

Texas State Affordable Housing Corporation

Marshall Meadows

1803 Marshall Cross, San Antonio, Texas 78214

Owner: Vesta Corporation

Date Built: 2000

Management Company: Vesta Corporation

Property Manager: Maximo Ortiz/ Rhonda Houston

Inspection Date & Time: May 25, 2021 @ 9:30 am

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	89%	Average Occupancy Over Last 12 Months:	94%
Number of Units: 250			
Number of One Bedrooms:	50	Number of Two Bedrooms:	114
Number of Three Bedrooms:	86	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 - see comment		
13) Is the exterior of the buildings in acceptable condition?	X		
14) Are hallways clean and maintained?	X - see comment		
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 - see comment		
19) Do balconies and upper level walkways appear to be in good condition?	X - see comment		
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: This was the first Asset Oversight review for Vesta Corporation who is the borrower and management agent for Marshall Meadows Apartments. Based on visual observations made during the onsite physical inspection, the grounds were clean and free of debris, and the hallways appeared to be clean and well maintained. All building exteriors were recently painted, and management stated all emergency exit signs and emergency lights were replaced. The following observation were made that will require follow up.

- Building 1 has damaged exterior siding. Management said they will address it.
- Laundry room: The laundry room was not clean. Two of the 8 machines were found vandalized and were inoperable. Management stated they notified the vendor for machine repairs and/or replacement. Management also stated the room will be rehabbed soon (i.e., new paint and a thorough cleaning).
- Waste receptacle areas: The waste areas were generally in good condition. The regular trash bins are routinely picked up 3 times per week. However, the Redbox roll out dumpster that is utilized for bulk items was full and appeared to be overflowing with bulk items. A few bulk items were found on the ground around the large dumpster. According to management, the Redbox roll-out dumpster is not routinely picked up. Instead, management must call to schedule a pickup. These pick-ups can take anywhere from 3 days to 3 weeks. Management is advised to shop for a vendor that can guarantee routine pickups.
- White Box storage container: Management placed a storage container on the parking lot to store supplies and trash-out debris from the units that are undergoing rehabs due to the damage incurred from Texas freeze (Winter Storm Uri). The storm affected units 116, 126, 136, 226, 314, 324, and 334. Management stated the white box will be removed when the rehab is complete.

Texas State Affordable Housing Corporation

- Blinds: There were a few damaged blinds observed during the property walk. According to management, now that the property manager position is filled, they will begin composing a list of units that have damaged blinds and start replacement shortly thereafter. Blinds will be replaced at the tenant's expense.
- Roofs: There appeared to be a few damaged shingle patches noted on a couple of roofs. Management stated they are in the process of repairing or replacing all roof and trim damages for the entire property. They hope to complete this task by July 2021.
- Unit 825 had bulk items (furniture) on their balcony. Management stated the unit flooring was being replaced at the time and the furniture will be moved back into the unit when the job is completed.

Finding:

- **There were several observations made during the physical inspection on the day of the onsite visit. In order to ensure management (site-staff) addresses all of the bulleted items noted above, management must provide TSAHC with a status update until the items are completed. The first status update is due 7/30/2021, subsequent updates will be due every 30-days until items are completed.**

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	4	Burglary Alarm (4)
Theft	6	Theft (4) Theft of Vehicle (2)
Criminal Mischief	0	N/A
Personal Assault	2	Assault In Progress (2)
Drug Related Activity	0	N/A
Gun Related Activity	3	Shot Fired/ Heard (3)
Domestic Violence	4	Family Violence (4)
Disturbance	37	Disturbance (25), Disturbance Loud Music (3), Disturbance Family (6), Disturbance Neighbor (2), Disturbance with Knife involve (1)
Other	18	Sexual Offense-Minor (1), Suspicious Person (9), Suspicious Vehicle (4), Visitation Violation (1), Prowler (1), Fight (2)

	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 chart above was completed using the San Antonio Police Department (SAPD) call log dated February 1, 2021 through May 11, 2021. There was a total of 95 calls made, 74 of the 95 calls (77%) are listed in the chart above. The 2020 Asset Oversight Report did not report any criminal activity because management did not provide them for review. However, this is a significant increase from total number of calls logged and listed on the 2019 Asset Oversight Report. Management increased the amount of camera surveillance on the property by adding 3 security surveillance stations throughout the property. The stations are placed strategically throughout the property, each station has 4 cameras that provide 3 angles of the property. This is in addition to the existing 16 cameras on the property. Management confirmed that the use of these stations has helped the community tremendously. In addition to the added surveillance, management also hired a San Antonio Police Department officer to monitor the property and monitor the surveillance footage. The SAPD Officer acts, when needed.

