

Texas State Affordable Housing Corporation

Palladium Glenn Heights

2400 S Hampton Rd, Glenn Heights, Texas 75154

Owner: Palladium Glenn Heights, LTD.

Date Built: 2019

Management Company: Omnium Management

Property Manager: Katherine Robinson

Inspection Date & Time: December 8, 2020 at 1:30 pm

Inspector's Name: Celina Mizcles Stubbs

| | | | |
|-------------------------------------|-----|---|-----|
| Occupancy at Time of Report: | 99% | Average Occupancy Over Last 12 Months: | 98% |
| Number of Units: 270 | | | |
| Number of One Bedrooms: | 66 | Number of Two Bedrooms: | 144 |
| Number of Three Bedrooms: | 60 | 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, 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: Based on a review of the property photos that were submitted for review, the property is in excellent condition. According to the manager, speed bumps were installed to help reduce the speed of the traffic within 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 of Vehicle (1) |
| Theft | | |
| Criminal Mischief | 1 | |
| Personal Assault | 2 | |
| Drug Related Activity | | |
| Gun Related Activity | | |
| Domestic Violence | | |
| Disturbance | 11 | Civil Disturbances (11) |
| Other | 13 | Criminal Trespassing (2), Harassment (1), Loud Party/Noise (6), and Suspicion Persons/Vehicles (4) |

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| | 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 was a small increase in calls when compared with the previous asset oversight report. Based on the City of Glenn Heights Police Department reports, there were a total of 64 calls, 28 of 64 calls are logged in the chart above. The property continues to work with a courtesy officer that patrols the property nightly and provides activity reports to the manager on a weekly basis. Management mentioned they follow up on activity reports and issue lease violations if needed. In addition, the property's Cares Team continues to provide crime prevention meetings while maintaining a safe social distance for others. | | | |

| 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 property has not conducted a risk assessment in the last 12 months. | | | |

| 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 | | |
| ➤ Pool Permit | | | |
| 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: Basketball Court, Conference Center, Children's Playroom, Gym, and Dog Park | X | | |
| COMMENTS: Management added a dog park to the list of amenities at the property. | | | |

| 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: The property utilizes the Keytrack system. | | | |

| 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? <div style="margin-left: 20px;">➤ Pest control services are provided weekly. However, due to covid, services are only provided to units that request it. This process will continue until further notice.</div> | | | |
| 6) What is the policy for following up on completed service requests? <div style="margin-left: 20px;">➤ The Property Manager follows up on completed work orders at random to ensure the work was completed. The Property Manager also calls tenants to inform them of delayed work due to parts being ordered.</div> | | | |
| 7) What is the property's after-hours emergency policy? <div style="margin-left: 20px;">➤ The after-hour lines will contact the following persons based on the prompt the tenant selects on the phone: maintenance, manager, or the courtesy officer.</div> | | | |
| 8) What capital improvements have been scheduled or completed for this budget year? <div style="margin-left: 20px;">➤ No capital improvements were scheduled or completed.</div> | | | |
| Detail of Ongoing Repairs and Replacements Completed in Last Budget Year | | | |
| 9) Unit Interior and Appliance upgrades <div style="margin-left: 20px;">➤ N/A</div> | | | |
| 10) Building Exterior and Curb Appeal repairs <div style="margin-left: 20px;">➤ N/A</div> | | | |
| 11) Amenity upgrades <div style="margin-left: 20px;">➤ Management installed a dog park.</div> | | | |
| 12) Other repairs or replacements <div style="margin-left: 20px;">➤ N/A</div> | | | |
| Number of service requests received: | 84 | | |
| Number of requests open from prior periods: | 9 | | |
| Number of service requests completed: | 92 | | |
| Number of service requests completed within 24 hours: | Unknown – see comment | | |
| Number of outstanding service requests: | 1 | | |
| 13) On average, how many days does it take to complete a work order? <div style="margin-left: 20px;">➤ It takes maintenance staff 2 days to complete work orders.</div> | | | |
| COMMENTS: Management is completing a quarterly inspection, during this inspection the maintenance technicians check for filters, smoke detectors, and inspect the unit for any health and safety issues. Management confirmed that MSDS binders can be found in the maintenance office and in the main office. The Work Order Status Report that was submitted for review provided a total open/close turn time but not a turn time for each work order. Therefore, I was unable to determine the number of service requests completed within 24 hours. | | | |

| MARKETING | | | |
|--|------------|----------------|-------------|
| 1) Complete the table below with the most recent information available. | | | |
| SOURCE | COST | # of Prospects | # of Leases |
| Drive-By/Word of Mouth | \$0 | 6 | |
| Flyers | \$0 | | |
| Resident Referral | \$0 | | |
| Locator Service | \$0 | | |
| Printed/Internet Advertising: Google and Property website | \$0 | | |
| Other Source: Resident Transfers, Current Resident, Unknown/Would Not Give, and Other | \$0 | 5 | 6 |
| TOTAL | \$0 | 11 | 6 |
| The rental activity reflected in the above table was for the month of 10/2/2020 – 10/31/2020. Based on the Executive Summary, there were a total of 11 prospects during the month that resulted in 6 leases. The summary of the report did not list what traffic source resulted in the 6 leases. Management is encouraged to track that information moving forward. The chart above reflects the 6 leases in the “other source” line item. | | | |
| | 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: Management does not shop competitor or complete market survey because they utilize ALN. | | | |

