Building Inspection & Analysis

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PROPERTY CONDITION REPORT

Client(s): Sample Apartment Complex

Property: 1402 Washington St,
Calistoga, CA 94515

Realtor: Not Applicable

Date: December 12, 2015

Inspector: Rick DeBoard - Certification #1051

Report #: PCA7306

This report is prepared for the sole and exclusive use of the Client named above. The acceptance and use of this report by any person other than the Client named above shall be deemed to be a retention of this firm for the purpose of providing an evaluation of this property at a fee equal to the original fee.

Although a thorough inspection of the property was made, we wish to CAUTION you that conditions may change and equipment may become defective. The Report should not be construed as a guarantee or warranty of the premises or equipment, or future uses thereof. Our SERVICE AGREEMENT/CONTRACT provides additional details. PLEASE READ IT CAREFULLY.

The inspection, by definition, deals with an existing structure which may have older types of plumbing or wiring. It is very probable that these systems would not meet present standards, although the system(s) did meet requirements at the time they were installed.

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EXECUTIVE SUMMARY

INTRODUCTION

At your request, we have performed a limited visual survey of specific construction components of the property located at 1402 Washington St, Calistoga, CA.

This report is an opinion work, reflecting the visual conditions of the property at the time of the assessment. Hidden or concealed defects cannot be included in this report.
In this Executive Summary, we have summarized what we believe to be the most important conditions concerning the subject property as it pertains to our scope of work. However, please read the ENTIRE report, as all property conditions are NOT included in this EXECUTIVE SUMMARY.

GENERAL INFORMATION

GENERAL INFORMATION

GENERAL DESCRIPTION

General Description

The subject property consists of two 2 story, slab-on-grade structures approximately 25 years of age. The property is situated in a residential area of Calistoga, CA.

There are multiple structures and apartments which are a part of this property condition report. For clarification of our findings we will refer to them according to their apartment number.
The smaller building to the east (Bldg A) houses apartments # 1,2,6 & 7.
The larger building to the west (Bldg B) houses apartments 3, 4, 5, 8, 9 & 10. If no such clarification is given then the comment refers to all structures and/or suites.

Wall Construction

Exterior walls are constructed of dimensional lumber, wall cladding consists of fiberboard siding.

Roof Construction

Roof framing consists of pre-engineered wood trusses, spanning from one exterior wall to another. Roofing material is Architectural type asphalt impregnated fiberglass shingles.

GENERAL PHYSICAL CONDITION

The subject property has had average maintenance over the years, and all major systems appear to be functioning within typical guidelines considering the age of the structure(s) except for the negative conditions represented in this report. Of those negative conditions, we consider these in this EXECUTIVE SUMMARY to be the most important.

IMMEDIATE REPAIR EXPENSES

Immediate repairs are described as those repairs which are due to system deficiencies or deferred maintenance and are deemed to be necessary at this time or within the next year. Repairs are deemed to be immediate repairs if one or more of the following conditions exist: (1) existing or potential unsafe conditions, (2) obvious building or fire code violations, (3) conditions which if left unremedied, have the potential to result in or contribute to critical element or system failure within one year or will most probably result in a significant escalation of its remedial cost.
Estimated costs are formulated using the same type and quality components as the existing ones, unless the existing components are considered to be inappropriate according to industry standards.
Repairs are included in this category only if the estimated cost-to-cure is $1,000 or more for that specific repair or replacement.
Conditions noted in this report which can (in the opinion of the Field Observer) be corrected for less than that amount are considered to be a minor cost item.
See the Section below, titled "RECOMMENDATIONS for FURTHER EVALUATION", for those conditions which need further evaluation before a Cost-to-Cure can be established.

The number to the left of the items below refer to the section of the report where you may find a more detailed description of the condition.

SITE IMPROVEMENTS

SITEWORK

4.4 Paving, Curbing and Parking

Corrections Recommended-

A seal coat is recommended within the next year to seal cracks and extend the life of the asphalt surface.
Cost-to-Cure =$4,000.

BUILDING SHELL

BUILDING ENVELOPE

6.3 Fenestration Systems - Walk Doors

Corrections Recommended-

1. Glass dual pane seals are broken at the following locations, as evidenced by moisture/dirt between the panes:
Two doors at apt 2, two doors at apt 6, two doors at apt 8, one door at apt 9 and two doors at apt 10.
Many of these same doors also have glass trim which is damaged at the exterior.
2. One door drags the threshold at apt 1.
3. Two door jams are moisture damaged at apt 8.
Cost-to-Cure to repair or replace =$2750.

6.4 Fenestration Systems - Windows

Corrections Recommended-

1. One window pane is broken or cracked at apt 1 and also one at apt 10.
2. The dual pane seal has failed at one or more windows in this building, as evidenced by moisture/discoloration between the panes. Some failures are difficult to detect due to lighting conditions at the time of the inspection. For this reason, you may encounter additional windows that exhibit this condition which are not noted in this report. Seals which have failed were noted at a total of 48 windows (located at apts 1, 2, 4, 5, 6, 7, 8 & 9.)
Cost-to-Cure =$7,200.

6.5 Weatherproofing (Paint/Stain)

Corrections Recommended-

1. Paint/stain is near the end of its useful life at all gable attic vent louvers and some fascia boards.
2. Caulking at siding butt joints is missing or in poor condition at many areas.

Cost-to-Cure =$3,000.

ROOFING SYSTEMS

Roof

7.1 Roofing Materials

Corrections Recommended-

The granular surface is beginning to show signs of deterioration from the ultraviolet rays of the sun, this is a normal sign of aging and indicates a limited life expectancy.
Roof covering appears to be at/near the end of its useful life.
Cost-to-Cure =$40,000.

7.6 Roof Drainage

Corrections Recommended-

1. Gutters were noted to be rusted through and leaking at the north end of bldg A.
2. Accelerated rusting noted at the interior of all gutters. This is typical for older gutters but indicates a limited life expectancy.

We recommend all gutters be replaced when the buildings are re-roofed.
Cost-to-Cure =$6,000.

PLUMBING SYSTEMS

PIPING & DISTRIBUTION

8.4 Plumbing Fixtures

Corrections Recommended-

1. Stoppers are inoperative at the bathroom sinks of apts 1, 2, 4, 6 and 8 and at the tub valves in apt 2, 4, 5, 6 & 9.
2. The faucet(s) at the bathroom sink of apt 8 and at the tubs in apts 3, 5 & 10 are leaking at the handle or spout.
3. The faucet(s) at the tub of apt 1, the sinks of apt 4 and the kitchen of apt 3 are in all need of replacement.
4. The toilets are loose at the connection to the floor at apts 1, 3, 6, & 9. We recommend replacement of the wax ring seal and tightening of the floor bolts at these toilets to prevent leakage and damage to flooring and/or framing components.
5. The Hot & Cold valves are reversed at the tubs in apt 3 & 8. Typically, Hot is on the left when facing the valves.
6. There is no tub spout at either of the bathrooms in one apartment (there is a tub, but it only has a showerhead, no tub spout). I believe this was in either apt 5 or 10, but did not take an accurate note of it so I am not sure. The tub is still functional, it is just that the tub must be filled from the showerhead instead of from a tub spout.
7. Grout is deteriorated or missing in the shower surrounds at all bathrooms of all apartments. Most of these have merely grout, which does not expand and contract well .
8. The shower enclosure is damaged and in need of replacement at one of the bathrooms in apt 4.

Cost-to-Cure =$4,150

HOT WATER PRODUCTION
8.6 Water Heater
Corrections Recommended-
The units at apt 2, 6 & 7 are currently leaking, and are due for replacement at this time.
Safety Concern-
All water heaters are braced, but not to current standards. We recommend that they be secured at the top and bottom according to current requirements.
Cost-to-Cure =$4,200.

HEATING, VENTILATION and AIR CONDITIONING - (HVAC)

HEATING & COOLING SYSTEMS
9.2 Heating and Cooling Units
Corrections Recommended-
Five units are no longer functional, one each at apts 1, 3 & 10 and two units at apt 7.
Cost-to-Cure =$5,000.

OTHER SYSTEMS & COMPONENTS

PATIOS - DECKS - PORCHES
11.9 Deck(s)
Corrections Recommended-
1. The plywood deck surface is unprotected against moisture intrusion at the east side of building A.
2. The surface protection is deteriorated at the west deck of apt 6, the west deck of apt 7, the west deck of apt 8/9, the east deck of apt 9, and at the west deck of apt 10.
3. The rim joists are deteriorated at the west deck of apt 7 and at the west deck of apt 8/9.
4. The base of the deck posts are deteriorated at west deck of apt 8/9 and at the east deck of apt 10.
5. The top rails are slightly deteriorated at west deck railing of apt 6, the west deck railing of apt 8 and the east deck railing of apt 9.
6. Many various balustrades are slightly deteriorated at almost all decks.
Cost-to-Cure =$5,800.

IMMEDIATE REPAIR COST-TO-CURE TOTAL = $82,100.00

MAJOR PROJECTED EXPENSES

Major Projected Expenses are those which are likely to be needed within the next 5 years and for which replacements or repairs are likely to exceed $3,000.

PLUMBING SYSTEMS

HOT WATER PRODUCTION
8.6 Water Heater
Average water heater life in the United States is 8-10 years, although they can exceed this life expectancy by many years if they are drained annually.
You should anticipate the need to replace seven of these water heaters within the next 5 years.
Projected Expense = $7,000.

HEATING, VENTILATION and AIR CONDITIONING - (HVAC)

HEATING & COOLING SYSTEMS

9.2 Heating and Cooling Units

Twenty five of the heat pumps are past their typical expected life. You should anticipate the need to replace these components within the next 5 years.
Projected Expense = $25,000.

MAJOR PROJECTED EXPENSE TOTAL = $32,000.00

ESTIMATED COSTS ARE PRELIMINARY

The estimated costs in this report have been determined by the use of cost estimating manuals, third party contractors, our company manuals and/or personal construction experience. Opinions of probable costs should only be construed as preliminary budgets. Actual costs most probably will vary from the consultant's opinions of probable costs depending on such matters as type and design of suggested remedy, quality of materials and installation, manufacturer and type of equipment or system selected, field conditions, whether a physical deficiency is repaired or replaced in whole, phasing of the work (if applicable), quality of contractor, quality of project management exercised, market conditions, and whether competitive pricing is solicited, etc.

RECOMMENDATIONS FOR FURTHER EVALUATION

STRUCTURAL FRAME

FLOOR & ROOF FRAMING SYSTEMS

5.4 Roof Framing

Further Evaluation-

There is evidence of mold/mildew on the underside of plywood sheathing above each of the upper apartments, as seen from the attics. We are unable to determine the cause of this condition as there appears to be adequate ventilation in all units. We recommend further evaluation by a properly qualified roofing contractor.

ROOFING SYSTEMS

Roof

7.5 Roof Flashings

Further Evaluation-

Active leakage is noted through the wall-to-roof flashing at the southeast corner of the laundry roof (as evidenced by moisture stains running down the wall under the eave overhang of the laundry room.) We recommend that a licensed roof contractor examine and take corrective actions.

