

Texas State Affordable Housing Corporation

The Willows Apartments

1332 Lamar Square Dr., Austin, Texas 78704

Owner: Mary Lee Foundation

Date Built: 2010

Management Company: Mary Lee Foundation

Property Manager: William Whitley

Inspection Date & Time: December 17, 2020 at 10:300 a.m.

Inspector's Name: James Matias

| | | | |
|-------------------------------------|-----|---|-------|
| Occupancy at Time of Report: | 96% | Average Occupancy Over Last 12 Months: | 95.6% |
| Number of Units: 64 | | | |
| Number of One Bedrooms: | 51 | Number of Two Bedrooms: | 9 |
| Number of Three Bedrooms: | 4 | 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 – see observation | | |
| 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 is in overall good condition (i.e., grounds, parking lot, building exteriors, common areas, etc.) however there were a few areas that need to be addressed. The grounds appeared to have a lot of leaves that could be raked cleaned up. Some portions of the building in the back or on the side need to be power washed. The gutters, roof, and staircases were all found in sound condition and functioning properly.

Observation:

- **The breezeways and staircases are dirty with numerous stains. Management stated they have been power washed in the last year or two, but the treatment was not effective. It is suggested that this is completed again by a reputable company that will also scrub the stained areas.**

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 | | |

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|---|--|--|------------------|-----------|------------|
| Gun Related Activity | | | | | |
| Domestic Violence | | | | | |
| Disturbance | | | | | |
| Other | | | | | |
| | | | YES | NO | N/A |
| 2) Does the property utilize a crime prevention agreement? | | | X (see comments) | | |
| 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: Crime prevention guidelines are found in the community policy. Management did not request 3 months of police reports however confirmed they keep track of reported incidents when and if reported to management. In an effort to deter crime, management reviews their security surveillance system, conducts tenant interviews when necessary, and provides tenant counseling and/or issues lease violations. The Property Manager confirmed that all surveillance cameras are operable and light checks are completed weekly by a maintenance. | | | | | |

| | | | | | |
|---|--|--|------------|-----------|------------|
| 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 Manager walks and assess the property grounds weekly. The annual risk assessment was completed in January 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 (see comments) | |
| 7) Does the property require licenses or permits? | | | X | | |
| ➤ Annual elevator and fire alarm licenses/permits. | | | | | |
| 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: Library and Food Pantry | | | X | | |
| COMMENTS: The property does not have a compliance department; however, a manger's assistant was recently hired. The new property assistant along with an office assistant are monitoring tenant files for compliance and entering everything into Onesite. Onesite was recently acquired to help them manage the property and files. | | | | | |

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

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|---|---|--|--|
| 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 | | |
| 4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? | X | | |
| 5) How often are Pest Control services provided? <ul style="list-style-type: none"> ➢ Pest control treats each unit every 6 weeks with the current schedule. | | | |
| 6) What is the policy for following up on completed service requests? <ul style="list-style-type: none"> ➢ Tenants are required to sign a work order completion forms and the Property Manager visits and/or calls back at least 95% of completed work orders to ensure tenant satisfaction. | | | |
| 7) What is the property's after-hours emergency policy? <ul style="list-style-type: none"> ➢ Tenants are provided the after-hours number which will call the on-call staff member directly. | | | |
| 8) What capital improvements have been scheduled or completed for this budget year? <ul style="list-style-type: none"> ➢ The property completed some washer and dryer replacements in the current budget year | | | |

| Detail of Ongoing Repairs and Replacements Completed in Last Budget Year | | | |
|--|--------------|--|--|
| 9) Unit Interior and Appliance upgrades <ul style="list-style-type: none"> ➢ There were no unit interior upgrades completed however appliances were replaced, as needed. | | | |
| 10) Building Exterior and Curb Appeal repairs <ul style="list-style-type: none"> ➢ There were no building exterior or curb appeal repairs completed during the last budget year. | | | |
| 11) Amenity upgrades <ul style="list-style-type: none"> ➢ No amenity upgrades were completed last budget year. | | | |
| 12) Other repairs or replacements <ul style="list-style-type: none"> ➢ Property trees and shrubs were removed during the last budget year. | | | |
| Number of service requests received: | 8 | | |
| Number of requests open from prior periods: | 35 | | |
| Number of service requests completed: | 43 | | |
| Number of service requests completed within 24 hours: | See comments | | |
| Number of outstanding service requests: | 0 | | |
| 13) On average, how many days does it take to complete a work order? <ul style="list-style-type: none"> ➢ The reviewer is unable to determine the exact turn time for work orders. Management stated that it takes two to four days. | | | |

