

Texas State Affordable Housing Corporation

Windwood Apartments

100 Windwood Dr., Kingsland, Texas 78639

Owner: HVM BP Kingsland, LLC

Date Built: 1989

Management Company: Hamilton Valley Management, Inc.

Property Manager: John Heskett

Inspection Date & Time: May 21, 2021 at 9:30 a.m.

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	94%	Average Occupancy Over Last 12 Months:	95.66%
Number of Units: 68			
Number of One Bedrooms:	58	Number of Two Bedrooms:	10
Number of Three Bedrooms:	N/A	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- see comment		
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: This is the first Asset Oversight review for Windwood Apartments. Based on a review of the submitted photos, the property is in good condition however the following observation were made: one of the property sites signs had fading paint, there were two building with fascia board repairs that were not painted, and it appears that a few tree branches/leaves may be touching the building roofs in a couple of photos. Management confirmed the items mentioned above and part of the full pretty rehab that recently commenced. In addition, management said they trim the trees on a regular basis to ensure they stay off the of the building roofs. The Property Manager mentioned he would walk the property to ensure limbs are not touching the building. Management made the reviewer aware that prior to this year, the properties were managed individual properties (Windwood I and Windwood II), however they are now operating as one. The scheduled property rehab recently commenced.

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		

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Domestic Violence			
Disturbance			
Other			
		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 Llano County Sheriff's Department there were 3 calls logged between January 2021 – April 2021, none of which were due to criminal incidents. The Property utilizes the Rural Rental Housing Association (RRHA lease) to address criminal activity, while management said there is little to no criminal activity, management will issue lease violations, if necessary. The Property Manager and tenants maintain a great relation with the local sheriff's department. Maintenance conducts light checks weekly.			

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 conducts a risk assessment quarterly.			

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 (residents are allowed to use the management office computer equipment)	X	
➤	Pool		X
➤	Other: Beauty Salon, Library, Garden, and Soda Machine	X	
COMMENTS: According to management, upon completion of the rehab, the property will have a with a computer in the community room and a community garden.			

KEY CONTROL		YES	NO
		N/A	
1)	Does the property use an electronic key tracking system? If no, 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: Management stated they have a 4-lock system, where an individual needs keys to open 4 locks to access the key lockbox.			

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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 are provided to residents 3 times a year.			
6) What is the policy for following up on completed service requests? ➢ The Property Manager follows up on completed work orders by calling or visiting tenants to ensure work was completed satisfactorily.			
7) What is the property's after-hours emergency policy? ➢ The after-hours emergency number is posted on the management office and provided to all tenants. The tenants call the property manager or maintenance technician directly. Once the emergency is confirmed, the appropriate parties are contacted.			
8) What capital improvements have been scheduled or completed for this budget year? ➢ Aside from the full property rehab that commenced, the following capital improvements are scheduled; landscaping, tree trimming, parking lot restriping and \$5,000 for reasonable accommodations.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
9) Unit Interior and Appliance upgrades ➢ N/A – The property recently started a full property rehab			
10) Building Exterior and Curb Appeal repairs ➢ N/A – The property recently started a full property rehab			
11) Amenity upgrades ➢ N/A – The property recently started a full property rehab			
12) Other repairs or replacements ➢ N/A – The property recently started a full property rehab			
Number of service requests received:	6		
Number of requests open from prior periods:	0		
Number of service requests completed:	6		
Number of service requests completed within 24 hours:	6		
Number of outstanding service requests:	0		
13) On average, how many days does it take to complete a work order? ➢ All work orders reviewed were completed the same day they were opened.			
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 – Corporate pays for this advertising.	\$0		
Resident Referral	\$0		
Locator Service	\$0		
Printed/Internet – Newspaper \$150 (when needed)	\$150		
Other Source:	\$0		
TOTAL	\$150	14	See comment
The rental activity reflected in the above table was for the month of: 3/6/2021 – 4/22/2021			
	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 submitted a Weekly Traffic Log (12 prospects); however, the report does not capture the traffic source type. Without the traffic source, the reviewer is unable to complete the traffic source section above. Management is encouraged to revise the current report to include traffic source type (i.e., drive-by, internet ad, resident referral, etc.), and to keep track of the traffic source types moving forward. In addition, the Wait			

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List (2 prospects) was provided for review. Market surveys are completed quarterly.

