

Texas State Affordable Housing Corporation

Chaparral Village Apartments

1411 S. Grant Avenue, Odessa, Texas 79761

Owner: RHAC- Chaparral, LLC

Date Built: 1981

Management Company: J. Allen Management Co., Inc.

Property Manager: Nichole Lewis

Inspection Date & Time: October 22, 2020 at 10:00 a.m.

Inspector's Name: James Matias

| | | | |
|-------------------------------------|-----|---|-----|
| Occupancy at Time of Report: | 95% | Average Occupancy Over Last 12 Months: | 99% |
| Number of Units: 80 | | | |
| Number of One Bedrooms: | 0 | Number of Two Bedrooms: | 70 |
| Number of Three Bedrooms: | 8 | Number of Four Bedrooms: | 2 |

| 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: The property grounds and landscaping were well kept and very clean. The management office, common areas, and amenities were clean and accessible to the public. The building exterior and building roofs also appeared to be in good condition. The sprinklers in the front of the complex were repaired to help with grass growth. The property was initially going to get an office make over in 2020, however this has been delayed due to Covid-19. Management is hopeful that this will be rescheduled in 2021.

| 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 | Auto (1) |
| Theft | | |
| Criminal Mischief | | |
| Personal Assault | | |
| Drug Related Activity | | |
| Gun Related Activity | | |
| Domestic Violence | | |
| Disturbance | 2 | |

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| Other | 2 | Juvenile Problem (1), Aggressive Animal (1) | | |
|---|---|---|----|-----|
| | | 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: The Manager said she has a close working relationship with the Odessa police Department, and they patrol the property regularly. | | | | |

| 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: The risk assessment was conducted by the Regional Property Manager in November 2019. | | | | |

| 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 (describe) | | | X |
| COMMENTS: As previously stated, the office rehab project has been postponed. Assuming it is added to the 2021 capital projects list, the laundry room will be upgraded as well. | | | | |

| 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 |
|---------------------|---|-----|----|-----|
| 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 | | |

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|--|---|--|--|
| 4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? | X | | |
| 5) How often are Pest Control services provided? ➤ Monthly pest control services are provided. All units are treated every other month. | | | |
| 6) What is the policy for following up on completed service requests? ➤ Once work order have been completed, the Property Manager will call the tenant to ensure the work order was completed satisfactorily. | | | |
| 7) What is the property's after-hours emergency policy? ➤ The maintenance staff rotate who is on call and field all after-hour emergency calls. | | | |
| 8) What capital improvements have been scheduled or completed for this budget year? ➤ No capital improvements were completed this year. | | | |

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

| | | | |
|--|--|--|--|
| 9) Unit Interior and Appliance upgrades ➤ Appliance, blinds, and cabinets were completed as needed. In addition, the subflooring was replaced when it was found to be unrepairable. | | | |
| 10) Building Exterior and Curb Appeal repairs ➤ The sprinklers in the front of the complex were repaired to help with grass growth. | | | |
| 11) Amenity upgrades ➤ NA | | | |
| 12) Other repairs or replacements ➤ There were no other repairs or replacements in 2019. | | | |

| | | | |
|---|----|--|--|
| Number of service requests received: | 21 | | |
| Number of requests open from prior periods: | 0 | | |
| Number of service requests completed: | 21 | | |
| Number of service requests completed within 24 hours: | 21 | | |
| 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 a day to complete a work order. | | | |
|---|--|--|--|

COMMENTS: The maintenance staff appears to be doing a great job completing work orders timely and updating the software system. All work orders according to the Service Activity Report (9/1/2020 through 10/20/2020) were completed the same or the next day.

MARKETING

| 1) Complete the table below with the most recent information available. | | | |
|--|------------|----------------|-------------|
| SOURCE | COST | # of Prospects | # of Leases |
| Drive-By/Word of Mouth | | 12 | 3 |
| Flyers | | | |
| Resident Referral (Prior or Current) | | 9 | 8 |
| Locator Service | | | |
| Printed/Internet Advertising: Property website (1), Google.com (1), gosection8.com (6) | | 8 | 3 |
| Other Source: Unknown (5), Other (8), Other Property (2) | \$0 | 15 | 8 |
| TOTAL | \$0 | 44 | 22 |

The rental activity reflected in the above table was for the following time period: 10/1/2019 – 10/8/2020

| | 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: Prior reviews had most applicants with a source listed as "other". Management has done a good job better identifying and reporting where the traffic is coming from.

| 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: 90% | 6 months: 87% | 12 months: 82% |
| 3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"? | 13.3% (2) | | |

