

Texas State Affordable Housing Corporation

Walnut Creek Apartments 6409 Springdale Rd, Austin, Texas, 78723

Owner: LEDG Capital

Date Built: 1971

Management Company: Rainey Property Management

Property Manager: Deena Fuller

Inspection Date & Time: April 12, 2023, at 9:00 am

Inspector's Name: Mercedes Dunmore

| | | | |
|-------------------------------------|--------|---|--------|
| Occupancy at Time of Report: | 96.99% | Average Occupancy Over Last 12 Months: | 96.24% |
| Number of Units: 98 | | | |
| Number of One Bedrooms: | 36 | Number of Two Bedrooms: | 44 |
| Number of Three Bedrooms: | 18 | 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 – see comment | | |
| 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 – see comment | | |
| 8) Are parking lots clean, in good repair with handicap parking spaces clearly marked? | X – see comment | | |
| 9) Are all recreational, common areas and amenity areas clean, maintained, and accessible? | X - see comment | | |
| 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 - see comment | |
| 22) Have repairs or corrections recommended or required from the last physical inspection been satisfactorily completed? | | | X |

COMMENTS: The overall curb appeal of the property was good. The reviewer arrived at the property during the daily grounds clean up and was able to verify completion before leaving the property; all debris was properly disposed. The landscaping presented well-kept, and the building structure remains in good condition. The reviewer would like to advise on a few areas that need improvement, as noted in the observation below.

Observations:

- **Building exteriors:** Pressure washing is needed for the sidewalks, building staircases, and walkways. Dirt build-up, gum, and residues were noted on sidewalks during the property walk. Light fixture cleaning is needed outside of unit 144. Tow way lanes and parking lot repairs and re-striping needed. Building 7's number identifier is not properly secured. A personal grill was noted outside of building 1 in front of unit 201. Bulk furniture located behind the waste receptacle by building 8. Additionally, the exterior fence behind building 8 and the waste receptacle is damaged and should be repaired to prevent further damage. Photos attached for the items mentioned.
- **Laundry facility:** During the review of the laundry facility the reviewer observed tenants not properly disposing of their waste, resulting in an unkept laundry room. Management is encouraged to regularly review cameras or physically visit the laundry room to remind tenants of their duty to clean the facilities upon use.
- **Gutters:** It is apparent that maintenance regularly cleans the gutters as most were free of debris. However, the gutters on buildings 3 and 6 were not and need to be cleaned. Photo attached.

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Finding:

- **Building 8 has exposed electrical parts which is not conducive to the health and safety of the property, building, tenants, and staff. Exposed electrical parts pose a hazard which can result in electrical shock, fire, and electrocution. Per management, the cable vendor is in the process of installing a new cable box on the building. Due to the safety concerns, TSAHC requires management to provide evidence of the newly installed cable box no later than 06/09/2023.**

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 | | |

| | 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: Management was unable to provide the reviewer with the requested 911 reports; therefore, the security section of this report could not be completed. Per management, the Austin Police Department advised they are unable to email or fax any police report logs as the reports can only be sent via US mail. Management also mentioned their efforts in cultivating a relationship with the police department to assist with deterring crime at the property. Management advised they are currently working to obtain a security contract to patrol property daily. Management has advised the cameras are currently operable, however the vendor for the service is unknown. TSAHC will follow up on the cameras during next year's review.

Finding:

- **On the day of review, a couple of tenants discussed their safety concerns to management staff. Based on the information shared, management is required to obtain and review quarterly 911 call logs for a 3-month time frame from the Austin Police Department. In addition, management must create and implement a policy for issuing lease violations and processing evictions as necessary. Management is required to submit the requested 911 reports to TSAHC upon receipt, no later than 06/09/2023.**

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 took place in November 2022.

OFFICE

| | YES | NO | N/A |
|---|-----|-----------------|-----|
| 1) Is the office neat, the desk uncluttered? | | X - see comment | |
| 2) Are accurate office hours posted? | | X - see comment | |
| 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? ➤ (Describe) | | X | |

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|--|---|--|---|
| 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 (describe) | | | X |

COMMENTS: One the day of the site visit, the front office was clean and clear of clutter. Conversely, the manager's office was extremely disorganized with tenant files lying around the office and out of place. Management advised the reviewer that there are undergoing a software conversion resulting in reporting black-out dates from the current Real Page software as of 03/10/2023. The new software program will be Resman software which is expected to come online on 05/01/2023.

