

# Texas State Affordable Housing Corporation

<b>Tealwood Apartment</b> <b>5300 Professional Drive, Wichita Falls, Texas 76302</b>	
<b>Owner:</b> Dalcor Affordable Housing I, LLC	<b>Date Built:</b> 2004
<b>Management Company:</b> Dalcor Management, LLC	<b>Property Manager:</b> Tia Meeker
<b>Inspection Date &amp; Time:</b> July 11, 2017 at 8:00 a.m.	<b>Inspector's Name:</b> James Matias

Occupancy at Time of Report:	79.4%	Average Occupancy Over Last 12 Months:	78.56%
Number of Units: 180			
Number of One Bedrooms:	36	Number of Two Bedrooms:	84
Number of Three Bedrooms:	60	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 (see observation)		
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 site visit, the landscaping was well maintained and the grounds appeared to be in great condition. The monument and office signs were in good condition and visible. The common areas and amenities were clean and well kept. The buildings, roofs and foundations appear to be in acceptable condition. On the day of the site visit the reviewer observed multiple trailers, boats, and commercial vehicles in the parking lot. Management stated that this is not against policy and confirmed that they have excess parking in the community. While reviewing the community it was noticed that many of the stair wells have flaking or chipping paint on the rails and that a few of the cement stairs are cracked.

**Observation:**

- On the day of the site visit, the only major physical concern was the amount of materials, equipment, and junk being stored between the maintenance sheds. (Pictures attached) In an effort to increase curb appeal and minimize the possibility of theft, it is strongly suggested that these items are cleaned up, thrown away, and stored properly.

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		

# Texas State Affordable Housing Corporation

Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance	11	Disturbance (8), Noise (3)
Other	1	Threat

- 2) Does the property utilize a crime prevention agreement?  
 ➤ Management continues to utilize their Drug Crime Free Addendum.
- 3) What pro-active measures is the property taking to address crime on the property?  
 ➤ Pro-active measures taken by management to address crime include monitoring of the 16 security cameras throughout the community. Third eye surveillance does live monitoring between 6:00 PM and 7:00 AM during the week and all day on the weekends. The property reviews the monthly 911 call logs. And, the courtesy officer that resides on the property conducts nightly walks of all property grounds and reports any issues to management.
- 4) How often is a light check conducted on the property? Who performs light checks on the property?  
 ➤ Both management staff and the courtesy officer conduct light checks weekly.

**COMMENTS:**

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 last property risk assessment was completed in 2017.

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 (Fitness center & Volleyball sand court)	X		
8) When are property licenses and permits renewed?			
➤ The alarm system and pool permits are renewal annually.			
9) Where are vendor insurance records/binders maintained?			
➤ Vendor documents are maintained in 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:** The Handytrack key system is being used.

# Texas State Affordable Housing Corporation

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 less than one day to complete a work order.			
5)	Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X (see comment)		
6)	How often are Pest Control services provided? ➤ Pest control services are provided on a bi-weekly basis. On each visit, services are provided to one apartment building and anyone on the list that requested additional services.			
7)	What is the policy for following up on completed service requests? ➤ Once a work order is completed, the lead maintenance technician calls and/or visits the resident to confirm the issue was completed to satisfaction. This action is performed on emergency work orders.			
8)	What is the property's after-hours emergency policy? ➤ Management has a 24-7 answering service to address all calls. The answering service contacts the staff member who is on call for all after-hours emergencies.			
9)	What capital improvements have been scheduled or completed for this budget year? ➤ Management stated that they have requested the following capital improvements: mulch for the playground, sand for the volleyball pit, and the replacement of bad trim on the buildings, as well as restriping of the parking lot. Management is waiting for a response at this time.			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>				
10)	Unit Interior and Appliance upgrades ➤ Appliances are replaced as needed.			
11)	Building Exterior and Curb Appeal repairs ➤ No curb appeal upgrades were completed in 2016.			
12)	Amenity upgrades ➤ Amenity upgrades were not completed in the prior budget year.			
13)	Other repairs or replacements ➤ No other repairs or replacements were completed.			
Number of service requests received:		91		
Number of requests open from prior periods:		0		
Number of service requests completed:		87		
Number of service requests completed within 24 hours:		84		
Number of outstanding service requests:		14		
<b>COMMENTS:</b> The information above is from a Work Order Directory provided by management from 6/10/2017 through 7/10/2017. Ten of the fourteen outstanding work orders were opened within a day of the site visit. <b>Observation:</b> <ul style="list-style-type: none"> <li>The Material Safety Data Sheet (MSDS) binder reviewed appeared to be dated. In order to ensure the safety of the maintenance staff, it is strongly suggested that each time a new chemical is purchased that the product's MSDS is printed and added to the binder.</li> </ul>				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	Cost / Month	# of Prospects	# of Leases
Drive-By/Word of Mouth \$300/year	\$25	24	1
Flyers (direct mailer)\$300/year	\$25		
Resident Referral (\$50 each) 1 per quarter	\$17	4	
Locator Service	\$0		
Printed Advertising (apartment Finder (\$294)	\$25		
Internet Advertising (ApartmentGuide.com (\$350), Craigslist, Rent.com, Property Website)	\$29	45	
Other Source (Housing Agency, Rent MSU \$595/year, Wichita Falls booklet (\$599/year)	\$100	3	
<b>TOTAL</b>	<b>\$221</b>	<b>76</b>	<b>1</b>
<b>The rental activity reflected in the above table was for the month of June, 2017.</b>			
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
2) Is the property doing bilingual advertising?		X	
3) Does the property have any competitors nearby?	X		

