

Texas State Affordable Housing Corporation

Ridgewood Apartments

2830 Lake Rd., Huntsville, Texas 77340

Owner: Dalcov Affordable Housing I, LLC

Date Built: 1996

Management Company: Dalcov Management

Property Manager: Tammy Davis

Inspection Date & Time: November 12, 2020 @ 9:00 a.m.

Inspector's Name: James Matias

| | | | |
|-------------------------------------|-------|---|-------|
| Occupancy at Time of Report: | 94.8% | Average Occupancy Over Last 12 Months: | 93.2% |
| Number of Units: 232 | | | |
| Number of One Bedrooms: | 48 | Number of Two Bedrooms: | 112 |
| Number of Three Bedrooms: | 72 | 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: The property was in overall good condition based on a review of the photos provided. The property's grounds were clean and free of debris. The parking lot and common areas were clean, maintained and accessible. The building exteriors also appeared to be in good condition, the building foundation and roofs did not appear to show any visual signs of distress.

| 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 | | |
| Theft | | |
| Criminal Mischief | | |
| Personal Assault | | |
| Drug Related Activity | | |
| Gun Related Activity | | |
| Domestic Violence | | |
| Disturbance | | |
| Other | | |

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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: The incident table above is blank because management has not been able to obtain recent call logs from the Huntsville Police Department. Management will continue to try to obtain the reports, and when they have them, they will submit them to TSAHC. In order to keep criminal activity low, management informs all tenants of the crime prevention efforts, and policies and lease addendums are signed by tenants. In addition, site management monitor the security surveillance cameras that are placed through the community and use footage to follow-up with tenant and/or issue lease violation, if necessary.

| 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 last risk assessment was conducted in April 2020.

| 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 | | |
| ➤ Annual licenses are required for the swimming pool. | | | |
| 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: Volleyball Court and Fitness Center | 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: The property utilizes Handytrack to help track keys.

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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 a portion of the building weekly; 100% of the buildings are serviced every 4 months | | | |
| 6) What is the policy for following up on completed service requests? ➢ Management follows up on 100% of the work orders to ensure the work is completed to satisfaction. | | | |
| 7) What is the property's after-hours emergency policy? ➢ The Avaya answering service takes all after-hour calls and transfers each call to the appropriate person(s), | | | |
| 8) What capital improvements have been scheduled or completed for this budget year? ➢ Capital improvements completed in this budget year include: Replacing the building numbers, trimming trees, concrete repairs, pool resurfacing, exterior trim and wood replacement, and the replacement of the entry gate system. | | | |
| Detail of Ongoing Repairs and Replacements Completed in Last Budget Year | | | |
| 9) Unit Interior and Appliance upgrades ➢ These items are repaired or replaced as needed. | | | |
| 10) Building Exterior and Curb Appeal repairs ➢ The parking lot was restriped last year. | | | |
| 11) Amenity upgrades ➢ N/A | | | |
| 12) Other repairs or replacements ➢ Last year the property had some trees trimmed. | | | |
| Number of service requests received: | 130 | | |
| Number of requests open from prior periods: | 0 | | |
| Number of service requests completed: | 120 | | |
| Number of service requests completed within 24 hours: | 60 | | |
| Number of outstanding service requests: | 10 | | |
| 13) On average, how many days does it take to complete a work order? ➢ Based on a review of the Work Order Directory dated 9/29/20 through 10/29/20 the maintenance team completed work order within 2.5 days. | | | |
| COMMENTS: The property has 10 open work orders because they are either waiting on parts that are back ordered for HVAC's and appliances or they have recently been opened. | | | |

| MARKETING | | | |
|--|----------------|------------------|-------------|
| 1) Complete the table below with the most recent information available. | | | |
| SOURCE | COST | # of Prospects | # of Leases |
| Drive-By, Word of Mouth (\$200 / qtr) | \$0 | 7 | 2 |
| Flyers (\$50 / month) | \$600 | | |
| Resident Referral: \$50 referral fee – 5 per quarter | \$1,000 | 10 | 3 |
| Locator Service | | | |
| Printed/Internet Advertising: Local newspaper \$320 quarterly, Social Media (24), Property Website (16), Website (12) Apartments.com (\$460/month) | \$6,800 | 52 | 1 |
| Other Source: Apartment Finder (1), Employment Referral (1), Housing Agency (24), | | | |
| TOTAL | \$8,400 | 69 | 6 |
| The rental activity reflected in the above table was from a Traffic Report dated 9/26/2020 through 10/26/2020. | | | |
| | 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 (see comments) | |
| COMMENTS: Market surveys are completed quarterly by the Manager. | | | |

