Texas State Affordable Housing Corporation

<table>
<tr><td colspan="4" align="center">Parmore Arcadia Trails Apartments
1501 Mercury Rd., Balch Springs, Texas 75181</td></tr>
<tr><td colspan="2">Owner: Gardens at Balch Springs, LP</td><td colspan="2">Date Built: 2022</td></tr>
<tr><td colspan="2">Management Company: Alpha Barnes Real Estate Services, LLC</td><td colspan="2">Property Manager: Yesica Gurrola</td></tr>
<tr><td colspan="2">Inspection Date & Time: November 13, 2023 at 8:30 a.m.</td><td colspan="2">Inspector's Name: Celina Mizcles Stubbs</td></tr>
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Occupancy at Time of Report:	100%	Average Occupancy Over Last 10 Months:	86.45%

Number of Units: 200			
Number of One Bedrooms:	120	Number of Two Bedrooms:	80
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) Are parking lots clean, in good repair with handicap parking spaces clearly marked?	X		
9) Are all recreational, common areas and amenity areas clean, maintained, and accessible?	X		
10) Is facility equipment operable and in acceptable condition?	X		
11) Is the area around the waste receptacles clean and are the enclosures in good repair?	X		
12) Is the exterior of the buildings in acceptable condition?	X		
14) Are hallways/breezeways 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: The property was built in 2022 and is in great condition. The property grounds were free of debris, community amenities were clean and accessible, and the management office was inviting.

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	1	Noice complaint	

	YES	NO	N/A

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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 tenant complaints received for a three-month period (7/1/2023 – 9/30/2023) there were 3 calls received. One of the three calls noted is listed below. Management maintains a contract for an onsite courtesy office that is required to walk the properly nightly, monitor and report any interior and exterior lights that are out, and provide weekly report with pertinent information to the site manager. The property has several security surveillance cameras (located in all entry doors) that are monitored by site management.

Observation: Management will be required to submit a copy of the local police department 911 call logs for future annal reviews.

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		
4) Are criminal background checks being conducted on residents as they age to be 18 while living in the unit?			X
5) Has a risk assessment been conducted to determine risk liabilities at the property? If yes, when?			X – see comment

COMMENTS: The property was built in 2022; therefore, an annual risk assessment for risk liabilities, outside of construction inspections, has been completed.

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? ➢ N/A		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: Arts & Crafts room, Library, Conference room, Dog park, Pickle ball court and Fitness center.	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: All entry doors are managed by electronic key fobs.

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MAINTENANCE PROGRAM	YES	NO	N/A
1) Does the property have a preventative maintenance program that is being followed?	X		
2) Is the maintenance shop clean and organized?	X		
3) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
4) How often are Pest Control services provided? ➤ Pest control services are offered monthly for up to 30 units per visit.			
5) What is the policy for following up on completed service requests? ➤ The management staff is required to conduct all backs on all completed work orders.			
6) What is the property's after-hours emergency policy? ➤ The office number rolls into an automated service that provides prompts tenants to contact on-call maintenance and/or courtesy officer.			
7) What capital improvements have been scheduled or completed for this budget year? ➤ N/A – This property was built in 2022.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
8) Unit Interior and Appliance upgrades ➤ N/A – this is a new construction property.			
9) Building Exterior and Curb Appeal repairs ➤ N/A – this is a new construction property.			
10) Amenity upgrades ➤ N/A – this is a new construction property.			
11) Other repairs or replacements ➤ N/A – this is a new construction property.			
Number of service requests received:	92		
Number of requests open from prior periods:	0		
Number of service requests completed:	84		
Number of service requests completed within 24 hours:	11		
Number of outstanding service requests:	9		
12) On average, how many days does it take to complete a work order? ➤ On average, it took 3.5 days to complete work orders.			
COMMENTS:			

MARKETING			
1) Complete the table below with the most recent information available.			

SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth			
Resident Referral (Current/Prior)	$0		
Locator Service			
Printed/Internet Advertising: Apt.com, Facebook and property website	$34,188	14	
Other Source: "Other" See comment	$8,158	5	3
TOTAL	**$42,346 annually**	**19**	**3**

The rental activity reflected in the above table was for the month of: Month of November 2023

	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: According to the Primary Advertising Source evaluation report, there are seven "advertising sources" listed. Two of them are listed as "Other". The prospect to applicant conversion is 60% for "Other." TSAHC recommends management revise the report to edits "Other" for a more specific source types to better capture what marketing source generates tenants. This will be evaluated next year.

