

Texas State Affordable Housing Corporation

Spring Terrace

2600 S. Spring St., Amarillo, Texas 79109

Owner: RHAC – Spring Terrace Apartments, LLC

Date Built: 1983

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

Property Manager: Shasta Hill

Inspection Date & Time: October 13, 2020 at 1:30 p.m.

Inspector's Name: Celina Mizcles Stubbs

| | | | |
|-------------------------------------|-----|---|-----|
| Occupancy at Time of Report: | 98% | Average Occupancy Over Last 12 Months: | 98% |
| Number of Units: 50 | | | |
| Number of One Bedrooms: | N/A | Number of Two Bedrooms: | 40 |
| Number of Three Bedrooms: | 10 | 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 (see comment) | | |
| 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 the pictures submitted for review, the property appears to be in good condition. The property signage, community areas, and building structures are clean and appear to be well maintained. The lawn appears to be mowed this year however there are several patches of dead grass and/or patches of dirt on the property grounds. In addition, dirt paths are being created in high traffic areas. Management mentioned an underground main water line burst. Contractors had to dig into the ground to complete the repairs which left dirt patches on the property grounds.

| 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 | 2 | 2 (Theft/Larceny) |
| Criminal Mischief | | |
| Personal Assault | | |
| Drug Related Activity | 1 | |
| Gun Related Activity | | |
| Domestic Violence | | |
| Disturbance | 10 | |

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| Other | 5 | 4 (Suspicious Activity) and 1 (Weapons Offense) | | |
|---|---|---|----|-----|
| | | 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: According to the Amarillo Police Depart call logs dated June through August 2020, there were a total of 26 calls made. Eighteen of those calls are listed above. Based on this total, the criminal activity appears to remain low at the property. Management is encouraged to continue their efforts taken regarding proactive measures to deter crime at the property. Light checks are conducted monthly. | | | | |

| 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 the summer of 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 |
| | ➤ (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 |
| 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 |
|---------------------|--|-----|----|-----|
| 1) | Does the property have a preventative maintenance program? | X | | |

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|---|---|--|--|
| 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 monthly. Due to covid they are only treating building exteriors. Once it is safe to do so, unit interiors will be treated. | | | |
| 6) What is the policy for following up on completed service requests? ➢ Management follows up on roughly 25% of work orders. | | | |
| 7) What is the property's after-hours emergency policy? ➢ All after-hour calls are sent to the Property Manager via phone/email and the on-call maintenance staff via phone. | | | |
| 8) What capital improvements have been scheduled or completed for this budget year? ➢ No capital improvements have been scheduled or completed for this budget year due to covid. | | | |

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

| | | | |
|--|----|--|--|
| 9) Unit Interior and Appliance upgrades ➢ Appliance were replaced as needed. | | | |
| 10) Building Exterior and Curb Appeal repairs ➢ There were no building exteriors or curb appeal repairs completed. | | | |
| 11) Amenity upgrades ➢ No amenity upgrades were completed in the last budget year. | | | |
| 12) Other repairs or replacements ➢ Ten swamp coolers were replaced. | | | |
| Number of service requests received: | 44 | | |
| Number of requests open from prior periods: | 0 | | |
| Number of service requests completed: | 44 | | |
| Number of service requests completed within 24 hours: | 24 | | |
| 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 2.5 days to complete a work order. | | | |

COMMENTS: The Service Request Activity report dated 7/1/2020 through 09/20/2020 was submitted for review.

MARKETING

| 1) Complete the table below with the most recent information available. | | | |
|---|------------|----------------|-------------|
| SOURCE | COST | # of Prospects | # of Leases |
| Drive-By/Word of Mouth | \$0 | 1 | 0 |
| Flyers | \$0 | 0 | 0 |
| Resident Referral | \$0 | 46 | 28 |
| Locator Service | \$0 | 1 | 0 |
| Printed/Internet Advertising (Google.com) | \$0 | 14 | 14 |
| Other Source: (Referral Companies – Martha's House and Other) | \$0 | 6 | 0 |
| TOTAL | \$0 | 68 | 14 |

