



# Texas State Affordable Housing Corporation

## Asset Oversight Review Report

specifically near, Buildings E, O, and R. TSAHC will continue to monitor during next year's review.

- **Trip hazard:** A potential trip hazard was observed in front of Building M. Management is advised to monitor this area closely and develop a plan to correct the issue before it worsens and poses a greater safety concern. Additionally, management is advised to conduct a full property walk to assess and identify any other potential trip hazards.
- **Curb Appeal:** During the site visit, a significant amount of animal feces was observed throughout the property. Although pets are not allowed, management reports that the issue stems from emotional support animals and stray animals entering the grounds. This ongoing problem creates unsanitary conditions and negatively impacts curb appeal. Management is strongly encouraged to continue monitoring and find preventative measures to reduce the presence of stray animals and come up with proper waste cleanup from service animals.

**Finding:**

- **Exterior Maintenance and Safety Concerns:** Multiple exterior issues such as maintenance, safety hazards, and operational concerns, and lease violations were identified. The owner or owner's representative with signature authority must submit a signed, written certification stating that the owner will complete the following bulleted items and submit them to TSAHC no later than December 21, 2025, and submit progress reports monthly thereafter. Once the work for each bullet point is completed please send a completed work order and photo of the repairs to TSAHC for review:
  - **Signage:** The monument signage is deteriorating, with fading and missing letters and numbers.
  - **Access gates:** All pedestrian access gates were inoperable with notable latch issues.
  - **Stairs and Railing:** Several buildings have stairways with chipped and rusted paint, and the railings are in poor condition. According to management over 200 caps have been ordered for installation, with the worst sections (approximately 20 caps, scheduled to be addressed first.

### 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	4	
Criminal Mischief		
Personal Assault	7	
Drug Related Activity		
Gun Related Activity	11	
Domestic Violence		
Disturbance	22	
Suspicious Activity	1	
Other	29	Harassment (7), Threat Terroristic (7), Trespass (6), and Loud Music Noise (9)

	YES	NO	N/A
1) Does the property utilize a crime prevention agreement?		X	
2) Does the property take pro-active measures to address crime on property? If so, add comment	X – see comment		
3) Are light checks conducted by management staff on a weekly basis? If not, add comment.	X		

**COMMENTS:** The Galveston Police Department call log dated between July 2025 through September 2025 reported 122 calls; of those 74 calls are outlined in the chart above. Management states there are security cameras around the clubhouse and in all common areas that are monitored by the property staff, the corporate office, and the local police department. Management also confirms they still have a working relationship with the local police department, which includes having a police officer come out to assist with after-hour maintenance calls to have their presence on the property. In addition, police officers are assigned to the property to conduct drive-through and sit at the property when time permits.

### 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 in July 2025 by TDHCA.

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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		
➤ Certificate of Occupancy (COO), Sprinkler, and Fire Extinguisher			
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: A community garden	X		
<b>COMMENTS:</b>			

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		
<b>COMMENTS:</b>			

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 provided twice a month and as needed on a case-by-case basis.			
5) What is the policy for following up on completed service requests?			
➤ Office staff call residents after maintenance finishes the work to make sure the job is completed and the resident is satisfied.			
6) What is the property's after-hours emergency policy?			
➤ Calls are directed to the third-party vendor which contacts the manager and maintenance for all after-hour emergencies.			
7) What capital improvements have been scheduled or completed for this budget year?			
➤ Capital improvements for this budget year include updating fire extinguishers and fire protection systems to current code requirements, correcting faulty electrical issues, addressing A, D, and F building repairs, and completing plumbing work related to broken pipes and pressure line failures (a total of four major breaks were repaired).			

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Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
8) Unit Interior and Appliance upgrades			
➤ Twenty-two (22) Microwaves replaced.			
9) Building Exterior and Curb Appeal repairs			
➤ Exterior and curb appeal improvements include concrete repairs, replacement of property monument sign, approximately \$7,000 in roofing repairs, and ongoing vent connection work scheduled for completion this week. Additionally, gate fobs are scheduled to be replaced by the end of November.			
10) Amenity upgrades			
➤ None			
11) Other repairs or replacements			
➤ Pedestrian gates.			
Number of service requests received:	49		
Number of requests open from prior periods:	0		
Number of service requests completed:	24		
Number of service requests completed within 24 hours:	15		
Number of outstanding service requests:	25		
12) On average, how many days does it take to complete a work order?			
➤ On average, it takes 2 days for maintenance to complete a work order.			
<b>COMMENTS:</b> The reviewer was able to confirm there are no outstanding work orders with health and safety concerns.			