OTHER SYSTEMS & COMPONENTS

INTERIOR SPACES

11.2 Walls and Wall Coverings

Safety Concern-

Further Evaluation-

Organic growth type substance was noted at the bathroom walls of apt 2 & 4 (adjacent to the tub and under the base cabinet). We recommend that mold testing be performed on this/these area(s) by a qualified mold specialist. The words "moisture" and "organic growth" or "mold" go hand-in-hand with one another. Whenever you see the word "moisture", "water stains", "moisture intrusion", "leakage", etc. in this report, it brings with it the possibility of organic growth which can be mold, mildew, or a number of other substances. Organic growth and mold are everywhere in our environment, outdoors and indoors, and in most cases it is not believed to be harmful. However, some organic growths have been found to be mold. Mold grows in a wide variety of types and species and different molds can be pathogenic, allergenic or even toxic in some cases. It is impossible to determine which category a particular mold falls into without proper testing.

It has been recently discovered that some molds can be a serious health concern for some people, especially some of the molds that grow because of a moisture condition in wall and ceiling cavities. Moisture in these framing cavities can create mold which may not become visible until it has progressed to an advanced stage.

We do not offer mold testing, and comments regarding the diagnosis of mold are not a part of this report.

For additional information on this subject, you may wish to contact the California Department of Health Services at (916) 445-4171, or visit them at http://www.dhs.ca.gov and type in the word "mold" in their search engine.

Reliable sources for locating environmental professionals are the Indoor Air Quality Association (IAQA) at (301) 962-3804 or online at www.iaqa.org and the Indoor Air Quality Council at 800-942-0832 or www.iaqcouncil.org.

11.3 Ceilings

Safety Concern-

Further Evaluation-

Organic growth type substance was noted at the ceiling of the bathroom in apt 2, see the recommendations in the section above.

GENERAL INFORMATION

IMPORTANT INFORMATION

1.1 Building Orientation

Location descriptions (such as **north, south, east and west**), will be used to identify where the room is located, or where the condition was found. For purposes of this assessment, north will be as shown on the maps/diagrams in the "MAPS & DIAGRAMS" Section of this report.

1.2 Color Code Definitions

Throughout the body of this report we will use the following colored text to direct your attention:

Safety Concern:
The paragraph immediately below "Safety Concern" describe conditions that may pose a safety concern of some kind and warrant corrections by a properly qualified specialist in the appropriate trade.

Further Evaluation:
The paragraph immediately below "Further Evaluation" describe conditions that warrant further evaluation by a properly qualified specialist in the appropriate trade before any conclusion can be made regarding their proper function.

Corrections Recommended:
The paragraph immediately below "Corrections Recommended" indicate conditions where repair or replacement would improve the integrity and/or functionality of the component. We recommend that all corrections be made by properly qualified specialists in the appropriate trade.

Recommended Upgrades:
The paragraph immediately below "Recommended Upgrades" describe systems and/or components where upgrades would significantly improve safety or function, but which may not have been available at the time the building was constructed.

DEVIATIONS from the ASTM E-2018 GUIDE

1.3 Documentation and Other Information:

None of the documents listed below were reviewed in the process of this PCA:

Appraisals, either current or previously prepared.

Certificates of Occupancy.

Safety inspection records.

Warranty information (roofs, boilers, chillers, cooling towers, etc.)

Records indicating the age of material building systems such as roofing, paving, plumbing, heating, air

conditioning, electrical, etc.

Historical cost records, such as those costs incurred for repairs, improvements, recurring replacements, etc.

Pending proposals or executed contracts for material repairs or improvements, or descriptions of future work planned.

Outstanding citations for building, fire and zoning code violations.

Previously prepared ADA surveys or status of any improvements implemented to effect physical compliance.

Previously prepared property condition reports by other firms or studies pertaining to any aspect of the subject property's physical condition.

Records indicating building occupancy percentages.

Records indicating building turnover percentages.

Building rent rolls.

Leasing literature, listing for sale, marketing/promotional literature such as photographs, descriptive information, reduced floor plans, etc.

Drawings or specifications (as-built or construction).

1.4 Excluded Components

The following components are excluded from this PCA:

Any and all life safety components or equipment.

Any and all fire protection systems or equipment with the following exception:
If you have specifically contracted for us to provide an inspection of the commercial kitchen equipment then we will be assessing the condition of the Fire Suppression Systems which are installed in those kitchens, (Ansul Systems or equivalent). We are not allowed to activate these systems, but will comment on anything that we feel is pertinent to their effectiveness.

NOTE: Even though fire sprinkler systems are beyond the area of our expertise, we will make comments in the report as to their presence and also may indicate in the report when we see conditions that are suspect.

Any and all comments or evaluations regarding the American with Disabilities Act, unless you have specifically contracted for Pre-Spect to perform a Tier II Abbreviated Accessibility Survey as a part of this PCA.

PURPOSE and SCOPE

PURPOSE

2.1 Visual Survey

To perform a limited, visual survey of specific components on the subject property and list our observations of items and conditions which indicate the need for immediate repair.

2.2 Opinions of Probable Costs

If agreed upon in our contract with the user, to provide opinions of probable costs for the repair or replacement of those components which are found to be in need of immediate repair. The opinions of probable costs are intended solely as an indication of the approximate nature and scope of repair and cannot be relied upon as indicating actual nature and scope. Further investigation and solicitation of firm bids by appropriate service companies and contractors is required.

2.3 Projected Major Expenses

If agreed upon in our contract with the user, to ascertain which of the major components are likely to reach the end of their expected lifespan within the next 5 years, and list those components, along with opinions of probable costs for the replacement of those components.

2.4 Intent

Our intent is to appraise you of the general condition of the subject property and to provide information to you which will be helpful in your prepurchase considerations as it relates to the condition of the property.

SCOPE

2.5 Standards of Practice

The Standards of Practice used for this Property Condition Assessment (PCA) are those of *ASTM E 2018, Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process,* which has been prepared by the *American Society for Testing and Materials. The ASTM E 2018 is upgraded every few years to reflect changes in the industry. To determine which version of the ASTM E 2018 was being used for this PCA, please see your Contract for Services.*

Adherence to the *ASTM E 2018 Guide* is entirely voluntary. We have chosen to incorporate these standards as an integral part of our property assessment process to promote uniformity with regards to commercial real estate transactions.

Every commercial property is different, and every client has different needs, expectations and budgets. Our approach to these varying requirements is to custom tailor each of our property assessments individually according to those differences and needs. As a result, some of the *ASTM E 2018* guidelines are not appropriate. Any deviations from the *ASTM Guide* are listed in the EXECUTIVE SUMMARY of the report.

2.6 Inclusions

The scope of our assessment was limited to the following specific visually accessible components: Foundations of the building(s), structural framing (load carrying members only), interior and exterior claddings, roof structure and load carrying members of the roof framing, mechanical systems, electrical systems, and plumbing systems.

2.7 Report is Confidential

Our assessment and this report are intended to be confidential to you, our client, for your exclusive use. They cannot be relied upon by a third party. We make no representation as to the condition of this property other than stated specifically in writing in the text of this narrative report.
Further investigation including acquisition of bids by contractors and service companies in respect to any recommendations within this report are recommended and required.

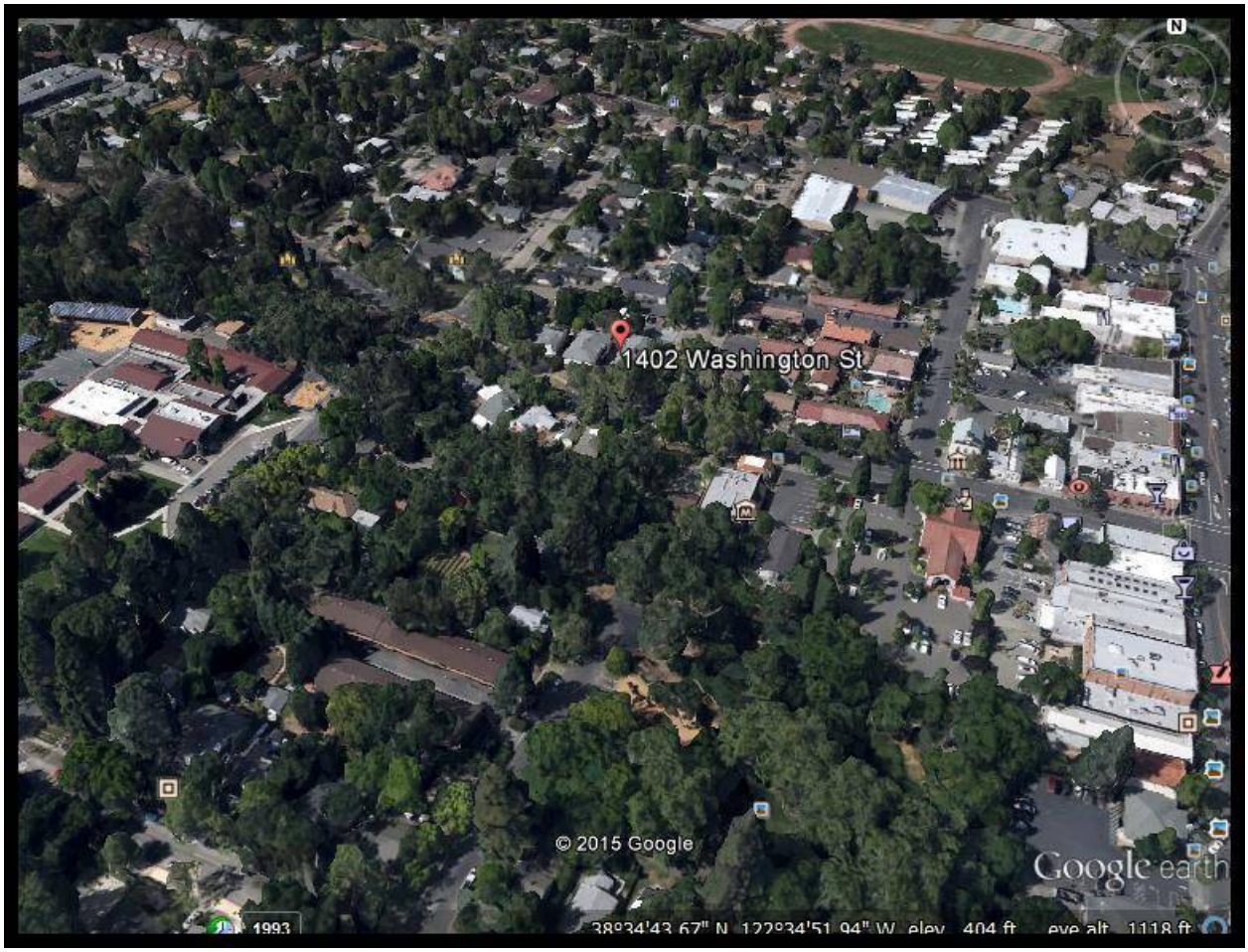
MAPS and DIAGRAMS

The following maps and diagrams are not to scale and do not include details. Smaller rooms and/or closets may have been left out for clarity. Maps and diagrams are merely for your use in understanding the comments in this report with respect to component systems and locations.

