

# Texas State Affordable Housing Corporation

## Spring Terrace Apartments 2600 S. Spring St., Amarillo, Texas 79109

**Owner:** RHAC – Spring Terrace Apartments, LLC

**Date Built:** 1983

**Management Company:** J. Allen Management Co., Inc.

**Property Manager:** Patricia Henderson

**Inspection Date & Time:** July 29, 2022, at 2:00PM

**Inspector's Name:** Estefania Linares

<b>Occupancy at Time of Report:</b>	100%	<b>Average Occupancy Over Last 12 Months:</b>	99%
<b>Number of Units: 50</b>			
<b>Number of One Bedrooms:</b>	N/A	<b>Number of Two Bedrooms:</b>	40
<b>Number of Three Bedrooms:</b>	10	<b>Number of Four Bedrooms:</b>	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 – see comment		
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
<b>COMMENTS:</b> This review was performed virtually and based on the photos submitted by management, the property is overall in good condition.			

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	0	N/A	
Theft	2	Theft (2)	
Criminal Mischief	0	N/A	
Personal Assault	0	N/A	
Drug Related Activity	0	N/A	
Gun Related Activity	0	N/A	
Domestic Violence	2	Domestic Disturbance (2)	
Disturbance	1	Disturbance (1)	
Other	2	Suspicious Person (2) Missing Person (1)	
		<b>YES</b>	<b>NO</b>
		<b>N/A</b>	

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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:** This section was completed using the 911 call logs from the month of April, May, and June of 2022. Light checks are conducted weekly by management staff.

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 last assessment was conducted on 06/23/21 by the Regional Manager.

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 (Pergola)	X		
➤ Laundry Facility	X		
➤ Business Center			X
➤ Pool			X
➤ Other			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:**

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?			

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➤	Pest control services are provided once per month and as needed.
6)	What is the policy for following up on completed service requests?
➤	The Property Manager follows up on completed service requests within 24 hours of the completion date.
7)	What is the property's after-hours emergency policy?
➤	Tenants are made aware to call the office number during after-hours for any emergency; the calls go directly to the Property Manager. Once the call is received, the Property Manager will contact the appropriate person(s).
8)	What capital improvements have been scheduled or completed for this budget year?
➤	Management is restriping the parking lot and replacing the main plumbing line in September of this year.
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>	
9)	Unit Interior and Appliance upgrades
➤	Unit interior and appliance upgrades only as needed.
10)	Building Exterior and Curb Appeal repairs
➤	N/A
11)	Amenity upgrades
➤	N/A
12)	Other repairs or replacements
➤	One plumbing line was repaired last year.
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?
➤	Based on the Service Request Activity report, it takes 24 hours to complete a work order.
<b>COMMENTS:</b> This section was completed using the Service Request Activity report from 06/13/2022 – 07/13/2022.	

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	24	8
Flyers	\$0	0	0
Resident Referral	\$0	13	8
Locator Service	\$0	0	0
Printed/Internet Advertising	\$0	5	4
Other Source	\$0	10	7
<b>TOTAL</b>	<b>\$0</b>	<b>52</b>	<b>27</b>
<b>The rental activity reflected in the above table was for the month of: 07/01/2021 – 07/01/2022</b>			
	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	
<b>COMMENTS:</b>			

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: 79.31%	12 months: 74.19%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?			5.55%
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		

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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? ➤ Last rent increase was implemented on 02/01/2022. The increase was \$15 for two-bedrooms and \$18 for three-bedrooms.			
10) How many households are currently on month-to-month leases? ➤ N/A			
11) What is the charge for month-to-month leases? ➤ N/A			
<b>COMMENTS:</b>			

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			0		
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:			0		
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:			0		
Units Walked					
Unit #	Brief Description				
N/A					
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: Daily					
8) How many vacant units are in progress of being made ready? ➤ There are no vacant units.					
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy is to turn vacant units within 5 to 7 business days.					
COMMENTS:					

BUDGET MANAGEMENT	YES	NO	N/A
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Yes, three bids are solicited to obtain materials, supplies, and services.			
2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget? ➤ There was a fire in a unit on January 27, 2022. The unit was repaired within 3 weeks of the incident. The expense (\$20,000) was withdrawn from the replacement reserve and not from their budget.			
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	\$10,180	\$6,837	-\$3,342	-48.88%	Employee Reimbursements, Travel/Hotels
Maintenance Expenses	\$5,653	\$7,151	\$1,498	20.94%	Drapes/Blinds, Glass/Screens, Doors/Locks/Keys, HVAC
Services Expenses	\$6,486	\$8,086	\$1,600	19.79%	Landscaping
Turnover Expenses	\$4,862	\$3,750	-\$1,112	-29.67%	Materials for Painting and Repairs
Repairs/Replacements Under \$5k	\$17,408	\$30,074	\$12,665	42.11%	Vinyl, HVAC, Interior Tile, Plumbing, and Other.
Capital Renovations Over \$5k	\$14,000	\$40,000	\$26,000	65%	Plumbing

**COMMENTS:** According to management, the Administrative Expense item is over budget due to the REAC, and the Turnover Expense item is due to the increased charge for the paint.

## REVENUE

FOR THE MONTH ENDING: May 31, 2022		YEAR TO DATE AS OF: May 31, 2022	
Gross Potential	\$40,430	Gross Potential	\$201,086
Budgeted Rental Income	\$40,060	Budgeted Rental Income	\$199,890
Actual Rental Income Collected	\$40,430	Actual Rental Income Collected	\$196,208
Variance + (-)	-\$370	Variance + (-)	\$3,682
Other Revenue	\$73	Other Revenue	\$842
Total Collected	\$40,503	Total Collected	\$197,050
Budgeted	\$39,812	Budgeted	\$198,929
Variance + (-)	-\$691	Variance + (-)	\$1,879

**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		
<b>COMMENTS:</b> This section was completed using the Vendor Aging Report as of 07/11/2022.	0-30 Days:		\$62.50
	30-60 Days:		\$0
	60 Days and Over:		-\$1,652
	TOTAL		-\$1,589.50

## 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 considered late on the 6th day. An initial late fee of \$5 is incurred at that time and an additional daily fee of \$1 is accrued until rent is paid. Late fees will not exceed \$30.			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taken on the 20 <sup>th</sup> of every month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
<b>COMMENTS:</b> This section was completed using the Delinquent and Prepaid report as of 07/08/2022.	0-30 Days:		\$2,920
	30-60 Days:		\$250
	60 Days and Over:		(\$814)
	TOTAL		\$2,356

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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. ➤ Property staff is required to take various Grace Hill 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? ➤ Owner has access to the software system and can request any report.			
3)	What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Management is required to get owner's approval for anything over \$1,000.			
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 Observations or Findings.	



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