

Texas State Affordable Housing Corporation

Sierra Vista Apartments

10501 Montwood Drive, El Paso, Texas 79935

Owner: RHAC – Sierra, LLC

Date Built: 1983

Management Company: Capstone Real Estate Services, Inc.

Property Manager: Marie Martinez

Inspection Date & Time: September 26, 2018 at 8:00 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	99.8%
Number of Units: 106			
Number of One Bedrooms:	N/A	Number of Two Bedrooms:	66
Number of Three Bedrooms:	40	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, footpaths 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 (see comments)	
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's overall appearance is adequate. The building exteriors, foundations, roofs, and doors appear to be properly maintained. The parking lot, which had a large pothole last year, appears to have a new coating and it's been re-stripped. Numerous shopping carts were found to be at the property, which has been a concern of note in years past. Management stated that this is an ongoing problem and they are constantly notifying tenants of the violation.

Observation:

- On the day of the site visit, the grounds were reviewed early in the morning and a large amount of litter was identified prior to the maintenance staff getting a chance to pick it up. Based on the amount of litter, it did not appear that maintenance was picking up trash daily. In an effort to increase curb appeal, management is encouraged to be diligent with the oversight of the maintenance team when it comes to picking up the grounds.

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	3	
Theft		
Criminal Mischief		
Personal Assault	1	

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Drug Related Activity		
Gun Related Activity		
Domestic	8	
Disturbance	1	
Other		

	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		

COMMENTS: Management stated that the property recently obtained quotes for security patrol and cameras. Light checks are made biweekly by the maintenance staff.

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?			

COMMENTS:

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? ➤ (Describe)	X (see comment)		
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 (describe)			

COMMENTS: Management stated that licenses are maintained for fire hydrants.

KEY CONTROL	YES	NO	N/A
1) Does the property use an electronic key tracking system? If no, 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:

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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? ➤ Services are provided every month and each unit gets service twice annually or as needed.			
6)	What is the policy for following up on completed service requests? ➤ Management stated they follow up on every other work and all emergency work orders.			
7)	What is the property's after-hours emergency policy? ➤ After-hours emergency calls go directly to the on-call maintenance person.			
8)	What capital improvements have been scheduled or completed for this budget year? ➤ Capital improvements that have been scheduled include the exterior buildings, which were all painted this year, and the parking lot which was re-surfaced and stripped.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
9)	Unit Interior and Appliance upgrades ➤ Interior upgrades include replacing flooring/cabinets/bathtubs (2 units) and appliances/countertop upgrades (5 units)			
10)	Building Exterior and Curb Appeal repairs ➤ Exterior improvements and curb appeal upgrades include evaporative coolers and cooler pad replacement (5 units), exterior door replacement (6 areas), water heaters (5 units), and roof replacement (2 buildings).			
11)	Amenity upgrades ➤ Landscaping rocks were replaced last year and the retaining wall was repaired.			
12)	Other repairs or replacements ➤ No other repairs or replacements were completed in 2017.			
Number of service requests received:		42		
Number of requests open from prior periods:		42		
Number of service requests completed:		6		
Number of service requests completed within 24 hours:		6		
Number of outstanding service requests:		36		
13)	On average, how many days does it take to complete a work order? ➤ Based on the information provided and the amount of open work orders, the reviewer is unable to determine how long it takes to close work orders (see observation).			
COMMENTS:				
Observation:				
<ul style="list-style-type: none"> Service requests do not appear to be opened or closed daily in the software system. The Maintenance Summary reflects that 6 work orders have been completed in the last month. Based on the size of the community and the number of open work orders (36), it is evident that the system is not being updated regularly. Management is strongly encouraged to review the open work orders and close all work orders that have been completed. Resident retention/satisfaction is often strongly related to the maintenance program. In an effort to track the maintenance staffs performance, diligent use of the software system and accuracy of the information entered is strongly recommended. 				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0		
Flyers	\$0		
Resident Referral	\$0		
Locator Service	\$0		
Printed/Internet Advertising	\$0		
Other Source	\$0		
TOTAL	\$0	0	0
The rental activity reflected in the above table was for the month of: No report provided			
	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: N/A	6 months: N/A	12 months: 86.7%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	14.3% (2 move outs)		
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 in May 2018. The rent increase was aligned with the max rent increase from HUD.			
10) How many households are currently on month-to-month leases? ➢ After the initial term lease, the HUD lease maintains a month-to-month status.			
11) What is the charge for month-to-month leases? ➢ None			
COMMENTS:			