The top of each page is approximate NORTH, unless otherwise noted.

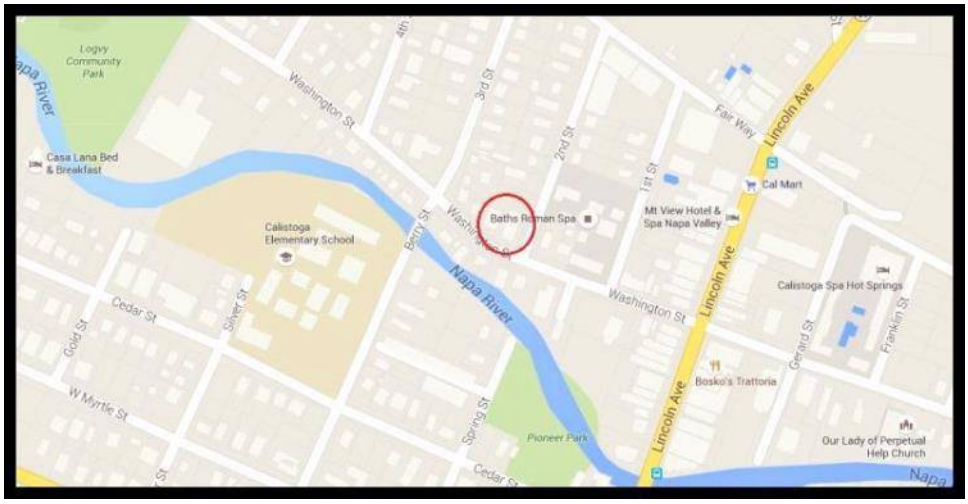
SATELLITE VIEW

3.1



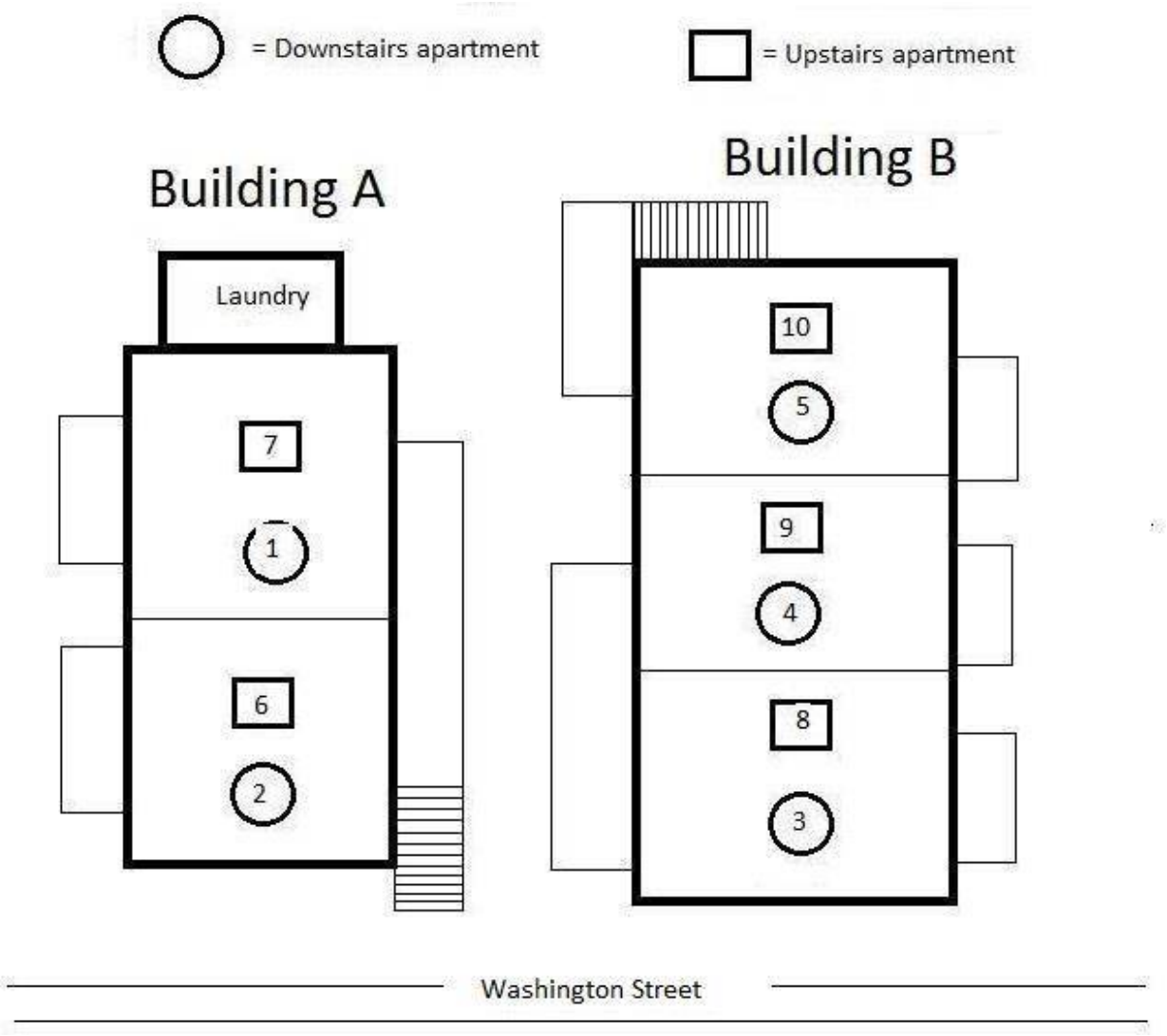
VICINITY MAP

3.2



SITE MAP

3.3


= Downstairs apartment
= Upstairs apartment
Building A
Building B
Laundry
7
1
6
2
10
5
9
4
8
3
Washington Street

SITE IMPROVEMENTS

SITEWORK

4.1 Topography

The site where the structure is built is generally flat, with no discernible slope of the land.

4.2 Storm Water Drainage

Drainage appears adequate, and all indications are that ground water drains away from the structure properly, Drain inlets/outlets were noted which indicate the presence of an underground drainage system. Since most of this system is not visible, THESE COMPONENTS ARE NOT A PART OF THIS ASSESSMENT.

4.3 Access and Egress

Access and egress to the subject property are via 2nd Street to the east. Access and egress both appear adequate and no concerns are noted.

4.4 Paving, Curbing and Parking

All parking surfaces on the lot are paved with asphalt. Erosion to asphalt was noted at some parking stalls.

Corrections Recommended-

A seal coat is recommended within the next year to seal cracks and extend the life of the asphalt surface.

Cost-to-Cure =$4,000.

Asphalt erosion at some parking stalls

There are approximately 20 marked parking spaces for the subject property, none of which are marked for handicap only. Additional street parking is also available.

4.5 Flatwork

All walkways and also the driveway apron are paved with concrete. Fair condition.

Cracks were noted which are larger than typical at the driveway apron.

Corrections Recommended-

Safety Concern-

Tripping hazards were noted at the private walkway to the north of Bldg A, (where there is an abrupt change of 1" or more in the height of the surface). We recommend grinding the concrete to eliminate the tripping hazard. This is a minor cost item.

4.6 Landscaping
Landscaping appears to have been adequately maintained.

4.7 Landscape Sprinklering
Automatic sprinkler system was noted, however, since sprinkler timers are complicated and time consuming to inspect, and since sprinkler heads are often hidden in areas of dense foliage, these components are NOT A PART OF THIS ASSESSMENT. We recommend that you have the sellers demonstrate this system to you on the final walk-through before the close of escrow.

4.8 Fencing
Good condition, Fencing on the property is constructed of wood type components.

4.9 Trash Enclosure
Good condition.

UTILITIES

4.10 Water Service
Potable water is provided by some form of a public water agency. The incoming water supply line to the structure(s) appears to be galvanized pipe. The piping appears to be 3/4 " in size at the meter.

The water shutoffs and meters are located in eleven different underground vaults on the south side of the property.

4.11 Electrical Service
Meters are located at north exterior wall of Bldg A.
Electrical service enters the property via an underground conduit.

4.12 Gas Service
Natural Gas is supplied to the property from a public utility company. The size of the incoming supply line from the utility company where it exits the ground appears to be 3/4". Gas meter and shutoff is located at the east exterior wall of the laundry (services the laundry only). There is no gas service to any of the apartments.

4.13 Sanitary Sewer
The subject property appears to be serviced by the public sewer system, however, these components ARE NOT A PART OF THIS ASSESSMENT.

4.14 Storm Drain System
The subject property appears to be serviced by the public storm drain system, however, these components ARE NOT A PART OF THIS ASSESSMENT.

STRUCTURAL FRAME

FOUNDATION & LOAD BEARING WALLS

5.1 Foundation

These structures are constructed slab-on-grade, there are no raised foundations or underfloor crawlspaces. No readily visible challenges are noted, however, slab is not visible for evaluation where there are floor coverings installed.

5.2 Load Bearing Walls

Framing of the load bearing walls appears to be constructed of dimensional wood (conventional stud type construction). However, since most of these cavities are not available for inspection, we are unable to verify that all walls are of this type. No visible evidence of stress or excessive movement were noted at the load bearing walls.

FLOOR & ROOF FRAMING SYSTEMS

5.3 Floor Framing

Floor framing is accomplished by the use of dimensional wood (conventional joist type construction). All visible areas of the floor framing appears to be adequate. Subfloor consists of plywood.

5.4 Roof Framing

Roof framing consists of pre-engineered and pre-assembled wood trusses, spanning from one exterior wall to another, Roof sheathing is plywood.

Further Evaluation-

There is evidence of mold/mildew on the underside of plywood sheathing above each of the upper apartments, as seen from the attics. We are unable to determine the cause of this condition as there appears to be adequate ventilation in all units. We recommend further evaluation by a properly qualified roofing contractor.

STRUCTURAL CAVITIES

5.5 Attic Spaces

Attic spaces are relatively open and easy to access. No discernible inadequacies were found. Ventilation appears to be adequate.

Corrections Recommended-

One or more restroom/bathroom exhaust fans are NOT vented to exterior, but are terminated or disconnected in the attic space. This condition can create excessive moisture in the attic. This condition was noted at the bathroom fan of apt 6. This is a minor cost item.

Vent pipe disconnected

BUILDING SHELL

BUILDING ENVELOPE

6.1 Sidewall Systems

Sidewall system(s) consists of fiberboard siding.
NOTE: Fiberboard siding is known to deteriorate faster than other materials when moisture gains access to unpainted areas. We recommend that joints and ends of siding & trim components be adequately painted and caulked at all times.

Cladding is in serviceable condition with no abnormalities noted, with the exception of the following:
The fiberboard siding is warped in many places, this indicates that it has swelled because of the absorption of moisture from the outside air. This swelling is often the result of a failure to prime coat the back side of the siding before installation. There is nothing that can be done to eliminate the warping other than vertically saw cutting the siding on one or both sides of the warped section (being careful to fill the saw cut with caulk), however this can cause more serious concerns if/when the caulking deteriorates. Since this condition is mostly cosmetic, we do not recommend any action be taken unless it becomes much worse.

