

Texas State Affordable Housing Corporation

Sagebrush Apartments

218 Lynn Gavit Road, Brady, Texas 76825

Owner: DF Sagebrush Apts., LP

Date Built: 2003

Management Company: THF Housing Management Corporation

Property Manager: Janette Calk

Inspection Date & Time: May 27, 2022, at 10:30am

Inspector's Name: Estefania Linares

Occupancy at Time of Report:	98.33%	Average Occupancy Over Last 12 Months:	94.58%
Number of Units: 60			
Number of One Bedrooms:	12	Number of Two Bedrooms:	28
Number of Three Bedrooms:	20	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: Based on physical observations made during the onsite visit, the property is in great condition. Management was informed that a couple trees need to be trimmed as they are touching the building's roofs.

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		
Domestic Violence		
Disturbance	2	Disturbance (2)
Other	2	Threats (1) Welfare Concern (1)

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	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: Based on the 911 calls from Brady Police Department dated February 2022 – May 19, 2022, there were a total of 5 calls which 4 are noted above. Light checks are conducted by management staff every week.

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: Risk assessments are conducted by the Regional Manager every quarter.

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	
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 (Fitness Center and Food Pantry)	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: Property keys are maintained behind three locked doors.

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		

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5) How often are Pest Control services provided?
➤ Pest control services are provided monthly.
6) What is the policy for following up on completed service requests?
➤ The Property Manager does not follow up on completed service requests because the residents contact the manager directly if there is an issue.
7) What is the property's after-hours emergency policy?
➤ Residents are provided with the emergency after-hours number. Calls are answered by one of two maintenance technicians that rotate on-call duties. Once a call is received, the appropriate person is contacted.
8) What capital improvements have been scheduled or completed for this budget year?
➤ The following improvements have been scheduled for this budget year; striped parking lot, cut down dead trees and replace landscaping.

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades
➤ Unit interior and appliance were replaced as needed.
10) Building Exterior and Curb Appeal repairs
➤ There were no building exterior or curb appeal repairs.
11) Amenity upgrades
➤ There were no amenity repairs.
12) Other repairs or replacements
➤ N/A

Number of service requests received:	24		
Number of requests open from prior periods:	4		
Number of service requests completed:	26		
Number of service requests completed within 24 hours:	0		
Number of outstanding service requests:	2		

13) On average, how many days does it take to complete a work order?
➤ According to the Property Manager, it takes 72 hours 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	1	0
Flyers (Newspaper)	\$220	0	0
Resident Referral	\$0	1	0
Locator Service	\$0	0	0
Printed/Internet Advertising	\$69	0	0
Other Source (Signage, Flags/Poles)	\$146	1	0
TOTAL	\$435	3	0

The rental activity reflected in the above table was for the month of: As of 5/27/2022

	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		
2) What percentage of residents renewed last month, past 6 months, and past 12 months?	Current: 100%	6 months: N/A	12 months: 88.23%
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		

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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? ➤ In January 2022, a rent increase of 3% was approved for all unit sizes. Increases take effect at the time of renewal.			
10) How many households are currently on month-to-month leases? ➤ The only unit that is month-to-month lease is the Property Manager's exempt unit.			
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:	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:	0
9) Number of uncompleted three-bedroom units at time of activity report:	1

Units Walked

Unit #	Brief Description
1404	(Vacant for 356 days) 3-bedroom, 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: Quarterly			
7) How often are vacant units inspected? ➤ Vacant units are inspected: Weekly			
8) How many vacant units are in progress of being made ready? ➤ Unit #1401 is the only vacant unit and it 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 units is 3-5 business days.			

COMMENTS: Unit 1404 has been vacant since 6/30/2021. This unit was down for a long period of time since there was a leak near the kitchen and mold spread throughout an entire wall. Management repaired the damaged wall and confirmed that as of 6/21/22, the unit is made ready and has an application pending.

BUDGET MANAGEMENT	YES	NO	N/A
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Yes, 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? ➤ Two months ago, the sewer backed up in building 4 and management had to repair the affected area.			
3) Explain YTD variances of 10% or greater.			

