

Texas State Affordable Housing Corporation

Shady Oaks Manor Apartments 6148 San Villa Dr., Ft. Worth, Texas 76135

Owner: LRC Shady Oaks Manor, LLC

Date Built: 1979

Management Company: Envolve, LLC

Property Manager: Tywonji Gordon

Inspection Date & Time: July 19, 2022 at 8:30 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	97.8%	Average Occupancy Over Last 12 Months:	97.5%
Number of Units: 138			
Number of One Bedrooms:	130	Number of Two Bedrooms:	8
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		
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: On the day of the site visit, the landscaping around the office and throughout the community was well maintained and the grounds appeared to be in great condition. The common areas and amenities appeared clean and well kept. The buildings, roofs, stairs, and foundations appear to be in acceptable condition. The parking lots examined were found to be well kept with the handicap spaces clearly marked.

Observations:

- On the day of the site visit the dumpsters were found to be overflowing and many large items were found on the ground. (Pictures attached) Management explained that some of the large items are from their residents but mentioned that strangers often dump items in their community as well. The reviewer strongly encouraged more frequent trash pickup or an additional dumpster. It is also suggested that management find a way to get the large items picked up more frequently (weekly or biweekly). Notices to residents, lease violations, and/or fines may also deter this activity from continuing or getting worse.
- The back of the property near the mailboxes has some pallets and construction material. In an effort to help the curb appeal of the property it is recommended that maintenance dispose of these items. Photo attached.

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		

Texas State Affordable Housing Corporation

Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance	2	Disturbance (1), Domestic Disturbance (1)
Other	1	Suspicious Person (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 – see comment	

COMMENTS: Management provided the reviewer with 3 months of police department call log reports (April – June 2022). Three incidents occurred during that time period, and they are noted above. Management disclosed there are 20 surveillance cameras throughout the property that are monitored in-house to assist in keeping the community safe. Cameras are also utilized to review incidents that violate the lease contract.

Observation:

- **Management stated light checks are conducted monthly by the maintenance team. In addition, they said residents immediately let them know if they have an issue with lighting. Management is encouraged to do light checks at least 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 owner's insurance agent conducts annual risk assessments, and the Regional Manager conducts them monthly.

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		
➤ Fire Alarm and Fire Lanes.			
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 (describe): Horseshoe pit	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	

Texas State Affordable Housing Corporation

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:

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. Two buildings are serviced, on each visit in addition to units that request service. All buildings are done quarterly.			
6) What is the policy for following up on completed service requests? ➤ Management conducts call-backs every Friday.			
7) What is the property's after-hours emergency policy? ➤ The property's answering service forwards emergency calls to the maintenance staff member on call. If they are not reached, they contact the property manager.			
8) What capital improvements have been scheduled or completed for this budget year? ➤ A full rehab was done last year, and no capital improvements have been scheduled or completed for this budget year. Next year, the irrigation system is being looked at for possible installation.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades ➤ . Full property renovation in 2021.			
10) Building Exterior and Curb Appeal repairs ➤ Full property renovation in 2021.			
11) Amenity upgrades ➤ Common area. See photos			
12) Other repairs or replacements ➤ NA			
Number of service requests received:	See comments		
Number of requests open from prior periods:	See Observations		
Number of service requests completed:	See comments		
Number of service requests completed within 24 hours:	See Observations		
Number of outstanding service requests:	TBD		

13) On average, how many days does it take to complete a work order?
➤ The reviewer is unable to determine how long maintenance request take to complete. See Observations

COMMENTS: Management provide a Work Order History Report for the last year. A few things are evident after reviewing the work order report. See observations below.

Observations:

- Work orders are either not being completed timely, not being closed in the system timely, or a combination of the two.
- Work order descriptions are often missing or vague.
- Almost all work orders with a "web" or "call" status, meaning they were opened via the website or the answering service and are not being closed or completed.
- Work orders often have closed dates earlier than the opened date.
- Based on the inconsistency and sporadic work order completion dates and system entries, the reviewer is unable to determine how efficiently work orders are being closed. Management is strongly encouraged to revamp the maintenance system. Better controls surround work orders need to be put in place. In addition, designated time for staff to open and close workorders is recommended.

Texas State Affordable Housing Corporation

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth		3	0
Flyers			
Resident Referral (Prior or current)		4	1
Locator Service			
Printed/Internet Advertising: Property Website including		13	0
Other Source: Other (1) and Facebook (1)		2	0
TOTAL	\$0	22	1
The rental activity reflected in the above table is from 6/19/2022 through 7/19/2022			
	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: The property is currently not spending money on marketing, nor has it budgeted for future marketing.			
Observation:			
<ul style="list-style-type: none"> Management stated they no longer maintain a waiting list. A waiting list is not required for compliance with the bonds issued by TSAHC. However, management is strongly encouraged to evaluate the compliance guidance for other sources of funding to determine if they are allowed to eliminate the waiting list (i.e., HUD compliance requirements). 			

