

Texas State Affordable Housing Corporation

T.H.F Palladium Midland

2300 South Lemesa Rd., Midland, Texas 79701

Owner: T.H.F. Palladium Midland

Date Built: 2016

Management Company: Omnium Management

Property Manager: Jesus Chavira

Inspection Date & Time: March 7, 2018 at 12:30 p.m.

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	91%	Average Occupancy Over Last 12 Months:	97%
Number of Units: 264			
Number of One Bedrooms:	84	Number of Two Bedrooms:	120
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		
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 made on the day of the onsite visit, the property remains in overall great condition. The property grounds, building structures, hallways, and sidewalks are clean and free of debris. The property's common areas and amenities are all available and accessible to the tenants.

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	4	
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance		
Other	7	Assault -4, Fire -1, and Loud Noise/Music -2

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	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 – see comment		

COMMENTS: According to management, the property continues to utilize a community policy addendum regarding safety awareness. In addition, the property has three courtesy officers (all residing in one market unit) that take different shifts to complete a 24-hour security patrol. Daily activity reports, including exterior light check status are emailed to the Property Manager. On the day of the on-site visit, the reviewer noticed a damaged exterior light on building 4. Prior to the issuance of this report, management provided sufficient documentation to support that the light was repaired. After the onsite visit but prior to the issuance of this report, call logs dated 11/21/18 through 2/22/18 were submitted to TSAHC. The reviewer analyzed the call logs, however, the call type data key did not list all the codes that were noted on the call logs. Therefore, the reviewer was unable to get an accurate number of incidents and types of incidents that occurred at the property during that time frame.

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 – see comment		

COMMENTS: According to management, monthly exterior property inspections are conducted by the Property Manager to determine risk liabilities.

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		
➤ (Describe)			
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: Basketball Court, Conference Center, Children's Play Room, and the Gym	X		

COMMENTS: All amenity areas were clean and accessible to the tenants.

KEY CONTROL	YES	NO	N/A
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
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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? ➢ Management stated pest control services are provided bi-monthly.			
6) What is the policy for following up on completed service requests? ➢ The Property Manager follows up on 100% of the completed work orders to ensure the work was completed satisfactorily.			
7) What is the property's after-hours emergency policy? ➢ If the emergency answering service is reached, the answering service will contact the following persons in the following order; the Maintenance Manager, the Property Manager, followed by the Courtesy Officer.			
8) What capital improvements have been scheduled or completed for this budget year? ➢ There have been no capital improvements scheduled or completed for this budget year.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
9) Unit Interior and Appliance upgrades ➢ N/A			
10) Building Exterior and Curb Appeal repairs ➢ N/A			
11) Amenity upgrades ➢ N/A			
12) Other repairs or replacements ➢ N/A			
Number of service requests received:	88		
Number of requests open from prior periods:	0		
Number of service requests completed:	66		
Number of service requests completed within 24 hours:	30		
Number of outstanding service requests:	22		
13) On average, how many days does it take to complete a work order? ➢ Based on the Service Request Activity Report dated 2/1/18 through 3/7/18, there were a total of 88 work orders opened. 66 of the 88 were closed in an average of 2 days. The 22 pending works orders have been open for an average of 2 days.			
COMMENTS: Based on visual observations made on the day of the onsite visit and the amount of time it takes maintenance staff to complete work orders, it is clear that management maintains a great maintenance program.			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	30	3
Flyers	\$0	0	0
Resident Referral (\$100 for approved move-ins)	\$0	0	0
Locator Service	\$0	0	0
Printed/Internet Advertising: apartments.com, rentpath, apartment guide, apartment finder, rentals, and mynewplace.com through real page, Google,	\$1,000	80	0
Other Source: Resident Transfers, Current Resident, Housing Authority	\$0	11	3
TOTAL	\$1,100	121	9
The rental activity reflected in the above table was for the month of: 2/1/18 through 2/28/18.			
	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 stated that weekly market surveys are completed.			

LEASE RENEWAL	YES	NO	N/A
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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: 53%	6 months: 74%	8 months: 71%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	26%		
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 implemented in April 2017 with an average increase of around \$15.00.			
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: The current renewal rate was data taken from data dated December 2017. Since this property was new construction, the first round of lease renewals were sent out around May 2017, Therefore 8 months was used to capture the renewal percentage as opposed to 12 (see question 2 above). Management provided the reviewer with enough documentation to support that management is actively reviewing their tenant data reports to ensure they provide and maintain a successful lease renewal program.

VACANT/MAKE READY UNITS

1) Number of vacant units at time of activity report:	24
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:	24
7) Number of uncompleted one bedroom units at time of activity report:	9
8) Number of uncompleted two bedroom units at time of activity report:	11
9) Number of uncompleted three bedroom units at time of activity report:	4

Units Walked

Unit #	Brief Description
411	(3x2) Vacant: The unit is in the make-ready process.
513	(1x1) Vacant: Unit is made ready.
733	(1x1) Vacant: The unit is in the make-ready process.
926	(2x2) Vacant: Full turn needed. Patio fire damage. See comment below.

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: Annually.			
7) How often are vacant units inspected? ➢ Vacant units are inspected: Weekly.			

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8) How many vacant units are in progress of being made ready? ➤ According to the Availability report, there are 24 units were vacant and in the process of being made-ready..
9) What is the company policy on the number of days to turn vacant units? ➤ Management's policy is to turn vacant units within 5 business days.
COMMENTS: During the physical inspection of unit 926, the reviewed noticed the patio has fire damage. Management stated they received bids for the damage to be repaired and they are waiting for contract work to begin. Based on the discussion and review of the Availability report, dated 3/7/18, there are 24 vacant units that are not made ready. The majority of the vacant units were recent move-outs however two units (units 124 and 513) have been vacant since late December and are listed as vacant, not lease not ready. Based on visual observation of unit 513 it appears to be ready for occupancy.
Observation: • Management stated that company policy is to turn vacant units within 5 business days. There are currently 24 units that are vacant for more than 5 days. TSAHC recommends management implement a Make Ready Plan in order complete make readies in a timely manner and within the company policy.