Note, management confirmed that due to the reporting blackout dates the property reports are not accurate. However, management does have access to internal data and therefore were able to provide accurate information verbally using internal record keeping.

Findings:

- Management is advised to organize the manager's office and to appropriately store and maintain tenant files to help with decluttering and create a safe and sanitary work environment. Management must provide TSAHC photos of the decluttered manager's office with files properly filed no later than 06/09/2023.
- On the day of the site visit the office hours were not posted. The office hours must be posted for tenants and visitors knowledge of when the management office is accessible for business needs. The owner must post the office hours and provide proof via pictures, work orders, or invoices to TSAHC. This issue must be corrected by 06/09/2023.

| 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 that is being followed? | X – see comment | | |
| 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 provided weekly on a rotating schedule, plus any additional call backs requested by tenants. | | |
| 5) What is the policy for following up on completed service requests? | The property manager calls the residents to confirm completion and satisfaction of each service request. | | |
| 6) What is the property's after-hours emergency policy? | The property has an on-call maintenance phone which directs after-hours calls directly to the maintenance technician. | | |
| 7) What capital improvements have been scheduled or completed for this budget year? | Railing repairs have been scheduled for this budget year. Additionally, low flow energy savers are scheduled to be installed on shower heads within the next two or three months. Per management, the parking lot will be repaved and restriped soon. | | |

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| Detail of Ongoing Repairs and Replacements Completed in Last Budget Year | | | |
|--|--|--|-----------------|
| 8) Unit Interior and Appliance upgrades | | | |
| <ul style="list-style-type: none"> N/A | | | |
| 9) Building Exterior and Curb Appeal repairs | | | |
| <ul style="list-style-type: none"> A tree cut down for the visibility of the camera and cable boxes have been installed on the buildings for extra security and safety of wire exposure. | | | |
| 10) Amenity upgrades | | | |
| <ul style="list-style-type: none"> N/A | | | |
| 11) Other repairs or replacements | | | |
| <ul style="list-style-type: none"> N/A | | | |
| Number of service requests received: | | | 3 – see comment |
| Number of requests open from prior periods: | | | 0 |
| Number of service requests completed: | | | 3 |
| Number of service requests completed within 24 hours: | | | 3 |
| Number of outstanding service requests: | | | 0 |
| 12) On average, how many days does it take to complete a work order? | | | |
| <ul style="list-style-type: none"> Work orders are completed an average of one day, per management. | | | |
| <p>COMMENTS: The Service Request Activity Report dated between 2/1/2023 through 4/28/2023, does not reflect correct information due to the current software conversion. According to the Property Manager hard copies of service requests are kept in the office. Upon completion of the request, the maintenance technician completes the hard copy request by signing and adding details. Management confirms open service requests were completed within a 24-hour period, while emergency requests are completed on the date the service request is created. Additionally, management states, preventive maintenance consists of quarterly checks of smoke detectors being tested and replacing batteries as needed and a/c filter changes.</p> | | | |
| <p>Observation:</p> <ul style="list-style-type: none"> Based on a review of the Service Request Activity Report, it was apparent that all requests are labeled as “other” and has limited details on the service request. Management confirmed the new property management software program will allow for management to enter a service type and allows for the manager to enter detailed notes about the service request. TSAHC recommends management correctly identify the correct service type category with detailed notes when entering a service request, moving forward. This will allow maintenance, management, and third-party reviewer the ability to review the service request to ensure compliance of health and safety of the tenants are being met timely. | | | |
| <p>Finding:</p> <ul style="list-style-type: none"> During the site visit, the reviewer, maintenance, and management staff were unable to locate a Material Safety Data Sheet (MSDS) binder within the property. It is essential to the protection of the staff and property for an MSDS binder to be up to date and kept in the area where the materials and chemicals are stored. The owner must create an MSDS binder for all materials and chemicals stored in the maintenance shop. A picture of the binder and its location must be provided to TSAHC by 06/09/2023. | | | |