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)	\$250	1	0
Locator Service			
Printed/Internet Advertising: Google and Facebook			
Other Source: Local homeless shelters	\$0	6	0
<b>TOTAL</b>	<b>\$250</b>	<b>7</b>	<b>0</b>
<b>The rental activity reflected in the above table was for the month of: September 21, 2025 through October 21, 2025</b>			
	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	
<b>COMMENTS:</b>			

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) 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		
3) Are rent increase notices sent to residents at least 30-days prior to the rent increase implementation?	X		
4) Are individual files being reviewed to determine renewal/non-renewal status?	X		
5) Are renewals and re-certifications tracked and monitored with property management software? I.e., Yardi, Onesite, or Owner/Agent created software?	X		
6) What percentage of residents renewed in the past 12 months?			
➤ In the past 12 months, 81.25% of residents renewed their lease. See comment.			
7) What percentage of move-outs in the last 12 months were due to eviction for non-payment of rent or "skip"?			
➤ In the past 12 months, 14% of move-outs was due to evictions filed for non-payment of rent or skips.			

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8) When was the last rent increase implemented? What was the average rent increase? > The most recent rental increase was on March 1, 2025, and the average increase was \$4.
9) How many households are currently on month-to-month leases? > The property utilizes a HUD lease.
10) What is the charge for month-to-month leases? > N/A
<b>COMMENTS:</b> Over the last year, the renewal rate has decreased by just over 6%. Management believes this decline is due to a newly constructed affordable housing competitor that recently opened a few miles away.

### 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:	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:	0
5) Number of completed three-bedroom units at time of activity report:	1
6) Number of completed four-bedroom units at time of activity report:	0
7) Number of uncompleted made ready units at time of activity report:	7
8) Number of uncompleted one-bedroom units at time of activity report:	0
9) Number of uncompleted two-bedroom units at time of activity report:	2
10) Number of uncompleted three-bedroom units at time of activity report:	4
11) Number of uncompleted four-bedroom units at time of activity report:	1

#### Units Walked

Unit #	Brief Description
35	2 bedroom – Not ready; The living room floor is damaged and pending a water heater.
143	3 bedroom – Ready
155	3 bedroom – Ready
165	4 bedroom - Not ready; Pest infestation in the refrigerator and a water leak. See comment

#### Down Units Walked (units vacant and unready for extended period and all down units)

Unit #	Brief Description
N/A	

	YES	NO	N/A
1) Is the Unit Availability Report accurate? If no, comment below.	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: Twice a year.			
7) How often are vacant units inspected? > Vacant units are inspected: Every 10 days			
8) How many vacant units are in progress of being made ready? > There are currently 7 units in the process of being made ready.			
9) What is the company policy on the number of days to turn vacant units? > The company policy is to turn vacant units within 14 days.			

**COMMENTS:** Management confirms the pest infestation is currently being treated.

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FINANCIAL REPORTING REQUIREMENTS	YES	NO	N/A
1) Was the Proposed Budget submitted?	X		
2) Were the audited financial reports submitted?		X – see comment	
3) Were the quarterly unaudited financial reports submitted?	X – see comment		
<p><b>COMMENTS:</b> Per the Asset Oversight Compliance and Security (AOC) Agreement, Section 2 (c) - (e), the Owner must submit the following: .</p> <ul style="list-style-type: none"> <li>o At least 60 days prior to the end of the fiscal year, the Borrower must submit the proposed annual budget.</li> <li>o No later than 120 days after the end of each fiscal year, the Borrower must submit the audited financial report</li> <li>o No later than 30 days after the end of each quarter, the Borrower must submit the unaudited financial reports.</li> </ul> <p>Moving forward, the Owner/Management must ensure the required reports are submitted timely via <a href="mailto:compliance_reporting@tsahc.org">compliance_reporting@tsahc.org</a>.</p> <p><b>Finding:</b></p> <ul style="list-style-type: none"> <li>• <b>Based on a review of the financial report submissions, management has not submitted the audited financial reports for end of year 2024 and has not submitted the unaudited financial reports for quarter 3 of year 2025. Management must submit the two missing financial reports noted above to TSAHC no later than December 21, 2025.</b></li> </ul>			

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 – see comment		
3) Explain YTD variances of 10% of greater in the chart 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
Administrative	\$32,883	\$24,889	(\$7,994)	27.67%	Credit Report Service, License & Permits
Marketing	\$7,619	\$4,000	(\$3,619)	62.29%	Resident Parties & Promotions, Personnel Ads
Repairs & Maintenance	\$37,593	\$25,550	(\$12,043)	38.14%	Pest Control non-contract services, Plumbing Repairs, Tools & Equipment, Electrical repairs, Exterior Repairs, and Exterior Repairs
Unit Preparations	\$14,910	\$5,600	(\$9,310)	90.79%	Cleaning Supplies, Doors/Locks/Keys, and Painting Contracts
Capital Turn Costs	\$24,446	\$4,975	\$19,471	132.36%	Interior Reconstruction, Plumbing Fixtures, Window Treatments, Ranges & Vents
Capital Projects	\$193,431	\$44,500	\$148,931	125.18%	Fire Prevention, Plumbing Replacements, Contract Labor – Rehab, Exterior Rehab, and HVAC Replacement

**COMMENTS:** Management reports that the number of unit turns and related repairs has been higher than originally anticipated for the current budget year, resulting in a significant variance. Additionally, management attributes a portion of this variance to an isolated incident that required extensive unit repairs.