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|---|---|--|--|
| 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? <ul style="list-style-type: none"> > The last rent change was effective November 2019. | | | |
| 10) How many households are currently on month-to-month leases? <ul style="list-style-type: none"> > There are no month-to-month leases. | | | |
| 11) What is the charge for month-to-month leases? <ul style="list-style-type: none"> > This is not applicable to the HUD lease. | | | |
| COMMENTS: | | | |

| VACANT/MAKE READY UNITS | |
|--|---|
| 1) Number of vacant units at time of activity report: | 5 |
| 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: | 5 |
| 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: | 5 |
| 9) Number of uncompleted three bedroom units at time of activity report: | 0 |

| Units Walked | |
|--------------|---|
| Unit # | Brief Description |
| 12 | (2x1) Vacant, 6 days vacant, full turn in progress. Unit is currently being painted |
| 18 | (3x1) Vacant, 19 days vacant, full turn in progress |
| 35 | (2x1) Vacant, 6 days vacant, full turn in progress |

| 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? <ul style="list-style-type: none"> > Occupied units are inspected: Quarterly | | | |
| 7) How often are vacant units inspected? <ul style="list-style-type: none"> > Vacant units are inspected: Daily | | | |
| 8) How many vacant units are in progress of being made ready? <ul style="list-style-type: none"> > Five units were in the process of being made ready. | | | |
| 9) What is the company policy on the number of days to turn vacant units? <ul style="list-style-type: none"> > The company policy is to turn vacant units within 3-5 business days. | | | |

COMMENTS: The "Units Walked" section above does not match the vacant unit list in its entirety because some of the units that were reviewed via photos were moved in prior to the virtual site visit. In addition, the property had a few move outs between the initial submission of the availability report (10/07/2020) and the virtual site visit (10/22/2020).

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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 or services.
- 2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget?
 - There have not been any large 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 |
|-------------------------|----------|----------|-----------|---------|---|
| Administrative Expenses | \$11,608 | \$14,370 | \$2,762 | 19.2% | Office Supplies, Seminars/Staff Training, Employee Reimbursements |
| Operating Expenses | \$76,198 | \$97,033 | \$20,834 | 21.5% | Salaries (Manager & Maintenance), Payroll Taxes |
| Leasing Expenses | \$175 | \$400 | \$225 | 56.2% | Promotions & Entertainment |
| Service Expenses | \$21,102 | \$18,696 | (\$2,406) | (12.9%) | Landscaping, Pest Control |
| Maintenance Expenses | \$10,633 | \$19,402 | \$8,769 | 45.2% | Doors/Locks/Keys, Appliances, Electrical/lights |

COMMENTS: The landscaping contract increased its rates in 2020 leading to the negative variance for Service Expenses.

REVENUE

| FOR THE MONTH ENDING: AUGUST 2020 | | YEAR TO DATE AS OF: AUGUST 2020 | |
|-----------------------------------|----------|---------------------------------|-----------|
| Gross Potential | \$72,238 | Gross Potential | \$578,195 |
| Budgeted Rental Income | \$70,410 | Budgeted Rental Income | \$564,606 |
| Actual Rental Income Collected | \$70,497 | Actual Rental Income Collected | \$567,564 |
| Variance + (-) | \$87 | Variance + (-) | \$2,958 |
| Other Revenue | \$621 | Other Revenue | \$5,521 |
| Total Collected | \$71,118 | Total Collected | \$573,085 |
| Budgeted | \$70,837 | Budgeted | \$568,351 |
| Variance + (-) | \$281 | Variance + (-) | \$4,734 |

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 (Daily in many cases) | | |
| COMMENTS: Utility checks getting returned from the residents are showing as a credit on the Accounts Payable report dated 10/8/2020. | 0-30 Days: | \$208 | |
| | 30-60 Days: | (\$232) | |
| | 60 Days and Over: | (\$13) | |
| | TOTAL | (\$37) | |

DELINQUENCIES

| | YES | NO | N/A |
|---|-------------------|---------|-----|
| 1) Is the delinquency report up to date? | X | | |
| 2) What is the rent collection policy? <ul style="list-style-type: none"> ➢ Rent is due on the 1st and considered late on the 6th 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? <ul style="list-style-type: none"> ➢ According to management, legal action against delinquent accounts is taken around the 22nd of each month. | | | |
| 4) Does the property currently have any resident(s) under eviction? | | X | |
| 5) Does Housing have any outstanding balances? | X | | |
| COMMENTS: Management is in the process of collecting late rent at the time. The Delinquent and Prepaid Report was provided on 10/16/2020. Currently \$2,957 (79.9%) of the delinquent rent is for housing subsidy. | 0-30 Days: | \$2,464 | |
| | 30-60 Days: | \$1,341 | |
| | 60 Days and Over: | (\$102) | |
| | TOTAL | \$3,703 | |

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| | | | |
|--|-------|--|---------|
| | TOTAL | | \$3,703 |
|--|-------|--|---------|

| 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 (see comments) | | |
| 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. ➤ All staff completed Fair Housing training through Gracehill. All other trainings have been put on hold due to Covid-19. | | | |

COMMENTS: The assistance maintenance person was replaced August 31, 2020. The staff has a meeting daily so the manger can get an update on all maintenance and make readies.

| 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? ➤ The Property Manager is required to get the owner's approval for any dollar amount on expenses that are not budgeted. The Regional Manager is required to get owner approval for amounts over \$1,000. | | | |
| 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 Observations or Findings.

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