COMMENTS: Management provided a Work Order Status report for the last 30 days (11/9/2020 through 12/9/2020). This report shows the amount of completed and pending work orders but does not show how quickly they were closed. The Manager stated they are in the process of implementing all work orders in the new Onsite system at this time. Maintenance will be able to open and close work orders from his phone when Onsite is fully integrated.

| MARKETING | | | |
|---|------|----------------|-------------|
| 1) Complete the table below with the most recent information available. | | | |
| SOURCE | COST | # of Prospects | # of Leases |
| Drive-By/Word of Mouth | | | |
| Flyers | | | |
| Resident Referral | | | |
| Locator Service | | | |
| Printed/Internet Advertising | | | |
| Other Source | | | |
| TOTAL | | | |

| The rental activity reflected in the above table was for the month of: N/A – see comment below | | | |
|---|-----|----|-----|
| | 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: During the review, management stated they do not market the property as they work off a lengthy wait list.

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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: 13% (see comment) | 6 months: 100% | 12 months: 99% |
| 3) | What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"? | 16% (1) | | |
| 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 implemented in December 2020, there was an average increase of about \$5. | | | |
| 10) | How many households are currently on month-to-month leases? > There are no month-to-month leases. | | | |
| 11) | What is the charge for month-to-month leases? > N/A | | | |
| COMMENTS: The property had 6 total move outs in 2020, one resident was evicted in May for non-payment of rent. Management stated that the property maintains a very high renewal rate and the current numbers provided which indicate 13%, is incorrect. He said that things must have been entered wrong as data is integrated into Onesite and the property manager is certain that there were only 1 - 2 non-renewals for December. | | | | |

| 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: | | | 2 |
| 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 | | | |
| 114 | (0x1) Vacant: Pre-leased. Should be completed by end of December | | | |
| 315 | (0x1) Vacant: Very hard turn, almost 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 – see comment | | |
| 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 – see comment | | |
| 6) | How often are occupied units inspected? > Occupied units are inspected: Quarterly | | | |

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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? ➤ Two units are 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 units in 5-7 business days. |
| COMMENTS: Management stated the last two vacancies have taken longer because the prior residents perished in the units. When this happens, there are several steps that need to take place prior to the make ready getting started. In addition, management stated unit 315 was a hoarder and the make ready process is taking extra-long. |

BUDGET MANAGEMENT

| |
|---|
| 1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required for services, supplies and materials. |
| 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 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 |
|------------------|----------|----------|----------|-----|--|
| Wages and Taxes | \$21,709 | \$29,858 | \$8,149 | 27% | The Willows – regular wages |
| Regular Expenses | \$57,921 | \$76,843 | \$18,922 | 24% | Utilities, repairs & maintenance, Bad debt write-off, vacancy loss |

COMMENTS: The numbers above are derived from The Willows FYQ1 (July through September 2020).

REVENUE

| FOR THE QUARTER ENDING: September 2020 | | YEAR TO DATE AS OF: September 2020 | |
|--|----------|------------------------------------|----------|
| Gross Potential | \$93,900 | Gross Potential | \$93,900 |
| Budgeted Rental Income | \$90,349 | Budgeted Rental Income | \$90,349 |
| Actual Rental Income Collected | \$90,529 | Actual Rental Income Collected | \$90,529 |
| Variance + (-) | \$180 | Variance + (-) | \$180 |
| Other Revenue | \$6,363 | Other Revenue | \$6,363 |
| Total Collected | \$97,460 | Total Collected | \$97,460 |
| Budgeted | \$93,900 | Budgeted | \$93,900 |
| Variance + (-) | \$3,560 | Variance + (-) | \$3,560 |

COMMENTS: The numbers above are derived from The Willows FYQ1 (July through September 2020).

