

Texas State Affordable Housing Corporation

Spring Terrace	
2600 S. Spring St., Amarillo, Texas 79109	
Owner: RHAC – Spring Terrace Apartments, LLC	Date Built: 1983
Management Company: J. Allen Management Co., Inc.	Property Manager: Shasta Hill
Inspection Date & Time: June 6, 2018 at 8:00 a.m.	Inspector's Name: James Matias

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	99.5%
Number of Units: 50			
Number of One Bedrooms:	N/A	Number of Two Bedrooms:	40
Number of Three Bedrooms:	10	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 (see comment)	
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 (see comment)	
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 property was found to be in acceptable condition, however the grass needs to be mowed. Management stated they are in the process of transitioning to a new landscaper at this time. The monument sign was clean and visible. All of the buildings, roofs and foundations appear to be in acceptable condition. The buildings and amenities appeared to be functional and in good condition. The overall curb appeal for the property is poor because of the needed landscaping and blinds mentioned below.

Observation:

- Blinds are broken and need to be replaced in units 1, 4, 9, 10, 13, 15, 20, 26, 35, and 38. In addition many of the units are using bed sheets instead of blinds. Management is strongly encouraged to check the blinds for all units and replace those found to be broken or missing.

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	1	
Theft	2	Stolen vehicle (1), Theft (1)
Criminal Mischief		
Personal Assault		
Drug Related Activity		

Texas State Affordable Housing Corporation

Gun Related Activity				
Domestic Violence				
Disturbance	3	Disorderly conduct (3)		
Other	2	Trespassing (2)		
			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 light checks are done weekly. In an effort to deter crime, Management pulls police reports regularly and issues lease violations based on the report. A review of the Amarillo Police Department call-out reports dated 2/01/18 through 4/30/18 indicate a low amount of criminal activity at the property.				

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: Management stated the last risk assessment was conducted 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) Does the property require licenses or permits?				
➤ (Describe): N/A				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 (describe)				X
COMMENTS: On the day of the site visit the laundry room needed to be cleaned and the trash needs to be taken out.				

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:				

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)	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 once per month and as needed.			
6)	What is the policy for following up on completed service requests? ➤ Management calls to follow up on all work orders.			
7)	What is the property's after-hours emergency policy? ➤ Tenants are made aware to call the office number during after-hours for any emergency; the calls go directly to the Property Manager. Once the call is received, the Property Manager will contact the appropriate person(s).			
8)	What capital improvements have been scheduled or completed for this budget year? ➤ A new gazebo for the picnic area is the only capital improvements have been scheduled for this budget year.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
9)	Unit Interior and Appliance upgrades ➤ Upgrades to building interiors and/or appliance are completed as needed.			
10)	Building Exterior and Curb Appeal repairs ➤ None			
11)	Amenity upgrades ➤ No amenity upgrades were completed in 2017.			
12)	Other repairs or replacements ➤ N/A			
Number of service requests received:		20		
Number of requests open from prior periods:		0		
Number of service requests completed:		20		
Number of service requests completed within 24 hours:		19		
Number of outstanding service requests:		0		
13)	On average, how many days does it take to complete a work order? ➤ On average, it takes less than 1 day to complete work orders.			
COMMENTS: The data collected above was from the Service Request Activity report dated 5/1/2018 through 6/6/2018.				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	1	
Flyers	\$0		
Resident Referral	\$0		
Locator Service	\$0	1	
Printed/Internet Advertising (Google.com)	\$0	2	
Other Source: (Current Resident - 4 and Other Property – 2)	\$0	6	3
TOTAL	\$0	10	3
The rental activity reflected in the above table was from 5/1/2018 through 6/8/2018			
	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	
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		

Texas State Affordable Housing Corporation

2) What percentage of residents renewed last month, past 6 months, and past 12 months?	Current: N/A	6 months: N/A	12 months: 80%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	20%		
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? ➤ According to the Property Manager, the last rent increase was in May 2018 after the HUD income limits came out in April.			
10) How many households are currently on month-to-month leases? ➤ Month-to-month leases are not offered.			
11) What is the charge for month-to-month leases? ➤ This is not applicable to the HUD lease.			
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:			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:			0		
7) Number of uncompleted one bedroom units at time of activity report:			0		
8) Number of uncompleted two bedroom units at time of activity report:			0		
9) Number of uncompleted three bedroom units at time of activity report:			0		
Units Walked					
Unit #	Brief Description				
6	2 x 1, Occupied, The back door (rear egress) was duct taped shut, 2 smoke detectors and 1 carbon monoxide detector was found to be inoperable, and the water heater closet has a broken door knob.				
14	2 x 1, Occupied				
26	3 x 1, Occupied				
41	3 x 1 (ADA), Occupied. Front right burner is not working				
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: Quarterly					
7) How often are vacant units inspected? ➤ Vacant units are inspected: Daily					
8) How many vacant units are in progress of being made ready? ➤ No vacant units are in the process of being made ready.					