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: Both site management staff and regional staff walk the property constantly.

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		

Texas State Affordable Housing Corporation

➤ 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? ➤ (Describe) The property pool and the fire system require annual permits.	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 – see comment		
➤ Business Center	X		
➤ Pool		X – see comment	
➤ Other: Pet Pick-up Stations and Basketball court	X		

COMMENTS: During the site visit, there were a few observations made regarding the community amenities.

Findings:

- **Pool:** The pool was closed due the pandemic, but the reviewer observed the water to be cloudy and green on the day of the site visit. According to management, the pool contract expired and was not renewed within the required timeframe. Since the date of the visit, management confirmed that the pool contract has been executed and the pool has been treated to clear up the water. However, the pool remains closed due to covid. Management is required to submit a picture of the pool.
- **Laundry room:** The laundry room was dirty on the day of the site visit. Some of the machines were vandalized and 2 of the 8 machines were inoperable. Management said they are in the process of obtaining bids to replace the inoperable machines. Management must submit copies of the bids received to date.

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: During the physical unit inspection, there were a couple of instances where the key that was pulled did not open the vacant unit selected for review. Based on a conversation with management, if keys were not returned timely by vendors the locks were rekeyed for security purposes (units 213 and 828). While replacing the keys is the proper step to take in this scenario, it is apparently that the new keys have not been properly recorded or maintained. In a different scenario, there were two vacant units selected for review and were occupied (unit 122 and 518).

Findings:

- **Management must ensure unit keys are properly tracked, coded, and kept secure. Management must conduct a 100% key audit on the vacant units. Written certification must be submitted to TSAHC to support that the audit was completed and that the keys for vacant units are properly coded, secure, and tracked.**
- **The property's unit make-ready report and make-ready board must be updated to show which units are truly vacant. In addition, management should properly document units occupied by individuals/families that were affected by the Texas Freeze (Winter Storm Uri) that are temporarily staying at Marshall Meadows.**

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 are provided weekly for up to 15 units, including those that request service. According to management each unit will receive treatment 2 -3 times per year.			
6) What is the policy for following up on completed service requests? ➤ Site staff is required to follow up on 100% of completed work orders.			
7) What is the property's after-hours emergency policy? ➤ The property utilizes an answering service. The answering service will contact the designated staff member that is on-call.			

Texas State Affordable Housing Corporation

8) What capital improvements have been scheduled or completed for this budget year? ➤ The following capital improvements have been completed or are scheduled to be completed during the current budget year: roof repairs, installation of 3 security surveillance stations, replacement of all emergency exit sign and lights, and the installation of sensors on the water-heater (leak-detection service). Management hopes to replace 2 inoperable laundry machines with new water efficient machines.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
9) Unit Interior and Appliance upgrades ➤ As funds were available, unit interior upgrades were completed (i.e., paint, floors, counter tops, appliances and light fixtures).			
10) Building Exterior and Curb Appeal repairs ➤ All building exteriors were painted.			
11) Amenity upgrades ➤ N/A			
12) Other repairs or replacements ➤ N/A			
Number of service requests received:	144		
Number of requests open from prior periods:	0		
Number of service requests completed:	61		
Number of service requests completed within 24 hours:	17		
Number of outstanding service requests:	83		
13) On average, how many days does it take to complete a work order? ➤ Work orders are complete in an average of 2 days.			
COMMENTS: Based on the Work Order Directory Report dated 4/25/21 – 5/25/21, there were a total of 144 work orders of which 61 have been completed. According to management, the delay in closing work orders is due to two factors; first, there was a period of time where maintenance staff was not entering units to completed work orders that were not considered emergencies. Second, two maintenance positions (the maintenance assistance and the make-ready position) have been vacant for over a year. Management disclosed it has been extremely difficult filling these positions due to covid. Due to the lack of staff, the maintenance team focuses on emergency orders and working on make-readies when available. In addition, management stated the process of opening and closing work order was a task for the leasing agent which happens to be another position that is vacant at this time.			
Observation: <ul style="list-style-type: none"> Until the leasing agent position is filled, management must designate other site-staff to open and close work orders. 			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth (Walk-ins/Calls)	\$0	9	
Flyers	\$0		
Resident Referral			
Locator Service			
Printed/Internet Advertising: (RentCafe.com \$14.99 a door 250 per year)	\$312	18	
Other Source			
TOTAL	\$312	27	2 - See comment
The rental activity reflected in the above table was for the month of: 4/24/21 – 5/24/21			
	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: The Traffic Sheet dated 4/24/2021 – 5/24/2021 stated there were 2 "applications approved" however the reviewer was unable to determine what traffic source produced the 2 approved applicants.			

