

Texas State Affordable Housing Corporation

Villa Vallarta Apartments

600 Fairground Road, Rio Grande Texas 78582

Owner: HVM BP Rio Grande City I, LLC

Date Built: 1999

Management Company: Hamilton Valley Management Inc.

Property Manager: Andres Barrera

Inspection Date & Time: April 6, 2022, at 8:30 a.m.

Inspector's Name: Estefania Linares

| | | | |
|-------------------------------------|-----|---|--------|
| Occupancy at Time of Report: | 95% | Average Occupancy Over Last 12 Months: | 94.55% |
| Number of Units: 40 | | | |
| Number of One Bedrooms: | 36 | Number of Two Bedrooms: | 4 |
| 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: This is the last on-site Asset Oversight review for Villa Vallarta Apartments. This property just completed a full property rehab, and the property is overall in great condition. The monument sign is visible and clean, the sidewalks and parking lot are clean and free from any potholes, and all the buildings appeared to be in good condition. All the windows, blinds, and doors are in good condition as well.

| 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 | | |
| Other | 4 | Suspicious Vehicle (1) Incidents (3) |

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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 call log from the Rio Grande City Police Department dated December 2021 to March 2022, there were a total of 7 calls, and only 4 incidents were logged above. crime related. The Property Manager conducts light checks 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: The Regional Manager conducts a risk assessment 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 (Library, Garden - coming soon, and Food Pantry) | X | | |

COMMENTS: The office is clean, and amenities are in good condition and fully functional. Management confirmed a new Community Garden will be set up for residents to use on or before June 15, 2022.

| 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: Management stated they have a 4-lock system, where an individual needs keys to open 4 locks to access the key lockbox.

| 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 | X | | |

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|---|--|--|--|
| properly? | | | |
| 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 follows up on all completed work orders within 24 hours of the completion date. | | | |
| 7) What is the property's after-hours emergency policy? ➢ The after-hours emergency number is posted in the management office and is provided to all tenants. The tenants call the Property Manager and/or maintenance directly. Management staff then call the appropriate parties. | | | |
| 8) What capital improvements have been scheduled or completed for this budget year? ➢ A full property rehab was completed last year. Management submitted documentation to support a completion date of August 31, 2021. In addition, management confirmed a new Community Garden will be set up for residents on or before June 15, 2022. | | | |

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

| | | | |
|---|---|--|--|
| 9) Unit Interior and Appliance upgrades ➢ N/A | | | |
| 10) Building Exterior and Curb Appeal repairs ➢ N/A | | | |
| 11) Amenity upgrades ➢ N/A | | | |
| 12) Other repairs or replacements ➢ N/A | | | |
| Number of service requests received: | 7 | | |
| Number of requests open from prior periods: | 0 | | |
| Number of service requests completed: | 7 | | |
| Number of service requests completed within 24 hours: | 7 | | |
| Number of outstanding service requests: | 0 | | |
| 13) On average, how many days does it take to complete a work order? ➢ On average, it takes 24 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 | 13 | 0 |
| Flyers – Newspaper (\$300 annually) | \$300 | 0 | 0 |
| Resident Referral | \$0 | 0 | 0 |
| Locator Service | \$0 | 0 | 0 |
| Printed/Internet Advertising | \$0 | 0 | 0 |
| Other Source | \$0 | 0 | 0 |
| TOTAL | \$300 | 13 | 0 |
| The rental activity reflected in the above table was for the month of: March 3, 2022 – April 4, 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: This section was completed using the Weekly Traffic Log dated March 3, 2022 – April 4, 2022.

| 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: 95% | 12 months: 95% |
| 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 | | |

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|---|---|--|--|
| 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 \$60 for 1-bedroom and \$45 for 2-bedrooms. The increase was implemented on 01/01/2021. | | | |
| 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 | | | |
| COMMENTS: | | | |

VACANT/MAKE READY UNITS

| | |
|--|---|
| 1) Number of vacant units at time of activity report: | 2 |
| 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: | 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 |
|--------|---|
| 4 | (Vacant 1- bedroom) Made Ready |
| 18 | (Vacant 2- bedrooms) Made Ready and pre-leased. |

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 | | | |
| 7) How often are vacant units inspected? > Vacant units are inspected: Weekly | | | |
| 8) How many vacant units are in progress of being made ready? > All vacant units are made-ready. | | | |
| 9) What is the company policy on the number of days to turn vacant units? > Per company policy, units should be turned in 3-5 business days. | | | |

COMMENTS: Unit #18 had been vacant since 9/30/2021 (over 188 days from the date of this report). According to management, this unit was vacant for an extended period of time due to the specific income and rent restrictions. Management confirmed that an applicant moved into this unit on 05/01/2022.

BUDGET MANAGEMENT

| | YES | NO | N/A |
|---|-----|----|-----|
| 1) Are three bids solicited in order to obtain materials, supplies, and services? > Yes, three bids 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? | | | |

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➤ There were no unexpected repairs or purchase that effected 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 |
|--------------------|---------|---------|----------|--------|------------------------------|
| Operating Expenses | \$2,727 | \$3,314 | \$586 | 17.68% | Maintenance & Repairs Supply |
| Other Expenses | \$189 | \$407 | \$217 | 53.31% | Office Supplies |

COMMENTS:

REVENUE

| FOR THE MONTH ENDING: January 2022 | | YEAR TO DATE AS OF: January 2022 | |
|------------------------------------|----------|----------------------------------|----------|
| Gross Potential | \$21,624 | Gross Potential | \$21,624 |
| Budgeted Rental Income | \$21,624 | Budgeted Rental Income | \$21,624 |
| Actual Rental Income Collected | \$21,437 | Actual Rental Income Collected | \$21,437 |
| Variance + (-) | \$187 | Variance + (-) | \$187 |
| Other Revenue | -\$1,406 | Other Revenue | -\$1,406 |
| Total Collected | \$20,030 | Total Collected | \$20,030 |
| Budgeted | \$21,225 | Budgeted | \$21,225 |
| Variance + (-) | \$1,195 | Variance + (-) | \$1,195 |

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 Summary Aged Payables as of April 6, 2022. | 0-30 Days: | | \$8,242.50 |
| | 30-60 Days: | | \$0 |
| | 60 Days and Over: | | \$0 |
| | TOTAL | | \$8,242.50 |

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 late on the 5th. On the 7 th , a lease violation for nonpayment of rent is issued. | | | |
| 3) When is legal action taken against delinquent accounts? | | | |
| ➤ Management issues a Notice of Termination on the 11th 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: This section was completed using the Rent Roll Summary as of March 31, 2022. | 0-30 Days: | | \$1,065 |
| | 30-60 Days: | | \$0 |
| | 60 Days and Over: | | \$0 |
| | TOTAL | | \$1,065 |

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:

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| 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. ➤ Onsite staff are taking Grace Hill training. | | | |
| COMMENTS: Villa Vallarta hired a Property Manager and an Assistant Manager on 04/04/22. Both employees have started taking Fair Housing training. | | | |

| 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? ➤ Financial, Occupancy, Month-end, and Delinquency reports are submitted to the owner at the end of the month. | | | |
| 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 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. |
| No Findings. |



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