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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: (Aug – Sept) 80% | 6 months: 88.2% | 12 months: 89.6% |
| 3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or “skip”? | 20% (11) | | |
| 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? ➢ The last rent increase was in May 2019 with at rent increase of about \$20. | | | |
| 10) How many households are currently on month-to-month leases? ➢ N/A | | | |
| 11) What is the charge for month-to-month leases? ➢ N/A | | | |
| COMMENTS: | | | |

| VACANT/MAKE READY UNITS | | | |
|---|---|-----------|------------|
| 1) Number of vacant units at time of activity report: | | | 13 |
| 2) Number of completed made ready units at time of activity report: | | | 10 |
| 3) Number of completed one bedroom units at time of activity report: | | | 2 |
| 4) Number of completed two bedroom units at time of activity report: | | | 5 |
| 5) Number of completed three bedroom units at time of activity report: | | | 3 |
| 6) Number of uncompleted made ready units at time of activity report: | | | 3 |
| 7) Number of uncompleted one bedroom units at time of activity report: | | | 1 |
| 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: | | | 2 |
| Units Walked | | | |
| Unit # | Brief Description | | |
| 208 | (1x1) Vacant for 238 days: Ready | | |
| 606 | (1x1) Vacant for 17 days: Almost ready | | |
| 615 | (2x2) Vacant for 59 days: Ready | | |
| 801 | (3x2) Vacant for 21 days: Almost Ready, Bathroom cabinets are chipping, need paint or replacement | | |
| 1112 | (2x2) Vacant for 29 days: 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: quarterly (see comments) | | | |

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| 7) How often are vacant units inspected? ➤ Vacant units are inspected: Weekly |
| 8) How many vacant units are in progress of being made ready? ➤ There are 13 vacant units, 3 of which are in the make-ready process. |
| 9) What is the company policy on the number of days to turn vacant units? ➤ The company policy for turning vacant units is 5-7 business days. |
| COMMENTS: Occupied units are being inspected less frequently in 2020 due to the covid-19 pandemic and the need to social distance. |

BUDGET MANAGEMENT

| |
|--|
| 1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required to obtain supplies or services outside the budget. |
| 2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ The current budget has not been negatively affected. |
| 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 |
|-------------------------|----------|----------|----------|-------|--|
| Redecorating Expenses | \$37,458 | \$48,060 | \$10,602 | 22.1% | Carpet Cleaning and Repair, Contract Cleaning, Contract Painting Labor, Paint and Supplies |
| Repairs and Maintenance | \$25,943 | \$52,191 | \$26,248 | 50.3% | Carpet Wet Vacs, Interior Repairs, Plumbing, Building and Structures, Pool and Spa Maintenance |

COMMENTS: The Repairs and Maintenance expense is coming in well under budget because the pool and spa maintenance was deferred due to the covid-19 pandemic.

REVENUE

| FOR THE MONTH ENDING: SEPTEMBER 2020 | | YEAR TO DATE AS OF: SEPTEMBER 2020 | |
|--------------------------------------|-----------|------------------------------------|-----------|
| Gross Potential | \$161,348 | Gross Potential | \$322,954 |
| Budgeted Rental Income | \$161,074 | Budgeted Rental Income | \$322,148 |
| Actual Rental Income Collected | \$156,723 | Actual Rental Income Collected | \$310,046 |
| Variance + (-) | \$4,827 | Variance + (-) | \$6,554 |
| Other Revenue | \$7,388 | Other Revenue | \$12,498 |
| Total Collected | \$164,111 | Total Collected | \$322,544 |
| Budgeted | \$157,018 | Budgeted | \$313,736 |
| Variance + (-) | \$7,093 | Variance + (-) | \$8,808 |

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: | | \$11,550 |
| | 30-60 Days: | | \$0 |
| | 60 Days and Over: | | \$0 |
| | TOTAL | | \$11,550 |

| 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 6 th . A 30-day notice is sent on the 6 th of the month during the pandemic months. A 3-day Notice to vacate (NTV) is sent on the 6 th during a normal year. | | | |
| 3) When is legal action taken against delinquent accounts? ➤ Legal action is taken around the 20 th unless a repayment agreement has been signed. | | | |