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: N/A	6 months: N/A	12 months: 83.7%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?			5.8%
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., Yadri, 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 November 2021 with an average increase of \$16 dollars. Another rent increase is scheduled for November 2022, but the amount is undetermined.			
10) How many households are currently on month-to-month leases? ➢ Month-to-month leases are not offered.			
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:	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:	3
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:	1
9) Number of uncompleted three-bedroom units at time of activity report:	0
Units Walked	

Texas State Affordable Housing Corporation

Unit #	Brief Description
6112E	(1x1) Vacant: This unit is almost made-ready. Pantry shelves need to be painted
6140D	(2x1) Occupied: Good
6116A	(1x1) Vacant: Full turn needed
6116C	(1x1) Vacant: Full turn needed
Down Units Walked (units vacant and unready for extended period 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? 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? ➢ There are three units that are in the make-ready process.			
9) What is the company policy on the number of days to turn vacant units? ➢ The company policy is to turn units within 5 business days. See comments			

COMMENTS: Many of the vacant units have been vacant beyond the company policy for turning vacant units; however, none of the unit turns have been vacant for an excessive amount of time.

BUDGET MANAGEMENT
1) Are three bids solicited in order to obtain materials, supplies, and services? ➢ Management must obtain three bids to obtain materials, supplies and services.
2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget? ➢ Management disclosed they had a plumbing repair that 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
Property Operating Expenses	\$71,311	\$142,606	\$71,295	50.0%	Maintenance Salaries and wages, Contract Cleaning, Contract Landscaping, Contract Plumbing
Utilities	\$25,799	\$106,460	\$80,661	75.7%	Electricity, Water and Sewer
Administrative	\$112,220	\$215,561	\$103,341	47.9%	Salaries and Wages, management fees, Asset Management fees

COMMENTS: The budgeted amounts for expenses appear are very high and created a large surplus. It is understandable that the first year of operation after a full rehab makes it very difficult to budget accurately. Barring any uncommon circumstances, the property should be able to use the 2022 actuals to create a much more accurate budget for 2023.

REVENUE			
FOR THE MONTH ENDING: July 2022		YEAR TO DATE AS OF: July 2022	
Gross Potential	\$140,580	Gross Potential	\$984,060
Budgeted Rental Income	\$140,514	Budgeted Rental Income	\$983,598
Actual Rental Income Collected	\$	Actual Rental Income Collected	\$
Variance + (-)	\$	Variance + (-)	\$
Other Revenue	\$	Other Revenue	\$
Total Collected	\$	Total Collected	\$
Budgeted	\$138,368	Budgeted	\$960,386

Texas State Affordable Housing Corporation

Variance + (-)	\$	Variance + (-)	\$
COMMENTS:			
Observation:			
<ul style="list-style-type: none"> The Budget Comparison Report provided by the Regional Manager did not have the actual revenue calculations. Management must submit a budget comparison to TSAHC with actuals for the month ending July 2022 no later than 8/22/2022. 			

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 Aging Detail report dated 07/19/2022 was used to complete this section.	0-30 Days:		\$7,507
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$7,507

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 and late on the 6 th . An initial late fee of \$5 is assessed on the 6 th day and a \$1 daily fee thereafter.			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taken between that 17 th – 19 th of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: The Delinquency Report dated 07/19/2022 was used to complete this section.	0-30 Days:		\$1,533
	30-60 Days:		(\$419)
	60 Days and Over:		(\$47)
	TOTAL		\$1,067

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 is required to attend training throughout the year through Envolve University which is an in-house magnet training program.			
COMMENTS: Management confirmed that there has not been staff turnover in the last 12 months.			

OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to the software system utilized to manage the property?	X		

Texas State Affordable Housing Corporation

2) How often are reports submitted to the owner?			
➤ Owner has access to the management software system and pulls reports at their discretion.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds?			
➤ The Manager must get approval for all unbudgeted expenses. The Regional must get approval for items over \$5,000.			
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.

