

Texas State Affordable Housing Corporation

Salem Village

5201 John Stockbauer, Victoria, TX 77904

Owner: RHAC-Salem Village, LLC

Date Built: 1981

Management Company: J. Allen Management Co.

Property Manager: Genie Brannan

Inspection Date & Time: July 1, 2021, at 8:30 A.M.

Inspector's Name: James Matias

| | | | |
|-------------------------------------|-----|---|-------|
| Occupancy at Time of Report: | 99% | Average Occupancy Over Last 12 Months: | 99.4% |
| Number of Units: 105 | | | |
| Number of One Bedrooms: | 40 | Number of Two Bedrooms: | 46 |
| Number of Three Bedrooms: | 17 | Number of Four Bedrooms: | 2 |

| 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 (see comments) | |
| 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 | | X (No Gutters) |
| 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: On the day of the site visit the property grounds and common areas were found to be well kept and in good condition. The community signs were well kept, visible and clean. The property currently has a large dumpster on site to help control bulk items. The large dumpster is used to help maintenance remove personal items left behind by residents who move out. The fence on the south side of the property had a few broken or loose pickets. Maintenance corrected the issues with the fence prior to the end of the review.

Observation:

- **As noted in the prior report, the parking lot has a lot of potholes, and it appears that it will need to be restriped and topped soon. Rain appears to pool in areas of the parking lot that are not level.**

| 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 | 1 | |
| Drug Related Activity | 1 | Overdose (1) |
| Gun Related Activity | | |

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|--|---|---|------------|-----------|------------|
| Domestic Violence | | | | | |
| Disturbance | 8 | Disturbance (3), Loud Music (4), Possible disturbance (1) | | | |
| Other | 2 | Criminal Trespassing (1), Suspicious Subject (1) | | | |
| | | | 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: To address crime on the property the Victoria Police department patrols regularly. In addition, the property currently has two security cameras. Light checks are done weekly by 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 Regional Manager stated that she conducts a risk assessment annually. | | | | |

| 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) | | | | |
| 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 (Pergola) | | 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: | | | | |

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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? <ul style="list-style-type: none"> > The buildings are treated for pest control according to a schedule. Each unit is treated at least quarterly according to management. | | | |
| 6) What is the policy for following up on completed service requests? All work orders get a follow up <ul style="list-style-type: none"> > The property manager stated they follow up with all work orders. | | | |
| 7) What is the property's after-hours emergency policy? <ul style="list-style-type: none"> > Ring Central answers all after-hours calls. The calls are directed to the property manager. | | | |
| 8) What capital improvements have been scheduled or completed for this budget year? <ul style="list-style-type: none"> > Capital improvements scheduled or completed this year include gutters for all buildings and storage closet repairs for 2-bedroom units. Storage closets were damaged over time because of poor design and storms. | | | |
| Detail of Ongoing Repairs and Replacements Completed in Last Budget Year | | | |
| 9) Unit Interior and Appliance upgrades <ul style="list-style-type: none"> > Unit interior alterations and appliance replacement were completed as needed in 2020. | | | |
| 10) Building Exterior and Curb Appeal repairs <ul style="list-style-type: none"> > The exterior of the buildings were painted in 2020. | | | |
| 11) Amenity upgrades <ul style="list-style-type: none"> > None | | | |
| 12) Other repairs or replacements <ul style="list-style-type: none"> > No other repairs were completed in 2020. | | | |
| Number of service requests received: | 31 | | |
| Number of requests open from prior periods: | 0 | | |
| Number of service requests completed: | 29 | | |
| Number of service requests completed within 24 hours: | 16 | | |
| Number of outstanding service requests: | 2 | | |
| 13) On average, how many days does it take to complete a work order? <ul style="list-style-type: none"> > On average it takes about 3 days to complete a work order. | | | |
| COMMENTS: | | | |

| MARKETING | | | |
|---|------------|----------------|-------------|
| 1) Complete the table below with the most recent information available. | | | |
| SOURCE | COST | # of Prospects | # of Leases |
| Drive-By/Word of Mouth | \$0 | | |
| Flyers | \$0 | | |
| Resident Referral | \$0 | | |
| Locator Service | \$0 | | |
| Printed/Internet Advertising (google.com) | \$0 | | |
| Other Source | \$0 | 10 | 2 |
| TOTAL | \$0 | 10 | 2 |
| The rental activity reflected in the above table is from 7/1/2020 through 6/30/2021. | | | |
| | 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 property is not currently doing any marketing and fills units from a waiting list in most cases. The property's waiting list length is: 1 BR 2.5 years, 3 BR's 1.5 years, and 2 BR's 1 year. | | | |