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: 85.71%	6 months: 86.67%	12 months: 88.23%

Texas State Affordable Housing Corporation

3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?			13.58%
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 dated April 2021. The average rent increase was \$28.			
10) How many households are currently on month-to-month leases? ➤ According to management, there are a couple of month-to-month leased due to delayed recertification process.			
11) What is the charge for month-to-month leases? ➤ N/A – there is no charge for the current month-to-month leases.			

COMMENTS:

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	30
2) Number of completed made ready units at time of activity report:	4
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:	2
5) Number of completed three bedroom units at time of activity report:	2
6) Number of uncompleted made ready units at time of activity report:	25
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:	12
9) Number of uncompleted three bedroom units at time of activity report:	12

Units Walked

Unit #	Brief Description
213	(3x2) Vacant: The unit is not made-ready.
424	(3x2) Vacant: The unit is not made-ready
828	(3x2) Vacant: The unit is 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?	See comment		
2) Are units being turned in a timely manner?	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		
6) How often are occupied units inspected? ➤ Occupied units are inspected: Quarterly. These inspections were not conducted in 2020 due to the pandemic however they resumed in March 2021.			
7) How often are vacant units inspected? ➤ Vacant units are inspected: Monthly			
8) How many vacant units are in progress of being made ready? ➤ There are 30- units that are vacant and not made ready. See comment			
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy is to make units ready within 5 business days.			

COMMENTS: There are a total of 25 units that need to be made-ready. The make-ready process has taken much longer than the company policy of 3-5 business days due to the lack of maintenance staff and the wait time to hire a vendor during the pandemic. Prior to the issuance of this report, management confirmed that 3 of the above noted units have been made-ready and are occupied. According to management, an addition 7 units (units

Texas State Affordable Housing Corporation

116, 126, 136, 226, 314, 324, and 334) that are showing to be vacant, are occupied by temporary households that were approved by a TDHCA relocation waiver from the Texas Storm (Winter Storm Uri).

Finding:

- **Management must update the TSAHC Unit Status Report (USR) and update the unit qualification designation to “Market” for the following units that are occupied by temporary households. These units include 116, 136, and 226. The remainder of the units are already designated as Market units.**

BUDGET MANAGEMENT

- 1) Are three bids solicited in order to obtain materials, supplies, and services?
 - Three bids are required for material, supplies and services.
- 2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget?
 - The replacement of all exterior emergency lights affected the budget as noted below in the expense chart.
- 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
Operating and Maintenance Expenses	\$106,490	\$80,599	-\$25,892	-32%	Payroll – Maintenance, Supplies - Repairs – Plumbing, Garbage and Trash Removal, Supplies - Repairs – Painting, Supplies - Repairs - Fire Protection, Contracts – Plumbing, Ground Lease Expense
Capital Expenses	\$130,665	\$71,042	-\$59,623	-84%	Capital - Air Conditioning, Capital - Cabinet and Countertops, Capital – Heating, Capital - Extraordinary - Immediate Repairs.

COMMENTS: The variances in the budget noted above were due to temporary employee salaries and fees, as well as some exterior lighting capital expenses.