Corrections Recommended-
Damage/deterioration noted at the window trim to the east side of apt 5 and corner trim to the west side of apt 9. These are minor cost items.

6.2 Eaves and Overhangs

Good condition, with the exception of the following;
Corrections Recommended-
The fascia board(s) is/are damaged/deteriorated at the west side of apt 8 and the east side of apt 9. These are minor cost items.

6.3 Fenestration Systems - Walk Doors

The exterior walk doors are steel clad type. All appear to be in adequate condition, with the exception of the following:
Corrections Recommended-
1. Glass dual pane seals are broken at the following locations, as evidenced by moisture/dirt between the panes:
Two doors at apt 2, two doors at apt 6, two doors at apt 8, one door at apt 9 and two doors at apt 10.
Many of these same doors also have glass trim which is damaged at the exterior.
2. One door drags the threshold at apt 1.
3. Two door jams are moisture damaged at apt 8.
Cost-to-Cure to repair or replace =$2750.

6.4 Fenestration Systems - Windows

Windows in this structure are aluminum framed.
Glazing is dual pane insulated..
Windows are of the sliding and single hung type.

Corrections Recommended-

1. One window pane is broken or cracked at apt 1 and also one at apt 10.
2. The dual pane seal has failed at one or more windows in this building, as evidenced by moisture/discoloration between the panes. Some failures are difficult to detect due to lighting conditions at the time of the inspection. For this reason, you may encounter additional windows that exhibit this condition which are not noted in this report. Seals which have failed were noted at a total of 48 windows (located at apts 1, 2, 4, 5, 6, 7, 8 & 9.)

Cost-to-Cure =$7,200.

6.5 Weatherproofing (Paint/Stain)

Weatherproofing appears to be in adequate condition at all areas which were visible, with the exception of the following:

Corrections Recommended-

1. Paint/stain is near the end of its useful life at all gable attic vent louvers and some fascia boards.
2. Caulking at siding butt joints is missing or in poor condition at many areas.

Cost-to-Cure =$3,000.


Gable vent louvers

6.6 Insulation

Walls:
Exterior walls were found to contain R-11 fiberglass insulation at all areas where we were able to verify. It is assumed, therefore, that all exterior walls are insulated in the same manner.

Attic/Ceilings:
The type of insulation in the attic is fiberglass batts , with an approximate energy rating of R-30. Current standards for new construction in attics and ceilings is R-30 to 38. R-19 is considered typical for older structures.

Corrections Recommended-

Insulation is missing at approximately 100 square feet in the attic of apt 6. This is a minor cost item.

ROOFING SYSTEMS

Roof

7.1 Roofing Materials

The roof covering is Architectural Composition Shingles. (Also called Dimensional Composition). Typical life expectancy of a architectural grade composition roof is 20 to 25 years, assuming that the roof is properly maintained. (Roofing manufacturers often give a 25, 30 or even 40 year warranty, but this is merely the amount of time that they warrant against material defects, it is NOT a guarantee that the roof will last that long).

Corrections Recommended-

The granular surface is beginning to show signs of deterioration from the ultraviolet rays of the sun, this is a normal sign of aging and indicates a limited life expectancy.
Roof covering appears to be at/near the end of its useful life.
Cost-to-Cure =$40,000.

7.2 Number of Roofing Applications

A maximum of three layers are allowed on most commercial roofs, because each layer, (or roofing application), adds weight to the structure. After three roofing applications are placed on the roof, all layers must be stripped off before another application can be installed.
One layer of the roofing material was noted. Single layer roofs will typically last longer than multi-layered roofing surfaces, because they do not build up as much heat.

7.3 Pitch of Roof

The approximate roof pitch is 4:12.

7.4 Estimated Remaining Life

Remaining life appears to be less than 2 Years.

7.5 Roof Flashings

Corrections Recommended-

Some flashings are showing signs of rust. The recommended treatment for preventative maintenance of flashings is to wire brush the rusted surfaces, apply rust inhibitive paint and then a final coat of paint. This is a minor cost item.

Further Evaluation-

Active leakage is noted through the wall-to-roof flashing at the southeast corner of the laundry roof (as evidenced by moisture stains running down the wall under the eave overhang of the laundry room.) We recommend that a licensed roof contractor examine and take corrective actions.

7.6 Roof Drainage

Roof drainage is accomplished by means of galvanized metal gutters installed at the low end of the sloped roofs.

Corrections Recommended-

1. Gutters were noted to be rusted through and leaking at the north end of bldg A.
2. Accelerated rusting noted at the interior of all gutters. This is typical for older gutters but indicates a limited life expectancy.

We recommend all gutters be replaced when the buildings are re-roofed. Cost-to-Cure =$6,000.

PLUMBING SYSTEMS

PIPING & DISTRIBUTION

8.1 Supply Piping System

The visible supply line plumbing consists of copper. Adequate flow was noted, and no deficiencies were encountered

8.2 Waste Piping System

The majority of the visible waste line plumbing pipe is ABS plastic and cast iron/galvanized. Functional flow was noted at all fixtures which we were able to examine. No deficiencies were noted, with the exception of the following:

Corrections Recommended-

An open waste line was noted at the cleanout to the south of bldg A. This is a minor cost item.

8.3 Natural Gas/LPG System

The majority of gas piping at visible areas consist of black iron. Fuel type is natural gas. The gas system for this/these structure(s) appear to be in serviceable condition at all areas which were visible.
No gas service is provided for use at the apartments.

8.4 Plumbing Fixtures

An examination of the observable plumbing fixtures was performed, and no deficiencies were noted. with the exception of the following;

Corrections Recommended-

1. Stoppers are inoperative at the bathroom sinks of apts 1, 2, 4, 6 and 8 and at the tub valves in apt 2, 4, 5, 6 & 9.
2. The faucet(s) at the bathroom sink of apt 8 and at the tubs in apts 3, 5 & 10 are leaking at the handle or spout.
3. The faucet(s) at the tub of apt 1, the sinks of apt 4 and the kitchen of apt 3 are in all need of replacement.
4. The toilets are loose at the connection to the floor at apts 1, 3, 6, & 9. We recommend replacement of the wax ring seal and tightening of the floor bolts at these toilets to prevent leakage and damage to flooring and/or framing components.
5. The Hot & Cold valves are reversed at the tubs in apt 3 & 8. Typically, Hot is on the left when facing the valves.
6. There is no tub spout at either of the bathrooms in one apartment (there is a tub, but it only has a showerhead, no tub spout). I believe this was in either apt 5 or 10, but did not take an accurate note of it so I am not sure. The tub is still functional, it is just that the tub must be filled from the showerhead instead of from a tub spout.
7. Grout is deteriorated or missing in the shower surrounds at all bathrooms of all apartments. Most of these have merely grout, which does not expand and contract well .
8. The shower enclosure is damaged and in need of replacement at one of the bathrooms in apt 4. Cost-to-Cure =$4,150

HOT WATER PRODUCTION

8.5 Type of Water Heating Systems

Hot water for domestic use is supplied by 50 to 75 gallon residential type water heaters located in each apartment and in the laundry room. The laundry room unit is gas fired, all the other are powered by electricity.

8.6 Water Heater

The apartment units are located at the living room closets.
The units at the laundry room and apartment manufactured by Rheem. All other units are made by State.
All except the unit in apt 10 are the original water heaters installed when the building was constructed.
None of the heat extractors are functioning. These were commonly mounted on top of the water heaters in older buildings as an attempt to pre-heat the water by using the warm air of the indoor environment, but it was found that the cost savings often did not warrant the added expense of installing them. We do not recommend replacing any of the heat extractors.

Corrections Recommended-

The units at apt 2, 6 & 7 are currently leaking, and are due for replacement at this time.

Safety Concern-

All water heaters are braced, but not to current standards. We recommend that they be secured at the top and bottom according to current requirements.
Cost-to-Cure =$4,200.

Average water heater life in the United States is 8-10 years, although they can exceed this life expectancy by many years if they are drained annually.
You should anticipate the need to replace seven of these water heaters within the next 5 years.
Projected Expense = $7,000.

8.7 Water Heating Component Identification Photos


Laundry WH

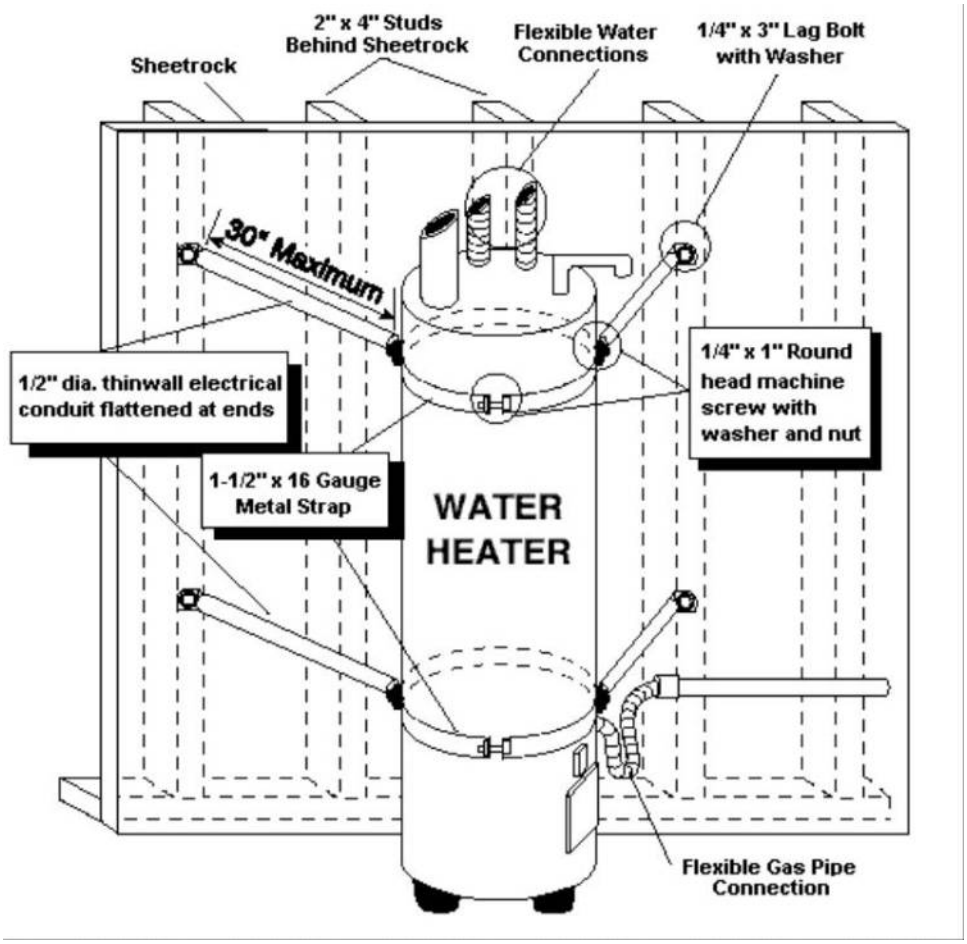

Typical of original apartment WH's


Newer WH at apt 10

8.8 Water Heater Bracing

The minimum standard for SB 304 compliance is the 1994 Uniform Building Code. Section 510.5 of this code states: "...Water heaters shall be anchored or strapped to resist horizontal displacement due to earthquake motion. Strapping shall be at points within the upper one-third (1/3) and the lower one-third (1/3) of the vertical dimensions. At the lower point, a minimum distance of four (4) inches shall be maintained above the controls with the strapping."

