

# Texas State Affordable Housing Corporation

## Cove Village Apartments

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 15, 2017 at 1:30 p.m.

**Inspector's Name:** Celina Mizcles Stubbs

<b>Occupancy at Time of Report:</b>	100%	<b>Average Occupancy Over Last 12 Months:</b>	100%
<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:** Visual observations of the property monument sign, sidewalks, common areas, waste receptacles, and the building's exterior support management's efforts in maintaining a clean and operable property. TSAHC acknowledges the work management completes to keep the property is such good standards.

### 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		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance		

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Other	2	1 - Suspicious activity, 1 - Prowler
2) Does the property utilize a crime prevention agreement? ➤ Management utilizes the property's written house rules and selection plan as their crime prevention agreements.		
3) What pro-active measures is the property taking to address crime on the property? ➤ The police department continues to patrol the property, as a courtesy, twice weekly.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Management conducts nightly light checks.		
<b>COMMENTS:</b> The Copperas Cove Police Department's Incident Reports from November 2016 through January 2017 suggest that criminal activity remains low at this property.		

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		
<b>COMMENTS:</b>			

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? ➤ There are no licenses or permits required at this property.			
9) Where are vendor insurance records/binders maintained? ➤ The corporate office maintains vendor documents.			
<b>COMMENTS:</b> The property's office is maintained in a neat and organized manner.			

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 management one day to complete a work order.			

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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? ➢ Buildings are treated for pest monthly.			
7) What is the policy for following up on completed service requests? ➢ If a service request is reoccurring management will conduct follow-up calls.			
8) What is the property's after-hours emergency policy? ➢ The emergency after-hours number is provided to each resident and is posted on the management office. Once an after-hours call is made, it will contact the maintenance technician.			
9) What capital improvements have been scheduled or completed for this budget year? ➢ The following capital improvements have been scheduled for the budget year; painting building exteriors, siding, downspouts and gutters, and resurfacing the parking lot.			

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

10) Unit Interior and Appliance upgrades ➢ Management stated kitchen cabinets were replaced on an as needed basis.			
11) Building Exterior and Curb Appeal repairs ➢ None.			
12) Amenity upgrades ➢ None.			
13) Other repairs or replacements ➢ No other repairs or replacement have been completed in the last budget year.			

Number of service requests received:			11
Number of requests open from prior periods:			0
Number of service requests completed:			11
Number of service requests completed within 24 hours:			10
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	\$0	0	0
Flyers	\$0	0	0
Resident Referral	\$0	0	0
Locator Service	\$0	0	0
Printed Advertising	\$0	0	0
Internet Advertising	\$0	0	0
Other Source (1 - Prior Resident and 2 - Other)	\$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 (note report dates): January 15, 2017 – February 15, 2017

	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:** The Primary Advertising Source Evaluation report listed two source types "Prior resident" and "Other." TSHAC suggest renaming the "Other" source type to accurately describe the source of traffic that resulted in 2 approved leases.

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: 76%	6 months: N/A	12 months: N/A

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3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	7%		
4) When are the lease renewal/rent increase notices sent to residents? ➢ A 120-day notification is sent to residents to inform them that it is time to begin the recertification process. If residents fail to respond, follow up notifications are sent at the 90, 60, and 30-day timeframes. The final 30-day notice includes the rent increase information.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➢ The property utilizes Onesite software which provides a recertification tracking mechanism. Management also reviews the property Unit Status Report to ensure recertifications are done within the appropriate timeframe.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➢ The last approved and implemented rent increase was on March 1, 2016.			
9) How many households are currently on month-to-month leases? ➢ Lease agreements roll into a month-to-month lease after the initial 12 month lease term.			
10) What is the charge for month-to-month leases? ➢ There is no charge for a month-to-month lease.			
<b>COMMENTS:</b>			

