

# Texas State Affordable Housing Corporation

## White Rock

3110 Thousand Oaks, San Antonio, TX 78247

**Owner:** Commonwealth Multifamily

**Date Built:** 2003

**Management Company:** Orion Real Estate, Inc.

**Property Manager:** Donna Carraghan

**Inspection Date & Time:** June 7, 2017 at 8:30 a.m.

**Inspector's Name:** Celina Stubbs

<b>Occupancy at Time of Report:</b>	95%	<b>Average Occupancy Over Last 12 Months:</b>	95.3%
<b>Number of Units: 336</b>			
<b>Number of One Bedrooms:</b>	175	<b>Number of Two Bedrooms:</b>	149
<b>Number of Three Bedrooms:</b>	12	<b>Number of Four Bedrooms:</b>	0

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:** Based on visual observations, the property is in great condition. The perimeter fence, grounds, and parking lots were in good condition and free of debris. The recreational and common areas were also clean, in good condition, and accessible to tenants. During the previously report, the reviewer identified grime at the bottom of all exterior buildings. During the property walk, it was confirmed that each building had been pressured washed as the bottom of all buildings looked clean. Management also stated that they are closely monitoring all tree root elevations to ensure they do not disrupt any walk ways.

### 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	4	1 – Burglary and 3 – Burglary Alarm
Theft	0	
Criminal Mischief	1	
Personal Assault	2	2 – Assault in progress
Drug Related Activity	0	
Gun Related Activity	0	
Domestic Violence	0	

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Disturbance	2	1 – Disturbance and 1 – Music
Other	0	
2) Does the property utilize a crime prevention agreement? ➤ The property does utilize a crime prevention plan.		
3) What pro-active measures is the property taking to address crime on the property? ➤ Management continues to host crime watch meetings and have hired a uniformed patrol services to address crime on the property. The patrols service begins at 6:00pm and ends at 6:00am on a daily basis. The patrol service provides the Property Manager with daily reports. Additionally, the property has 6 security cameras placed around the office and laundry room.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Maintenance staff and/or the patrol service conduct light checks at least quarterly.		
<b>COMMENTS:</b> Based on the call logs dated February 2017 through April 2017, there were 15 calls placed (a decrease from the 38 total calls noted in the previous year's report). Nine of the 15 calls are listed in the section above.		

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 ➤ 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 (Nature walk, fitness room, DVD and book library, and a designated car wash area)	 X X X X X X	  X	
8) When are property licenses and permits renewed? ➤ The property's pool, back flow, security alarm and electrical maintenance licenses and/or permits are renewed annually.			
9) Where are vendor insurance records/binders maintained? ➤ The corporate office maintains all vendor insurance records.			
<b>COMMENTS:</b>			

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> The property utilizes the Keytrack system.			

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		

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3) Is the maintenance shop clean and organized?	X		
4) On average, how many days does it take to complete a work order? ➤ Work orders are completed within 2 days, on average.			
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 on a weekly basis ensuring each unit is serviced semi-annually.			
7) What is the policy for following up on completed service requests? ➤ At random, at least 60% of service request are followed up on to ensure that there were completed satisfactorily.			
8) What is the property's after-hours emergency policy? ➤ The property has an answering service that accepts calls. Emergency calls are immediately forwarded to the appropriate person (i.e. property manager, lead maintenance, and/or uniformed patrol service).			
9) What capital improvements have been scheduled or completed for this budget year? ➤ During the current budget year, the property has painted all the exterior building trim and has repaired/replaced shingles on all 19 building. According to management, pool furniture and ongoing tree removal is scheduled to be completed during the current budget.			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>			
10) Unit Interior and Appliance upgrades ➤ Appliances are replaced as needed. Ass first floor units become available, management is replacing floors with vinyl wood floors, retexturing countertops, and adding back splashes.			
11) Building Exterior and Curb Appeal repairs ➤ Exterior LED lights were installed during the last budget year.			
12) Amenity upgrades ➤ According to management, there have been no amenity upgrades.			
13) Other repairs or replacements ➤ According to management, there were no other repairs or replacements completed during the last budget year.			
Number of service requests received:	282		
Number of requests open from prior periods:	0		
Number of service requests completed:	265		
Number of service requests completed within 24 hours:	139		
Number of outstanding service requests:	17		
<b>COMMENTS:</b> Based on the Service Request Activity Report dated 5/7/2017 – 6/7/2017, there are 17 work orders still in progress. 4 of the 17 are work assigned to contract services. Based on conversation with the Property Manager, none of the 17 work orders are emergency work orders.			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	37	6
Flyers	\$0	0	0
Resident Referral (\$50)	\$0	0	0
Locator Service (None)	\$0	1	0
Printed Advertising	\$0	0	0
Internet Advertising (Property website, craigslist.com, Rent Jungle and Apartment .com, Google.com)	\$395	44	4
Other Source (Prior/Current Resident, Other Property)	\$0	11	3
<b>TOTAL:</b>	<b>\$395</b>	<b>93</b>	<b>13</b>
	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		
<b>COMMENTS:</b> Data used to completed the Marketing section of this report was based on the Primary Advertising Source Evaluation dated 5/7/2017 – 6/7/2017.			