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:					
3) Number of completed one bedroom units at time of activity report:					
4) Number of completed two bedroom units at time of activity report:					
5) Number of completed three bedroom units at time of activity report:					
6) Number of uncompleted made ready units at time of activity report:					
7) Number of uncompleted one bedroom units at time of activity report:					
8) Number of uncompleted two bedroom units at time of activity report:					
9) Number of uncompleted three bedroom units at time of activity report:					
Units Walked					
Unit #	Brief Description				
62	(2x1) Occupied: Unit is in good condition.				
70	(2x1) Handicap accessible, Occupied: Unit is in good condition.				
80	(3x1.5) Occupied: Unit is in good condition.				
Down Units Walked (units vacant and unready for extended period of time and all down units)					
Unit #	Brief Description				
NA					
			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: Semiannually					

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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? ➤ N/A
9)	What is the company policy on the number of days to turn vacant units? ➤ The company policy is to have units made-ready within 5 business day
COMMENTS:	

BUDGET MANAGEMENT	YES	NO	N/A		
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Management is required to obtain three bids for materials, supplies, and services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ Management stated there have not been any large or unexpected expenses 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
Administrative Expenses	\$8,612	\$7,686	(\$926)	(12.0%)	Postage/Shipping, Telephone/Pagers, & Real Page Product support
Maintenance Expenses	\$3,586	\$4,227	641	15.2%	Appliances, Drapes/Blinds
COMMENTS:					

REVENUE					
FOR THE MONTH ENDING: July 31, 2018			YEAR TO DATE AS OF: July 31, 2018		
Gross Potential		\$68,812	Gross Potential		\$479,701
Budgeted Rental Income		\$67,871	Budgeted Rental Income		\$473,321
Actual Rental Income Collected		\$68,653	Actual Rental Income Collected		\$477,737
Variance + (-)		\$782	Variance + (-)		\$4,416
Other Revenue		\$814	Other Revenue		\$4,266
Total Collected		\$69,467	Total Collected		\$482,003
Budgeted		\$68,174	Budgeted		\$472,042
Variance + (-)		\$1,293	Variance + (-)		\$5,961
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?	X		
COMMENTS:	0-30 Days:	\$148	
	30-60 Days:	\$542	
	60 Days and Over:	(\$30)	
	TOTAL	\$660	

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?			
2) What is the rent collection policy? ➤ Payments are due in full on the first day of the month. Rent is considered late on the 6 th day. An initial late fee is assessed on the 6th day and a daily fee is accrued until rent is paid in full. Fees will not exceed \$30.			
3) When is legal action taken against delinquent accounts? ➤ Management stated they execute re-payment agreements, however, if the agreement is not followed, then legal action is taken. Usually this			

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takes place around the 20th of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: Based on a review of the comment section of the Delinquency and Prepaid report dated 9/26/2018, most of the current balance is due to changes in the housing assistance payments.	0-30 Days:	\$4,174	
	30-60 Days:	\$6,333	
	60 Days and Over:	\$536	
	TOTAL	\$9,971	

