



May 29, 2018

Chicory Court XV, L.P.

Attn: Gil Piette

8610 N. New Braunfels, Suite 500

San Antonio, TX 78217

RE: **Champion Homes at Marshall Meadows**

Dear Owner:

On **May 8, 2018** an Asset Oversight Review was performed at the above referenced property. Details of the review can be found in the enclosed Observation Report.

The results of this review may indicate items in need of correction in order to be in compliance with your TSAHC Multifamily Bonds. A list of Findings and/or Observations resulting from the review is enclosed. Each Finding will include Corrective Action dates for those items considered deficient. Properties with any Corrective Action Requirements will be placed on a Monitoring Status pending correction.

For Clarification:

Observations will address issues that can be improved upon, but do not require immediate action. An **Observation** will always be followed by a **Recommendation**. Management should consider **Recommendations** but there is no written response required. **Findings** address serious issues that need to be cured immediately. **Findings** will always be followed by **Corrective Action Requirements**. Management must complete the **Corrective Action Requirements** and send certification to TSAHC that they have been resolved as stipulated within each **Corrective Action Requirement**. This certification must be on company letterhead and address each item individually.

I appreciate the time and effort your staff allotted to our review. If you wish to discuss the report findings before preparing your response, please feel free to contact me at the number listed below.

Respectfully,

Celina Mizcles Stubbs

Manager, Asset Oversight and Compliance

cstubbs@tsahc.org

512.334.2154

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Marshall Meadows

1803 Marshall Cross, San Antonio, Texas 78214

Owner: Chicory Court XXV, L.P.

Date Built: 2000

Management Company: The Lynd Company

Property Manager: Mabel Hernandez

Inspection Date & Time: May 9, 2018 at 11:30p.m.

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	97.6%	Average Occupancy Over Last 12 Months:	95.5%
Number of Units: 250			
Number of One Bedrooms:	50	Number of Two Bedrooms:	114
Number of Three Bedrooms:	86	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		
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: The property was in overall great condition based on the reviewer's visual observation. The property continues to have great curb appeal; the property grounds, recreational areas, laundry facility, hallways and receptacle areas were clean, well maintained and free of debris. The building exteriors also appear to be in good condition. During the exterior property walk, management stated that they power wash the building hallways quarterly basis (3 building per quarter) and stated that the building stairwells are being repainted (20% of the stairwells have already been completed).

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	10	Burglary -5, Burglary Alarm – 2, Burglary of Vehicle - 3
Theft	5	Theft - 2, Theft of Vehicle - 3
Criminal Mischief	2	Criminal mischief - 2
Personal Assault	4	Assault in Progress – 4
Drug Related Activity	2	Narcotic Laws – 1, Overdose in Progress – 1
Gun Related Activity	3	Suspicious vehicle with gun – 1, Disturbance (gun involved) – 1, Shots fired – 1
Domestic Violence		

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Disturbance	20	Disturbance – 12, Disturbance (knife involved) – 1, Disturbance (family) – 4, Disturbance (Loud Music) – 3
Other	5	Family Violence – 2, Suspicious vehicle – 1, Lewd Conduct – 1, Suspicious Person -1
		YES NO N/A
2) Does the property utilize a crime prevention agreement?		X
3) Does the property take pro-active measures to address crime on property? If so, add comment		X
4) Are light checks conducted by management staff on a weekly basis? If not, add comment.		X
<p>COMMENTS: Management continues to utilize the Resident Handbook and Community Polices to address crime at the property. Management stated they no longer use Code 3, a security patrol company, because they hired a courtesy officer who is with the San Antonio Police Department. The courtesy officer conducts daily drive-bys, at random, from 10:00pm to 7:00am and provides the Property Manager with weekly activity reports. Management reviews and follows through on the activity noted in the reports. Management also stated that the 16 surveillance cameras (which provide surveillance for the interior and exterior of the management office) are operable however the monitoring system is down at this time. Management confirmed that while they can't see the monitor they still have the ability to look up incidents with specific dates and times.</p> <p>Observation:</p> <ul style="list-style-type: none"> According to the Trittech call logs dated 1/20/18 through 4/20/18 a total of 84 calls were received; 51 of the 84 calls are noted above. The activity is a slight decrease from the previous year however management is still advised to follow up on all incident and courtesy patrol reports in order to address the criminal activity at this property. The types of incidents listed on the Trittech logs support the need for additional or stronger action to be taken by management. It is imperative that management review and follow up on all incident report whether the report is the monthly Trittech logs or the weekly courtesy patrol reports. TSAHC suggests that Management create and maintain a monthly incident log binder to support the review of call logs and the communication and/or actions taken with tenants that can be reviewed during annual property visits. 		