| 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 (Rent List and Apartments.com) | \$382 | 4 | 0 |
| Other Source | | | |
| TOTAL | \$382 | 4 | 0 |
| The rental activity reflected in the above table was for the month of: 02/14/2023 through 4/30/2023 | | | |
| | YES | NO | N/A |
| 2) Is the property doing bilingual advertising? | X | | |
| 3) Does the property have any competitors nearby? | | X – see comment | |
| 4) Does the property “shop” their competitors? | | X – see comment | |
| 5) Does the property complete a market survey at least monthly? | | X – see comment | |
| <p>COMMENTS: Due to the software conversion, management provided the reviewer with the information to complete the section above. Per</p> | | | |

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management, a wait list is maintained for this community. In addition, management confirms there are no HUD property competitors in the area, only tax credit properties. The Regional Manager plans to implement a plan to shop the tax credit properties in the foreseeable future. Lastly, management states that although there is not a market survey completed by management, apartment.com has reports with data for a competitive survey sent monthly.

| LEASE RENEWAL | | YES | NO | N/A |
|--|---|-----------------|------------------|---------------------|
| 1) | Does it appear that an effective lease renewal program is in place? If no, please comment below. | | | |
| 2) | What percentage of residents renewed last month, past 6 months, and past 12 months? | Current: N/A | 6 months: N/A | 12 months: 87.7% |
| 3) | What percentage of move-outs in the last 12 months were due to eviction for non-payment of rent or “skip”? | 8.33% | | |
| 4) | Are lease renewal notices sent to residents at the 120-day, 90-day, 60-day and 30-day timeframes prior to 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? ➤ Due to the recent change in ownership and management staff, the last rent increase was implemented in November 2021. The average increase for a 1-bedroom had an increase of \$14, 2-bedroom units had an increase of \$26, and 3-bedroom units had an increase of \$41 . | | | |
| 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: Due to the HUD contracts converting to a month-to-month contract after the first initial certification, the reviewer is unable to determine the current and 6-month percentage of resident renewals. | | | | |

| VACANT/MAKE READY UNITS | | | | | |
|---|------------------------|--|-----------------|-----------------|-----|
| 1) Number of vacant units at time of activity report: | | | 7 | | |
| 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: | | | 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: | | | 1 | | |
| 6) Number of uncompleted made ready units at time of activity report: | | | 5 | | |
| 7) Number of uncompleted one-bedroom units at time of activity report: | | | 1 | | |
| 8) Number of uncompleted two-bedroom units at time of activity report: | | | 4 | | |
| 9) Number of uncompleted three-bedroom units at time of activity report: | | | 0 | | |
| Units Walked | | | | | |
| Unit # | Brief Description | | | | |
| 145 | Ready | | | | |
| 201 | Ready | | | | |
| 113 | Make Ready in progress | | | | |
| 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 – see comment | |
| 2) Are units being turned in a timely manner? | | | | X – see comment | |
| 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? Management is currently converting to Resman Software as previously mentioned. | | | X – see comment | | |

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| 6) How often are occupied units inspected? ➤ Occupied units are inspected bi-annually. |
| 7) How often are vacant units inspected? ➤ Vacant units are inspected daily by maintenance and two or three times per week by the property manager. |
| 8) How many vacant units are in progress of being made ready? ➤ There are currently five vacant units in make ready status. |
| 9) What is the company policy on the number of days to turn vacant units? ➤ Per management, company policy is seven days to turn vacant units. |
| COMMENTS: The make-ready board in the office does not match the availability report due to the software conversion. However, on the day of the onsite visit, it was determined that unit turns are not being completed within the company policy timeframe. |
| Observation: <ul style="list-style-type: none"> At the time of the review, unit 201 was vacant a total of 317 days. Management advised there has been multiple application denied due to failure to meet program eligibility requirements. For revenue purposes, TSAHC strongly encourages management to review this units' vacancy daily to rent the unit promptly. |