REVENUE			
FOR THE MONTH ENDING: August 2025		YEAR TO DATE AS OF: August 2025	
Gross Potential	\$300,895	Gross Potential	\$2,391,910
Budgeted Rental Income	\$300,895	Budgeted Rental Income	\$2,391,910
Actual Rental Income Collected	\$305,536	Actual Rental Income Collected	\$2,395,224
Variance + (-)	\$4,641	Variance + (-)	\$3,314
Other Revenue	\$24,567	Other Revenue	\$24,046
Total Budgeted	\$294,835	Total Budgeted	\$2,344,026
Total Collected	\$316,576	Total Collected	\$2,369,243
Variance + (-)	\$21,741	Variance + (-)	\$25,217

**COMMENTS:**

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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		
<b>COMMENTS:</b> This section of the report was completed using the Vendor Aging Report dated August 31, 2025. Management confirms that the 60-Day and Over balance is due to management fees.	0-30 Days:		\$25,714
	30-60 Days:		\$301
	60 Days and Over:		\$16,125
	<b>TOTAL</b>		<b>\$42,140</b>

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 each month and is considered late after the 5th. Beginning on the 6th, a \$5 initial late fee is charged, followed by a \$1 daily fee until the outstanding balance reaches a maximum of \$30.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken on the 20 <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 using the Delinquent and Prepaid report dated October 22, 2025.	0-30 Days:		\$16,165
	30-60 Days:		\$5,400
	60 Days and Over:		\$1,568
	<b>TOTAL</b>		<b>\$23,224</b>

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
<b>COMMENTS:</b>			

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 – see comment	
9) Have personnel been trained in Fair Housing?	X		
10) List training staff has received in the past year. ➤ Staff have completed training in Sexual Harassment, Drugs in the Workplace, Workplace Violence, and Hazard Recognition. In addition, monthly training includes Compliance Boot Camp, HOTMA, Payables, Recertifications, and Income/Eligibility Calculations.			
<b>COMMENTS:</b> Management states the staff meetings are held bi-weekly.			

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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 property manager can approve any expense up to \$500 and the regional manager can approve up to \$2,000.			
<b>COMMENTS:</b>			

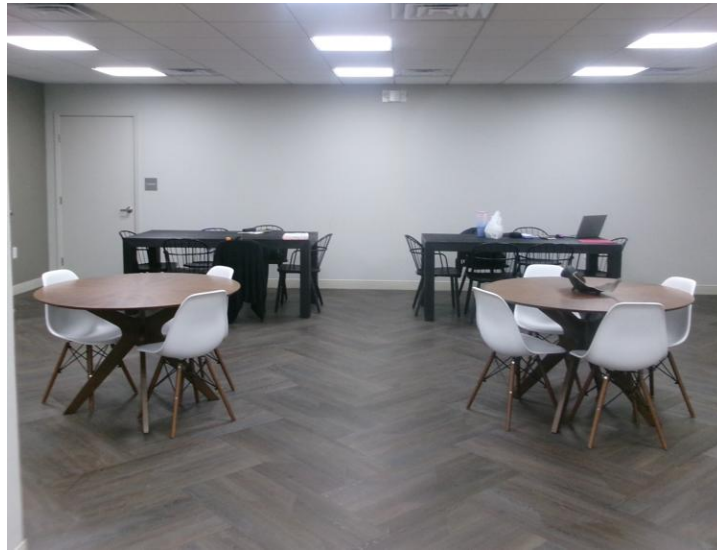
SUMMARY OF OBSERVATIONS AND FINDINGS
<p><b>Observations:</b></p> <ul style="list-style-type: none"> <li><b>Tree trimming:</b> Tree trimming is needed around the property. Management confirmed they are in the process of obtaining two additional bids due to the cost noted on the initial bids. Management confirmed there are over twenty trees needing trimmed property-wide, but specifically near, Buildings E, O, and R. TSAHC will continue to monitor during next year's review.</li> <li><b>Trip hazard:</b> A potential trip hazard was observed in front of Building M. Management is advised to monitor this area closely and develop a plan to correct the issue before it worsens and poses a greater safety concern. Additionally, management is advised to conduct a full property walk to assess and identify any other potential trip hazards.</li> <li><b>Curb Appeal:</b> During the site visit, a significant amount of animal feces was observed throughout the property. Although pets are not allowed, management reports that the issue stems from emotional support animals and stray animals entering the grounds. This ongoing problem creates unsanitary conditions and negatively impacts curb appeal. Management is strongly encouraged to continue monitoring and find preventative measures to reduce the presence of stray animals and come up with proper waste cleanup from service animals.</li> </ul> <p><b>Finding:</b></p> <ul style="list-style-type: none"> <li><b>Exterior Maintenance and Safety Concerns:</b> Multiple exterior issues such as maintenance, safety hazards, and operational concerns, and lease violations were identified. The owner or owner's representative with signature authority must submit a signed, written certification stating that the owner will complete the following bulleted items and submit them to TSAHC no later than December 21, 2025, and submit progress reports monthly thereafter. Once the work for each bullet point is completed please send a completed work order and photo of the repairs to TSAHC for review: <ul style="list-style-type: none"> <li><b>Signage:</b> The monument signage is deteriorating, with fading and missing letters and numbers.</li> <li><b>Access gates:</b> All pedestrian access gates were inoperable with notable latch issues.</li> <li><b>Stairs and Railing:</b> Several buildings have stairways with chipped and rusted paint, and the railings are in poor condition. According to management over 200 caps have been ordered for installation, with the worst sections (approximately 20 caps, scheduled to be addressed first.</li> </ul> </li> <li>Based on a review of the financial report submissions, management has not submitted the audited financial reports for end of year 2024 and has not submitted the unaudited financial reports for quarter 3 of year 2025. Management must submit the two missing financial reports noted above to TSAHC no later than December 21, 2025.</li> </ul>



