

# Texas State Affordable Housing Corporation

## Vista Rita Blanca

701 Maynard, Dalhart, Texas 79022

**Owner:** Guadalupe Economic Services Corp. (GESC)

**Date Built:** 2014

**Management Company:** JL Gray Company

**Property Manager:** Marti Harris

**Inspection Date & Time:** July 2, 2019 at 10:00 a.m.

**Inspector's Name:** James Matias

<b>Occupancy at Time of Report:</b>	92.9%	<b>Average Occupancy Over Last 12 Months:</b>	91.6%
<b>Number of Units: 28</b>			
<b>Number of One Bedrooms:</b>	N/A	<b>Number of Two Bedrooms:</b>	12
<b>Number of Three Bedrooms:</b>	12	<b>Number of Four Bedrooms:</b>	4

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:** During the physical inspection of the property, the reviewer determined that the property is in overall great condition. The parking lots, grounds, common areas, and playground are clean and free of debris. The xeriscaping looked great and management does a good job keeping the pebbles off the sidewalks and out of the parking lot. The monument sign was found to be clear and visible. The roofs, exterior masonry, and foundations all appeared sound and in perfect working order.

**Observation:**

- On the day of the site visit the concrete in front of the ADA units appeared to be coming up and has large amount of spalling. In an effort to stop the continued deterioration and maintain an unimpeded entry for these units, management is strongly encouraged to hire a contractor to remove, replace, and/or repair the affected areas of the concrete. (pictures attached)

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:		
<b>Incident Type</b>	<b># of Occurrences</b>	<b>Comments:</b>
Burglary		
Theft		
Criminal Mischief		
Personal Assault		
Drug Related Activity		

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Gun Related Activity		
Domestic Violence		
Disturbance	3	1 (Rock throwing), 1 (Loud Music), 1 (other)
Other		
	<b>YES</b>	<b>NO</b>
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	
<b>COMMENTS:</b> The property uses crime free lease addendums. The Property Manager stated that she conducts light checks weekly. The community has very little criminal activity. The manager discourages criminal activity by reviewing police reports and issuing lease violations and notices to the residents when needed.		

<b>SECURITY PROGRAM Part II</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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	
<b>COMMENTS:</b>			

<b>OFFICE</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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	
<b>COMMENTS:</b>			

<b>KEY CONTROL</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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		
<b>COMMENTS:</b>			

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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? ➤ Pest control services are provided quarterly and as needed.			
6)	What is the policy for following up on completed service requests? ➤ Almost all work orders are followed up on by the Manager.			
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? ➤ No capital improvements have been scheduled or completed this budget year.			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>				
9)	Unit Interior and Appliance upgrades ➤ No unit interior or appliance upgrades have been made, unless it is necessary.			
10)	Building Exterior and Curb Appeal repairs ➤ No unit interior or appliance upgrades have been made, unless it is necessary.			
11)	Amenity upgrades ➤ No major amenity upgrades have been completed.			
12)	Other repairs or replacements ➤ N/A			
Number of service requests received:		22		
Number of requests open from prior periods:		0		
Number of service requests completed:		22		
Number of service requests completed within 24 hours:		0		
Number of outstanding service requests:		0		
13)	On average, how many days does it take to complete a work order? ➤ On average it takes 12.7 days to complete a work order.			
<b>COMMENTS:</b> The above work order data is for the month of June only. <b>Observation:</b> <ul style="list-style-type: none"> <li>A few items were found to be of concern as the maintenance program was evaluated. The concerns include the following: No work orders were opened for the month of May, Work Orders are written on a manual chart and not opened and closed using property management software. Prior to June the manual work order log only had dates for when the work order was received and not when the work orders were closed. On average according to the month of June, which was the only month that had closed dates, work orders are taking more than 12 days to get completed. Management stated they are in the process of hiring a maintenance person designated to this community. In addition to hiring the maintenance person as soon as possible, management is encouraged to use a software system or a better way of logging work orders. If a manual log continues to be used, it is recommended that the log have both opened and closed column headings and the log gets updated daily.</li> </ul>				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	10	0
Flyers	\$10	0	0
Resident Referral	\$0	9	1
Locator Service	\$0	0	0
Printed/Internet Advertising (Newspaper)	\$55	2	0
Other Source (Phone calls, Marketing)	\$0	16	2
<b>TOTAL</b>	<b>\$65</b>	<b>37</b>	<b>3</b>
<b>The rental activity reflected in the above table was from April 1, 2019 through July 1, 2019.</b>			
	YES	NO	N/A
2) Is the property doing bilingual advertising?	X		
3) Does the property have any competitors nearby?		X	

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4) Does the property "shop" their competitors?	X		
5) Does the property complete a market survey at least monthly?		X	
<b>COMMENTS:</b>			
<b>Observation:</b>			
<ul style="list-style-type: none"> <li>The property is doing a better job of logging the traffic when compared with prior Asset Oversight reviews. However, management is encouraged to be more descriptive and ask the prospect for more detail when completing the "How did they hear about us" category. Fourteen of the 36 prospects have the category listed as "marketing" and nine of the 36 are listed as "referral". Neither of these specifically describe where the traffic was derived. For example, was it a resident referral, housing authority referral or some other type of referral? In addition, management should determine what type of "marketing" led them to the property. For example, property created flyer, online marketing, magazine advertisement, etc.</li> </ul>			