| 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. | | | | | | | |
| <u>Expense Items that Varied by 10% or Greater from the Budget for Year-to-Date Operations Ending</u> | | | | | | | |
| (Please note that a positive variance is under budget and a negative variance is over budget.) | | | | | | | |
| EXPENSE ITEM | ACTUAL | BUDGET | VARIANCE | % | EXPLANATION | | |
| Payroll Expenses | \$26,637 | \$29,820 | \$3,183 | 11% | Property Manager, Maintenance, Taxes, and Temp Cost Office | | |
| Administrative Expenses | \$2,330 | \$6,945 | \$4,615 | 66% | Computer/Software Fees, Travel Expenses, Auto Allowance/Mileage, Office Expenses, and Meals | | |
| Marketing Expenses | \$3,062 | \$3,614 | \$348 | 10% | Advertising and Resident Portal & Website | | |
| Maintenance & Repairs Expenses | \$8,198 | \$4,018 | (\$4180) | 104% | Plumbing and Fire & Life Safety | | |
| COMMENTS: Management confirms the software program conversion was warranted with the rapid increase of the Real Page service fee which contributes to software fees being overbudget. | | | | | | | |

| REVENUE | | | |
|----------------------------------|-----------|--------------------------------|-----------|
| FOR THE MONTH ENDING: March 2023 | | YEAR TO DATE AS OF: March 2023 | |
| Gross Potential | \$148,882 | Gross Potential | \$412,493 |
| Budgeted Rental Income | \$0 | Budgeted Rental Income | \$0 |
| Actual Rental Income Collected | \$9,501 | Actual Rental Income Collected | \$250,869 |
| Variance + (-) | \$9,501 | Variance + (-) | \$250,869 |
| Other Revenue | (\$6,842) | Other Revenue | (\$4,388) |
| Total Budgeted | \$0 | Total Budgeted | \$0 |
| Total Collected | \$2,659 | Total Collected | \$246,481 |
| Variance + (-) | \$2,659 | Variance + (-) | \$246,481 |
| COMMENTS: | | | |

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| 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 – see comment | |
| 3) Are invoices processed weekly? | X -see comment | | |
| COMMENTS: Management submitted a Vendor Ledger Report; however, the report only provides records for the 2021 period, which is not acceptable. Management confirmed account payables are kept in a separate software program which does not have an option to record or generate reporting. In consequence, the reviewer is unable to determine the current to ninety-day payable balances, as well as determine the relationship between the property and its vendors. Finding: <ul style="list-style-type: none"> TSAHC requires management to retain appropriate record keeping software program to ensure the feasibility of the property. Management must submit a report showing vendor aging payable as of 4/30/2023 showing current, 30-60 days and over 60-day balances to TSAHC no later than 06/09/2023. | 0-30 Days: | | |
| | 30-60 Days: | | |
| | 60 Days and Over: | | |
| | TOTAL | | |
| DELINQUENCIES | YES | NO | N/A |
| 1) Is the delinquency report up to date? | | X – see comment | |
| 2) What is the rent collection policy? | | | |
| ➤ The rent is due on the 1 st of the month and given a grace period until the 4 th . On the 5 th day of the month a 10% late fee penalty is applied to delinquent accounts. | | | |
| 3) When is legal action taken against delinquent accounts? | | | |
| ➤ After a tenant is delinquent for 30 days a notice to vacate is issued. After the completion of the 30 days, an eviction is filed following the completion of the 7-day proposed eviction notices being issued. | | | |
| 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 Delinquent and Prepaid report dated 3/10/2023. Per management, due to the software conversion the delinquency report does not reflect payments received in March and April resulting in delinquency totaling being inaccurate. Finding: <ul style="list-style-type: none"> TSAHC requires management to retain appropriate record keeping software program to ensure feasibility of the delinquency of the property. Management must provide a delinquency report reflecting all payments received for as of 4/30/2023 and submit to TSAHC no later than 06/09/2023. | 0-30 Days: | \$93,430 | |
| | 30-60 Days: | \$(7,392) | |
| | 60 Days and Over: | \$21,590 | |
| | TOTAL | \$107,628 | |

| 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 – see comment | | |
| 5) Does it appear that personnel are team oriented? | X | | |
| 6) Was management staff prepared for the site visit? | X – see comment | | |
| 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. | | | |
| ➤ Fair Housing and Grace Hill Trainings on sexual harassment, Karen Graham compliance training, and Resman Software training. | | | |