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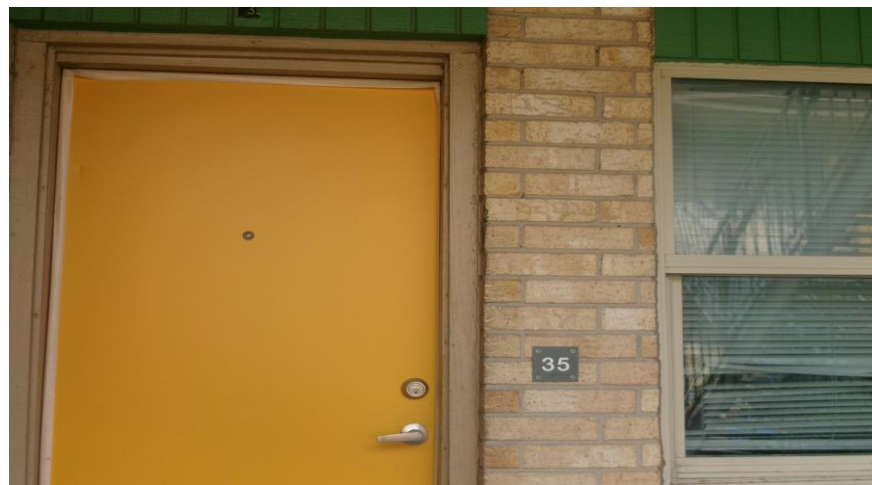
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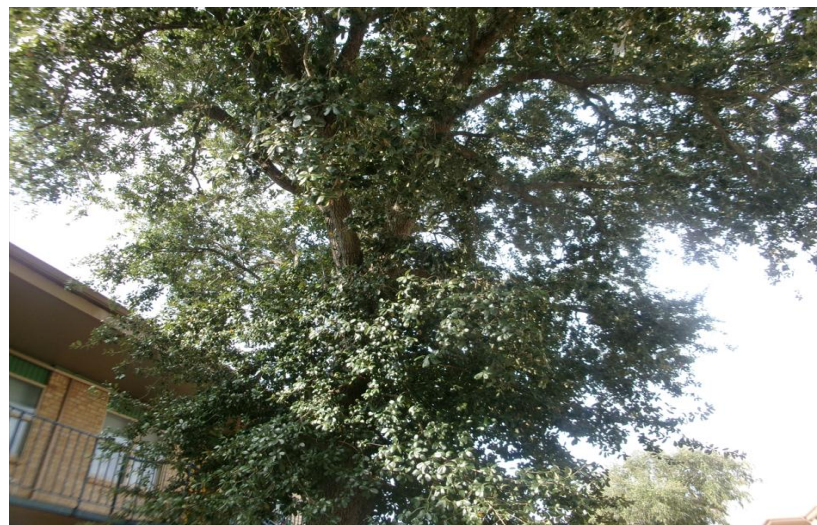
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