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? If yes, when?	X		
COMMENTS: The last risk assessment was conducted in November 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) Does the property require licenses or permits?	X		
➤ Licenses are maintained for the pool fire system, plumbing and alarms.	X		
8) Are property licenses and permits renewed as required?	X		
9) Are vendor insurance records/binders properly maintained?	X		
10) Are vendors properly screened to ensure proper insurance documents are being maintained?	X		
11) 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: Sports Court and Resident Service Center	X		
COMMENTS:			

KEY CONTROL	YES	NO	N/A
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1) Does the property use an electronic key tracking system? If not, answer questions 2-5.		X	
2) Are all property keys properly coded?	X		
3) Is key box locked and secured?	X		
4) Is the key code list kept separate from the key box?	X		
5) Are locks being changed during unit turnovers?	X		

COMMENTS:

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) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
5) How often are Pest Control services provided? ➢ Pest control services are provided for one building each month and resident can request service at any time.			
6) What is the policy for following up on completed service requests? ➢ As work orders are closed, automatic emails are generated and sent to the tenant to determine tenant satisfaction.			
7) What is the property's after-hours emergency policy? ➢ The property utilizes an after-hours answering service who will contact the responsible staff member to handle the emergency call.			
8) What capital improvements have been scheduled or completed for this budget year? ➢ According to management, the parking lot will be restriped during this budget year.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
9) Unit Interior and Appliance upgrades ➢ Appliance upgrades and/or unit interior upgrades are completed as needed.			
10) Building Exterior and Curb Appeal repairs ➢ The building's stairwells are being repainted at this time and will continue throughout the year until 100% of stairwells are completed.			
11) Amenity upgrades ➢ There were no amenity upgrades in the last budget year.			
12) Other repairs or replacements ➢ There were no other repairs or replacement in the last budget year.			
Number of service requests received:	82		
Number of requests open from prior periods:	0		
Number of service requests completed:	77		
Number of service requests completed within 24 hours:	3		
Number of outstanding service requests:	5		
13) On average, how many days does it take to complete a work order? ➢ On average it took the maintenance staff 9 days to complete a work order.			
COMMENTS:			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth: Signage	\$0	3	0
Flyers: \$99	\$99	0	0
Resident Referral; \$100 for approved move-ins	\$100	4	4
Locator Service	\$0	0	0
Printed/Internet Advertising: Corporate website, Craigslist Gosectoin8.com, and Apartment.com)	\$240	24	2
Other Source	\$0	4	2
TOTAL	\$439	31	8
The rental activity reflected in the above table was for the month of: 04/08/18 through 05/08/2018			
	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		

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5) Does the property complete a market survey at least monthly?	X		
COMMENTS:			

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: 81%	6 months: 88%	12 months: 70%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	12.5%		
4) Are lease renewal/rent increase notices sent to residents at the 120-day, 90-day, 60-day and 30-day timeframes prior the end of the lease contract? If not, comment below.	X		
5) Are rent increase notices sent to residents at least 30-days prior to the rent increase implementation?	X		
6) Are individual files being reviewed to determine renewal/non-renewal status?	X		
7) Are renewals and re-certifications tracked and monitored with property management software? I.e., Yardi, Onesite, or Owner/Agent created software?	X		
8) Are rent increases being implemented?	X		
9) When was the last rent increase implemented? What was the average rent increase? ➢ The last rent increase was due to a utility change on May 16, 2018.			
10) How many households are currently on month-to-month leases? ➢ There are no month-to-month leases.			
11) What is the charge for month-to-month leases? ➢ N/A			
COMMENTS:			