# Texas State Affordable Housing Corporation

4) Does the property "shop" their competitors?	X		
5) Does the property complete a market survey at least monthly?	X		
<b>COMMENTS:</b> <b>Observation:</b> <ul style="list-style-type: none"> <li>A stagnant economy and plateaued population in the Wichita Falls area continues to be a burden for the community's occupancy rate. Additional marketing techniques are encouraged to see what works best. Resident surveys for existing and leaving residents may assist with learning why the community has a high skip percentage. (See question 3 below)</li> </ul>			

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: See comments	6 months: 95%	12 months: 98%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	24%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ The initial lease renewal notice is sent out 120 days prior to the move-in anniversary date. After that, a 90-day, 60-day, and final 30-day notice is issued if there is 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 uses Yardi and renewal spreadsheets 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? ➤ Rent increases are implemented monthly and are based upon the release of HUD income and rent limits.			
9) How many households are currently on month-to-month leases? ➤ There were no households on a month-to-month lease.			
10) What is the charge for month-to-month leases? ➤ There are no charges for month-to-month leases.			
<b>COMMENTS:</b> After review of the lease renewal and expiration report provided, the renewal percentages seem very high for a community with this amount of turnover and vacancy. The 22 skips and 7 evictions are likely not being accounted for in the lease renewal percentage. <b>Observation:</b> <ul style="list-style-type: none"> <li>Nearly one fourth of all move-outs are due to residents who are skipping out on their lease. Management is encouraged to try to investigate this further in order to keep this number down and decrease the community's turnover. Often lower screening standards can lead to a high percentage of skips, eviction, and late rent.</li> </ul>			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	33
2) Number of completed made ready units at time of activity report:	24
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:	17
5) Number of completed three bedroom units at time of activity report:	7
6) Number of uncompleted made ready units at time of activity report:	9
7) Number of uncompleted one bedroom units at time of activity report:	1
8) Number of uncompleted two bedroom units at time of activity report:	7
9) Number of uncompleted three bedroom units at time of activity report:	1
Units Walked	
Unit #	Brief Description
103	(3x2), Vacant – Needs 2 new smoke alarms and the bathtub needs to be resealed.
219	(2x2), Vacant – Ready
307	(2x2), Vacant – Ready
401	(2x2), Vacant – Almost ready. Unit has mild roach infestation
604	(2x2), Vacant – Ready
802	(2x2), Vacant – Almost ready
<b>Down Units Walked (units vacant and unready for extended period of time and all down units)</b>	

# Texas State Affordable Housing Corporation

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 (see observation)		
5)	What system is used by management to monitor the timely preparation of units? ➤ Management monitors Yardi and their unit availability board to monitor timely preparation of units.			
6)	How often are occupied units inspected? ➤ Management stated that occupied units are inspected quarterly			
7)	How often are vacant units inspected? ➤ Management inspects vacant units on a weekly basis.			
8)	How many vacant units are in progress of being made ready? ➤ Nine vacant units are in the process of being made ready.			
9)	What is the company policy on the number of days to turn vacant units? ➤ It is management policy to turn units within 5 business days.			
<b>COMMENTS:</b> Management provided a completed work order prior to the reviewer's departure regarding the maintenance noted for unit 103. Management stated that unit 401 will be treated for roaches the next time the pest control service comes to the community.				
<b>Observation:</b> <ul style="list-style-type: none"><li>The community has a large number of vacant units that have been vacant for an extended period of time. Management does not have any units that are considered "down units" because all units with extended vacancy have been made ready. Since occupancy is low, management tries to give any qualified occupants the option to pick a unit that suits them best. This sometimes means that 3<sup>rd</sup> floor units, units with poor entrance and exit accessibility, or units that have no view may sit on the market for many months at a time.</li></ul>				

