

Texas State Affordable Housing Corporation

Sagebrush Apartments

218 Lynn Gavit Road., Brady, Texas 76825

Owner: DF Sagebrush Apts., LP

Date Built: 2003

Management Company: THF Housing Management Corp.

Property Manager: Janette Calk

Inspection Date & Time: March 28, 2023 at 9:00 p.m.

Inspector's Name: Celina Mizcles Stubbs

| | | | |
|-------------------------------------|-------|---|-----|
| Occupancy at Time of Report: | 91.6% | Average Occupancy Over Last 12 Months: | 92% |
| Number of Units: 60 | | | |
| Number of One Bedrooms: | 12 | Number of Two Bedrooms: | 28 |
| Number of Three Bedrooms: | 20 | 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 – see comment | | |
| 5) Are trees and shrubs properly trimmed? | X | | |
| 6) Are the grounds free of erosion, foot paths and tree root elevation? | X – see comment | | |
| 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: Based on the photos submitted for review, the property appears to be in good condition. However, there were a few areas where the lawn is deteriorating with patchy areas of poor or no growth. Management stated these patchy areas are due to the season changing and various weather patterns over the past two months. Management further stated they do have an irrigation system and suggested the landscaping appearance will be better soon.

| 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 | 1 | Assault -1 |
| Drug Related Activity | | |
| Gun Related Activity | | |
| Domestic Violence | | |

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| Disturbance | | | | | |
|---|--|--|-----|----|-----|
| Other | | | | | |
| | | | 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: The security chart above was completed using the Brady Police Department. The one call received in the 3-month period is listed in the chart above. Management confirmed the maintenance technician conducts weekly light checks. Management disclosed they are in the process of obtaining bids to replace the sensors for the exterior lights. | | | | | |

| 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: According to management, risk assessment inspections are completed annually by the owner's insurance agent and quarterly by the Asset Management team and/or Regional Manager. The last risk assessment was conducted by the Asset Management team in March 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 | | | |
| ➤ Fire extinguisher (annually) | 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: Fitness Center and Food Pantry | 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: | | | | |

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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 – see comment |
| 4) How often are Pest Control services provided? ➢ Pest Control services are offered monthly for up to 5 buildings and any requested units. | | | |
| 5) What is the policy for following up on completed service requests? ➢ There is not a policy to follow-up on completed work orders, however tenants are known to call the Property Manager if issues persist. | | | |
| 6) What is the property's after-hours emergency policy? ➢ The answering service answers all after-hours calls and forwards emergency calls to the on-call maintenance technicians followed by the property manager if they do not take the call. | | | |
| 7) What capital improvements have been scheduled or completed for this budget year? ➢ The following capital improvements are proposed; parking lot lighting replacement, concrete repairs, tree trimming, AC/appliance/window replacement, install gazebo in lieu of playground, irrigation repairs, and landscaping enhancements. Based on conversation with management, there are no funds in the budget to complete these proposed capital improvements. Management did confirm that HVAC units, appliances and windows are being replaced, as needed. | | | |
| Detail of Ongoing Repairs and Replacements Completed in Last Budget Year | | | |
| 8) Unit Interior and Appliance upgrades ➢ Appliances were updated when needed. | | | |
| 9) Building Exterior and Curb Appeal repairs ➢ The property completed some landscaping and removed some trees. | | | |
| 10) Amenity upgrades ➢ None. | | | |
| 11) Other repairs or replacements ➢ None. | | | |
| Number of service requests received: | 16 | | |
| Number of requests open from prior periods: | 0 | | |
| Number of service requests completed: | 15 | | |
| Number of service requests completed within 24 hours: | 3 | | |
| Number of outstanding service requests: | 1 | | |
| 12) On average, how many days does it take to complete a work order? ➢ Work orders are completed within 2-days. | | | |
| COMMENTS: According to management, the maintenance shed does not contain chemicals. Should chemicals be stored at the property, management must create and maintain an MSDS (hazardous material and chemicals) binder where the chemicals are stored. | | | |

| 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) | | | |
| Locator Service | | | |
| Printed/Internet Advertising: Newspaper (\$220), Apt Map, Google, Apt 24/7, BradyToday.com (social media expense around \$220 total) | \$440 | 15 | 0 |
| Other Source: Brady | | | |
| TOTAL | \$440 | 15 | 0 |
| The rental activity reflected in the above table was for the month of: February 2022 – February 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: | | | |

