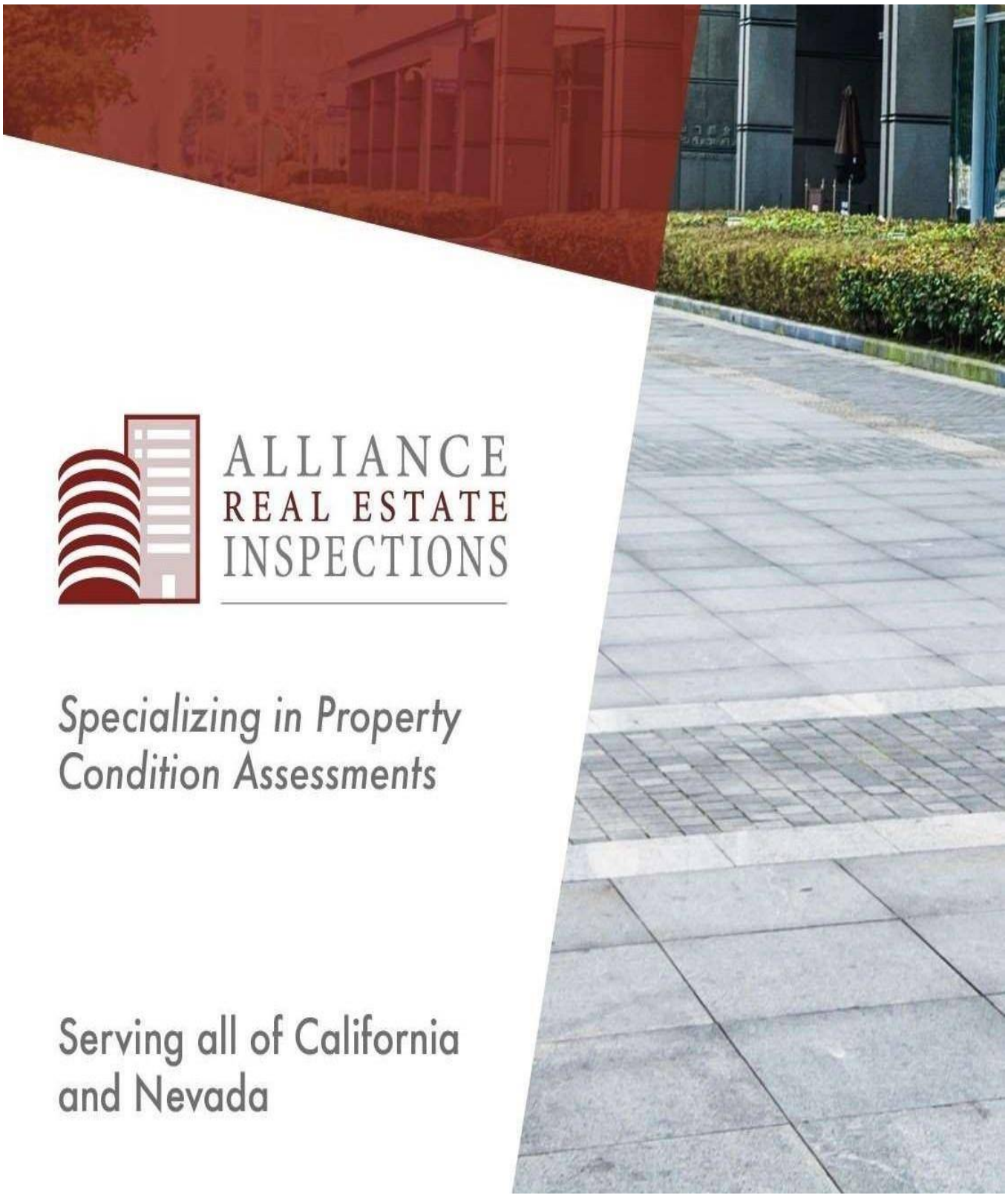


ALLIANCE
REAL ESTATE
INSPECTIONS

Specializing in Property Condition Assessments

Serving all of California and Nevada

Confidential Property Condition Assessment Report

1234 Commercial St.
Los Angeles CA 90000

Prepared for: Mr. Customer
Prepared By: Robert Gaudreault

Report Table of Contents

Dear Juan & Jennifer

At your request, a visual inspection of the above referenced property was conducted on February 10, 2025 . An earnest effort was made on your behalf to discover visible defects. The following is an opinion report, reflecting the visual conditions of the property at the time of the inspection only. Hidden or concealed defects cannot be included in this report. No warranty is either expressed or implied. This report is not an insurance policy, nor a warranty service.