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			6		
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:			0		
4) Number of completed two bedroom units at time of activity report:			2		
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:			4		
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:			3		
9) Number of uncompleted three bedroom units at time of activity report:			0		
Units Walked					
Unit #	Brief Description				
136	(2x1) Vacant: Full turn needed.				
622	(1x1) Vacant: Make-ready in progress.				
824	(2x1) Vacant: The unit is ready for occupancy.				
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) Is management utilizing property software (i.e., Yardi, Onesite, or an owner/agent created) to monitor the timely preparation of units? If not, comment.			X		
6) How often are occupied units inspected?					
➤ Occupied units are inspected three times per year.					

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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 are four units in the process of being made ready.
9)	What is the company policy on the number of days to turn vacant units? ➤ According to company policy units should be made-ready within 3-5 business days.
COMMENTS:	

BUDGET MANAGEMENT	YES	NO	N/A		
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required for the purchase of 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 or purchases that have negatively affected the budget.					
3) Explain YTD variances of 10% or greater.					
<u>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</u>					
(Please note that a positive variance is under budget and a negative variance is over budget.)					
EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Maintenance and Operating Expense	\$24,035	\$15,070	(\$8,965)	(59%)	Repairs/Supplies (Plumbing, Electrical, HVAC, Painting, and Roof)
Make-Ready and Decorating	\$6,961	\$11,325	\$4,364	38%	Make ready contract, Painting Supplies, and Decorating Materials and Supplies
Advertising/Business Promo	\$1,672	\$5,747	\$4,075	70%	Promotional items, Signage, and Resident Functions
COMMENTS: According to management, the negative variance in the Maintenance and Operating budget was due to several units turned during December 2017 – January 2018 and also because the property prepared for a physical inspection in the beginning of the year.					

REVENUE			
FOR THE MONTH ENDING: MARCH 2018		YEAR TO DATE AS OF: MARCH 2018	
Gross Potential	\$201,053	Gross Potential	\$625,762
Budgeted Rental Income	\$191,213	Budgeted Rental Income	\$573,566
Actual Rental Income Collected	\$189,163	Actual Rental Income Collected	\$560,422
Variance + (-)	(\$2,050)	Variance + (-)	(\$13,144)
Other Revenue	\$3,935	Other Revenue	\$13,897
Total Collected	\$193,514	Total Collected	\$575,608
Budgeted	\$199,559	Budgeted	\$592,953
Variance + (-)	(\$6,045)	Variance + (-)	(\$17,345)
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) Are invoices processed weekly? ➤ Invoices are processed weekly.			
COMMENTS:	0-30 Days:		\$42,400
	30-60 Days:		\$5,901
	60 Days and Over:		\$1,727
	TOTAL		\$50,028

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Rent is due on the 1 st of each month. Rent is late on the 5 th day of each month.			
3) When is legal action taken against delinquent accounts?			

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➤ Management takes legal action sometime around the 10 th - 15th 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: Information is based on the review of the Delinquent and Prepaid report dated 05/08/2018.	0-30 Days:		\$14,101
	30-60 Days:		\$1,295
	60 Days and Over:		(\$3,645)
	TOTAL		\$11,751

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:	2		
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) Are weekly staff meetings held?	X		
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Site staff has attended the following trainings that are offered through the San Antonio Apartment Association; leasing, housing tax credit, and various maintenance classes.			
COMMENTS:			

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 sent to the owner weekly.			
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 items over \$250.			
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
Observation: <ul style="list-style-type: none"> According to the Trittech call logs dated 1/20/18 through 4/20/18 a total of 84 calls were received; 51 of the 84 calls are noted above. The activity is a slight decrease from the previous year however management is still advised to follow up on all incident and courtesy patrol reports in order to address the criminal activity at this property. The types of incidents listed on the Trittech logs support the need for additional or stronger action to be taken by management. It is imperative that management review and follow up on all incident report whether the report is the monthly Trittech logs or the weekly courtesy patrol reports. TSAHC suggests that Management create and maintain a monthly incident log binder to support the review of call logs and the communication and/or actions taken with tenants that can be reviewed during annual property visits.
No Findings.

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