The rental activity reflected in the above table was from 7/1/2020 through 9/30/2020

| | 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:

| 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 | | |

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| | | | |
|--|-----------------|------------------|-------------------|
| 2) What percentage of residents renewed last month, past 6 months, and past 12 months? | Current: N/A | 6 months: N/A | 12 months: 59% |
| 3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"? | 22% | | |
| 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 February 2020, the average increase was \$9. | | | |
| 10) How many households are currently on month-to-month leases? > N/A - month-to-month leases are not offered. | | | |
| 11) What is the charge for month-to-month leases? > N/A | | | |
| COMMENTS: According to management, the low percentage of resident renewals in the past 12 months is due to a few households moving out by choice, buying homes and/or leaving for other HUD housing programs. | | | |

| VACANT/MAKE READY UNITS | | | |
|--|-------------------------------|----|-----|
| 1) Number of vacant units at time of activity report: | | | 1 |
| 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: | | | 1 |
| 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: | | | 0 |
| Units Walked | | | |
| Unit # | Brief Description | | |
| 45 | 2 x 1, Vacant, Not 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, due to covid. Once it is deemed safe again, management will resume quarterly unit inspections. | | | |
| 7) How often are vacant units inspected? > Vacant units are inspected: Daily | | | |
| 8) How many vacant units are in progress of being made ready? > One vacant unit is in the process 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 5 business days. | | | |
| COMMENTS: | | | |

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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. |
| 2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ According to management, an underground main water line burst this year that was repaired. In addition, management conducted a hydrogenic camera test to detect leaks in hopes of preventing future water line leaks/break. These two items totaled over \$7,300 and 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 |
|-------------------------------|----------|----------|------------|---------|--|
| Salaries & Benefits | \$57,106 | \$73,048 | \$15,941 | 21.8% | Salaries – Maintenance |
| Leasing Expenses | \$63 | \$250 | \$187 | 74.8% | Promotions and Entertainment |
| Maintenance Expenses | \$11,200 | \$9,033 | (\$2,167) | (23%) | Plumbing, Doors/Locks/Keys, and Appliances |
| Turnover Expenses | \$5,593 | \$3,370 | (\$2,223) | (65.9%) | Cleaning Contract and Materials- Painting |
| Repair/Replacement Under \$5K | \$28,542 | \$8,750 | (\$19,792) | (226%) | Plumbing, Other, Interior Tiles, HVAC Under \$5K and Water Heaters |

COMMENTS: As mentioned above, the property had to repair an underground main water line that burst. In hopes to prevent future water leaks, they conducted a hydrogenic cameras test to detect leaks in hopes of preventing future water line leaks/breaks.

| REVENUE | | | |
|---------------------------------------|-----------|-------------------------------------|-----------|
| FOR THE MONTH ENDING: AUGUST 31, 2020 | | YEAR TO DATE AS OF: AUGUST 31, 2020 | |
| Gross Potential | \$38,980 | Gross Potential | \$311,021 |
| Budgeted Rental Income | \$38,016 | Budgeted Rental Income | \$306,925 |
| Actual Rental Income Collected | \$37,014 | Actual Rental Income Collected | \$303,849 |
| Variance + (-) | (\$1,002) | Variance + (-) | (\$3,075) |
|)Other Revenue | \$614 | Other Revenue | \$1,583 |
| Total Collected | \$37,629 | Total Collected | \$305,432 |
| Budgeted | \$38,554 | Budgeted | \$310,455 |
| Variance + (-) | (\$925) | Variance + (-) | (\$5,022) |

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: | | \$330 |
| | 30-60 Days: | | (\$89) |
| | 60 Days and Over: | | (\$134) |
| | TOTAL | | \$107 |

| 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 considered late on the 6 th 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? ➤ Unless the tenant has come to an agreement with management, eviction is filed around the 20 th . | | | |
| 4) Does the property currently have any resident(s) under eviction? | X (see comment) | | |
| 5) Does Housing have any outstanding balances? | X | | |
| COMMENTS: According to management, the balance is due for two units with scheduled evictions. | 0-30 Days: | | \$1,905 |

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| | | |
|--|-------------------|----------------|
| | 30-60 Days: | \$840 |
| | 60 Days and Over: | \$1,183 |
| | TOTAL | \$3,928 |

| 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 | |
| 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 utilize Grace Hill's online trainings. | | | |
| 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? ➤ 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 owner's approval for amounts over \$500. The Regional Manager requires owner approval for amounts in excess of \$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 Observation or Findings. |

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