Several methods may be used to anchor or strap the water heater. One of the easier and less expensive methods is to **double** wrap the water heater top and bottom with metal strapping (also known as "plumbers tape", 16 gauge is recommended), and to attach the ends of the straps to wall studs with 1/4" X 3" lag screws with washers. No matter what method is used, it is important to use 1/4" X 3" lag screws into solid wood framing at each attachment. This law applies state wide except where superceded by local codes.
See the diagram for proper strapping requirements.


2" x 4" Studs
Behind Sheetrock
Flexible Water
Connections
1/4" x 3" Lag Bolt
with Washer
Sheetrock
30" Maximum
1/2" dia. thinwall electrical
conduit flattened at ends
1/4" x 1" Round
head machine
screw with
washer and nut
1-1/2" x 16 Gauge
Metal Strap
WATER
HEATER
Flexible Gas Pipe
Connection

HEATING, VENTILATION and AIR CONDITIONING - (HVAC)

HEATING & COOLING SYSTEMS

9.1 HVAC System Description

Heat generation for the interior environments are accomplished by means of three separate "through-the-wall" heat pumps in each of the living units, (one in the living room and one at each bedroom).

9.2 Heating and Cooling Units

Manufacturer is Amana (all units).
Powered by Electricity. BTU rating is Less than 30,000 (all units).
All are the original, installed when the building was constructed.
Face plates are missing or damaged at several units, but these are not necessary for proper function.
Corrections Recommended-
Five units are no longer functional, one each at apts 1, 3 & 10 and two units at apt 7.
Cost-to-Cure =$5,000.

Twenty five of the heat pumps are past their typical expected life. You should anticipate the need to replace these components within the next 5 years.
Projected Expense = $25,000.

VENTILATION

9.3 Bathroom/Restroom Ventilation

Corrections Recommended-
1. Exhaust fan(s) at the bathrooms of apt 3, 4, 6 and 7 are not functioning.
2. Laundry dryer vent is damaged.
These are minor cost items.


Dryer vent damaged

ELECTRICAL SYSTEMS

A random testing was performed on the various outlets and switches, but NOT all were tested. During a typical inspection there are many that are not accessible due to furniture, storage, etc. Light switches which do not appear to function are deemed to have a burned out bulb, unless other anomalies are noticed. We examined all service panels and subpanels which were found on the property, however, other panels and subpanels may exist which we did not find during our visit to the property as they are sometimes hidden in closets or behind wall hangings and/or furniture. We recommend that all electrical hazards be corrected by a licensed electrical contractor. If we have recommended that a licensed electrical contractor examine this entire system, it is because; 1) there was aluminum wiring noted at the minor circuits of the structure, or 2) there were a significant number of electrical hazards found to indicate that someone other than a competent electrician has been working on the system. In either event, there are likely to be additional hazards found by the electrician which this limited inspection did not locate.

INCOMING SERVICE

10.1 Service Conductors

Electrical service to the property is via an underground conduit from the utility company. Unable to determine whether entrance cables are copper or aluminum, as these components are not available for viewing.

10.2 Service Disconnect

The main disconnects are located at the north exterior wall of building A.
The rating of the service disconnect equipment is unknown, it is not labeled.
Overload protection is provided by breakers.
Good condition.
120/240 volts. 1Phase, 3Wire.

PANELS & SWITCHBOARDS

10.3 SubPanels

Located at each of the apartment hallways, also one in the laundry room (this is the "house" panel).
All are manufactured by Challenger.
120/240 volts. All subpanels are rated at 100 to 125 amps. 1Phase, 3Wire.
No apparent hazards were noted at any of the subpanels.

Typical of all subpanels

DISTRIBUTIONS SYSTEMS

10.4 Distribution Conductors

The type of wiring used is a three conductor, grounded system (or two conductors with metal conduit acting as the equipment grounding conductor). The type of sheathing used is nonmetallic cable (NM). Branch conductors are copper where visible.

Corrections Recommended-

Safety Concern-

Junction or ceiling boxes were noted to be without covers at the attic of apt 6. Although covers are inexpensive to purchase and install, they are very important because they contain any sparks within the box in the event that wire connections become loose. This is a minor cost item.

10.5 Switches and Outlets

A random testing was performed on the various outlets and switches, but NOT all were tested. During a typical inspection there are many that are not accessible due to tenant's furnishings, storage, etc. Light switches which do not appear to function are deemed to have a burned out bulb, unless other anomalies are noticed.

Ground Fault Circuit Interrupters (GFCI's) have been provided at appropriate areas for the era in which this building was constructed/remodeled. For your protection, it is recommend that GFCI protection be provided at all outlets at the exterior, garage, carports, wet bars, bathrooms, kitchens and pool or equipment rooms. This is an important and relatively inexpensive upgrade.

Corrections Recommended-

Safety Concern-

The following potentially HAZARDOUS conditions were found at switches and outlets:

1. GFCI, (Ground Fault Circuit Interrupters) are not operational at the bathrooms in apts 4 & 7 and at the kitchen in apt 5.
2. Missing or damaged face plates were noted at some outlets or switches at apts 1 & 7. This is an inexpensive repair, however it is very important because the lack of a face plate can allow sparks to escape the outlet/switch box.
3. Loose/damaged outlets or switches were noted at apts 1, 5 and at the exterior of apts 4 & 6.
4. One or more outlets are not functioning at the bathroom of apt 6.
5. There are outlets which do not appear to be GFCI protected, (Ground Fault Circuit Interrupters) at apt 6 kitchen.
6. One or more switches are not functioning at the bathrooms of apt 1.

These are minor cost items.

OTHER SYSTEMS & COMPONENTS

INTERIOR SPACES

11.1 Floors & Floor Coverings

The majority of floor coverings are vinyl, tile and composition.
Floors and floor coverings appear to be in serviceable condition with the following exceptions:

Corrections Recommended-

Some broken tile are noted in apt 6 kitchen.

Safety Concern-

There is a 1" height difference when going from living room to kitchen in apt 6, this is a tripping hazard! We recommend a sloped transition threshold be installed. This is a minor cost item.


Trip hazard and broken tile

11.2 Walls and Wall Coverings

The majority of wall coverings are Drywall. painted. Walls and wall coverings appear to be in serviceable condition with the following exceptions:

Corrections Recommended-

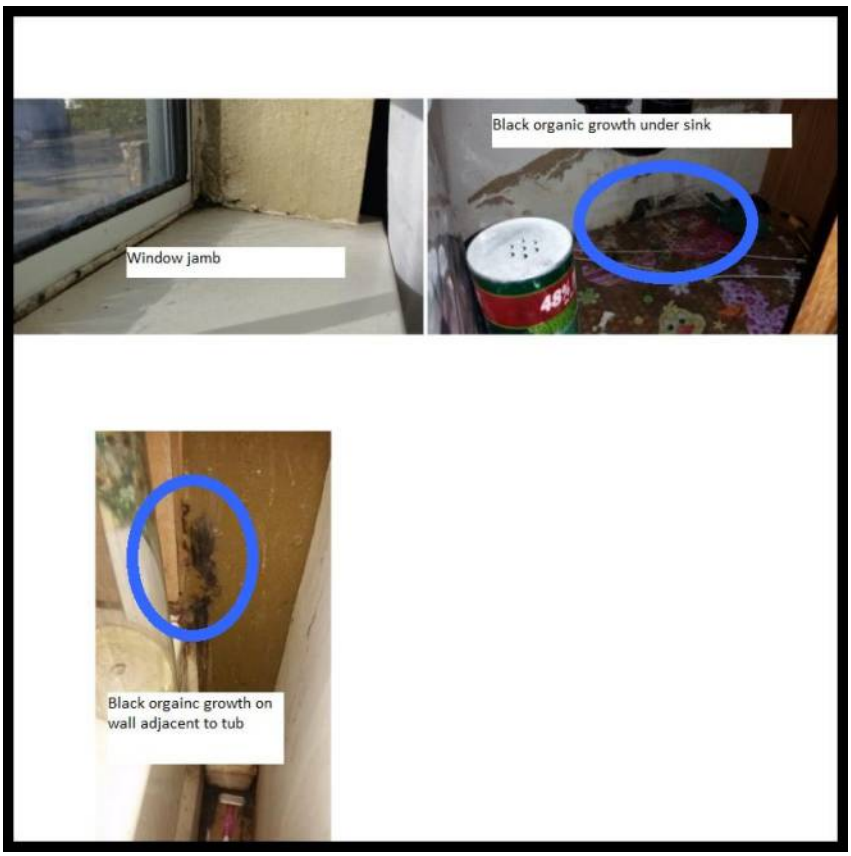
1. The walls are damaged and in need of repair at the bedroom window jambs of apt 1 & 2 due to excessive condensation.
2. One bedroom wall has a small hole behind the door at apt 2. These are minor cost items.

Safety Concern-

Further Evaluation-

Organic growth type substance was noted at the bathroom walls of apt 2 & 4 (adjacent to the tub and under the base cabinet). We recommend that mold testing be performed on this/these area(s) by a qualified mold specialist. The words "moisture" and "organic growth" or "mold" go hand-in-hand with one another. Whenever you see the word "moisture", "water stains", "moisture intrusion", "leakage", etc. in this report, it brings with it the possibility of organic growth which can be mold, mildew, or a number of other substances. Organic growth and mold are everywhere in our environment, outdoors and indoors, and in most cases it is not believed to be harmful. However, some organic growths have been found to be mold. Mold grows in a wide variety of types and species and different molds can be pathogenic, allergenic or even toxic in some cases. It is impossible to determine which category a particular mold falls into without proper testing.
It has been recently discovered that some molds can be a serious health concern for some people, especially some of the molds that grow because of a moisture condition in wall and ceiling cavities. Moisture in these framing cavities can create mold which may not become visible until it has progressed to an advanced stage.
We do not offer mold testing, and comments regarding the diagnosis of mold are not a part of this report.

For additional information on this subject, you may wish to contact the California Department of Health Services at (916) 445-4171, or visit them at http://www.dhs.ca.gov and type in the word "mold" in their search engine.
Reliable sources for locating environmental professionals are the Indoor Air Quality Association (IAQA) at (301) 962-3804 or online at www.iaqa.org and the Indoor Air Quality Council at 800-942-0832 or www.iaqcouncil.org.



11.3 Ceilings

The majority of the ceilings are Drywall, painted. Ceilings are in serviceable condition with the exception of the following:

Corrections Recommended-

Safety Concern-

Further Evaluation-

Organic growth type substance was noted at the ceiling of the bathroom in apt 2, see the recommendations in the section above.