SUMMARY OF AREAS REQUIRING FURTHER EVALUATION

IMPORTANT: The Summary is not the entire report. The complete report may include additional information of concern to the client. It is recommended that the client read the complete report. The entire Inspection Report, including the Standards of Practice, limitations and scope of Inspection, and Pre-Inspection Agreement must be carefully read to fully assess the findings of the inspection. This list is not intended to determine which items may need to be addressed per the contractual requirements of the sale of the property. Any areas of uncertainty regarding the contract should be clarified by consulting an attorney or real estate agent.

It is strongly recommended that you have appropriate licensed contractors evaluate each concern further and the entire system for additional concerns that may be outside our area of expertise or the scope of our inspection BEFORE the close of escrow. Please call our office for any clarifications or further questions.

Here is a list of major defects that need further evaluation or repair by appropriately Licensed Contractors.

Outbuilding
Condition & Action:
10.2
1. The shed at back of property is in poor repair and exhibits excessive water damage and apparent microbial growth. Removal needed. Testing of microbial growth should be achieved by an environmental agency which may affect the cost for any added remediation methods.

STRUCTURE:
EXITS & ESCAPE PATH:
3.8 CONDITION:
1. There are exit doors that empty out into a an area that is inadequate. A safety escape exit should lead directly to an open space outside, like a street, walkway, yard, or other public area that provides safe access to the outside, ensuring a clear path for people to evacuate quickly in an emergency.

No occupant load sign was posted at unit 1 which appeared to have some form of education or assembly. Any space or room that is an assembly occupancy should display a permanent, legible sign in a conspicuous place, near the exit or exit access doorway, showing the approved occupant load. Assembly Occupancy: 1. Used for a gathering of 50 or more persons for deliberation, worship, entertainment, eating, drinking, amusement, awaiting transportation, or similar uses; or 2. Used as a special amusement building, regardless of occupant load. Assembly occupancies might include the following: Armories, assembly halls, auditoriums, club rooms, dance halls, drinking establishments and exhibition halls among others.

BUILDING FINDINGS:
3.19 RECOMMENDATIONS:
2. The structure has undergone modifications, alterations or upgrades. Recommend that client research permit records with local building department. The last permit or Certificate of Occupancy was from 1992.

UNIT INTERIORS:
UNIT 13004:
11.5 Floor Condition:
3. Cracking along back side of warehouse from apparent settlement or heaving. Settlement did not appear to affect building walls and may not be a structural defect. However consult engineer of building contractor for further evaluation and advice. Office flooring worn, aged and some sections are without any finish flooring. Ready for build out or simple tenant improvements.

ROOF STRUCTURE:
FLAT ROOF:
5.2 CONDITION:
1. The roof covering material is in a condition that is consistent with its age and method of installation. Mild areas of ponding noted. Water should not sit onto a roof surface for more than 48 hours as this promotes deterioration and leak potential.

5.3 ACTION:
2. No Action as a result of this assessment. Maintain as needed.

ROOF DRAINAGE:
5.7 Gutters & Downspouts:
3. Satisfactory however remove any obstructions that can affect efficient drainage.

HEATING & AIR CONDITIONING:
HVAC FINDINGS:
7.2 RECOMMENDATIONS:
1. The office spaces are without any form of heating or cooling. Upgrades should be considered. According to most building codes, the standard temperature for heating office spaces is 68°F (20°C), meaning that heating systems should be able to maintain a minimum temperature of 68°F at a point 3 feet above the floor in occupied areas; this is typically referenced within the "Occupy-able Space Heating System" section of the code.