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COMMENTS: The pre-audit submission presented several missing reports. The Property Manager was not available on the day of the onsite visit and the management agents who were there knew very little of the day-to-day operations (due to recent management changes) were unable to provide the reviewer with enough information to complete several sections of this report. This resulted in a follow up conference all with the Property Manager on 4/24/2023.

Based on conversation with management, the following changes have occurred. The new property manager joined the property in November 2022 (resigned prior to the issuance of this report). A replacement Chief Operations Officer (COO) for the third-party management groups joined around November 2022, a new Director of Operations joined the company in February 2023, and the new Regional Manager joined the management company in March 2023.

Observation:

- Due to the significant management changes, TSAHC recommends management conduct a 100% review of the property's software conversion, financial report, etc. This should also include a 100% file audit to ensure overall program compliance.

| 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 regional manager is required to get owner approval for any expenses over \$1,500. | | | |

COMMENTS:

SUMMARY OF OBSERVATIONS AND FINDINGS

Observations:

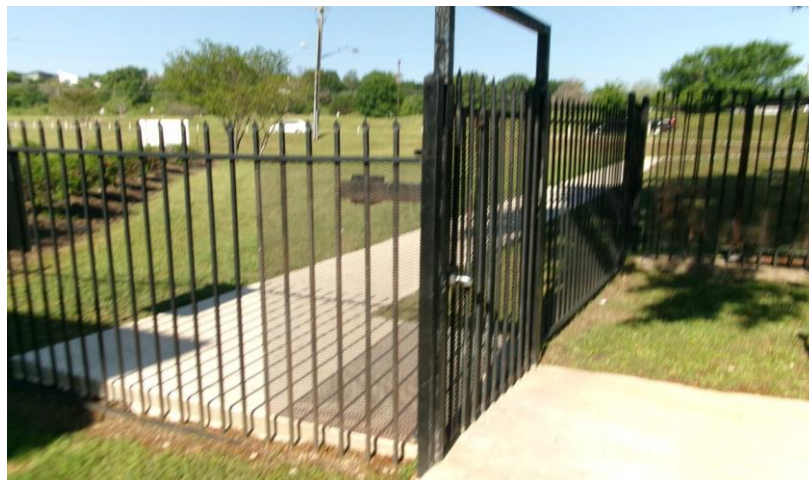
- **Building exteriors:** Pressure washing is needed for the sidewalks, building staircases, and walkways. Dirt build-up, gum, and residues were noted on sidewalks during the property walk. Light fixture cleaning is needed outside of unit 144. Tow way lanes and parking lot repairs and re-striping needed. Building 7's number identifier is not properly secured. A personal grill was noted outside of building 1 in front of unit 201. Bulk furniture located behind the waste receptacle by building 8. Additionally, the exterior fence behind building 8 and the waste receptacle is damaged and should be repaired to prevent further damage. Photos attached for the items mentioned.
- **Laundry facility:** During the review of the laundry facility the reviewer observed tenants not properly disposing of their waste, resulting in an unkept laundry room. Management is encouraged to regularly review cameras or physically visit the laundry room to remind tenants of their duty to clean the facilities upon use.
- **Gutters:** It is apparent that maintenance regularly cleans the gutters as most were free of debris. However, the gutters on buildings 3 and 6 were not and need to be cleaned. Photo attached.
- Based on a review of the Service Request Activity Report, it was apparent that all requests are labeled as "other" and has limited details on the service request. Management confirmed the new property management software program will allow for management to enter a service type and allows for the manager to enter detailed notes about the service request. TSAHC recommends management correctly identify the correct service type category with detailed notes when entering a service request, moving forward. This will allow maintenance, management, and third-party reviewer the ability to review the service request to ensure compliance of health and safety of the tenants are being met timely.
- At the time of the review, unit 201 was vacant a total of 317 days. Management advised there has been multiple application denied due to failure to meet program eligibility requirements. For revenue purposes, TSAHC strongly encourages management to review this units' vacancy daily to rent the unit promptly.
- Due to the significant management changes, TSAHC recommends management conduct a 100% review of the property's software conversion, financial report, etc. This should also include a 100% file audit to ensure overall program compliance.