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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: | 0-30 Days: | | \$5,407 |
| | 30-60 Days: | | \$94 |
| | 60 Days and Over: | | \$0 |
| | TOTAL | | \$5,501 |

| RETURNED CHECKS | YES | NO | N/A |
|---|-----|----|-----|
| 1) Total number of returned checks in the past 3 months: | | 3 | |
| 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 members are required to participate in various trainings provided through local apartment associates, tax credit courses and Grace Hill courses. TAA and TDHCA webinars. | | | |

COMMENTS: A Regional Manager was added on March of 2020. A new leasing agent was hired in October of 2020.

| 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? ➤ Owner has access and reviews or pulls reports when needed. | | | |
| 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 must seek approval for anything over \$500 outside the budget. | | | |
| 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 |
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| <p>No Observations and no Findings.</p> |

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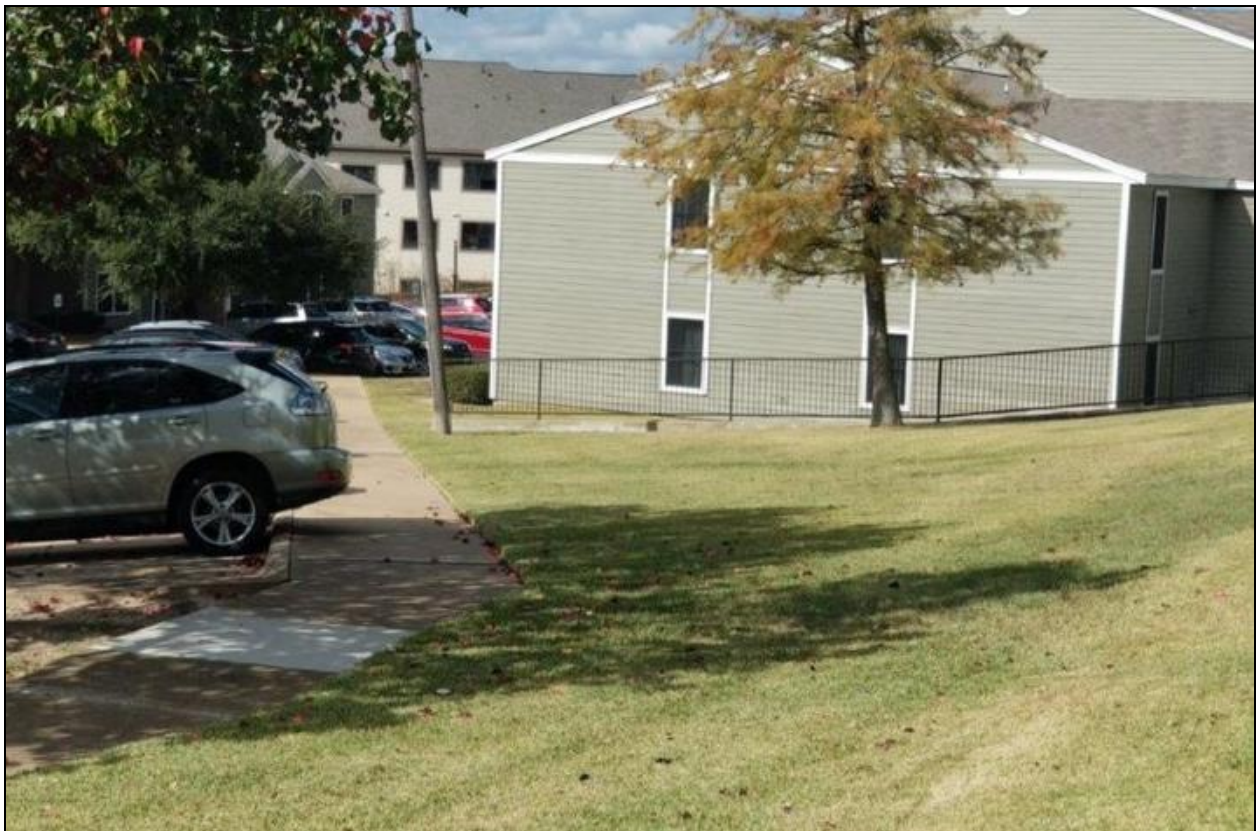
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