ELECTRICAL SYSTEM:
MAIN PANEL 2:
6.7 PANEL CONDITION:
1. Sharp ended screws are used to fasten the dead front cover to this main panel. Sharp ended screws are not intended for this purpose as they could damage internal wiring and pose a shock or electrocution hazard. Dull ended screws should be used.

MAIN PANEL 1:
6.14 PANEL CONDITION:
2. Knock out covers are missing. Knock outs for future breakers should be sealed over with a cover to prevent potential for entry. All panel boxes need to be sealed tight. Sharp ended screws are used to fasten the dead front cover to this main panel. Sharp ended screws are not intended for this purpose as they could damage internal wiring and pose a shock or electrocution hazard. Dull ended screws should be used.

SUB PANEL 1:
6.21 CONDITION:
3. Double lugging of neutral conductors noted. This is where there are two neutral conductors (The white coated wires) connected to one lug. This is not permissible in the electrical industry as it affects proper contact of the conductors. Double lugging noted. This is where there are two conductors connected to one breaker lug. This panel does not approve

of this type of installation as it can affect proper contact of the conductors and affect proper function.

WIRING & CONDITION:
6.24 CONDITION:
4. Open electrical boxes viewed in areas. Mostly within unit 1. Photos are not all inclusive and only a representative sampling. Electrical wires terminated outside of enclosure. Wires should terminate in an approved junction box with a proper cover installed. This condition is a potential safety hazard and should be corrected by qualified personnel.

OUTLETS & SWITCHES:
6.27 110 RECEPTACLES:
5. Some of the tested receptacles showed as having open/no ground. Location, Various locations of each unit. This is based off of a representative sampling. There may be other receptacles in this condition. Recommend having a licensed electrician go through all of the outlet receptacles and make the needed corrections to ensure a safe and operational source of electricity supply for future appliances and fixtures. Photos are not all inclusive and only a representative sampling.

6.28 220 RECEPTACLES:
6. Added 220 outlet for clothes dryer of building 1 indicates a hazard and to not use. Consult a licensed electrician for further evaluation.

ELECTRICAL FINDINGS:
6.32 RECOMMENDATION:
7. Some repairs and further evaluation is needed. Though these repairs may seem menial all electrical repairs, no mater how simple, should only be attempted by licensed and insured electrician.

PLUMBING SYSTEM:
BUILDING WATER SUPPLY:
8.6 CONDITION:
1. Some sections of water pipe were removed for some reason. As noted at Unit 2.

WASTE DISPOSAL:
8.8 SEWAGE DISPOSAL TYPE:
2. The sewer line from the building to the street sewer is not visible in this type of general visual inspection. Inspector can not determine condition or adequacy of this waste pipe. We always recommend contracting with a qualified sewer line inspector who uses a scope and camera to view the system and render a report as to its condition.

8.10 CONDITION:
3. Modifications noted at building 1 by adding clothes washer and additional bathroom. Inquire with seller, operator or tenant as to permit records. There should be no reduction in diameter of waste drains, such as seen from added laundry feature drain at building 1 as this can result in back ups posing water damage to building as well as interior content.

WATER HEATER Unit 2:
8.15 ELECTRIC SERVICE:
4. This electric water heater does not have a service disconnect situated within line of sight of component. Corrections are needed to ensure safety for workman during servicing.

8.16 CONDITION:
5. Tank lacks a sheet metal pan. Ideally a sheet metal pan would have been installed under this tank with a drain to prevent potential water damage to structure in the event of leak. Water heater is well beyond its life expectancy and

should be replaced.

WATER HEATER 1:
8.23 AGE & CAPACITY:
6. A 30 gallon water heater is installed. 15 year old. Average life span of a water heater is 12 to 15 years. The water heater appeared to be at the end of its long-term expected lifespan (warranty length). Anticipate upgrades in the not to distant future.

8.25 ELECTRIC SERVICE:
7. This electric water heater does not have a service disconnect situated within line of sight of component. Corrections are needed to ensure safety for workman during servicing.