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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
Administrative Expenses	\$28,194	\$23,997	-\$4,197	-17.49%	Management Fees, Office Supplies, Audit Fees, Legal Fees
Marketing Expenses	\$1,223	\$1,065	\$158	-14.88%	Advertising
Operating & Maintenance Expenses	\$4,386	\$957	\$3,429	-358.39%	Make-Ready – Carpet, Make Ready - Window Treatments
Maintenance & Repairs	\$6,758	\$2,097	-\$4,661	-222.29%	Plumbing, Light Bulbs/Fixtures
Contract Costs	\$21,220	\$7,863	-\$13,357	-169.87	Contract Costs – Landscaping, Plumbing, Carpet Replacement, Other
Other Non-Operating Expenses	\$0	\$375	\$375	100%	TDHCA Compliance

COMMENTS: There was an unexpected sewer backup, and the repair caused the management to go over budget as noted in the Maintenance & Repairs budget line item above.

REVENUE

FOR THE MONTH ENDING: March 2022		YEAR TO DATE AS OF: March 2022	
Gross Potential	\$40,939	Gross Potential	\$122,817
Budgeted Rental Income	\$39,635	Budgeted Rental Income	\$118,905
Actual Rental Income Collected	\$36,220	Actual Rental Income Collected	\$107,668
Variance + (-)	\$3,415	Variance + (-)	\$11,237
Other Revenue	\$2,325	Other Revenue	\$8,494
Total Collected	\$38,545	Total Collected	\$116,163
Budgeted	\$33,176	Budgeted	\$99,528
Variance + (-)	-\$5,369	Variance + (-)	-\$16,635

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: This section was completed using the Vendor Aging Report as of May 31, 2022. Most of the balance is for THF Housing Management Corp. with a total amount of \$180,901.90, leaving a balance of \$23,458.34 for other vendors. The property has been struggling paying off management fees.	0-30 Days:		\$23,458.34
	30-60 Days:		\$0
	60 Days and Over:		\$180,901.90
	TOTAL		\$204,360.24

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 1st and late on the 6th day of each month. An initial \$25 late fee is assessed plus a \$5 daily late fee thereafter until rent is paid in full (not to exceed 10 days of late rent in a month)			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taken against households with delinquent amounts past the 11th of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS: This section was completed using the Delinquent and Prepaid report as of 5/27/2022.	0-30 Days:		\$744
	30-60 Days:		\$60
	60 Days and Over:		-\$1,569.50
	TOTAL		-\$765.50

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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 has received Fair Housing training.			
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 not submitted to the owner since the owner has access to the system.			
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 sends request to the Regional Manager for any expense that is unbudgeted or over budget for 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.	
No Findings.	

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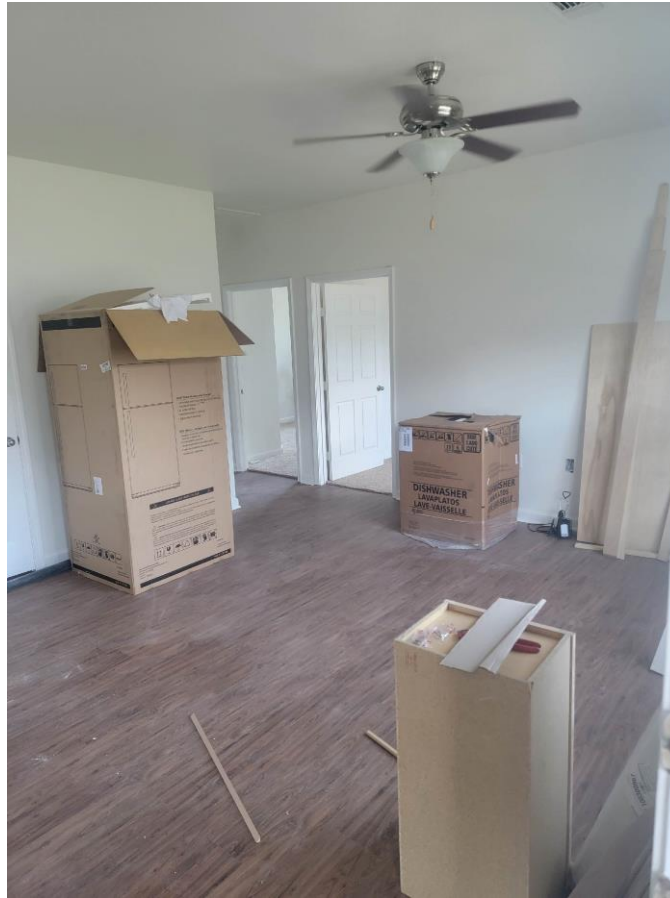
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