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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: 100% | 6 months: 93.1% | 12 months: 83% |
| 3) | What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"? | 22.6% | | |
| 4) | Are lease renewal/recertification 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? ➤ Management did not increase the rent in the last 12 months due to covid. | | | |
| 10) | How many households are currently on month-to-month leases? ➤ There are no month-to-month leases for affordable rate units. | | | |
| 11) | What is the charge for month-to-month leases? ➤ There is no charge for month-to-month leases for units with an affordable designation. | | | |
| COMMENTS: It appears management's resident retention is high which is great. However, management is encouraged to make necessary efforts to reduce the percentage of move-outs that are due to eviction or skips. | | | | |

| 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 | | | |
| N/A | There were no unit walked for this annual review. See comment below. | | | |
| | | | | |
| 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: Vacant units are inspected at the time they are vacated and before they are reoccupied. | | | | |

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| 8) How many vacant units are in progress of being made ready? ➤ No units are in the process of being made ready. |
| 9) What is the company policy on the number of days to turn vacant units? ➤ Management's policy is to turn vacant units within 7 business days. However, site-management tries to get units made-ready in 5 days. |
| COMMENTS: There were no vacant units to review; however, management submitted photos of their model unit. The unit was in exceptional condition. |

| BUDGET MANAGEMENT | | | | | |
|---|----------|-----------|----------|---------|---|
| 1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required prior to obtaining materials or services. | | | | | |
| 2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There have been no unexpected repairs or purchases in the last 12 months. | | | | | |
| 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 |
| Repairs and Maintenance | \$66,705 | \$156,130 | \$89,425 | 57% | Cleaning Service, Make-Ready – General, Pool Supplies, Seasonal Flowers, HVAC supplies, Maintenance Supplies, Landscaping Contract, Interior Carpentry, Drywall Prep and Repair and-Light Bulbs/Fixture |
| Resident Retention/Services | \$5,615 | \$4,930 | (\$685) | (13.8%) | Seasonal Parties and Coffee Bar |
| | | | | | |
| COMMENTS: The large variance for repairs and maintenance was due to fewer units needing to be made ready. | | | | | |

| REVENUE | | | |
|--|-----------|--------------------------------------|-------------|
| FOR THE MONTH ENDING: October 31, 2020 | | YEAR TO DATE AS OF: October 31, 2020 | |
| Gross Potential | \$264,059 | Gross Potential | \$2,681,849 |
| Budgeted Rental Income | \$245,360 | Budgeted Rental Income | \$2,653,362 |
| Actual Rental Income Collected | \$276,190 | Actual Rental Income Collected | \$2,502,149 |
| Variance + (-) | \$30,829 | Variance + (-) | \$15,1214 |
| Other Revenue | \$8,109 | Other Revenue | \$51,582 |
| Total Collected | \$284,299 | Total Collected | \$2,704,947 |
| Budgeted | \$249,987 | Budgeted | \$2,548,419 |
| Variance + (-) | \$3,482 | Variance + (-) | \$156,528 |
| 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: | (\$60.64) | |
| | 30-60 Days: | \$0.00 | |
| | 60 Days and Over: | \$0.00 | |
| | TOTAL | (\$60.64) | |

| 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 late on the 5 th day of the month. A Three-Day Notice to Vacate is issued on the 6 th day. | | | |
| 3) When is legal action taken against delinquent accounts? ➤ Legal action is taking between the 15 th and 20 th of the month for those that have not entered into a repayment agreement. | | | |