11.4 Interior Doors

Interior doors are wood, with wood frames. All accessible doors were examined all are operating adequately, with the exception of the following:

Corrections Recommended-

1. Approximately six doors are in need of minor repairs, at apts 2, 4, 7, 8 & 10.
2. One door at apt 9 is missing or in need of replacement.

These are minor cost items.

11.5 Kitchen Appliances

All kitchen appliances were functioning adequately in the apartments we inspected, with the exception of the following:

Corrections Recommended-

1. Some range burners are not functioning properly at apts 2 & 5.
2. Disposals are not functional in apts 2 & 3.

These are minor cost items.

Unable to evaluate operation of ovens at apts 5, 6, 7, 8 & 9 because of flammable storage items inside oven.

11.6 Other Components

Corrections Recommended-

Kitchen cabinets have misc. doors and drawers which need adjustment or hinges repaired at apts 6, 8 & 9. This is a minor cost item.

Corrections Recommended-

Safety Concern-

No carbon monoxide detectors were found. California Senate Bill SB 183 requires carbon monoxide detectors be installed in dwelling units if they have a fuel burning appliance, fireplace or attached garage. This law became effective for existing homes as of July 1st, 2011. We recommend that detectors be installed on all levels of the home and also in the basement and the garage. For more information go to: http://www.westsidewholesale.com/carbon_monoxide

The Consumer Product Safety Commission recommends that carbon monoxide detectors be installed in every home for early warning of dangerous carbon monoxide fumes. Carbon monoxide is produced by faulty heat exchangers and other gas fuel burning anomalies. You can get more information from the CSPC website at www.cspc.gov/.

FIRE PROTECTION

11.7 Sprinklers and Standpipes

No fire sprinkler system was found at this structure.

11.8 Smoke Alarms

Corrections Recommended-

Safety Concern-

Detectors are not operational at any of the apartments except for apt 3, this is a POTENTIAL FIRE HAZARD! We recommend that these units be tested regularly and batteries replaced often. This is a minor cost item.

PATIOS - DECKS - PORCHES

11.9 Deck(s)

Deck surfaces are constructed of wood. Deck framing is also constructed of wood.
Decks and railings are serviceable except for the following:

Corrections Recommended-

1. The plywood deck surface is unprotected against moisture intrusion at the east side of building A.
2. The surface protection is deteriorated at the west deck of apt 6, the west deck of apt 7, the west deck of apt 8/9, the east deck of apt 9, and at the west deck of apt 10.
3. The rim joists are deteriorated at the west deck of apt 7 and at the west deck of apt 8/9.
4. The base of the deck posts are deteriorated at west deck of apt 8/9 and at the east deck of apt 10.
5. The top rails are slightly deteriorated at west deck railing of apt 6, the west deck railing of apt 8 and the east deck railing of apt 9.
6. Many various balustrades are slightly deteriorated at almost all decks.

Cost-to-Cure =$5,800.

11.10 Exterior Stairs & Stoops

Good condition.

OUT of SCOPE CONSIDERATIONS

ACTIVITY EXCLUSIONS

12.1

The activities listed below generally are excluded from or otherwise represent limitations to the scope of a PCA prepared in accordance with the *ASTM E 2018-08 Guide.* These should not be construed as all-inclusive or imply that any exclusion not specifically identified is a PCA requirement under the *ASTM Guide:*

Identifying capital improvements, enhancements, or upgrades to building components, systems, or finishes. The consultant must be aware of the distinction between repair and replacement activities that maintain the property in its intended design condition, versus actions that improve or reposition the property.

Removing, relocating, or repositioning of materials, ceiling, wall, or equipment panels, furniture, storage containers, personal effects, debris material or finishes; conducting exploratory probing or testing; dismantling or operating of equipment or appliances; or disturbing personal items or property, that obstructs access or visibility.

12.2 .

Preparing engineering calculations (civil, structural, mechanical, electrical, etc.) to determine any systems, components, or equipments adequacy or compliance with any specific or commonly accepted design requirements or building codes, or preparing designs or specifications to remedy any physical deficiency.

12.3

Taking measurements or quantities to establish or confirm any information or representations provided by the owner or user, such as size and dimensions of the subject property or subject building; any legal encumbrances, such as easements; dwelling unit count and mix; building property line setbacks or elevations; number and size of parking spaces; etc.

Reporting on the presence or absence of pests such as wood damaging organisms, rodents, or insects unless evidence of such presence is readily apparent and material during the course of the field observers walk-through survey or such information is provided to the consultant by the owner, user, property manager, etc. The consultant is not required to provide a suggested remedy for treatment or remediation, determine the extent of infestation, nor provide opinions of probable costs for treatment or remediation of any deterioration that may have resulted. This exclusion does not apply if we have agreed to provide a pest & dry-rot inspection report as a part of our written contract, is such is the case then their report will be attached to the end of this report as an appendix.

Reporting on the condition of subterranean conditions, such as soil types and conditions, underground utilities, separate sewage disposal systems, wells; systems that are either considered process-related or peculiar to a specific tenancy or use; or items or systems that are not permanently installed.

Entering or accessing any area of the premises deemed to potentially pose a threat of dangerous or adverse conditions with respect to the field observers health or safety, or to perform any procedure, that may damage or impair the physical integrity of the property, any system, or component.

Providing an opinion on the condition of any system or component, that is shutdown. However, consultant is to provide an opinion of its physical condition to the extent reasonably possible considering its age, obvious condition, manufacturer, etc.

Evaluating acoustical or insulating characteristics of systems or components.

Providing an opinion on matters regarding security of the subject property and protection of its occupants or users from unauthorized access.

Operating or witnessing the operation of lighting, lawn irrigation, or other systems typically controlled by time clocks or that are normally operated by the buildings operation staff or service companies.

Providing an environmental assessment or opinion on the presence of any environmental issues such as potable water quality, asbestos, hazardous wastes, toxic materials, the location or presence of designated wetlands, mold, fungus, IAQ, etc.

WARRANTY, GUARANTEE, and CODE COMPLIANCE EXCLUSIONS

12.4

By conducting a PCA and preparing a PCR, the consultant merely is providing an opinion and does not warrant or guarantee the present or future condition of the subject property, nor may the PCA be construed as either a warranty or guarantee of any of the following:

Any systems or components physical condition or use, nor is a PCA to be construed as substituting for any systems or equipments warranty transfer inspection;

Compliance with any federal, state, or local statute, ordinance, rule or regulation including, but not limited to, fire and building codes, life safety codes, environmental regulations, health codes, zoning ordinances, compliance with trade/ design standards, or standards developed by the insurance industry. However, should there be any conspicuous material present violations observed or reported based upon actual knowledge of the field observer or the PCR reviewer, they should be identified in the PCR;

Compliance of any material, equipment, or system with any certification or actuation rate program, vendors or manufacturers warranty provisions, or provisions established by any standards that are related to insurance industry acceptance/approval, such as FM, State Board of Fire Underwriters, etc.

ADDITIONAL/GENERAL CONSIDERATIONS

12.5

There may be physical condition issues or certain physical improvements at the subject property that the parties may wish to assess in connection with a
commercial real estate transaction that are outside the scope of this guide. Such issues are referred to as non-scope considerations, and if included in the PCR, are identified in the "ADDITIONAL CONSIDERATIONS" Section of this report.
Whether or not the client has elected to contract with us regarding non-scope considerations in connection with the *ASTM Guide was* a decision which was made by the client. No assessment of such non-scope considerations is required for a PCA to be conducted in compliance with the ASTM Guide.

QUALIFICATIONS

PCA FIELD OBSERVER

13.1 Definition

The PCA Field Observer is the individual designated by Pre-Spect Building Inspection & Analysis who conducts the walk-through survey at the subject property.

13.2 Identification

The field observer for this property condition assessment was Mr. Rick DeBoard, whose qualifications are as follows:

Employment History;

1968 to 1972 - Employed as a framing crew foreman in the construction of industrial and farm structures.
1972 to 1979 - Employed as a working jobsite superintendent in the construction of industrial buildings.
1979 to 1990 - Owner and manager of construction firm specializing in commercial, industrial buildings, new construction and residential remodeling.
1990 to Present- Self-employed Inspector, performing residential prepurchase inspections, commercial due diligence property assessments and insurance inspections.

Credentials;

Licensed California General Contractor Since 1979, License # B-374548
Certified Member of the *American Institute of Inspectors, (A.I.I.),* Certification # 1051
Member of the *California Coalition of Home Inspectors*
Member of the National Association of Real Estate Professionals
Certified Indoor Air Quality Consultant, by the Environment Solutions Association
International Association of Certified Indoor Air Consultants. (IAC2)
1994, 1995 President of *A.I.I.* Sacramento Valley Chapter
1999, 2000, 2001, 2006 Member of the Board of Directors of *A.I.I.* National
2008 through 2009 Chairman of the Board for *A.I.I.* National

Continuing Education;

Home Inspection Certification Training through *A.I.I.* in 1990
Phase 1 Environmental Assessment Training through *A.I.I.* in 1993
Commercial Inspection Training through *Inspection Training Associates* in 2000
Certified Indoor Air Quality Training through Environmental Solutions Association in 2008

PCR REVIEWER

13.3 Definition

The PCR Reviewer is the individual who is designated by Pre-Spect Building Inspection & Analysis to exercise reasonable control over the field observer and to review the report.

13.4 Identification

The PCR Reviewer for this assessment was also Mr. Rick DeBoard.

LIMITING CONDITIONS

INTERIOR COMPONENTS.

14.1

We did not have access to the north bedroom of apartment 6, as it was locked on the day of inspection and no keys were made available.

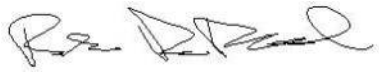
CLOSING COMMENTS

15.1

We have attempted to be very thorough in our assessment of this property, and have strived to convey the findings to you in a way that is useful and easy to understand. We wish to thank you for your trust in regards to this very important part of your decision making process.

In addition to the summary and main body of this report, please be sure to review the supporting documentation, (if any), and photographs.
Please feel free to call us if you have questions.

Sincerely,



Rick DeBoard, Principal.

GLOSSARY

OF

TERMS

PCA Glossary

A

ADA	The Americans with Disabilities Act.
A.I.I.	American Institute of Inspectors, a national association of building inspectors. Phone 800-877-4770, Website: http://www.inspection.org.
Accessible	See "Readily Accessible"
Addition	Any construction which adds to the building or original structure.
Air Conditioning	The process of treating air so as to control simultaneously its temperature, humidity, cleanliness, and distribution to meet the comfort requirements of the occupants of the conditioned space. The system may be designed for summer air conditioning or for winter air conditioning or for both.
Aldehydes	Odor, like the inside of a new structure, that is created with incomplete natural gas combustion. An indicator for the building inspector of the need for a licensed technician to evaluate the heating device.
Alligatoring	A defect consisting of intersecting cracks and ridges in the surface.
Angle of Repose	The maximum angle of slope at which any loose earth will stand without sliding.
ASHI	The American Society of Home Inspectors, Inc. A national association of home/building inspectors. Phone number 1-800-743-ASHI (2744), or on the web at http://ashi.com.
ASTM	American Society for Testing and Materials. Website: www.astm.org.
ASTM Guide	The Standards of Practice used for a PCA. Specifically ASTM E 2018-XX , Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process, (where "xx" equals the year that the Guide was enacted).
Attic	Accessible space between top of uppermost ceiling and underside of roof. Inaccessible spaces are considered "structural cavities."
Automatic (System) Safety Controls.	Devices designed and installed to protect systems and components from excessively high or low pressures and temperatures, excessive electrical current, loss of water, loss of ignition, fuel leaks, fire, freezing, or other unsafe conditions.