REVENUE

FOR THE MONTH ENDING: March 2021		YEAR TO DATE AS OF: March 2021	
Gross Potential	\$233,947	Gross Potential	\$701,304
Budgeted Rental Income	\$222,807	Budgeted Rental Income	\$667,909
Actual Rental Income Collected	\$216,509	Actual Rental Income Collected	\$647,520
Variance + (-)	-\$6,298	Variance + (-)	-\$20,389
Other Revenue	\$7,689	Other Revenue	\$18,589
Total Collected	\$200,555	Total Collected	\$681,215
Budgeted	\$216,025	Budgeted	\$654,189
Variance + (-)	-\$15,470	Variance + (-)	\$27,025

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: Payables Aging Report dated 5/25/2021.	0-30 Days:		\$20,052.29
	30-60 Days:		\$7,044.09
	60 Days and Over:		\$3,258.86
	TOTAL		\$30,355.24

DELINQUENCIES	YES	NO	N/A
---------------	-----	----	-----

Texas State Affordable Housing Corporation

1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Rent is due on the 1 day of each month. Late fees are assessed on the 4 th day and are 10% of the tenant rent.			
3) When is legal action taken against delinquent accounts? ➤ Notice to Vacate notices are issued around the 7 -10 th day on each month.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?		X	
COMMENTS: Affordable Aging Detail report 5/25/2021. Based on a conversation with management, there have been 4 evictions processed for this property. However, the eviction statuses are on hold as these 4 households have applied for Texas Rent Relief assistance. The eviction process will continue if the Texas Rent Relief applications are denied, and the tenants cannot pay their balances.	0-30 Days:		\$34,061.90
	30-60 Days:		\$13,297.30
	60 Days and Over:		\$26,971.30
	TOTAL		\$74,330.50

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: Per policy, management will charge \$50 for each returned 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 - see comment		
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 comment		
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. ➤ Site staff is required to attend virtual Grace Hill and TDHCA program trainings.			
COMMENTS: There were several vacant positions for Marshall Meadows site-staff in the last 12 months (i.e., property manager, leasing agent, maintenance assistant and the make-ready position). The property management position was filled 2 months ago, and the maintenance assistant was recently filled; however, the leasing agent position and the make-ready position both remain vacant.			

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? ➤ Management submits monthly financial reports to the owner.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Any unbudgeted or over budget expense in the amount of \$1,500 or more requires owner review and 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
Observations: <ul style="list-style-type: none"> Until the leasing agent position is filled, management must designate other site-staff to open and close work orders. Findings: <ul style="list-style-type: none"> There were several observations made during the physical inspection on the day of the onsite visit. In order to ensure management (site-staff) addresses all of the bulleted items noted above, management must provide TSAHC with a status update until the items are completed. The first status update is due 8/1/2021, subsequent updates will be due every 30-days until items

Texas State Affordable Housing Corporation

are completed.

- **Pool:** The pool was closed due the pandemic, but the reviewer observed the water to be cloudy and green on the day of the site visit. According to management, the pool contract expired and was not renewed within the required timeframe. Since the date of the visit, management confirmed that the pool contract has been executed and the pool has been treated to clear up the water. However, the pool remains closed due to covid. Management is required to submit a picture of the pool.
- **Laundry room:** The laundry room was dirty on the day of the site visit. Some of the machines were vandalized and 2 of the 8 machines were inoperable. Management said they are in the process of obtaining bids to replace the inoperable machines. Management must submit copies of the bids received to date.
- Management must ensure unit keys are properly tracked, coded, and kept secure. Management must conduct a 100% key audit on the vacant units. Written certification must be submitted to TSAHC to support that the audit was completed and that the keys for vacant units are properly coded, secure, and tracked.
- The property's unit make-ready report and make-ready board must be updated to show which units are truly vacant. In addition, management should properly document units occupied by individuals/families that were affected by the Texas Freeze (Winter Storm Uri) that are temporarily staying at Marshall Meadows.
- Management must update the TSAHC Unit Status Report (USR) and update the unit qualification designation to "Market" for the following units that are occupied by temporary households. These units include 116, 136, and 226. The remainder of the units are already designated as Market units.

Corrective Action for the Findings noted above it due to TSAHC on August 1, 2021.

Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Pool:



Texas State Affordable Housing Corporation

Unit 828





Laundry Room:



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation