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? ➤ Invoices are processed when received. | X | | |
| COMMENTS: According to the Controller, payables are processed and paid weekly. | | | |
| | 0-30 Days: | | \$421.61 |
| | 30-60 Days: | | \$0 |
| | 60 Days and Over: | | \$0 |
| | TOTAL | | \$421.61 |

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 day of each month and considered late on the 6 th day. If rent is not paid, management issues a 10-Day Notice followed by a 30-Day Notice followed by a final 3-Day Notice. | | | |

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|---|--------------|---|---------|
| 3) When is legal action taken against delinquent accounts? ➤ Action is taken against those who have not paid rent and those who have not signed a repayment agreement. Management takes legal action at the end 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 utilizes rent rolls to capture each month's delinquency. The chart to the right reflects the ending balance for the December rent roll. The Property Manager is working diligently to reduce the monthly delinquent amounts by issuing late rent notices when needed as well as helping tenants locate resources to help pay their balances. Most of the delinquent balance is made up from four units. Two of the units will be processed for eviction when it is allowed, and the other two units are paying soon according to management. One of the units who will eventually be processed for eviction has a balance greater than \$5,500, more than 50% of the total property delinquency. Management stated they avoid repayment plans because they have been told by an eviction court judge that it can void parts of the lease. | Current | | \$3,729 |
| | 0-30 days | | \$1,969 |
| | 60 days Plus | | \$3,964 |
| | Total | | \$9,662 |

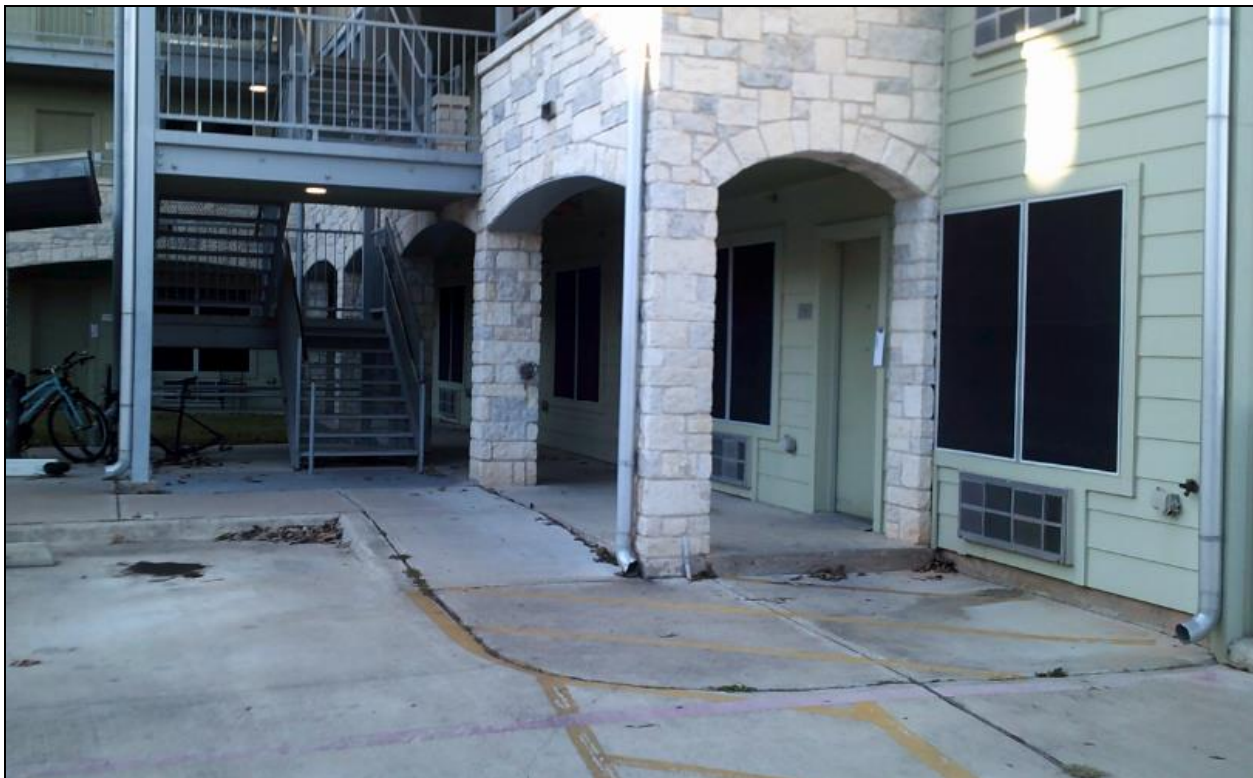
| RETURNED CHECKS | YES | NO | N/A |
|---|-----|----|-----|
| 1) Total number of returned checks in the past 3 months: | | 0 | |
| 2) Has the manager collected and deposited all returned checks? | X | | |
| 3) Is the manager following company policy on returned checks? | X | | |
| COMMENTS: | | | |