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		
2	(3x2) Occupied.		
11	(2x1) Occupied.		
25	(3x2) Occupied. Bathroom sink knob broken. See comment.		
42	(2x1) Occupied.		
Down Units Walked (units vacant and unready for extended period of time and all down units)			
Unit #	Brief Description		
N/A			
		<b>YES</b>	<b>NO</b>
			<b>N/A</b>
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? ➢ The Property Manager and Maintenance Technician work closely and communicate daily to ensure timely preparation of units.			
6) How often are occupied units inspected? ➢ Occupied units are inspection twice a year.			
7) How often are vacant units inspected? ➢ Vacant units are inspected daily.			
8) How many vacant units are in progress of being made ready? ➢ There were no vacancies during this onsite visit.			
9) What is the company policy on the number of days to turn vacant units? ➢ Vacant units should be turned within 3-5 days, per policy.			

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**COMMENTS:** Prior to the issuance of this report, management provided TSAHC with copies of the completed and closed work order for unit 25.

BUDGET MANAGEMENT
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- 1) How many bids are solicited in order to obtain materials, supplies, and services?
  - Management must obtain three bids for all services.
- 2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget?
  - Management confirmed that there have not been any unknown or 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	\$94,996	\$81,538	(12,245)\$	(15%)	Salaries – Manager and Maintenance, Workman’s Comp Insurance
Administrative Expenses	\$8,769	\$9,857	\$1,087	11%	Credit Checks
Leasing Expenses	\$333	\$7000	\$366	52%	Promotions & Entertainment
Maintenance Expenses	\$15,434	\$9,601	(\$5,832)	(60%)	Appliances, Doors/Locks/Keys, and Plumbing

**COMMENTS:** The property’s Budget Comparison Cash Flow reports supports that the variances are closely related to the increase in unit turnover.

REVENUE
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FOR THE MONTH ENDING: December 2016		YEAR TO DATE AS OF: December 2016	
Gross Potential	\$36,360	Gross Potential	\$434,204
Budgeted Rental Income	\$36,260	Budgeted Rental Income	\$433,732
Actual Rental Income Collected	\$36,309	Actual Rental Income Collected	\$430,335
Variance + (-)	\$226	Variance + (-)	(\$1,280)
Other Revenue	\$471	Other Revenue	\$7,206
Total Collected	\$36,780	Total Collected	\$437,541
Budgeted	\$36,716	Budgeted	\$438,919
Variance + (-)	\$63	Variance + (-)	(\$1,377)

**COMMENTS:**

ACCOUNTS PAYABLE	YES	NO	N/A
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- 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 daily.

<b>COMMENTS:</b>	0-30 Days:		\$369
	30-60 Days:		(\$71)
	60 Days and Over:		(\$6)
	TOTAL		\$292

DELINQUENCIES	YES	NO	N/A
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- 1) Is the delinquency report up to date? X
- 2) What is the rent collection policy?
  - Rent is due on or before the first day of each month. Rent payments received on or after the 6<sup>th</sup> day of the month will incur a \$5 late charge, and an additional charge of \$1 per day is accrued each day the rent remains unpaid (up to a maximum of \$30).
- 3) When is legal action taken against delinquent accounts?
  - Legal action is taken around the 27<sup>th</sup> day of each month.
- 4) Does the property currently have any resident(s) under eviction? X
- 5) Does Housing have any outstanding balances? X

**COMMENTS:** The balance is due to late rent and late rent fees. Management utilizes a repayment 0-30 Days: \$2,022

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agreement for residents that cannot pay the rent on the 1<sup>st</sup> of each month.

30-60 Days:		\$991
60 Days and Over:		\$3,815
<b>TOTAL</b>		<b>\$6,828</b>

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		
<b>COMMENTS:</b>			

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? ➤ Meetings are held daily.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Staff received their annual Grace Hill trainings (Fair housing and Conflict Resolution).			
<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 when requested, however owners have access to all property reports via Onesite.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Owner approval is required for any dollar amount over budget.			
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
<p><b>No Observations or Findings.</b></p>



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