B

Backfill	Loose earth placed outside foundation walls for filling and grading.
Baluster	An upright support for a handrail.
Balustrade	A protective or decorating railing consisting of a row of balusters topped by a rail.
Barometric Damper	A damper on the exhaust vent of an oil fired heater that acts as a draft regulator (or atmospheric damper). As a chimney flue heats up, a weighted damper opens to allow cool air from the living space to enter. Without a barometric damper to cool the hot exhaust gases, an overheated chimney flue can cause too much draft, adversely affecting the burner's efficiency by changing the fuel/air ratio. (Some old oil burners, and some new "positive-pressure" burners that rely upon a fan instead of a natural draft, cannot accommodate barometric dampers, but these types are rare).
Base Building	The core (common areas) and shell of the building and its systems that typically are not subject to improvements to suit tenant requirements.
Basement	A space of full story height below finish grade below the first floor, or a story partially underground.
Bearing Wall	A wall which supports any vertical load in addition to its own weight.
Bearing	That portion of a beam, truss, or other structural member that rests on the supports.
Bldg.	Building.
Bonding	Joining of metallic parts to form a conductive path that has the ability to safely conduct electrical loads.
Bridging	A system of bracing between floor joists or ceiling joists to distribute the floor load or keep the joists from twisting.
BTU or btu	British thermal unit.
Building Department Records	Records maintained by or in possession of the local government authority with jurisdiction over the construction, alteration, use, or demolition of improvements on the subject property, and that are readily available for use by the consultant within the time frame required for production of the PCR and are practically reviewable by exercising appropriate inquiry. Building department records also may include building code violation notices. Often, building department records are located in the building department of a municipality or county.
Building Envelope	The enclosure of the building that protects the building's interior from outside elements, namely the exterior walls, roof and soffit areas.

Bullnose A stair step with rounded end used as a starting step.

BX Armored Flexible cable.

C

Cantilever A projecting beam or member supported at only one end.

Carport A roofed space having at least one side open to the weather, primarily designed for motor vehicles.

Casement Windows Window sash which opens on hinges secured to the side of the window opening.

Cavitation A phenomenon in the flow of water consisting in the formation and the collapse of cavities in water. Pump sound varies as it alternates between pumping air and water.

Central Air Conditioning A system which uses ducts to distribute cooled and/or dehumidified air to more than one room at a time and which is not plugged into an electrical convenience outlet.

Clearance to Combustibles The distance between a heat producing appliance, chimney, chimney connector, vent, vent connector, or plenum and other surfaces. Also, in garages, the distance between the floor and an installed source of ignition.

Cold Joint A joint formed when a concrete surface hardens before the next batch of concrete is placed against it.

Component A fully functional portion of a building system, piece of equipment, or building element.

Conductors Electrical: A wire or cable offering low resistance to the flow of electric current.

Consultant The entity or individual that prepares the PCR and that is responsible for the observance of and reporting on the physical condition of commercial real estate in accordance with the ASTM guide. The consultant generally is an independent contractor; however, the consultant may be an employee of the user. The consultant may be an individual that is both the field observer and PCR reviewer.

Cost-to-Cure The estimated cost to perform the required repairs necessary to restore proper function to the system or component.

Counter-flashing A strip of sheet metal in the form of an inverted L built into a wall to overlap the flashing and make the roof water-tight.

CPVC Chlorinated polyvinyl chloride.

Crawlspace An unfinished accessible space below the first floor in a building with no cellar, a shallow space between the first tier of beams and the ground.

CREIA — California Real Estate Inspectors Association. An association of professional building inspectors.
Phone: 800-848-7342. Website: www.creia.com.

Cricket — A small false roof to throw off or shed water from behind an obstacle, (often a gabled roof behind a chimney).

Cross Connections — Any physical connection or arrangement between potable water and any source of contamination.

Cut and Fill — The process of cutting into a hillside and using the material removed to fill a downslope portion of the site. Structures constructed across the "cut and fill" line are often cracked or distorted at that location.

D

Dangerous or Adverse Situations — Situations which pose a threat of injury to the inspector, and those situations with require use of special protective clothing or safety equipment.

Deferred Maintenance — Physical deficiencies that cannot be remedied with routine maintenance, normal operating maintenance, etc., excluding de minimus conditions that generally do not present a material physical deficiency to the subject property.

Differential Settlement — Settling of a dwelling or surface that causes one or more components to settle unevenly.

Dismantle — To take apart or remove any component, device or piece of equipment that is bolted, screwed, or (fastened by other means), that would not be removed by a layperson in the course of normal maintenance.

Dormer Window — An extension from a sloped roof with a vertical window.

Double Hung Window — A window consisting of two sashes which slide vertically in adjoining grooves.

Drip Edge — A projecting horizontal band or course sloped outward to throw water away from the building.

Drywell — A covered pit with open-jointed lining or a covered pit filled with coarse aggregate through with drainage from roofs, basement floors, foundation drain tile, or areaways may seep or leach into the surrounding soil.

Due Diligence — The process of conducting a walk-through survey and appropriate inquiries into the physical condition of a commercial real estate's improvements, usually in connection with a commercial real estate transaction. The degree and type of such survey or other inquiry may vary for different properties and different purposes.

Dwelling — A building designed as living quarters for one or more families.

E

Easily Visible Describes items, components and systems that are conspicuous, patent, and which may be observed visually during the walk-through survey without intrusion, removal of materials, exploratory probing, use of special protective clothing, or use of special equipment.

Efflorescence A blemish on masonry walls consisting of a white surface crust formed from the crystallizing of soluble salts in the mortar.

EIFS Exterior Insulation and Finish System.

EMF Electro Magnetic Fields.

Engineering Analysis or design work requiring extensive preparation and experience in the use of mathematics, chemistry, physics, and the engineering sciences.

Exotic Materials Any building material that has only the manufacturer's claims or guarantees of its performance and no empirical evidence regarding life expectancy.

Expansion Joint A joint between two adjoining concrete members arranged to permit expansion and contraction with changes in temperature.

Expansive Soil Soil, that when wet or dry, expands or contracts.

Expected Useful Life (EUL) The average amount of time in years that an item, component, or system is estimated to function when installed new and assuming routine maintenance is practiced.

Extrapolate To infer or estimate by extending or projecting known information.

F

Fenestration The arrangement and design of windows and doors in a building.

Field Observer The individual that conducts the walk-through survey, in the process of performing a commercial property condition assessment.

Fire Department Records Records maintained by or in the possession of the local fire department in the area in which the subject property is located. These records should be practically reviewable and readily accessible for use by the consultant by exercising an appropriate inquiry within the time frame required for production of the PCR.

Fire Rated Doors Doors manufactured under supervision, designed to resist standard fire tests and labeled for identification.

Firebrick	Brick made to withstand high temperatures for lining chimneys, incinerators and similar structures.
Firewall	A wall with qualities of fire resistance and structural stability which subdivides a building into fire areas, and which resists the spread of fire.
Flashing	Sheet metal or other impervious material used in roof and wall construction to protect building from seepage of water.
Footing	A structural unit used to distribute loads to the bearing soil materials.
Footing and Stem Wall	A concrete footing poured into a trench excavated below the frost line on which a vertical stem wall is constructed of concrete or concrete block.
Foundation Wall	A wall, below or partly below grade, providing support for the exterior or other structural parts of a building.
Foundation	Construction, (below or partly below grade), which provides support for exterior walls or other structural parts of the building.
French Door	A wood door paneled with lights of glass.
Frost Line	The depth below finish grade where frost action on footings or foundations is improbable.
Functional Drainage	A drain is functional when it empties in a reasonable amount of time and does not overflow when another fixture is drained simultaneously.
Functional Flow	A reasonable flow at the highest fixture in a dwelling when another fixture is operated simultaneously.

G

Gambrel Roof	A roof having its slope broken by an obtuse angle.
Garage	A building or enclosure primarily designed or used for motor vehicles.
Grade Beam	A horizontal member (generally a reinforced concrete beam) between two supporting piers at or below ground supporting a wall or structure above. (See also pier and grade beam foundation).
Grade	Finish: The surface elevation of lawns, walls, drives or other improved surfaces after completion of construction or grading operations. Natural: The elevation of the original or undisturbed natural surface of the ground.
Ground	Intentional or accidental connection (bonding) between a circuit or equipment and the earth or other conducting member.

Grounded Conductor Electrical wires which are intentionally grounded. Often called the "neutral wires". In residential wiring, usually white insulation.

Grounding Conductor A wire used to connect electrical equipment to a grounding electrode. Often called the "ground wire". In residential wiring usually a bare wire or green insulation.

Ground Wire or Grounding Wire Electrical: see "Conductors" = in residential wiring usually a bare wire or a wire with green insulation.

H

Habitable Room A space used for living, sleeping, eating or cooking, (or combinations thereof), but not including bathrooms, toilet compartments, closets, halls, storage rooms, laundry and utility rooms, unfinished basement recreation rooms and similar spaces.

Hot Wire Electrical: see "Conductors" = wires having black or red insulation, (usually).

HVAC Heating, Ventilating and Air Conditioning.

I

Immediate Costs Opinions of probable costs that require immediate action as a result of any of the following; (1) material existing or potential unsafe conditions, (2) material building or fire code violations, or (3) conditions that if left unremedied, have the potential to result in or contribute to critical element or system failure within one year or will result most probably in a significant escalation of its remedial cost.

Imminent Hazard A hazard that requires immediate attention by a licensed technician.

Inspector Any person who examines any component of a building, through visual means and through normal user controls, without the use of mathematical sciences.

Interviews Discussions with those knowledgeable about the subject property.

Installed Attached (connected) to the structural, mechanical, plumbing or electrical system of the building such that the item installed cannot be removed without the use of tools.

L

Lights The individual panes of glass in a door or window.

Lintel A horizontal steel member spanning an opening to support the load above, (as at the top of a firebox opening).

Live Load All loads on structures other than dead loads; this includes the weight of the persons occupying the building and free standing material; snow and wind.

Loads Design: Total load which a structure is designed to sustain safely.
Dead: The weight of all permanent construction in a building.

Loamy Soil Soil that contains organic matter.

M

Material Having significant importance or great consequence to the subject property's intended use or physical condition.

Material Deterioration Material that has been, (or is being), destroyed by rot, pests, age, or structural failure.

Mitered Joint A joint consisting of two pieces matched and joined at an angle.

Mudsill A flat timber placed on the ground or foundation to distribute the concentrated load of an upright member.

Muntin A narrow bar separating window lights of a sash.

N

Neutral Wire Electrical: see "Conductors" = in residential wiring usually white insulation.

