

# Texas State Affordable Housing Corporation

**Pine Terrace Apartments**  
 1601 Amy Drive, Mt. Pleasant, Texas 75455

**Owner:** LMP Pine Terrace LP **Date Built:** 1982  
**Management Company:** LMP Pine Terrace LP **Property Manager:** Estelle Smith  
**Inspection Date & Time:** September 14, 2023 at 9:00 am **Inspector's Name:** Mercedes Dunmore

<b>Occupancy at Time of Report:</b>	89.47%	<b>Average Occupancy Over Last 12 Months:</b>	69.73%
<b>Number of Units: 76</b>			
<b>Number of One Bedrooms:</b>	76	<b>Number of Two Bedrooms:</b>	N/A
<b>Number of Three Bedrooms:</b>	N/A	<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		
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 - see comment		
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 Review was conducted virtually. The property completed a property-wide rehab last year. Based on the photos submitted for review, the property is in overall great condition. Management disclosed their storage area is currently being reorganized.

**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		<b>See comment below.</b>
Theft		
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance		
Other		

# Texas State Affordable Housing Corporation

	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:** For the second consecutive year, the owner/manager did not provide the requested police reports (911 call sheet). Therefore, the reviewer was unable to complete the Security section above. This was a Finding in last year's report. To correct the finding last year, the owner submitted a written certification stating required reports would be submitted in a timely manner. See Finding.

**Finding:**

- **Management failed to submit police reports (911 call sheet) for a three-month period as required by TSAHC. It is important that management periodically review 911 call logs for the property to monitor any activity on the property. Management must obtain 911 call log reports for the previous 3 months and submit them to TSAHC no later than 12/10/2023.**

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		

**COMMENTS:** The most recent risk assessment was conducted by the investors in August 2023.

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	
➤ N/A			
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 (Pavilion and Open Tree Trail)	X		

**COMMENTS:** The new community amenities are in great condition.

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 – see comment	
3) Is key box locked and secured?	X		
4) Is the key code list kept separate from the key box?			X – see comment
5) Are locks being changed during unit turnovers?	X		

# Texas State Affordable Housing Corporation

**COMMENTS:** Unit keys are not coded.

**Finding:**

- **For the safety of the property and residents, management must keep unit keys in a secure location, keys must be coded, and the key code must be kept in a separate location. These efforts will help minimize the risk of liability. Management must provide written certification that keys have been properly coded to TSAHC no later than 12/10/2023.**

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 – see comment	
4) How often are Pest Control services provided? ➢ Pest Control services are completed once a month. Units are treated every other month.			
5) What is the policy for following up on completed service requests? ➢ Management follows up with completed service requests at random.			
6) What is the property's after-hours emergency policy? ➢ Management has a cell phone that receives all after-hour phone calls. Once calls are received, management will contact the correct vendor to complete the after-hour service request.			
7) What capital improvements have been scheduled or completed for this budget year? No capital improvements have been completed or scheduled due to the recent property-wide rehab.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
8) Unit Interior and Appliance upgrades ➢ N/A			
9) Building Exterior and Curb Appeal repairs ➢ N/A			
10) Amenity upgrades ➢ N/A			
11) Other repairs or replacements ➢ N/A			
Number of service requests received:	14		
Number of requests open from prior periods:	2		
Number of service requests completed:	12		
Number of service requests completed within 24 hours:	3		
Number of outstanding service requests:	2		
12) On average, how many days does it take to complete a work order? ➢ The reviewer is unable to determine the average number of days it takes maintenance to complete a service request based on the report provided.			
<p><b>COMMENTS:</b> According to management, all maintenance issues/work orders are managed and completed by the local housing authority. Because of this, management stated they do not store chemicals onsite and therefore do not have a MSDS binder. Management also stated that while the property has a building labeled maintenance room, it is currently being used for storage.</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>• <b>If at any point chemicals are to be stored at the property, management must create and maintain a MSDS book.</b></li> <li>• <b>TSAHC recommends management and/or the local housing authority establish and maintain a report that keeps track of when service requests are opened and completed. This will greatly aid in monitoring request progress and staff efficiency, ultimately contributing to a better experience for our residents and enhancing resident retention. Additionally, TSAHC will be requesting a work order report showing open and close dates to determine efficiency annually moving forward.</b></li> </ul>			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0		
Resident Referral (Current/Prior)	\$0		
Locator Service	\$0		

# Texas State Affordable Housing Corporation

Printed/Internet Advertising (Newspapers, Website, and Local Housing Authority)	\$1,500	4	3
Other Source	\$0		
<b>TOTAL</b>	<b>\$1,500</b>	<b>4</b>	<b>3</b>

The rental activity reflected in the above table was for the month of: 9/1/2023 – 9/30/2023

	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 – see comment	

**COMMENTS:** Per management, marketing sources for the past 30 days include the local newspaper and the housing authority's website. Market surveys are completed periodically and not monthly due to the property having a waiting list.