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| 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: 67% | 6 months: 70.6% | 12 months: 78.2% |
| 3) What percentage of move-outs in the last 12 months were due to eviction for non-payment of rent or "skip"? | 9% | | |
| 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? ➢ An increase of \$50 was issued to all households that renewed in the last 12 months. | | | |
| 9) How many households are currently on month-to-month leases? ➢ There is currently 1 household on a month-to-month. | | | |
| 10) What is the charge for month-to-month leases? ➢ The household on the month-to-month lease is paying max rent. | | | |
| COMMENTS: | | | |

| VACANT/MAKE READY UNITS | |
|--|---|
| 1) Number of vacant units at time of activity report: | 6 |
| 2) Number of completed made ready units at time of activity report: | 4 |
| 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: | 2 |
| 5) Number of completed three-bedroom units at time of activity report: | 2 |
| 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: | 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: | 2 |

| Units Walked | |
|--------------|--------------------------|
| Unit # | Brief Description |
| 101 | (3x1) Vacant, Made-Ready |
| 902 | (2x1) Vacant, Made-Ready |
| 904 | (2x1) Vacant, Made-Ready |
| 1004 | (3x1) Vacant, Made-Ready |
| 1502 | (3x1) Vacant, Made-Ready |

| Down Units Walked (units vacant and unready for extended period and all down units) | |
|---|-------------------|
| Unit # | Brief Description |
| | |

| | 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 – 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 | | | |

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| | |
|---|--|
| 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 process of being made-ready. |
| 9) | What is the company policy on the number of days to turn vacant units? ➤ Units should be turned and made-ready withing 7 business days. |
| COMMENTS: Based on a review of the Availability report dated as of 2/28/23, units 902 and 1502 have been vacant for an average of 212 days. On the day of the onsite review, management confirmed the units are ready for occupancy. Prior to the issuance of this report, management confirmed the units are leased and waiting for final approval. | |

| 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 |
|----------------------------------|---------|---------|-----------|--------|---|
| Operating & Maintenance Expenses | \$99 | \$434 | \$335 | 76% | Make-ready – Carpet and Make-ready – Windows |
| Maintenance & Repairs | \$562 | \$1,385 | \$823 | 59% | Plumbing, Lights Bulbs/Fixtures and Janitorial |
| Contract Costs | \$2,269 | \$3,138 | \$869 | 27% | Contract Costs, Irrigation, Electrical, and Other |
| Capital Expenditures | \$4,000 | \$0 | (\$4,000) | (100%) | See comment |

COMMENTS: According to management, there have been unexpected leaks, plumbing issues, AC replacements Windows replacement and tree trimming that were allocated to the capital expenditure budget.

| REVENUE | | | |
|------------------------------------|----------|----------------------------------|----------|
| FOR THE MONTH ENDING: January 2023 | | YEAR TO DATE AS OF: January 2023 | |
| Gross Potential | \$41,038 | Gross Potential | \$41,038 |
| Budgeted Rental Income | \$34,825 | Budgeted Rental Income | \$34,825 |
| Actual Rental Income Collected | \$35,794 | Actual Rental Income Collected | \$35,794 |
| Variance + (-) | \$968 | Variance + (-) | \$968 |
| Other Revenue | \$2,479 | Other Revenue | \$2,479 |
| Total Budgeted | \$38,274 | Total Budgeted | \$38,274 |
| Total Collected | \$38,165 | Total Collected | \$38,165 |
| Variance + (-) | \$109 | Variance + (-) | \$109 |

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: The vendor Aging Report dated 1/31/2023 was used to complete this section. The high balance is due to not paying the THF Housing Management Fee for a total of \$206,205. | 0-30 Days: | | \$29,311 |
| | 30-60 Days: | | \$0 |
| | 60 Days and Over: | | \$217,625 |
| | TOTAL | | \$246,936 |

| DELINQUENCIES | YES | NO | N/A |
|--|-----|----|-----|
| 1) Is the delinquency report up to date? | X | | |

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| | | | |
|---|-------------------|---|------------------|
| 2) What is the rent collection policy? ➤ The rent is due on the 1 st . An initial late fee of \$25 is assessed on the 6 th day followed by a daily \$1 fee until rent is paid in full. | | | |
| 3) When is legal action taken against delinquent accounts? ➤ Legal action is taken on the 15 th day 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 Delinquent and Prepaid report dated 1/31/2023 was used to complete this report. | 0-30 Days: | | (\$2,551) |
| | 30-60 Days: | | (\$234) |
| | 60 Days and Over: | | (\$158) |
| | TOTAL | | (\$2,943) |

| RETURNED CHECKS | YES | NO | N/A |
|---|-----|----|-----|
| 1) Total number of returned checks in the past 3 months: | | 1 | |
| 2) Has the manager collected and deposited all returned checks? | X | | |
| 3) Is the manager following company policy on returned checks? | X | | |
| COMMENTS: The \$25 NSF fee was appropriately applied. | | | |

| 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 attendance in-hour training, TAA and Real Page industry training. | | | |
| 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? | | | X (see comment) |
| 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 over \$500 requires owner's approval. | | | |
| COMMENTS: Management stated the owner has access to property software and pulls reports at their discretion. | | | |

| SUMMARY OF OBSERVATIONS AND FINDINGS |
|--------------------------------------|
| No Observation and no Findings. |

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Unit 1502



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