Newel Post A stairway post to which the handrail is secured.

Non-Bearing Wall A wall which supports no vertical load other than its own weight.

Non-Combustible Material or combination of materials which will not ignite or support combustion at a temperature of 1,200 degrees F. during a 5 minute exposure.

Normal Operating Controls Owner/tenant operated devices such as a thermostat, wall switch or safety switch.

O

Observe The act of making a visual examination.

Observation The visual survey of items, systems, conditions, or components that are readily accessible and easily visible during a walk-through survey of the subject property.

Obvious	Plain, evident and readily accessible; a condition or fact not likely to be ignored or overlooked by a field observer when conducting a walk-through survey or that which is practically reviewable and would be understood easily by a person conducting the PCA.
Operate	To cause systems or equipment to function.
Opinions of Probable Costs	Determination of probable costs, a preliminary budget, for a suggested remedy.
Owner	The entity holding the title to the commercial real estate that is the subject of the PCA.

P

P-trap	A waste line water trap with a vertical inlet and a horizontal outlet, to prevent noxious fumes from entering the occupied space from the sewer/septic system.
Parging	Rough plastering with mortar coating the face of brick or concrete, such as at the smoke shelf of a fireplace.
PCA, Property Condition Assessment	The process by which a person or entity observes a property, interviews sources, and reviews available documentation for the purpose of developing an opinion and preparing a PCR of a commercial real estate's current physical condition. At the option of the user, a PCA may include a higher level of inquiry and due diligence than the baseline scope described within the ASTM guide or, at the user's option, it may include a lower level of inquiry or due diligence than the baseline scope described in the guide. Such deviations from the ASTM guide's scope should be disclosed in the PCR's executive summary.
PCR, Property Condition Report	A written report, prepared in accordance with the recommendations contained in the ASTM guide, that outlines the consultant's observations, opinions as to the subject property's condition, and opinions of probable cost to remedy any material physical deficiencies observed.
PCR Reviewer	The individual that both exercises responsible control over the field observer and who reviews the PCR prior to delivery to the user.
Physical Deficiency	Conspicuous defects or significant deferred maintenance of a subjects property's material systems, components, or equipment as observed during the field observer's walk-through survey. Included within this definition are material life-safety/building code violations and, material systems, components, or equipment that are approaching, have reached, or have exceeded their typical EUL or whose RUL should not be relied upon in view of actual or effective age, abuse, excessive wear and tear, exposure to the elements, lack of proper of routine maintenance, etc. This definition specifically excludes deficiencies that may be remedied with routine maintenance, miscellaneous minor repairs, normal operating maintenance, etc., and excludes de minimus conditions that generally do not constitute a material physical deficiency of the subject property.
Pier	A masonry or concrete column supporting foundations or the floor structure in basementless spaces. Pier may be free-standing or bonded at its sides to other masonry or concrete.

Pier and Grade Beam Foundation	A reinforced concrete beam supporting the exterior wall construction, in contact with the earth, but supported by piers most often, the piers are bored into the earth because the soil will not support a typical footing and stem wall.
Piles	Long, slender members of wood, steel or reinforced concrete driven into the ground to carry a vertical load.
Practically Reviewable	Describes information that is provided by the source in a manner and form that, upon review, yields information relevant to the subject property without the need for significant analysis or calculations. Records or information that feasibility cannot be retrieved by reference to the location of the subject property are not generally considered practically reviewable.
Precast Concrete	Concrete units (such as piles or vaults) cast off the construction site and set in place.
Prestressed Concrete	A system for utilizing fully the compressive strength of concrete by bonding it with highly stressed tensile steel.
Property	The site improvements, which are inclusive of both site work and buildings.
Publicly Available	The source of the information allows access to the information by anyone upon request.
Purlin	An intermediate supporting member at right angles to rafter or truss framing.
PVC	Polyvinyl chloride.

R

Rafters	A series of roof framing members, spaced not more than 30 inches o.c. in roofs having slopes over 3 in 12. Members supporting roofs having slopes 3 in 12 or less are defined as roof joists.
Random	See "Representative Number"
Readily Accessible	Components that are accessible without moving furniture or other items and without the use of tools or a ladder that exceeds 12'-0" in length or a 6'-0" step ladder. Also describes areas of the subject property that are promptly made available for observation by the field observer at the time of the walk-through survey and do not require the removal of materials or personal property, such as furniture, and that are safely accessible in the opinion of the field observer.
Readily Available	Describes information or records that are easily and promptly provided to the consultant upon making a request in compliance with an appropriate inquiry and without the need for the consultant to research archive files.
Readily Openable Access Panel	A panel provided for a layperson for inspection and maintenance which has removable or operable fasteners or latch devices in order to be lifted off, swung open, or otherwise removed by one person (without the use of tools) and its edges and fasteners are not painted in place. Limited to those panels within normal reach or from a 4-foot stepladder, and which are not blocked by stored items, furniture, or building components.

Reasonably Ascertainable	Describes information that is publicly available, as well as readily available, provided to the consultant's offices from wither its source or an information research/retrieval service within reasonable time, practically reviewable, and available at a nominal cost for either retrieval, reproduction or forwarding.
Rebar	Reinforcing steel bars with projections to promote the bond to the concrete.
Relief Valve	A safety device to permit the escape of steam or hot water subjected to excessive pressures or temperatures. See SRV.
Representative Number	For multiple identical components such as windows and electric outlets - one such component per room. For multiple identical exterior components - one such component on each side of the building.
Representative Observations	Observations of a reasonable number of samples of repetitive systems, components, areas, etc., which are conducted by the field observer during the walk-through survey. The concept of representative observations extends to all conditions, areas, equipment, components, systems, buildings, etc., to the extent that they are similar and representative of one another.
Riser	The upright member of a stair extending from tread to tread.
Romex	Brand name commonly in use for "nonmetallic electrical cable".
Roof Drainage Systems	Gutters, downspouts, leaders, splashblocks, and similar components used to carry water off a roof and away from a building.
RUL, Remaining Useful Life	A subjective estimate based upon observations, or average estimates of similar items, components, or systems, or a combination thereof, of the number of remaining years that an item, component, or system is estimated to be able to function in accordance with its intended purpose before warranting replacement. Such period of time is affected by the initial quality of an item, components, or system, the quality of the initial installation, the quality and amount of preventive maintenance exercised, climatic conditions, extent of use, etc.

S

Scupper	An opening in a parapet wall or gutter, for drainage of rain water.
Septic Tank	A covered watertight sewage settling tank intended to retain the solids in the sewage flowing through the tank long enough for satisfactory decomposition of settled solids by bacterial action to take place.
Short Cycling	Equipment that turns on and off in rapid succession instead of normal operating cycles.
Shut Down	A piece of equipment or system is shut down when it cannot be operated by the device or control which a layperson would use to normally operate the equipment or system. Also, equipment, components or systems that are not operating at the time of the field observer's walk-through survey. For instance, equipment, components, and systems that may be shutdown as a result of seasonal temperatures.

Siding	The first covering of boards or paneling nailed to the outside of the wood studs of a frame building.
Site Visit	The visit to the subject property during which observations are made pursuant to the walk-through survey section of the ASTM guide.
Slab-on-Grade	See Thickened Edge Slab.
Soffit	The underside of a stair, arch, cornice, or overhang.
Solid Fuel Heating Device	Any wood, coal, or other similar organic fuel burning device, including but not limited to fireplaces whether masonry or factory built, fireplace inserts and stoves, wood stoves (room heaters), central furnaces, and combinations of these devices.
Specialty Consultants	Individuals or entities either in the fields of engineering or in any particular building component, equipment, or system that have acquired detailed, specialized knowledge and experience in the design, evaluation, operation, repair, or installation of same.
SRV	A Safety Relief Valve installed on a hot water heating system or storage tank to limit temperature and pressure of the water.
Stanchion	An upright guard, usually as a part of a window or door. Sometimes used generically as any upright guard or protection.
Story	That part of a building between the level of one finished floor and the level of the next higher finished floor.
Structural Component	A building components, which supports interior or exterior finish materials or other building components.
Structural Frame	The components or building system that supports the building's nonvariable forces or weights (dead loads) and variable forces or weights (live loads).
Subject Building	Referring to the primary building or buildings on the subject property, and that are within the scope of PCA.
Subject Property	The commercial real estate consisting of the site and primary real estate improvements that are the subject of the PCA described by the ASTM guide.
Suggested Remedy	An opinion as to a course of action to remedy or repair a physical deficiency. Such an opinion may also be to conduct further research or testing for the purposes of discovery to gain a better understanding of the cause or extent of a physical deficiency (whether observed or highly probable) and the appropriate remedial or reparatory response. A suggested remedy may be preliminary and does not preclude alternate methods or schemes that might be more appropriate to remedy the physical deficiency or that may be more commensurate with the user's requirements.
Survey	Observations made by the field observer during a walk-through survey to obtain information concerning the subject property's readily accessible and easily visible components or systems.

Swale A drainage channel formed by the convergence of intersection slopes.

System A combination of interacting or interdependent components assembled to carry out one or more functions.

T

Technically Exhaustive An inspection is technically exhaustive when it involves the extensive use of measurements, instruments, testing, calculations, and other means to develop scientific or engineering findings, conclusions, recommendations, or combination thereof.

Thickened Edge Slab or Turned Down Slab A type of concrete floor slat foundation where the slab is constructed integrally with the foundation wall.

Timely Access Entry provided to the consultant at the time of the site visit.

Truss A structural framework composed of a series of members so arranged and fastened together that external loads applied at the joints will cause only direct stress in the members.

U

Under-floor Crawlspace The area within the confines of the foundation and between the ground and the underside of the lowest floor structural component.

Underpinning (1) The construction of supports introduced beneath a wall.
(2) The material used in such additional supports.

Ungrounded Conductor The energized wires in residential wiring, (two 110v legs comprise a 220 volt circuit). Often called the "hot wire". In residential wiring usually red or black insulation.

User The party that retains the consultant for the preparation of a baseline PCA of the subject property in accordance with the ASTM guide. A user may include, without limitation, a purchaser, potential tenant, owner, existing or potential mortgagee, lender, or property manager of the subject property.

V

Vent Stack Pipes supplying a drainage system with air to prevent siphonage of water from the traps.

Vermiculite Lightweight inert material made of steam exploded mica used as an aggregate in plaster. Also used as ceiling insulation in some older structures.

W

Walk-through Survey Conducted during the field observer's site visit of the subject property, that consists of nonintrusive visual observations, survey of readily accessible, easily visible components and systems of the subject property. Concealed physical deficiencies are excluded. Such a survey should not be considered technically exhaustive. It excludes the operation of equipment by the field observer and is to be conducted without the aid of special protective clothing, exploratory probing, removal of materials, testing, or the use of equipment, such as scaffolding, metering/testing equipment, or devices of any kind, etc. It is literally the field observer's visual observations while walking through the subject property.

Water Hammer The concussion of water in enclosed pipes caused by a sudden stoppage of flow.

Waterproofing A treatment of a surface or structure, which prevents the passage of water.

Weep Hole A hole formed in a retaining wall or screed to release water from behind the wall.