Finding:

- Building 8 has exposed electrical parts which is not conducive to the health and safety of the property, building, tenants, and staff. Exposed electrical parts pose a hazard which can result in electrical shock, fire, and electrocution. Per management, the cable vendor is in the process of installing a new cable box on the building. Due to the safety concerns, TSAHC requires management to provide evidence of the newly installed cable box no later than 06/09/2023.
- On the day of review, a couple of tenants discussed their safety concerns to management staff. Based on the information shared, management is required to obtain and review quarterly 911 call logs for a 3-month time frame from the Austin Police Department. In addition, management must create and implement a policy for issuing lease violations and processing evictions as necessary. Management is required to submit the requested 911 reports to TSAHC upon receipt, no later than 06/09/2023.
- Management is advised to organize the manager's office and to appropriately store and maintain tenant files to help with decluttering and create a safe and sanitary work environment. Management must provide TSAHC photos of the decluttered manager's office with files properly filed no later than 06/09/2023.
- On the day of the site visit the office hours were not posted. The office hours must be posted for tenants and visitors knowledge of when the management office is accessible for business needs. The owner must post the office hours and provide proof via pictures, work orders, or invoices to TSAHC. This issue must be corrected by 06/09/2023.

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- During the site visit, the reviewer, maintenance, and management staff were unable to locate a Material Safety Data Sheet (MSDS) binder within the property. It is essential to the protection of the staff and property for an MSDS binder to be up to date and kept in the area where the materials and chemicals are stored. The owner must create an MSDS binder for all materials and chemicals stored in the maintenance shop. A picture of the binder and its location must be provided to TSAHC by 06/09/2023.
- TSAHC requires management to retain appropriate record keeping software program to ensure the feasibility of the property. Management must submit a report showing vendor aging payable as of 4/30/2023 showing current, 30-60 days and over 60-day balances to TSAHC no later than 06/09/2023.
- TSAHC requires management to retain appropriate record keeping software program to ensure feasibility of the delinquency of the property. Management must provide a delinquency report reflecting all payments received for as of 4/30/2023 and submit to TSAHC no later than 06/09/2023.



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building 6 gutters



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tow way stripping



tow way damage



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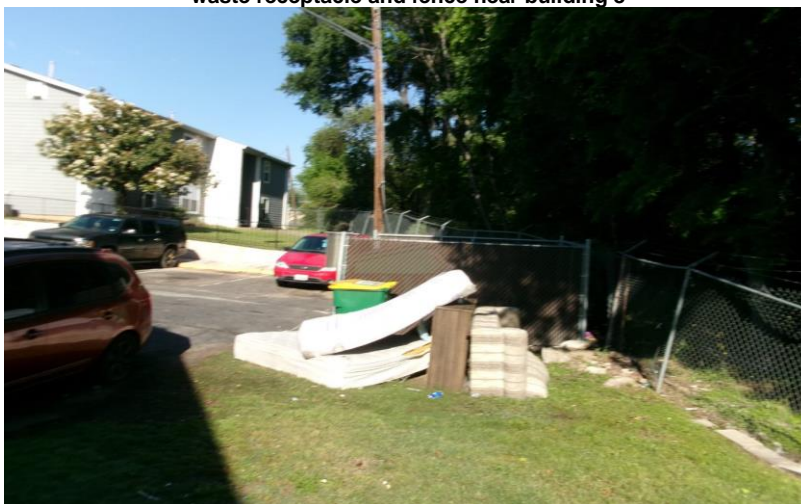
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waste receptacle and fence near building 8



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grill located outside of 201



unit 144 stairwell



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broken window framing unit 145



building number damage building 7



exterior lighting cleaning needed



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electrical wires