Observations:

- On the day of the site visit the dumpsters were found to be overflowing and many large items were found on the ground. (Pictures attached) Management explained that some of the large items are from their residents but mentioned that strangers often dump items in their community as well. The reviewer strongly encouraged more frequent trash pickup or an additional dumpster. It is also suggested that management find a way to get the large items picked up more frequently (weekly or biweekly). Notices to residents, lease violations, and/or fines may also deter this activity from continuing or getting worse.
- The back of the property near the mailboxes has some pallets and construction material. In an effort to help the curb appeal of the property it is recommended that maintenance dispose of these items. Photo attached.
- Management stated they no longer maintain a waiting list. A waiting list is not required for compliance with the bonds issued by TSAHC. However, management is strongly encouraged to evaluate the compliance guidance for other sources of funding to determine if they are allowed to eliminate the waiting list (i.e., HUD compliance requirements).
- Revenue: The Budget Comparison Report provided by the Regional Manager did not have the actual revenue calculations. Management must submit a budget comparison to TSAHC with actuals for the month ending July 2022 no later than 8/22/2022.

Maintenance:

- Work orders are either not being completed timely, not being closed in the system timely, or a combination of the two.
- Work order descriptions are often missing or vague.
- Almost all work orders with a "web" or "call" status, meaning they were opened via the website or the answering service and are not being closed or completed.
- Work orders often have closed dates earlier than the opened date.
- Based on the inconsistency and sporadic work order completion dates and system entries, the reviewer is unable to determine how efficiently work orders are being closed. Management is strongly encouraged to revamp the maintenance system. Better controls surround work orders need to be put in place. In addition, designated time for staff to open and close workorders is recommended.

Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



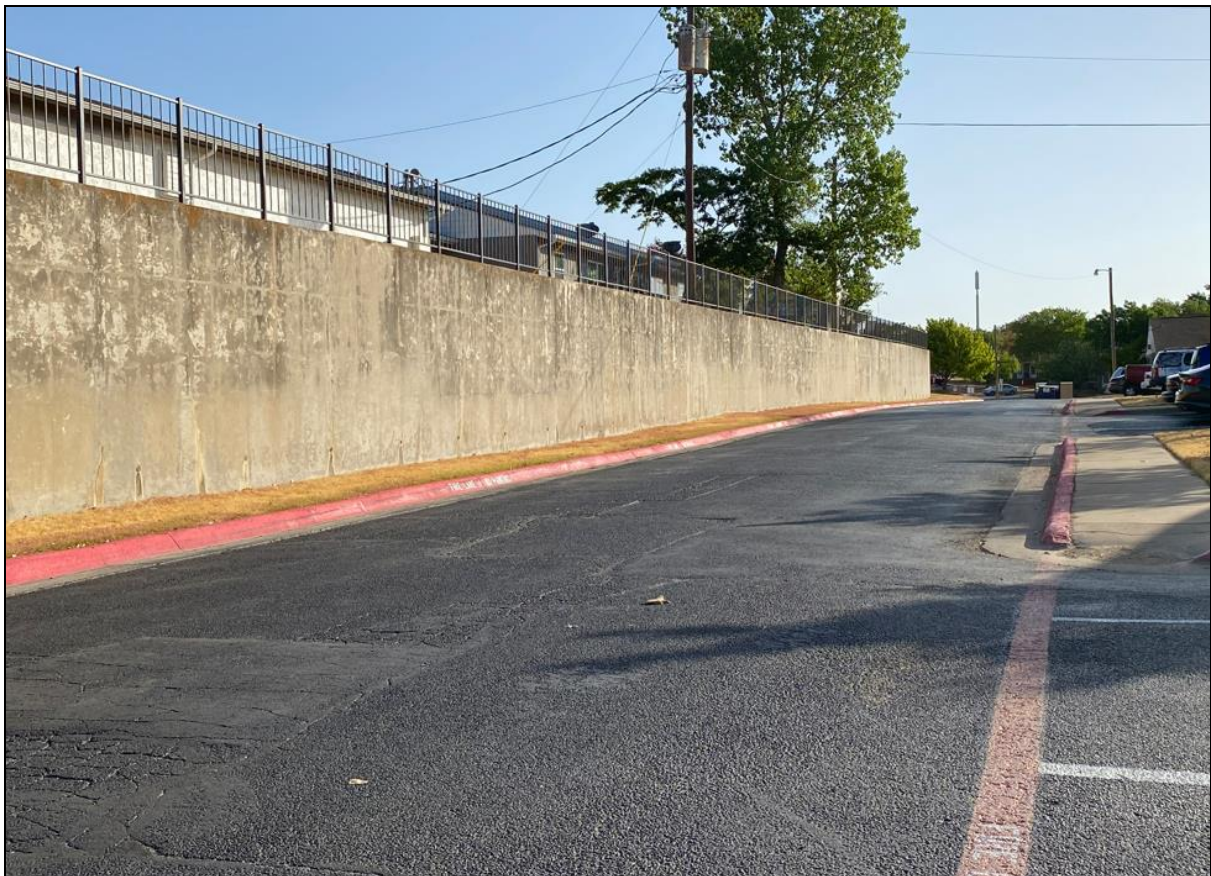
Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