8.26 CONDITION:
8. Tank lacks a drain that extends from sheet metal pan to approved location. Ideally a sheet metal pan would have been installed under this tank with a drain to prevent potential water damage to structure in the event of leak.

PLUMBING FINDINGS:
8.31 RECOMMENDATIONS:
9. There are visible defects that warrant further inspection of the plumbing system. Obtain the services of a reputable licensed plumbing contractor.

UNIT INTERIORS:
UNIT 2:
11.6 Stairs:
1. Treads are uneven and could pose a trip hazard. Method of anchoring step risers to stringer is unconventional and does not follow any acceptable prescriptive standards in stair construction. Railing is also loose and does not have graspable railing. Corrections needed by a licensed contractor familiar with stair construction to ensure safe use.

UNIT 1:
11.11 Stairs:
2. Stairs were functional however there is an extended section of elevated walk at mezzanine that draws concern. No load analysis is performed though from a simple visual assessment their appears to be some inadequacies in support. I suggest consulting a structural engineer for further evaluation and advice.

UNIT INTERIOR FINDINGS:
11.12 NOTE:
3. The interiors are ready for tenant improvements or build out for future use. Moderate renovations should be anticipated. We do not provide cost opinions on tenant improvements, or build outs including any environmental abatement or remediation. The only exception was for 4 bathroom upgrades.

BATHROOM(S):
BATHROOM(S) Unit 2:
9.2 BASIN & DRAIN:
1. Slightly loose from the wall. ADA pads missing from sink drains and angle stop valves. Corrections needed to prevent injury to disable personnel.

9.7 FLOOR:
2. Finish flooring unfinished. The flooring system must be resistant to water and moisture as well as inhibit slips and falls. With a slip-resistant and easy to clean flooring system in place, you can help ensure the safety of your guests and

maintain sanitary floors. In commercial bathrooms. Floor tile should typically go up the walls at least 4 inches, following most building codes, to create a smooth, waterproof transition between the floor and wall, protecting against water damage and providing a cleanable surface; however, for easier maintenance and cleaning in public restrooms, many designers opt to tile up to a height of 4-5 feet on the walls.

BATHROOM(S) Unit 1
9.12 LOCATION:
3. Lower level. Bathrooms in this unit seem to have been modified from original design. Enquire as to permit records.

9.13 BASIN & DRAIN:
4. ADA pads missing from sink drains and angle stop valves. Corrections needed to prevent injury to disable personnel.

9.15 TOILET(S):
5. Base of the toilet should be caulked. The base of a toilet should be caulked, according to the International Plumbing Code and the International Residential Code. Caulking the toilet to the floor helps to create safety and provide sanitary protection. It's also generally recommended to caulk or seal the bottom of the toilet if there is a gap between the toilet and the floor. Toilet operated however fastener should be covered to prevent rust and corrosion which could result in a poorly secure base.

The toilet in this bathroom needs repair. The toilet at back or east bathroom is not secure to the floor, allowing it to wobble and possibly leak. Action should be taken to re-secure it to the floor. The toilet in east bathroom has had medications from its original installation.

Other relatively moderate items that should be addressed are also noted in the entire inspection report and should receive eventual attention, but do not affect the habitability or use and the majority are the result of normal wear and tear.

Thank you for selecting our firm to be part of your due diligence and to perform a Property Condition Assessment or inspection. If you have any questions regarding the inspection report or the home, please feel free to call us.

Sincerely,

Robert Gaudreault
Alliance

GENERAL INFORMATION:

Client/User Information:

1.1 Date of Walkthrough Survey:
2/10/2025.

1.2 Time:
9:00 AM.

1.3 Site:
1234 Commercial St. Los Angeles, CA 90000

1.4 Occupied?
Yes-Client should understand that there are many stored items throughout the interiors restricting access and view to certain, components, systems and general interiors. Some issues, such as and not limited to defects, stains and cracks may go unnoted in this report that were not in view at the time of the inspection.

1.5 Consultant:
Robert Gaudreault. UCLA (Cert) degree in construction management: Disciplines of study entailed, project engineering, estimating projects, overall management of construction process from documents, coordination and scheduling to final completion. General B contractors licensed and C designation (Inactive). ITC certified in thermo imaging and member of the California Real Estate Inspection Association as master inspector.