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: 100%	6 months: 98.5%	12 months: 95.6%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?			0%
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? ➢ RRHA approved a rent increase of an average of \$88 for 1-bedroom and \$88 for 2-bedrooms. The increase is scheduled to be implemented on 9/24/2021.			
10) How many households are currently on month-to-month leases? ➢ N/A – the property does not allow month-to-month lease.			
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:			3	
2) Number of completed made ready units at time of activity report:			2	
3) Number of completed one bedroom units at time of activity report:			1	
4) Number of completed two bedroom units at time of activity report:			1	
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:			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:			0	
Units Walked				
Unit #	Brief Description			
24	Vacant (1 bedroom) The unit appears to be made-ready			
26	Vacant (1 bedroom) Unit is not made-ready			
31	Vacant (2 bedrooms) The unit appears to be 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 – see comment		
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				

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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? ➤ 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? ➤ Per company policy, units should be made-ready in 3-5 business days.
COMMENTS: As of the date of the virtual review, unit 231 had been vacate for 231 days. According to management this unit was being held in preparation for the full property rehab. The unit will be utilized as a temporary management office while the existing office is rehabilitated.

BUDGET MANAGEMENT					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required to obtain material, supplies, or services for anything over \$3,000.					
2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget? ➤ N/A – this property is going through a full rehab.					
3) Explain YTD variances of 10% or greater.					
<u>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</u>					
(Please note that a positive variance is under budget and a negative variance is over budget.)					
EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Maintenance & Operations Exp				12%	2% COLA in maintenance payroll budgeted
COMMENTS: Management did not submit a budget comparison; therefore, the reviewer completed the section above with the HVM Budget Narrative for the Year 2021 which only provided the variance percentage but did not include dollar amounts.					

REVENUE			
FOR THE MONTH ENDING: March 2021		YEAR TO DATE AS OF: March 2021	
Gross Potential	\$34,630	Gross Potential	\$103,890
Budgeted Rental Income	\$40,516	Budgeted Rental Income	\$121,548
Actual Rental Income Collected	\$35,466	Actual Rental Income Collected	\$105,958
Variance + (-)	\$5,050	Variance + (-)	\$15,590
Other Revenue	\$1,967	Other Revenue	\$5,920
Total Collected	\$35,299	Total Collected	\$105,484
Budgeted	\$34,630	Budgeted	\$103,890
Variance + (-)	\$669	Variance + (-)	\$1,594
COMMENTS: The property did not submit a budget comparison with month and YTD total, so the Income Statement dated March 31, 2021 and the Multifamily Housing Project Budget to complete this section.			

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: The Summary Ages Payables dated 3/21/2021 was used to complete this section.	0-30 Days:		\$4,942
	30-60 Days:		\$0.00
	60 Days and Over:		\$0.00
	TOTAL		\$4,942

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy?			

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➤ Rent is due on the 1 st and late on the 10 th . On the 11 th of the month a lease violation for nonpayment of rent is posted. On the 15 th a 3-day Notice to Vacate is posted			
3) When is legal action taken against delinquent accounts?			
➤ Management issues a Notice of Termination on the 10 th day of the month followed by a 30-Day Notice to Vacate.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS: The Summary Trial Balance dated 4/26/2021 was used to complete this section.		0-30 Days:	\$352
		30-60 Days:	\$426
		60 Days and Over:	\$532
		TOTAL	\$1,310

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.			
➤ Staff has completed Grace Hill trainings and TDHCA's income eligibility and HTC 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 submitted weekly, include but are not limited to property financial report, occupancy report, and delinquency reports.		
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds?	➤ The Manager and Regional Manager seek approval for anything over \$500.		
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 Observations and No Findings.
Note: Management agreed to submit the Rehab Questionnaire as soon as the rehab is complete. Management is aware that the completed Rehab Questionnaire must be provided to TSAHC within 60 days of the issuance of this report.

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