BUDGET MANAGEMENT	YES	NO	N/A
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ The owner requires three bids to be solicited prior to hiring contractors or buying supplies.			
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There have been no unexpected repairs or purchases that have negatively affected the 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
Payroll & Related Expenses	\$25,156	\$31,270	\$6,114	19%	Manager, Assistant Manager, and Group Insurance
Repairs and Maintenance	\$13,132	\$22,283	\$9,151	41%	Painting Supplies, HVAC Supplies, Pool Supplies, and Landscaping Contracts
Marketing	\$1,163	\$2,510	\$1,347	53%	Signage, Other Advertising, Resident Retention – Other, and Seasonal Parties
General and Administrative	\$9,512	\$10,149	\$637	62%	Offices Supplies, Accounting Fees - TDHCA

COMMENTS:

REVENUE			
FOR THE MONTH ENDING: JANUARY 2018		YEAR TO DATE AS OF: JANUARY 2018	
Gross Potential	\$264,827	Gross Potential	\$264,827
Budgeted Rental Income	\$261,673	Budgeted Rental Income	\$261,673
Actual Rental Income Collected	\$242,116	Actual Rental Income Collected	\$242,116
Variance + (-)	(\$19,557)	Variance + (-)	(\$19,557)
Other Revenue	\$18,177	Other Revenue	\$18,177
Total Collected	\$260,293	Total Collected	\$260,293
Budgeted	\$275,048	Budgeted	\$275,048
Variance + (-)	(\$14,755)	Variance + (-)	(\$14,755)

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 on a daily basis.			
COMMENTS:	0-30 Days:		\$0
	30-60 Days:		\$368
	60 Days and Over:		\$0
	TOTAL		\$368

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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 due on the 1 st and considered late on the 4 th day. On the 5 th day of each month, management provides late renters with a reminder letter. On the 10 th day of the month, management issues a Three-Day Notice to Vacate.			
3) When is legal action taken against delinquent accounts? ➤ If repayment agreements have not been executed, legal action against the late renters are taken between the 15 th - 20 th 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 information was taken from the Delinquency and Prepaid report dated 3/23/18.	0-30 Days:		\$4,893
	30-60 Days:		\$80
	60 Days and Over:		\$20
	TOTAL		\$4,993

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		15	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		
COMMENTS: After a review of the tenant ledgers for the 15 households, it was determined that management is properly applying non-sufficient fund fees when a check is returned.			

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. ➤ Omnium Management provides continual online training. Onsite staff is also required to attend fair housing and housing tax credit training.			
COMMENTS: In the last 12 months, two new staff members were hired, one maintenance staff member and one site staff member. The site staff member was recently hired that was set up to take an online Fair Housing course in March 2018.			

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? ➤ Management submits the Occupancy and Leasing Activity reports daily, the Light Inspections and Delinquency Report weekly, and the Occupancy Reports, Pool logs, and a Market Survey monthly.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ The Property Manager is required to get approval for any amount over \$500 and the Regional Property Manager requires owner approval on amounts over \$2,500.			
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>Observation:</p> <ul style="list-style-type: none"> Management stated that company policy is to turn vacant units within 5 business days. There are currently 24 units that are vacant for more than 5 days. TSAHC recommends management implement a Make Ready Plan in order complete make readies in a timely manner and within the company policy. <p>No Findings.</p>

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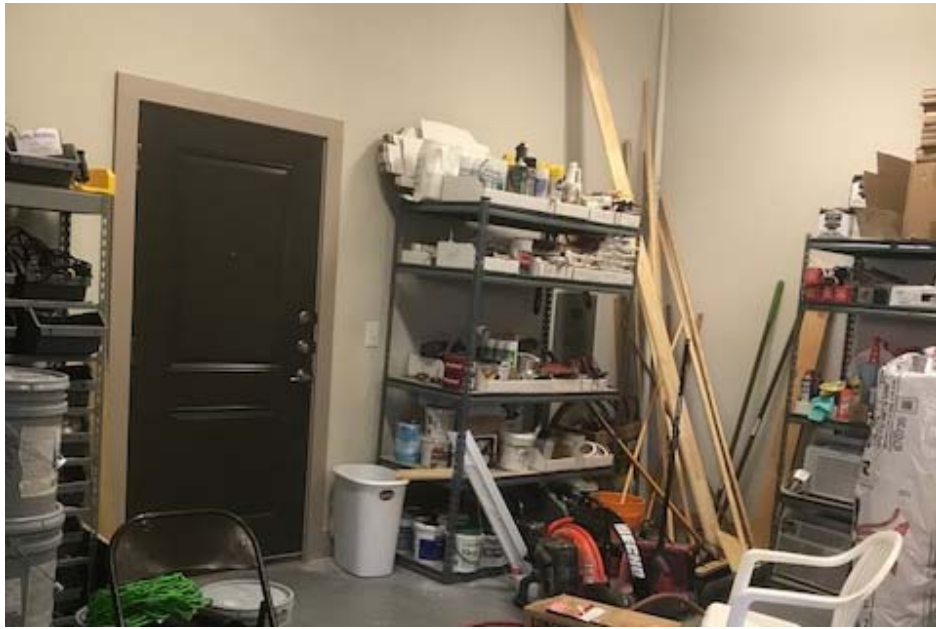
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