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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 (last 2 months): 77.7% | 6 months: 72.9% | 12 months: 75.2% |
| 3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"? | 7% (see comments) | | |
| 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? ➢ Gross rent changes are implemented annually according to the HUD regulated rent limits. This past year they were implemented in October. | | | |
| 10) How many households are currently on month-to-month leases? ➢ None | | | |
| 11) What is the charge for month-to-month leases? ➢ N/A | | | |
| COMMENTS: Two skips accounted for the 7% listed above. | | | |

| 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 | | | |
| 5A | 1 x 1, Occupied. Back door not locking easily. Kitchen faucet needs repair or replacement. | | | |
| 15A | 3 x 1, Occupied | | | |
| 26A | 2 x 1, Vacant, full turn needed | | | |
| 21B | 4 x 2, Occupied | | | |
| Down Units Walked (units vacant and unready for extended period of time and all down units) | | | | |
| Unit # | Brief Description | | | |
| NA | | | | |
| | | 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 | | | | |
| 7) How often are vacant units inspected? ➢ Vacant units are inspected: Daily | | | | |

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| 8) How many vacant units are in progress of being made ready? ➤ One 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 on the number of days to turn a vacant unit is 3-5 business days. |
| COMMENTS: The staff opened and closed work orders for unit 5 prior to the end of the site visit review. |

BUDGET MANAGEMENT

| |
|---|
| 1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are solicited in order to obtain materials, supplies, and services. |
| 2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ Fire stops are getting put in on all units and this will likely negatively affect 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 and Benefits | \$62,459 | \$73,474 | \$11,015 | 15.0% | Salaries: Manager, Assistant Manager, and Maintenance, Group Health Insurance |
| Maintenance Expenses | \$8,112 | \$10,500 | \$2,388 | 22.7% | HVAC, Door/Locks/Keys |
| Turnover Expense | \$4,337 | \$2,250 | (\$2,087) | (92.8%) | Materials – Repairs |
| Leasing Expenses | \$375 | \$1,000 | \$625 | 62.5% | Promotions and Entertainment |

COMMENTS:

REVENUE

| FOR THE MONTH ENDING: May 31, 2021 | | YEAR TO DATE AS OF: May 31, 2021 | |
|------------------------------------|-----------|----------------------------------|------------|
| Gross Potential | \$ 73,978 | Gross Potential | \$ 373,935 |
| Budgeted Rental Income | \$ 72,847 | Budgeted Rental Income | \$ 366,342 |
| Actual Rental Income Collected | \$72,649 | Actual Rental Income Collected | \$368,847 |
| Variance + (-) | (\$197) | Variance + (-) | \$2,506 |
| Other Revenue | \$ 2,215 | Other Revenue | \$ 4,974 |
| Total Collected | \$74,865 | Total Collected | \$373,821 |
| Budgeted | \$ 73,735 | Budgeted | \$ 370,385 |
| Variance + (-) | \$ 1,129 | Variance + (-) | \$ 3,436 |

COMMENTS: The negative variance for May is due to higher vacancy loss than anticipated (Budgeted).

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: | \$288 |
| 30-60 Days: | \$ |
| 60 Days and Over: | (\$340) |
| TOTAL | (\$52) |

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 of the month and late on the 6 th . On the 6 th day, a \$5 initial late fee is assessed, in addition to a \$1 daily late fee for a maximum of \$30. | | | |
| 3) When is legal action taken against delinquent accounts? ➤ Legal action is taken only after a 10-day notice and 3-day notice to vacate are issued. | | | |
| 4) Does the property currently have any resident(s) under eviction? | | X | |
| 5) Does Housing have any outstanding balances? | X | | |

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|---|-------------------|--|---------|
| COMMENTS: The majority of the delinquent balance is due to housing subsidy which accounts for 61.7% (\$5,703). The bulk of the housing balance is due to interims that are being processed at this time. Management did a good job explaining each unpaid tenant balances and has a firm grasp on rent collection and follow up. | 0-30 Days: | | \$3,594 |
| | 30-60 Days: | | \$489 |
| | 60 Days and Over: | | \$5,150 |
| | TOTAL | | \$9,233 |

| 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. ➤ Managers attended and completed webinars on the following Grace Hill trainings: Fair housing, time management, conflict resolution, and LIHTC eligibility. | | | |
| 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? ➤ Occupancy and delinquency reports are submitted to the Asset Manager monthly. | | | |
| 3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Any expense outside the budget needs Regional Manager 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"> As noted in the prior report, the parking lot has a lot of potholes, and it appears that it will need to be restriped and topped soon. Rain appears to pool in areas of the parking lot that are not level. |

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