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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: 70.6%	6 months: 75.2%	12 months: 77.5%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	4.3%		
4) When are the lease renewal/rent increase notices sent to residents? <ul style="list-style-type: none"> <li>➢ Lease renewal notices are sent out 120 days prior to the move-in anniversary date. Follow up notices are sent at 90 day, 60, days and 30 days if no response is received from the resident.</li> </ul>			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? <ul style="list-style-type: none"> <li>➢ Management continues to utilized Onesite and a Unit Status Report to track renewals and recertifications.</li> </ul>			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? <ul style="list-style-type: none"> <li>➢ Management stated that the last rent increase took place around 90 days prior to the onsite visit. Rent increases are around \$10 - \$15, on average.</li> </ul>			
9) How many households are currently on month-to-month leases? <ul style="list-style-type: none"> <li>➢ There are two month-to-months leases at this time.</li> </ul>			
10) What is the charge for month-to-month leases? <ul style="list-style-type: none"> <li>➢ Month-to-month leases are \$150 over market rates.</li> </ul>			
<b>COMMENTS:</b>			

VACANT/MAKE READY UNITS				
1) Number of vacant units at time of activity report:			10	
2) Number of completed made ready units at time of activity report:			2	
3) Number of completed one bedroom units at time of activity report:			1	
4) Number of completed two bedroom units at time of activity report:			1	
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:			8	
7) Number of uncompleted one bedroom units at time of activity report:			3	
8) Number of uncompleted two bedroom units at time of activity report:			5	
9) Number of uncompleted three bedroom units at time of activity report:			0	
Units Walked				
Unit #	Brief Description			
235	2x2, Vacant, In make-ready process			
611	1x1, Vacant, Ready			
835	2x2, Vacant, In make-ready process			
1316	2x2, Vacant, In make-ready process			
1531	1x1, Vacant, Ready			
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? <ul style="list-style-type: none"> <li>➢ Timely preparation of units is closely monitored by using the make-ready book and Onesite report.</li> </ul>				
6) How often are occupied units inspected? <ul style="list-style-type: none"> <li>➢ Management inspects occupied units annually.</li> </ul>				

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7) How often are vacant units inspected? ➤ Management inspects vacant units weekly.
8) How many vacant units are in progress of being made ready? ➤ There are 8 units that are in the process of being make-ready.
9) What is the company policy on the number of days to turn vacant units? ➤ Per management policy, units should be turned in 5 business days or less.
<b>COMMENTS:</b>

<b>BUDGET MANAGEMENT</b>
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Per policy, three bids must be solicited in order to obtain material, 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 large or unexpected repairs or purchases that have 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
Repairs and Maintenance	\$30,999	\$28,521	(\$2,478)	8.6%	Sprinkler/Irrigation R&M and Safety & Fire Supplies/Maintenance
Make Ready/Redecorating	\$551,307	\$38,397	(\$12,901)	33.6%	Resurfacing - Fixtures/Counters, Painting Expense – Interior, Carpet Cleaning Supplies/Repair Service
Recreational Actives	\$689	\$1,074	\$384	35%	Exercise / Weight Room
Contract services	\$11,079	\$15,593	\$4,513	28%	Trash Removal Contract, Washer/Dryer Rental Contract, and Landscape Maintenance,
Other General & Administrative	\$16,879	\$13,845	(\$3,034)	21%	Marketing/Promotions, Prospect Refreshments, Advertising – Internet