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|---|-------------------|-------------|--|
| 4) Does the property currently have any resident(s) under eviction? | X | | |
| 5) Does Housing have any outstanding balances? | X | | |
| COMMENTS: The information found in this section is based on the Delinquency and Prepaid report dated 11/23/20. There are 5 units with high balances totaling \$15,925 (units 3489, 3104, 3209, 5302, and 6209). Management explained they have been working diligently with each tenant on repayment agreements, finding agencies for rent resources, and helping them apply for state assistance. As of the date of the report, 2 of the 5 units have been issued a 30-day notice to vacate, 1 skipped, and 2 are paying rent as agreed. There are another 14 units with a 30-day balance of around \$1,000 each. Management will continue to work with all tenant; however, as of November 2020 management will be issuing 30-day notice to vacate for those that do not sign a repayment agreement or fail to pay rent based on an executed agreement. | 0-30 Days: | \$488 | |
| | 30-60 Days: | \$20,707 | |
| | 60 Days and Over: | \$13,034 | |
| | TOTAL | \$34,230.45 | |

| RETURNED CHECKS | YES | NO | N/A |
|--|-----|----|-----|
| 1) Total number of returned checks in the past 3 months: | 11 | | |
| 2) Has the manager collected and deposited all returned checks? | X | | |
| 3) Is the manager following company policy on returned checks? | X | | |
| COMMENTS: Management stated that after a household has two NSF's, they can no longer pay by personal check. | | | |

| 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. ➤ Management continues to attend online training provided through Omnium Management. Training includes fair housing and professional development. | | | |
| COMMENTS: | | | |

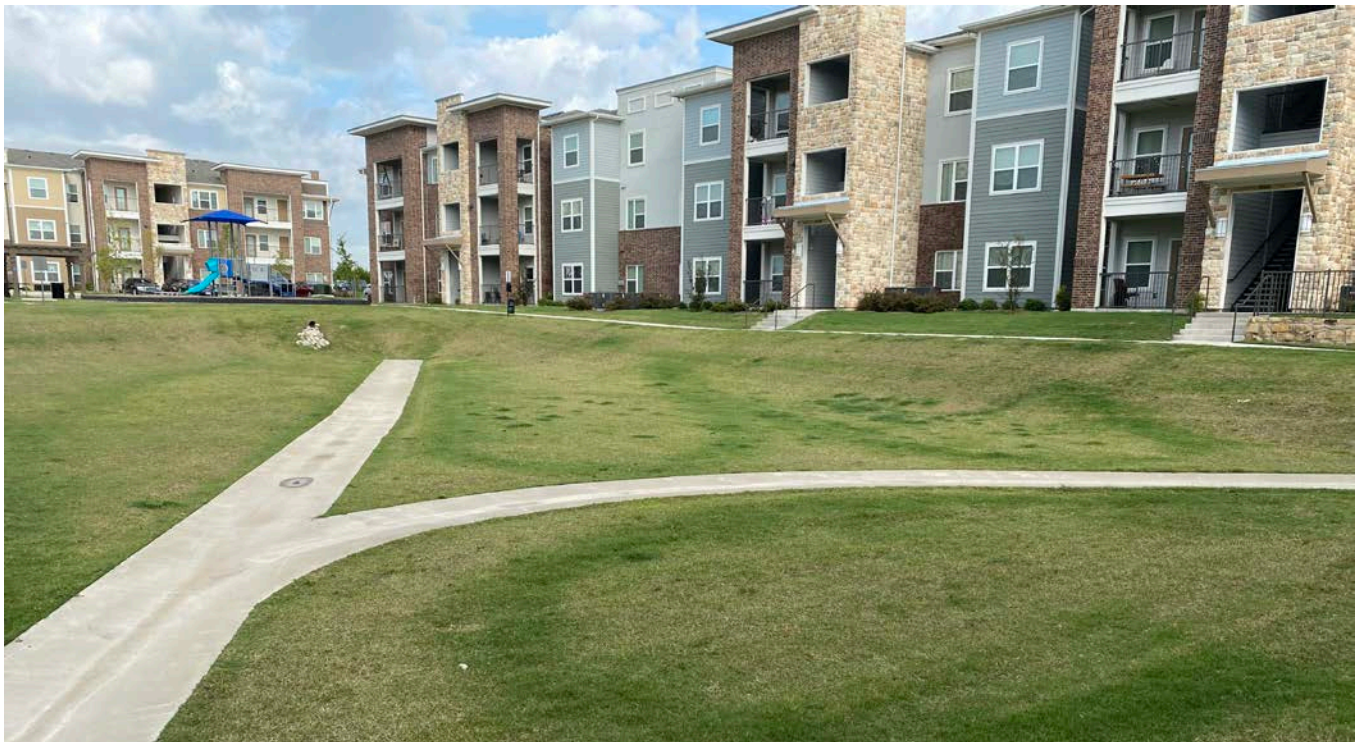
| OWNER PARTICIPATION | YES | NO | N/A |
|---|-----|----|-----|
| 1) Does the owner have access to the software system utilized to manage the property? | X | | |
| 2) How often are reports submitted to the owner? ➤ The owner receives a monthly executive summary report. The summary report includes the property's occupancy, marketing efforts, turnover rate, lease expirations, and a financial summary that include income and operating expenses. | | | |
| 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 \$500 and \$2,500 for the Property Manager and the Regional Property Manager, respectively. | | | |
| 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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