Texas State Affordable Housing Corporation

- 9) What is the company policy on the number of days to turn vacant units?
- The company policy is to turn vacant units within 5 business days.

COMMENTS: Prior to the conclusion of this report completed work orders were provided for units 6 and 41.

BUDGET MANAGEMENT

- 1) Are three bids solicited in order to obtain materials, supplies, and services?
- Three bids are required to be obtained and reviewed prior to moving forward with purchases of materials or 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 has 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
Salaries & Benefits	\$6,511	\$9,378	\$2,867	30.6%	Salaries – Maintenance
Administrative Expenses	\$1,620	\$1,246	(\$374)	(30.1%)	Office Supplies, Other Administrative, Real Page
Maintenance Expenses	\$2,473	\$1,935	(\$538)	(27.8%)	HVAC, Tools/Equipment
Turnover Expenses	\$858	\$1,430	\$572	40.0%	Materials Painting, Repairs (Contractor)

COMMENTS:

REVENUE

FOR THE MONTH ENDING: April 30, 2018		YEAR TO DATE AS OF: April 30, 2018	
Gross Potential	\$37,540	Gross Potential	\$149,640
Budgeted Rental Income	\$34,764	Budgeted Rental Income	\$141,496
Actual Rental Income Collected	\$36,994	Actual Rental Income Collected	\$144,974
Variance + (-)	\$2,230	Variance + (-)	\$3,478
Other Revenue	\$53	Other Revenue	\$2,382
Total Collected	\$37,047	Total Collected	\$147,356
Budgeted	\$35,111	Budgeted	\$143,307
Variance + (-)	\$1,936	Variance + (-)	\$4,049

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:		\$807
	30-60 Days:		(\$25)
	60 Days and Over:		(\$659)
	TOTAL		\$123

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 6 th day. An initial late fee of \$5 is incurred at that time and an additional daily fee of \$1 is accrued until rent is paid. Late fees will not exceed \$30.			
3) When is legal action taken against delinquent accounts?			
➤ Unless the tenant has worked out something with management, eviction is filed around the 20 th			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: One household is scheduled for eviction this month.	0-30 Days:		(\$213.75)

Texas State Affordable Housing Corporation

	30-60 Days:		(\$1.35)
	60 Days and Over:		(\$69.71)
	TOTAL		(\$284.81)

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.			
➤ Monthly on-line Grace Hill trainings are taken by the manager and the maintenance person.			
COMMENTS: The maintenance technician position was filled about 1 month prior to the onsite review.			

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 requested and/or pulled from the Onsite system at the Owner's discretion.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds?			
➤ Management is required to get owner's approval for any dollar amount on expenses that are not budgeted for.			
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"> Blinds are broken and need to be replaced in units 1, 4, 9, 10, 13, 15, 20, 26, 35, and 38. In addition many of the units are using bed sheets instead of blinds. Management is strongly encouraged to check the blinds for all units and replace those found to be broken or missing. <p>No Findings.</p>