**COMMENTS:**

<b>REVENUE</b>			
<b>FOR THE MONTH ENDING: MARCH 31, 2017</b>		<b>YEAR TO DATE: MARCH 31, 2017</b>	
Gross Potential	\$316,000	Gross Potential	\$937,880
Budgeted Rental Income	\$316,960	Budgeted Rental Income	\$944,860
Actual Rental Income Collected	\$266,274	Actual Rental Income Collected	\$796,760
Variance + (-)	(\$2,279)	Variance + (-)	(\$9,166)
Other Revenue	\$19,133	Other Revenue	\$62,371
Total Collected	\$285,408	Total Collected	\$859,132
Budgeted	\$291,512	Budgeted	\$874,801
Variance + (-)	(\$6,103)	Variance + (-)	(\$15,668)

**COMMENTS:**

<b>ACCOUNTS PAYABLE</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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 that invoices are processed on a daily basis.			
<b>COMMENTS:</b> The Vendor Aging Report dated 6/7/2017 was used to complete this section of the report. <b>Observation:</b> <ul style="list-style-type: none"> <li>For the second year in a row, the Vendor Aging Report shows large balances, especially payables that are past due over 60 days. A review of the reports supports that the payables have been suspended to the following vendors; Commonwealth Multifamily Housing Corporation (management fee) and South Texas Affordable Housing (loan balance to developer due to tax judgement), totaling \$459,827 leaving a remaining payable balance of \$29,356. Of the payable balance, \$16,201 or 55% is past due 30-60 days to two vendors; Jimenez Painting totaling \$9,000 and Rasa Floors totaling \$7,201.</li> </ul>	0-30 Days:	\$8,362	
	30-60 Days:	\$19,650	
	60 Days and Over:	\$497,171	
	<b>TOTAL</b>	<b>\$525,183</b>	

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DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Rent is always due on the 1 <sup>st</sup> of the month and considered late on the 3 <sup>rd</sup> day of the month. Management sends tenant balance due letters on the 3 <sup>rd</sup> and notice to vacate letters are sent out around the 6 <sup>th</sup> day of each month.			
3) When is legal action taken against delinquent accounts? ➤ According to management, evictions are filed about the 10 <sup>th</sup> of each month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b> This section was completed using the Delinquent and Prepaid report dated as of 6/16/2017.	0-30 Days:	\$\$8,161	
	30-60 Days:	\$0	
	60 Days and Over:	\$0	
	<b>TOTAL</b>	<b>\$8,161</b>	

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		9	
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> Based on a review of the 9 tenant ledgers submitted for review, management is following management policy regarding returned check fees.			

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? ➤ Onsite management staff meets weekly.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Onsite management staff continues to take Gracehill trainings. Training includes Fair Housing, Risk Management, Pool Maintenance, and several others.			
<b>COMMENTS:</b> Management replaced a leasing agent in the last 12 months.			

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? ➤ On a weekly basis, upper management submits reports to the owner.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Under budgeted or over budget items in excess of \$750 for the Property Manager and \$5,000 for Regional Manager, 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		
<b>COMMENTS:</b>			

SUMMARY OF OBSERVATIONS AND FINDINGS
<p><b>Observation:</b></p> <ul style="list-style-type: none"> <li>For the second year in a row, the Vendor Aging Report shows large balances, especially payables that are past due over 60 days. A review of the reports supports that the payables have been suspended to the following vendors; Commonwealth Multifamily Housing Corporation (management fee) and South Texas Affordable Housing (loan balance to developer due to tax judgement), totaling \$459,827 leaving a remaining payable balance of \$29,356. Of the payable balance, \$16,201 or 55% is past due 30-60 days to two vendors; Jimenez Painting totaling \$9,000 and Rasa Floors totaling \$7,201.</li> </ul> <p><b>No Findings.</b></p>

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