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		

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		Current: See comment	6 months: N/A	12 months: N/A
2)	What percentage of residents renewed last month, past 6 months, and past 12 months?			
3)	What percentage of move-outs in the last 12 months were due to eviction for non-payment of rent or "skip"?	16.6%		
4)	Are lease renewal notices sent to residents at the 120-day, 90-day, 60-day and 30-day timeframes prior the end of the lese 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)	When was the last rent increase implemented? What was the average rent increase?
	➢ Rent increases will be implemented at lease renewal. The rent increase will be an average of $55.
9)	How many households are currently on month-to-month leases?
	➢ There are no month-to-month leases.
10)	What is the charge for month-to-month leases?
	➢ N/A

COMMENTS: TSAHC will calculate the percentage of residents renewed for the current month, the last month, past 6 months, and past 12 months from annual reviews. Because of this, management is advised to start tracking the number of leases expirations per month versus the number of those lease expiration that renew. This information will be requested at next year review.

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:	1
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:	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
109	Vacant (2x1): Unit is made ready
203	Occupied (1x1): Good condition
338	Occupied (1x1): Good condition

Down Units Walked (units vacant and unready for extended period 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? 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 no units in the make ready process.

9) What is the company policy on the number of days to turn vacant units?
➢ It is company policy to turn units within 4 business days.
COMMENTS:

BUDGET MANAGEMENT	YES	NO	N/A
1) Are three bids solicited to obtain materials, supplies, and services?	X		
2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget? If so, comment below.		X	
3) Explain YTD variances of 10% of greater in the charet below.			

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
Salaries & Payroll	$241,160	$276,804	($35,643)	-12.8%	Maintenance and Payroll Taxes
General & Administrative	$39,600	$22,010	$17,590	79.9%	Telephone Services, Subscriptions and Accounting fees
Maintenance	$31,121	$53,650	($22,258)	-41.9%	Landscaping & Groundskeeping, Janitorial Supplies and Elevator Maintenance Contract

COMMENTS:

REVENUE			
FOR THE MONTH ENDING: September 2023		**YEAR TO DATE AS OF: September 2023**	
Gross Potential	$233,615	Gross Potential	$2,688,969
Budgeted Rental Income	$222,420	Budgeted Rental Income	$2,660,330
Actual Rental Income Collected	$218,609	Actual Rental Income Collected	$1,522,662
Variance + (-)	$3,811	Variance + (-)	$1,137,668
Other Revenue	$1,069	Other Revenue	$110,578
Total Budgeted	$225,165	Total Budgeted	$2,692,120
Total Collected	$219,679	Total Collected	$1,633,241
Variance + (-)	$5,486	Variance + (-)	$1,058,879

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		

COMMENTS: This section was completed using the According to the AP Invoice Register dated 11/12/23 showing current balance.	0-30 Days:		$28,025
	30-60 Days:		$0
	60 Days and Over:		$0
	TOTAL		$28,025

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 of the month. A 10% late fee is assessed on the 4th day.			
3) When is legal action taken against delinquent accounts? ➢ On the 6th day of the month, management issues a 10-day notice followed by a 30-day notice to vacate if rent remains unpaid.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS:	0-30 Days:		$$9,546

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30-60 Days:		$1,352	
60 Days and Over:		$(50)	
TOTAL		$10,848	

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:	6		
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) Was management staff prepared for the site visit?	X		
7) Has staff turnover occurred since the last site review?	X		
8) Are weekly staff meetings held?	X		
9) Have personnel been trained in Fair Housing?	X		
10) List training staff has received in the past year. ➢ Staff is required to attend various Grace Hill trainings.			
COMMENTS: A new leasing agent started in October 2023.			

OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to the software system utilized to manage the property?	X		
2) Is site management required to submit weekly reports to the owner?	X		
3) 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		
4) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➢ Any amount that is over the budget requires owner's approval.			
COMMENTS:			

SUMMARY OF OBSERVATIONS AND FINDINGS

Observation:
- **Management will be required to submit a copy of the local police department 911 call logs for future annal reviews.**
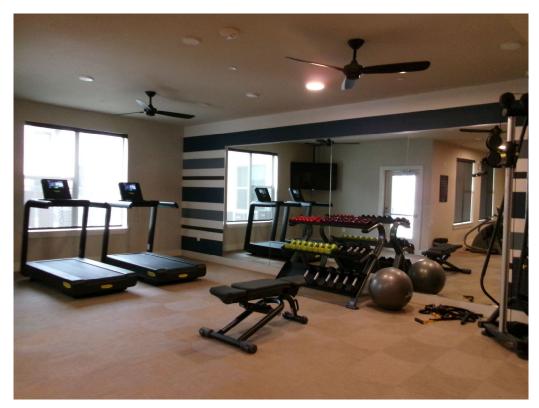
No Findings.

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Vacant Unit