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Management must obtain three bids in order to obtain materials, supplies, and services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There have not been any unexpected repairs and/or purchases that have negatively affected the current budget.					
3) Explain YTD variances of 10% or greater.					
<b><u>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</u></b>					
(Please note that a positive variance is under budget and a negative variance is over budget.)					
EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Payroll Expenses	\$13,125	\$11,734	\$1,391	(11.9)	Temporary Labor, Bonuses, Health Insurance
Grounds and Maintenance	\$2,315	\$1,745	(\$570)	(32.7%)	Grounds contract
Advertising Expenses	\$293	\$1,490	\$1,197	80.4%	Advertising, Locator fees, resident Referrals
Administrative Expense	\$3,829	\$2,850	(\$979)	(34.3%)	Credit Investigation, Patrol & Alarm Service
<b>COMMENTS:</b> The property did not budget for the live monitoring of the security system and this is why administrative expenses are over budget. Management stated this will be accurately budgeted for in the following year. Year-to-date management is currently 80% under budget for marketing. Management stated that the large annual expenditures, such as the Wichita Falls Booklet, have not been billed for 2017 to this point.					

REVENUE					
FOR THE MONTH ENDING: MAY 2017			YEAR TO DATE AS OF MAY 2017		
Gross Potential		\$134,127	Gross Potential		\$664,623
Budgeted Rental Income		\$100,869	Budgeted Rental Income		\$495,062
Actual Rental Income Collected		\$99,183	Actual Rental Income Collected		\$471,187
Variance + (-)		(\$1,686)	Variance + (-)		(\$23,875)
Other Revenue		\$8,884	Other Revenue		\$40,801
Total Collected		\$108,067	Total Collected		\$511,988

# Texas State Affordable Housing Corporation

Budgeted	\$109,559	Budgeted	\$537,733
Variance + (-)	(1,492)	Variance + (-)	(\$25,745)

**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? ➤ Management stated invoices are processed weekly			
<b>COMMENTS:</b> Management appears to be doing a great job making sure all vendors are paid promptly.	0-30 Days:		\$8,023
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$8,023

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?			
2) What is the rent collection policy? ➤ Rent is due on or before the 1 <sup>st</sup> of the month and considered late on the 6 <sup>th</sup> day of the month. On the 6 <sup>th</sup> a 3 Day Notice To Vacate is posted.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken around the 15 <sup>th</sup> of the month unless management/tenant signed a hold-off agreement.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b> <b>Observation:</b> • Management provided a Receivable Aging Summary on the day of the site visit (7/11/2017). The day of the site review was comparable with the day of the site review from the previous year's report (2016). The delinquency is about \$10,000 more on the 2017 report when compared with the 2016 report. In addition the year-to-date revenue for the end of May reflected that revenue is \$25,745 under what was budgeted. This maybe largely due to lower than expected occupancy, but it may also be related to rent collection. Management is encouraged to review the delinquency on a month-to-month basis to track negative trends.	0-30 Days:		\$14,561
	30-60 Days:		\$1,813
	60 Days and Over:		\$141
	TOTAL		\$16,515

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		3	
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? ➤ Management staff conducts meetings on a weekly basis.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ All employees attended an on-line Yardi training and the manger completed fair housing training on-line.			

**COMMENTS:** A new assistant community director was hired since the last site visit.



# Texas State Affordable Housing Corporation

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 access to all reports.			
3)	What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Any amounts that exceed budgeted amount need 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><b>No Findings:</b></p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>On the day of the site visit, the only major physical concern was the amount of materials, equipment, and junk being stored between the maintenance sheds. (Pictures attached) In an effort to increase curb appeal and minimize the possibility of theft, it is strongly suggested that these items are cleaned up, thrown away, and stored properly.</li> <li>A stagnant economy and plateaued population in the Wichita Falls area continues to be a burden for the community's occupancy rate. Additional marketing techniques are encouraged to see what works best. Resident surveys for existing and leaving residents may assist with learning why the community has a high skip percentage.</li> <li>Nearly one fourth of all move-outs are due to residents who are skipping out on their lease. Management is encouraged to try to investigate this further in order to keep this number down and decrease the community's turnover. Often lower screening standards can lead to a high percentage of skips, eviction, and late rent.</li> <li>The community has a large number of vacant units that have been vacant for an extended period of time. Management does not have any units that are considered "down units" because all units with extended vacancy have been made ready. Since occupancy is low, management tries to give any qualified occupants the option to pick a unit that suits them best. This sometimes means that 3<sup>rd</sup> floor units, units with poor entrance and exit accessibility, or units that have no view may sit on the market for many months at a time.</li> <li>Management provided a Receivable Aging Summary on the day of the site visit (7/11/2017). The day of the site review was comparable with the day of the site review from the previous year's report (2016). The delinquency is about \$10,000 more on the 2017 report when compared with the 2016 report. In addition the year-to-date revenue for the end of May reflected that revenue is \$25,745 under what was budgeted. This maybe largely due to lower than expected occupancy, but it may also be related to rent collection. Management is encouraged to review the delinquency on a month-to-month basis to track negative trends.</li> </ul>





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