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: 85.7%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	0%		
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? According to the Property Manager, the last rent increase was after the 2018 HUD income limits were releases.			
10) How many households are currently on month-to-month leases? Month-to-month leases are not offered at this property.			
11) What is the charge for month-to-month leases? ➢ N/A			
<b>COMMENTS:</b>			

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			2		
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:			2		
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:			1		
9) Number of uncompleted three bedroom units at time of activity report:			1		
Units Walked					
Unit #	Brief Description				
1A	(4x2) Occupied.1 smoke detector needs batteries				
3D	(2x1) Vacant for 2 days. Minor turn needed				
4D	(2x1) Occupied. 4 smoke detectors need new batteries.				
1F	(3x1) Vacant for 124 days. The kitchen counter backsplash was coming off. Most Bedrooms could use some paint touchup. 2 smoke detectors need batteries. (see observation)				
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		

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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: Monthly			
7) How often are vacant units inspected? ➤ Vacant units are inspected: Weekly			
8) How many vacant units are in progress of being made ready? ➤ Two vacant unit is in the progress of being made ready.			
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy is to turn vacant units within 3 business days.			

**COMMENTS:** Prior to the completion of this report management provided competed work orders for the maintenance items noted above for units 1A, 4D, and 1F.

**Observation:**

- On the day of the site visit 3 of the 4 units had inoperable or removed smoke detectors. In order to maintain the safety of the residents and the property it is imperative that all units have working smoke detectors. Management is strongly encouraged to routinely check the unit's smoke detectors for functionality and issue lease warnings and/or violations if a resident does not report that the batteries are dead or they have removed a smoke detector.

## 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 has 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
Administrative Expenses	\$47,771	\$38,382	(\$9,389)	(24%)	Office Salaries, Manager Travel, Auditing/Tax Returns
Operating & Maintenance Expenses	\$26,064	\$36,868	\$10,804	29%	Maintenance Salaries, Maintenance & Repair Supply, Maintenance & Repair Contracts

**COMMENTS:**

## REVENUE

FOR THE MONTH ENDING: MAY 2019			YEAR TO DATE AS OF: MAY 2019		
Gross Potential		\$25,520	Gross Potential		\$204,160
Budgeted Rental Income		\$24,244	Budgeted Rental Income		\$193,952
Actual Rental Income Collected		\$23,231	Actual Rental Income Collected		\$179,743
Variance + (-)		(\$1013)	Variance + (-)		(\$14,209)
Other Revenue		\$120	Other Revenue		\$2,025
Total Collected		\$23,351	Total Collected		\$181,768
Budgeted		\$24,428	Budgeted		\$195,414
Variance + (-)		(\$1,077)	Variance + (-)		(\$13,646)

**COMMENTS:**

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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		
<b>COMMENTS:</b> Management has the Accounts Payable Ledger broken up into Trade and Non-Trade items. The payable amounts to the right are for Non-Trade items. The vast majority of the Non-Trade balance is due to Taxes and Insurance Payments for the last two months that equal \$2,300 for each month. Other than \$100 due to JL Gray Company for tech support the ledger regarding Trade items has a very small balance.	0-30 Days:		\$4,633.33
	30-60 Days:		\$2,300
	60 Days and Over:		\$0
	TOTAL		\$6,933.33

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 <sup>st</sup> and considered late on the 6 <sup>th</sup> day. Three day Notices to Vacate (NTV) are sent on the 6 <sup>th</sup> of the month. An initial late fee of \$10 is incurred on the 10 <sup>th</sup> .			
3) When is legal action taken against delinquent accounts? ➤ Unless something is worked out with management, evictions are filed after the 3 day NTV expires.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b>	0-30 Days:	\$2,971	
	30-60 Days:	\$360	
	60 Days and Over:	\$0	
	TOTAL	\$3,331	

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
<b>COMMENTS:</b>			

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. ➤ The staff watches Zeffert online training and attends the New Mexico Apartment Association conference.			
<b>COMMENTS:</b> The property is currently using a shared maintenance technician, who services another property in New Mexico, at this time. The property has an open job posting for a new lead maintenance. The current manager was hired about 6 months prior to this 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? ➤ Occupancy and Delinquency reports and the operation budgets are sent monthly to ownership.			
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 anything over \$150 outside the budget.			



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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		
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COMMENTS:

## SUMMARY OF OBSERVATIONS AND FINDINGS

No Findings.

Observations:

- On the day of the site visit the concrete in front of the ADA units appeared to be coming up and has large amount of spalling. In an effort to stop the continued deterioration and maintain an unimpeded entry for these units, management is strongly encouraged to hire a contractor to remove, replace, and/or repair the affected areas of the concrete. (pictures attached)
- A few items were found to be of concern as the maintenance program was evaluated. The concerns include the following: No work orders were opened for the month of May, Work Orders are written on a manual chart and not opened and closed using property management software. Prior to June the manual work order log only had dates for when the work order was received and not when the work orders were closed. On average according to the month of June, which was the only month that had closed dates, work orders are taking more than 12 days to get completed. Management stated they are in the process of hiring a maintenance person designated to this community. In addition to hiring the maintenance person as soon as possible, management is encouraged to use a software system or a better way of logging work orders. If a manual log continues to be used, it is recommended that the log have both opened and closed column headings and the log gets updated daily.
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