| 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 – see comment | | |
| 11) List training staff has received in the past year. ➤ All outside training has been postponed due to the Covid-19 pandemic. Staff has some internal training that they do attend, specifically the new Assistant Property Manager. | | | |
| COMMENTS: Mary Lee foundation is trying to fill two vacancies for maintenance staff members. The Assistant Property Manager started at the end of November. | | | |

| 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? ➤ Owners have access to Onsite to pull reports as needed. | | | |
| 3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ All dollar amounts require owner approval. | | | |
| 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 Findings. |
| Observation: |
| <ul style="list-style-type: none"> The breezeways and staircases are dirty with numerous stains. Management stated they have been power washed in the last year or two, but the treatment was not effective. It is suggested that this is completed again by a reputable company that will also scrub the stained areas. |

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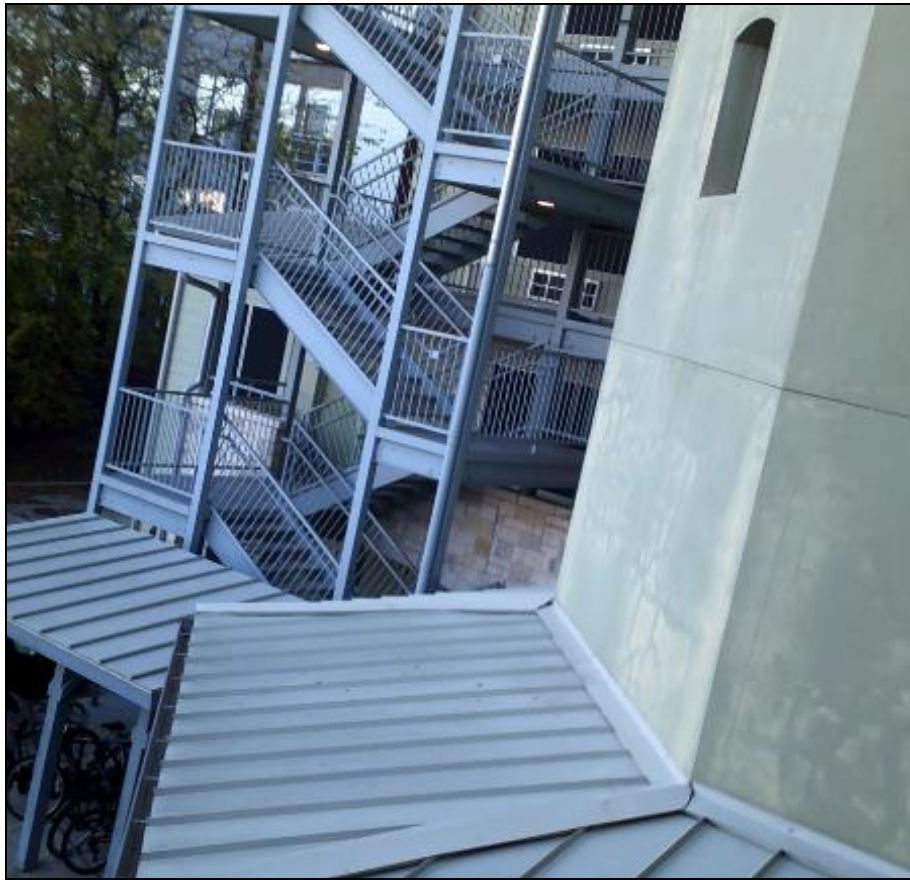
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