

Texas State Affordable Housing Corporation

White Rock

3110 Thousand Oaks Drive, San Antonio, Texas 78247

Owner: Commonwealth Multifamily

Date Built: 2003

Management Company: Orion Real Estate, Inc.

Property Manager: Donna Carraghan

Inspection Date & Time: May 10, 2018 at 8:30 a.m.

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	95%	Average Occupancy Over Last 12 Months:	96.7%
Number of Units: 336			
Number of One Bedrooms:	175	Number of Two Bedrooms:	149
Number of Three Bedrooms:	12	Number of Four Bedrooms:	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 – see comment		
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 is in overall great condition. The property grounds, parking lots, and landscaping were all well maintained. All of the property's amenities are clean and accessible to tenants. The building exteriors, roofs, windows, and blinds all appear to be in good condition. The majority of the hallways appear to be clean, however there are a few areas with large amounts of bird droppings. Management said they would review the issue and implement an action plan to ensure that it does not become a problem. Management stated they have installed exterior LED lights throughout the property.

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	Burglary Alarm – 1
Theft	2	Theft – 1, Theft of Vehicle – 1,
Criminal Mischief	1	Criminal Mischief in Progress -1,
Personal Assault	1	Assault in Progress - 1
Drug Related Activity		
Gun Related Activity		
Domestic Violence		

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Disturbance	6	Disturbance – 4, Disturbance Loud Noise – 1, Suicide -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: There were 28 total calls logged from February 2018 through April 2018; 11 of the 28 calls are listed in the chart above. According to management, the office and laundry room are monitored with the 6 surveillance cameras. Management also stated there is a San Antonio Police Department officer that resides at the community whom conducts nightly and weekend patrols and provides site staff with daily reports.

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: According to management, the last risk assessment conducted by insurance was in 2015, however the maintenance manager conducts a thorough risk assessment annually.

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		
➤ The property security alarm, pool, electrical system required licenses/permits.	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: Book and DVD Library, Car Wash Area, Fitness Room, DVD	X		

COMMENTS:

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? ➢ Each week pest control services are provided to the exterior of one building. Interior pest controls services are provided upon request.			
6) What is the policy for following up on completed service requests? ➢ 60% of completed work orders are follow-up on to ensure work was completed satisfactorily.			
7) What is the property's after-hours emergency policy? ➢ Based on the type of call received, the property's answering service will immediately contact the Property Manager, Maintenance Technician or the courtesy officer to handle the call.			
8) What capital improvements have been scheduled or completed for this budget year? ➢ Capital improvement scheduled for this budget year include the repair and/or replacement of damaged shingles on all 19 buildings and the purchase of new pool furniture.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades ➢ During a unit turn, management is resurfacing the kitchen countertop and cabinets (new color scheme), installing backsplash, and adding new bathroom fixtures and kitchen faucets. First floor units sometimes have the floors replaced with vinyl wood.			
10) Building Exterior and Curb Appeal repairs ➢ Ongoing exterior and curb appeal repairs and/or replacements are completed as needed.			
11) Amenity upgrades ➢ N/A			
12) Other repairs or replacements ➢ Roof shingle repairs and replacements are completed as needed.			
Number of service requests received:	361		
Number of requests open from prior periods:	0		
Number of service requests completed:	242		
Number of service requests completed within 24 hours:	See comment		
Number of outstanding service requests:	115		
13) On average, how many days does it take to complete a work order? ➢ Unable to determine. See comment.			

COMMENTS: The Work Order Employee Summary report dated 4/10/18 – 5/10/18 did not provide the date and time work orders were created and completed. Therefore, the reviewer is unable to determine how long it takes to complete a work order. Management stated that they recently transitioned to ResMan property management software and were unable to find a report that provides the information requested. Based on an observation of the interior and exterior of the property, the preventive maintenance schedule and work order completion, resident satisfaction does not appear to be a problem. However, it is suggested that management research ResMan software to ensure that management has the ability to track the time it takes to complete work orders in order to monitor the productivity of the maintenance staff and maintain resident satisfaction,

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	21	9
Flyers	\$0	1	1
Resident Referral: \$50 for approved move-in	\$150	3	2
Locator Service: \$0	\$0	2	
Printed/Internet Advertising: Connect 365, Property Website, Google, Zillow, Apt.com	\$325	36	4
Other Source: Prior Resident,	\$0	2	1
TOTAL	\$475	65	17
The rental activity reflected in the above table was for the month of: 4/10/2018 – 5/10/2018			
	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:			

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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: 85%	6 months: 71.3%	12 months: 74.1%
3)	What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	5.1%		
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., Yadri, 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? ➤ A rent increase was implemented in May 2018.			
10)	How many households are currently on month-to-month leases? ➤ There are no month-to-month leases at this time.			
11)	What is the charge for month-to-month leases? ➤ N/A			
COMMENTS: Management is now using ResMan property management software.				