**Observation:**

- **TSAHC recommends management create a report that tracks the amount of traffic received per marketing source as this information will be requested annually moving forward.**

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: 80%	6 months: 92.5%	12 months: 98%
3) What percentage of move-outs in the last 12 months were due to eviction for non-payment of rent or "skip"?	See comment		
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 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., Yardi, Onesite, or Owner/Agent created software?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➢ The most recent rental increase was implemented in March 2023. The average increase was \$119.			
9) How many households are currently on month-to-month leases? ➢ N/A			
10) What is the charge for month-to-month leases? ➢ N/A			

**COMMENTS:** The property does not track reasons for move-outs.

**Observation:**

- **TSAHC recommends management create a report to track the reasons for move-outs as this information will be requested annually moving forward. More specifically, we will need to determine what percentage of move-outs in a 12-month period were due to eviction for non-payment of rent or skips. Note, this was an observation in last year's report.**

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	8
2) Number of completed made ready units at time of activity report:	6
3) Number of completed one-bedroom units at time of activity report:	6
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:	2
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:	0
9) Number of uncompleted three-bedroom units at time of activity report:	0

**Units Walked**

Unit #	Brief Description
2	Ready

# Texas State Affordable Housing Corporation

23	Ready		
1611B	Ready		
<b>Down Units Walked (units vacant and unready for extended period and all down units)</b>			
<b>Unit #</b>	<b>Brief Description</b>		
N/A			
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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: Occupied units are walked once a year.			
7) How often are vacant units inspected? ➢ Vacant units are inspected: Vacant units are inspected once a month.			
8) How many vacant units are in progress of being made ready? ➢ There are two vacant units in the process of being made ready.			
9) What is the company policy on the number of days to turn vacant units? ➢ Company policy is to turn a until within 30 days.			
<b>COMMENTS:</b>			
<b>Observation:</b>			
<ul style="list-style-type: none"> <li>Management advised vacant units are only walked once a month. TSAHC recommends management walk vacant units on a more frequent basis to assist with identifying issues that may arise and help with any health and safety concerns (i.e., unknown leaks, pest issues, etc.).</li> </ul>			

<b>BUDGET MANAGEMENT</b>				<b>YES</b>	<b>NO</b>	<b>N/A</b>
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 chart below.						
<b><u>Expense Items that Varied by 10% or Greater from the Budget for Year-to-Date Operations Ending</u></b>						
(Please note that a positive variance is under budget and a negative variance is over budget.)						
<b>EXPENSE ITEM</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>%</b>	<b>EXPLANATION</b>	
<b>COMMENTS:</b> The owner submitted the 2023 budget with a year-to-date income/expense comparison through 8/31/2023. Based on a review of the report, there were expense items that varied by 10% or greater.						
<b>Observation:</b>						
<ul style="list-style-type: none"> <li>TSAHC requests a variance report including budget income comparison with Actual and YTD budgets which was not submitted. Management is reminded that this report will be requested annually moving forward.</li> </ul>						

<b>REVENUE</b>			
<b>FOR THE MONTH ENDING: N/A</b>		<b>YEAR TO DATE AS OF: August 2023</b>	
Gross Potential	See comment	Gross Potential	\$545,314
Budgeted Rental Income		Budgeted Rental Income	\$304,746

# Texas State Affordable Housing Corporation

Actual Rental Income Collected		Actual Rental Income Collected	\$304,746
Variance + (-)		Variance + (-)	\$240,548
Other Revenue		Other Revenue	\$1,589
Total Budgeted		Total Budgeted	\$552,313
Total Collected		Total Collected	\$306,335
Variance + (-)		Variance + (-)	\$245,979

**COMMENTS:** The section above was completed using the Pine Terrace 2023 Budget with Income/Expenses through 8/31/2023.

**Observation:**

- **The Pine Terrace 2023 Budget with Income/Expenses through 8/31/2023 report provides the year-to-date (YTD) totals and not a period-in-time (PTD) and YTD totals. Therefore, the reviewer was only able to complete the section for YTD totals. TSAHC requested a budget comparison with PTD and YTD totals be submitted moving forward to ensure this section of the report can be completed thoroughly moving forward.**