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
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. ➤ Staff has attended several Grace Hill online trainings, all staff members attended sexual harassment, fair housing, and safety training.			
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 viewed at the owner's discretion as the owner has the ability to pull reports.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Management stated that all over budgeted items go to the regional manager for 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>No Findings.</p> <p>Observations:</p> <ul style="list-style-type: none"> On the day of the site visit, the grounds were reviewed early in the morning and a large amount of litter was identified prior to the maintenance staff getting a chance to pick it up. Based on the amount of litter, it did not appear that maintenance was picking up trash daily. In an effort to increase curb appeal, management is encouraged to be diligent with the oversight of the maintenance team when it comes to picking up the grounds. Service requests do not appear to be opened or closed daily in the software system. The Maintenance Summary reflects that 6 work orders have been completed in the last month. Based on the size of the community and the number of open work orders (36), it is evident that the system is not being updated regularly. Management is strongly encouraged to review the open work orders and close all work orders that have been completed. Resident retention/satisfaction is often strongly related to the maintenance program. In an effort to track the maintenance staffs performance, diligent use of the software system and accuracy of the information entered is strongly recommended

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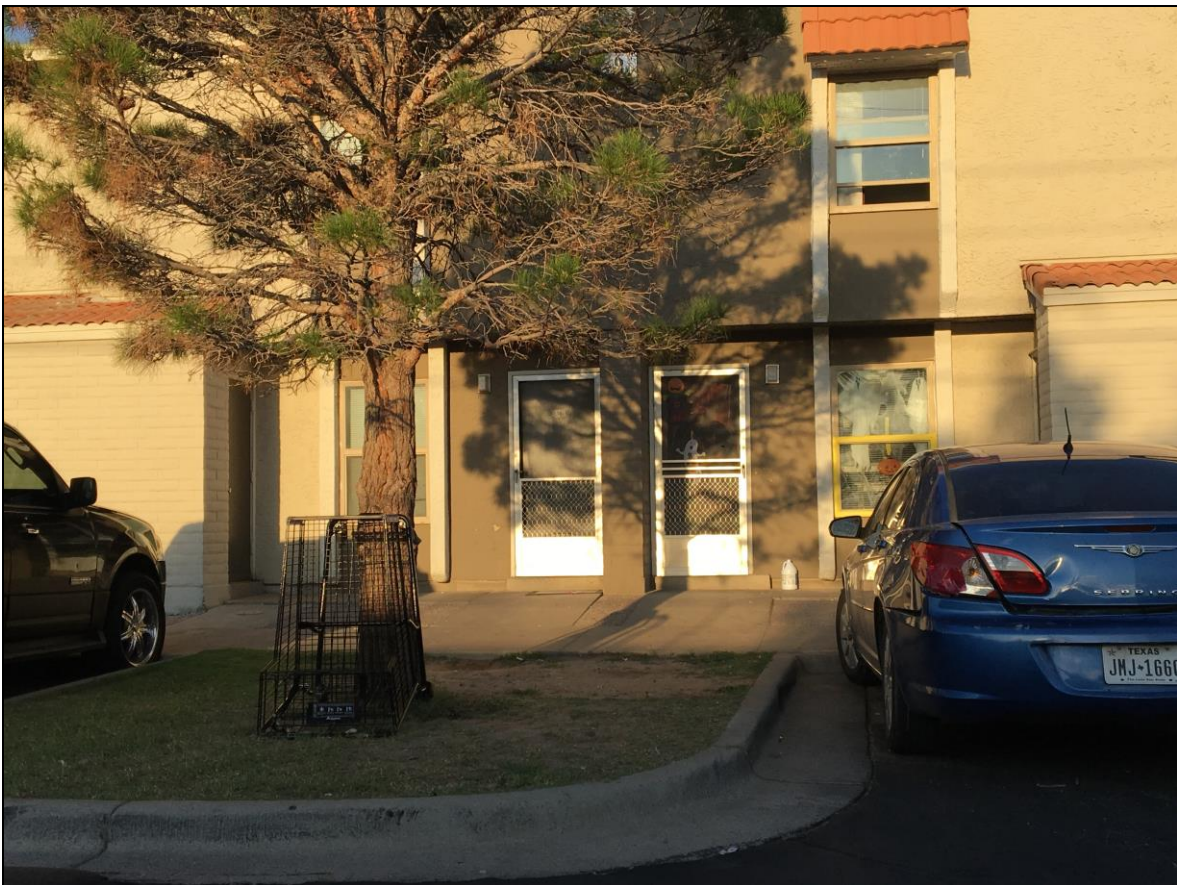
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