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			21		
2) Number of completed made ready units at time of activity report:			7		
3) Number of completed one bedroom units at time of activity report:			3		
4) Number of completed two bedroom units at time of activity report:			3		
5) Number of completed three bedroom units at time of activity report:			1		
6) Number of uncompleted made ready units at time of activity report:			14		
7) Number of uncompleted one bedroom units at time of activity report:			4		
8) Number of uncompleted two bedroom units at time of activity report:			9		
9) Number of uncompleted three bedroom units at time of activity report:			1		
Units Walked					
Unit #	Brief Description				
238	(3x2) Vacant: The unit is made-ready.				
932	(2x1) Vacant: The unit is made-ready.				
1011	(1x1) Vacant: The unit is made-ready.				
1927	(2x1) Vacant: The unit is made-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) 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? ➤ There are 14 units in the make ready process.
9) What is the company policy on the number of days to turn vacant units? ➤ Units should be made-ready in 5 business days.
COMMENTS:

BUDGET MANAGEMENT					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Management is required to obtain three bids.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There has not been any large unexpected repairs or purchase during this budget year.					
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
General & Administrative	\$21,073	\$27,419	\$6,345	23%	Applicant Screening, Permits/Inspections, Legal Evictions, Education & Training
Contract Services	\$15,847	\$12,379	(\$3,468)	(28%)	Contract - Landscape and Contract - Appliance Rentals
Repairs and Maintenance	\$32,183	\$28,541	(\$3,642)	(12%)	Electrical Supplies, Interior Repairs, Lock & Key, and Office/Club Amenity
Make Ready/Cleaning	\$35,995	\$41,379	\$5,383	13%	Apt Paint, Resurfacing Repairs, Office/Club Model
COMMENTS:					

REVENUE					
FOR THE MONTH ENDING: MARCH 2018			YEAR TO DATE AS OF: MARCH 2018		
Gross Potential		\$322,080	Gross Potential		\$966,190
Budgeted Rental Income		\$266,102	Budgeted Rental Income		\$797,866
Actual Rental Income Collected		\$275,152	Actual Rental Income Collected		\$810,971
Variance + (-)		\$9,050	Variance + (-)		\$13,105
Other Revenue		\$16,324	Other Revenue		\$51,983
Total Collected		\$300,976	Total Collected		\$890,317
Budgeted		\$291,087	Budgeted		\$872,821
Variance + (-)		\$9,889	Variance + (-)		\$17,496
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 daily.			
COMMENTS: During the exit interview, the Senior Financial Analyst stated that the new ResMan software does not provide an Unpaid Invoice report that shows the 30 day, 60 day, and 90-day unpaid invoices balances. It does however provided a total unpaid vendor invoice balance. Based on the Unpaid Invoice report dated 5/9/2018, there is a balance of \$657,992. Of that total, \$640,161 (97%) is due to two vendors leaving a true 30-day unpaid invoice balance of 17,831. The two vendors are Commonwealth Multifamily Housing Corp. which is an asset management fee that has been deferred from March 2015 to April 2018 for a total of \$152,000 and the other is South Texas Affordable Properties which was due to the tax loan judgment in 2011 for a total of \$488,161.	0-30 Days:		\$657,992
	30-60 Days:		See comment
	60 Days and Over:		See comment
	TOTAL		\$657,992

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 first of each month and late on the third day. Notice to vacate letters are issued around the 6 th of each month.			

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3) When is legal action taken against delinquent accounts? ➤ Legal action is taken around the 10 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 Senior Financial Analyst stated that management is working through errors that were created when transitioning to ResMan software. The chart on the right includes balance that were taken from the Aged Receivables report dated 5/14/18 and an email confirmation for the Senior Financial Analyst. The Senior Financial Analyst confirmed that an additional estimated \$33,000 in online payments were made and verified by residents however ResMan nor Paylease have credited the resident's accounts. This has caused for the high delinquency amounts (which include late fees that should not have been accumulated). This estimated amount was included in the chart to the right.	0-30 Days:		\$76,913
	30-60 Days:		\$4,636
	60 Days and Over:		\$2,118
	*Pre-payments & Unapplied credits		(\$74,711)
	TOTAL		\$8,956

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:	17		
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 attends LMS (Real Page) trainings which include fair housing, management, pool maintenance, and anti-harassment 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? ➤ Owens are provided with monthly financial reports.			
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 amounts over \$750 for the Property Manager and \$5,000 for the Regional Managers.			
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
No Findings or Observations.

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