ACCOUNTS PAYABLE	YES	NO	N/A
1) Is the payable report up to date?		X – see comment	
2) Is the property in good standing with all vendors?	X		
3) Are invoices processed weekly?	X		
<b>COMMENTS:</b> According to management, invoices are paid upon receipt. Management did not submit an account payable report but stated there were no accounts payable as of September 27, 2023.  <b>Finding:</b> • <b>This is the second consecutive Finding for the accounts payable. Management is required to maintain this information as TSAHC will be requesting it annually moving forward. More specifically, TSAHC needs to review this report to ensure vendors are paid timely and are in good standing. Management must submit an account payable report to TSAHC no later than <u>12/10/2023</u>.</b>	0-30 Days:		\$0
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$0

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 <sup>st</sup> and late on the 6 <sup>th</sup> for HUD residents. For tax credit residents, a \$10 late fee is assessed on or after the 10 <sup>th</sup> day. Late fees will never total more than \$30 per month.			
3) When is legal action taken against delinquent accounts? • Legal action is taken on delinquent account on the 16 <sup>th</sup> of each 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 of the report was completed by using the A/R Balance Due Report dated 8/31/2023.	0-30 Days:		\$162
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$162

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:** Management does not maintain a report for this information; however verbally confirmed they did not have any returned checks.

**Observation:**

- **Management is encouraged to create and maintain a report of any returned checks received.**

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		

# Texas State Affordable Housing Corporation

3) Is overtime being controlled?	X		
4) Were requested pre-audit reports submitted on time?	X – see comment		
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 -see comment		
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.  
 ➤ The manager has attended fair housing, multiple program compliance trainings and < LIHTC and HUD program trainings.

**COMMENTS:** A third-party management company managed the property through 06/01/2023. After that, TSAHC was informed that the property would be owner managed. On August 15<sup>th</sup>, the asset oversight and compliance review notices were sent to the owner and owner representative. The notice requested property reports to be submitted to TSAHC no later than August 31<sup>st</sup>. While the owner submitted some of the required reports on time, several others were not received until September 27<sup>th</sup> which is over 28 days past due. In addition, the reviewer noticed some reports were provided by the local housing authority. See Finding.

**Finding:**

- **Only two Asset Oversight and Compliance (AOC) Reviews have been conducted at Pine Terrace. Both times, TSAHC was not provided with the requested documentation in a timely manner. Per Appendix C of the AOC agreement, TSAHC may assess non-compliance penalty fees for not submitting requested reports and for not submitting corrective action timely. The owner/manager must submit the following to TSAHC no later than 12/10/2023:**
  - **Written certification stating reports requested prior to future AOC Reviews will be submitted timely,**
  - **Written certification stating corrective action as listed on the AOC Reports will be submitted timely,**
  - **Written certification stating monthly and annual report as required per the AOC agreement (i.e., USR, resident services, financials, etc.) will be submitted timely, and**
  - **Written documentation that details what reports are maintained by the owner and what reports are maintained by the local housing authority so that TSAHC can have a full understanding of the partnership.**

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? ➤ The site manager must get owner approval for amounts over \$2,000.			

**COMMENTS:**

### SUMMARY OF OBSERVATIONS AND FINDINGS

**Observations:**

- **If at any point chemicals are to be stored at the property, management must create and maintain a MSDS book.**
- **TSAHC recommends management and/or the local housing authority establish and maintain a report that keeps track of when service requests are opened and completed. This will greatly aid in monitoring request progress and staff efficiency, ultimately contributing to a better experience for our residents and enhancing resident retention. Additionally, TSAHC will be requesting a work order report showing open and close dates to determine efficiency annually moving forward.**
- **TSAHC recommends management create a report that tracks the amount of traffic received per marketing source as this information will be requested annually moving forward.**
- **TSAHC recommends management create a report to track the reasons for move-outs as this information will be requested annually moving forward. More specifically, we will need to determine what percentage of move-outs in a 12-month period were due to eviction for non-payment of rent or skips. Note, this was an observation in last year's report.**
- **Management advised vacant units are only walked once a month. TSAHC recommends management walk vacant units on a more frequent basis to assist with identifying issues that may arise and help with any health and safety concerns (i.e., unknown leaks, pest issues, etc.).**
- **TSAHC requests a variance report including budget income comparison with Actual and YTD budgets which was not submitted. Management is reminded that this report will be requested annually moving forward.**
- **The Pine Terrace 2023 Budget with Income/Expenses through 8/31/2023 report provides the year-to-date (YTD) totals and not a period-in-time (PTD) and YTD totals. Therefore, the reviewer was only able to complete the section for YTD totals. TSAHC requested a budget comparison with PTD and YTD totals be submitted moving forward to ensure this section of the report can be**

# Texas State Affordable Housing Corporation

completed thoroughly moving forward.