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



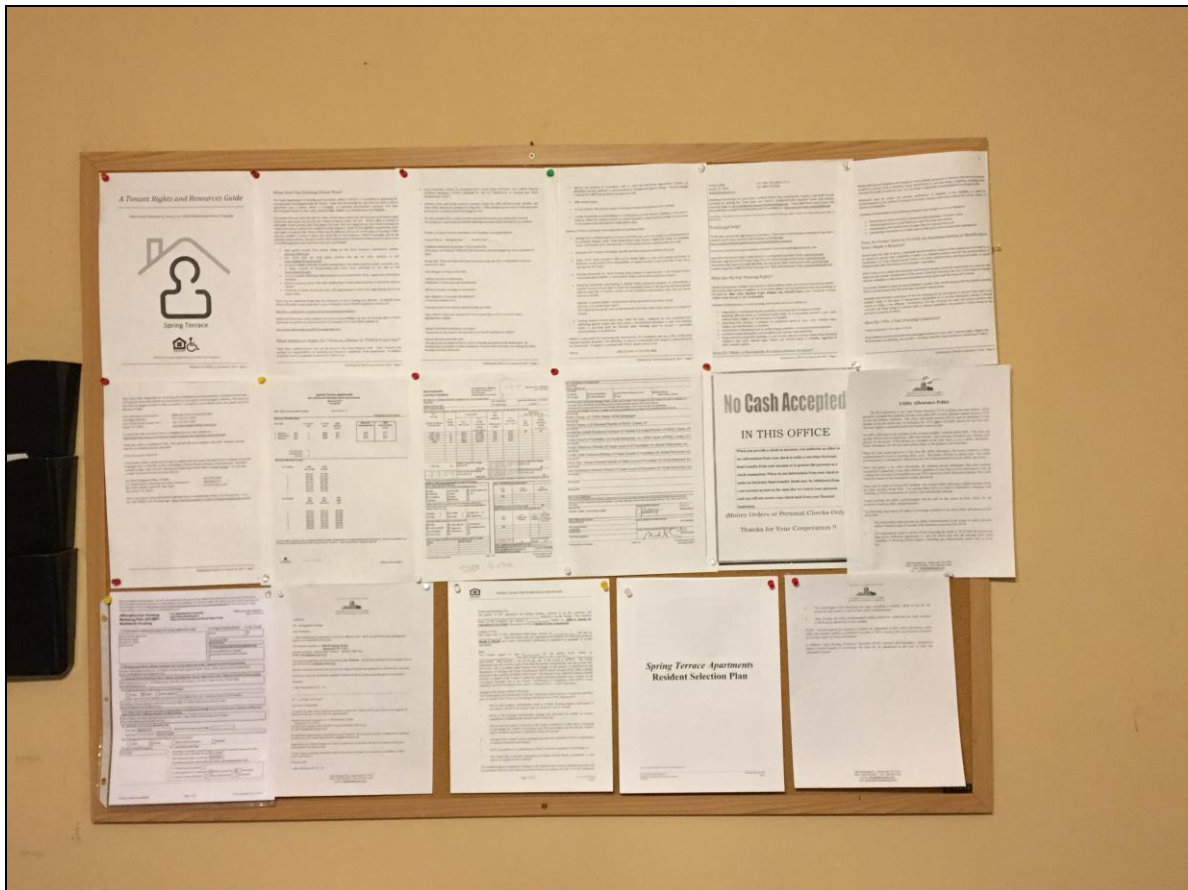
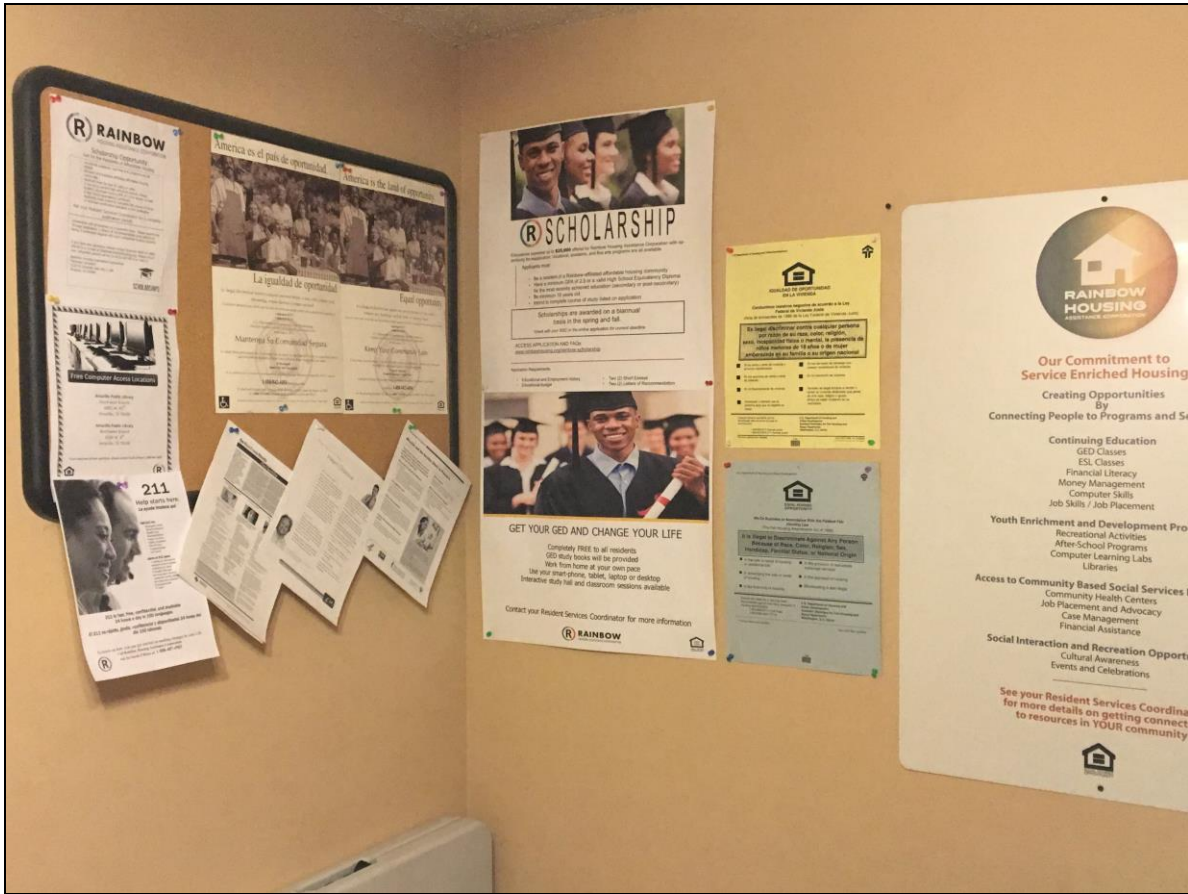
Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation