
Leasing Expenses	\$51	\$40	(\$11)	(29%)	Promotions & Entertainment
Turnover Expenses	\$714	\$570	(\$144)	(25%)	Materials – Painting
Routine Replacement Expenses	\$9,000	\$11,741	\$2,740	23%	Dishwasher and HVAC
COMMENTS:					

REVENUE					
FOR THE MONTH ENDING: June 2016			YEAR TO DATE AS OF: June 2016		
Gross Potential		\$72,712	Gross Potential		\$436,275
Budgeted Rental Income		\$74,056	Budgeted Rental Income		\$437,616
Actual Rental Income Collected		\$72,519	Actual Rental Income Collected		\$413,897
Variance + (-)		(\$1,256)	Variance + (-)		(\$4,037)
Other Revenue		\$696	Other Revenue		\$5,441
Total Collected		\$73,215	Total Collected		\$437,338
Budgeted		\$74,132	Budgeted		\$438,776
Variance + (-)		(\$916)	Variance + (-)		(\$1,437)
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 \$80,199. Of that balance, \$79,688 is from the RHAC-Texas Portfolio (CAP-RHACTX). According to management, this 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 \$44,412 (requested amount, \$35,276). According to management this amount listed was payment of the Bonds for Jose Antonio Escajeda (JAE) and a sister-property. The accounting department for the management company stated that JAE will be reimbursed for the overpayment prior to the end of the year.	0-30 Days:		\$80,199
	30-60 Days:		\$116
	60 Days and Over:		\$16
	TOTAL		\$80,331

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	
5) Does Housing have any outstanding balances?	X		
COMMENTS: Based on a review of the Delinquency and Prepaid Report, unit 48 has a balance of a little over \$4,000. Management stated the household is on a re-payment agreement through HUD's housing program. The remaining balance is due to unpaid rent and housing assistance payments.	0-30 Days:		\$3,429
	30-60 Days:		\$939
	60 Days and Over:		\$2,411
	TOTAL		\$6,779

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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 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 Observation or Findings.



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