- Management is encouraged to create and maintain a report of any returned checks received.

## Findings:

- Management failed to submit police reports (911 call sheet) for a three-month period as required by TSAHC. It is important that management periodically review 911 call logs for the property to monitor any activity on the property. Management must obtain 911 call log reports for the previous 3 months and submit them to TSAHC no later than 12/10/2023.
- For the safety of the property and residents, management must keep unit keys in a secure location, keys must be coded, and the key code must be kept in a separate location. These efforts will help minimize the risk of liability. Management must provide written certification that keys have been properly coded to TSAHC no later than 12/10/2023.
- This is the second consecutive Finding for the accounts payable section. Management is required to maintain this information as TSAHC will be requesting it annually moving forward. More specifically, TSAHC needs to review this report to ensure vendors are paid timely and are in good standing. Management must submit an account payable report to TSAHC no later than 12/10/2023.
- Only two Asset Oversight and Compliance (AOC) Reviews have been conducted at Pine Terrace. Both times, TSAHC was not provided with the requested documentation in a timely manner. Per Appendix C of the AOC agreement, TSAHC may assess non-compliance penalty fees for not submitting requested reports and for not submitting corrective action timely. The owner/manager must submit the following to TSAHC no later than 12/10/2023:
  - Written certification stating reports requested prior to future AOC Reviews will be submitted timely,
  - Written certification stating corrective action as listed on the AOC Reports will be submitted timely,
  - Written certification stating monthly and annual report as required per the AOC agreement (i.e., USR, resident services, financials, etc.) will be submitted timely, and
  - Written documentation that details what reports are maintained by the owner and what reports are maintained by the local housing authority so that TSAHC can have a full understanding of the partnership.



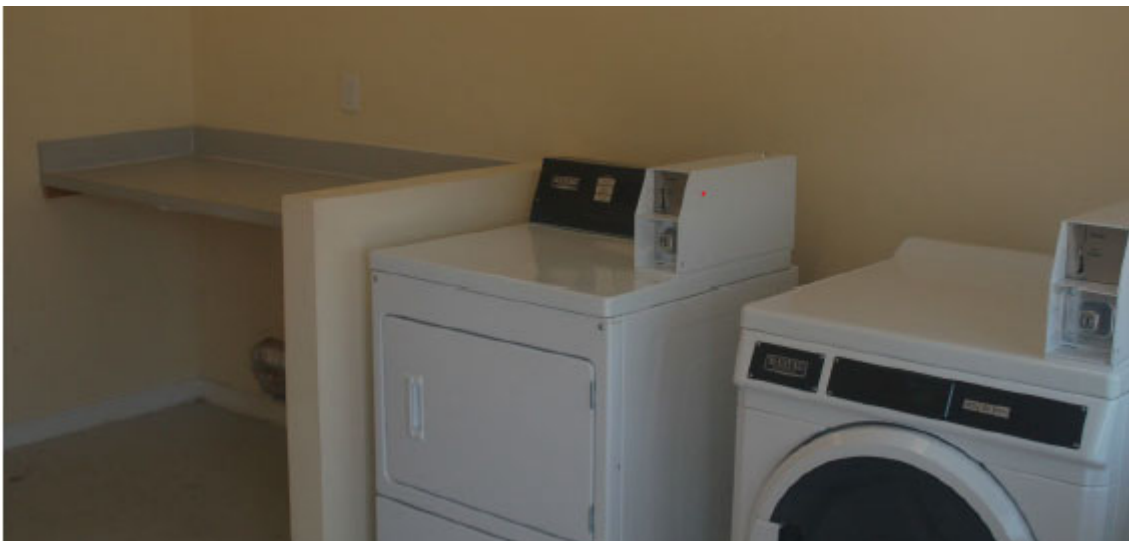
# Texas State Affordable Housing Corporation



# Texas State Affordable Housing Corporation



# Texas State Affordable Housing Corporation



# Texas State Affordable Housing Corporation