1.6 People Present:
Agent and tenant of building 1.

Property Characteristics and Type:

1.7 Main Entry Faces:
West.

1.8 Estimated Age:
33 years.

1.9 Building Type:
TYPE III-B--Unprotected Combustible (Also known as "ordinary" construction; has brick or block walls with a wooden roof or floor assembly which is not protected against fire. These buildings are frequently found in "warehouse" districts of older cities.) Usually though not verified 2 Hr. Exterior Walls* No fire resistance for structural frame, floors, ceilings, or roofs.

1.10 Building Group:
Storage (Group S) - places where items are stored (unless considered High-Hazard). Examples: warehouses and parking garages.

1.11 Stories:
One story and or two story.

Climatic Conditions:

1.12 Weather:
Partly Cloudy.

1.13 Outside Temperature (F):
50s-60s.

Utilities:

1.14 Water Source:
Public.

1.15 Sewage Disposal:
Public.

1.16 Electric:
Municipal.

1.17 Fuel:
No meters installed at time of assessment. Only gas lines feed present.

1.18 Utility Status:
All utilities on.

Purpose Scope:

1.19 ASTM E 2018:
The purpose, as defined by ASTM E 2018 and use of this guide, is to define good commercial practice in the USA for conducting a baseline property conditions assessment (PCA) of the improvements located on a parcel of commercial real estate by performing a walk-through survey and conducting research as outlined within the guide. The goal is to identify and communicate physical deficiencies to a use. The term physical deficiencies includes the conspicuous defects and material deferred maintenance of a subject property's material systems, components or equipment as observed during completion of the PCA.

This definition excludes deficiencies that may be remedied with routine maintenance, miscellaneous minor repairs, normal operating maintenance, etc., and excludes de minimis conditions that generally do not present material physical deficiencies of the subject property.

1.20 Deviation From Standards:
No code violation research with local building department, nor any fire code violations with local fire department were conducted. Although Alliance typically provides the Subject Property *Person of Contact* with a Pre-survey Questionnaire along with a request that it be completed, the Questionnaire was not supplied to the *POC* at the direction of (Client's name here).

SITE:

This inspection is not intended to address or include any geological conditions or site stability information. We do not comment on coatings or cosmetic deficiencies and the wear and tear associated with the passage of time, which would be apparent to the average person. However, cracks in hard surfaces can imply the presence of expansive soils that can result in continuous movement, but this can only be confirmed by a geological evaluation of the soil. Any reference to grade is limited to only areas around the exterior of the exposed areas of foundation or exterior walls. We cannot determine drainage performance of the site or the condition of any underground piping, including subterranean drainage systems and municipal water and sewer service piping or septic systems. Decks and porches are often built close to the ground, where no viewing or access is possible. Any areas too low to enter or not accessible are excluded from the inspection. We do not evaluate any detached structures such as storage sheds and stables, nor mechanical or remotely controlled components such as driveway gates. We do not evaluate or move landscape components such as trees, shrubs, fountains, ponds, statuary, pottery, fire pits, patio fans, heat lamps, and decorative or low-voltage lighting. Any such mention of these items is informational only and not to be construed as inspected.

GROUNDS:

2.1 DRAINAGE::

Satisfactory - Inspector is noting satisfactory as viewed during a dry period. Inspector can not fully determine adequacy of drainage. Consult seller or pertinent party as to any known problems with site drainage.

2.2 ACTION:

No Action as a result of this assessment.

PARKING PAVING:

2.3 MATERIAL:

Concrete.

2.4 CONDITION:

Satisfactory - The material is in satisfactory condition with only normal wear due to age and use.

2.5 ACTION:

No Action as a result of this assessment.

PARKING APPARATUSES:

2.6 CONDITION:

Parking lot striping was generally severely worn, faded and illegible in areas. Parking lot should be re-striped. Pump stops are damaged and/or displaced at some locations. The parking lot capacity was approximately 5 to 6 parking stalls each building. We are not performing an ADA inspection however from a simple assessment the lot parking did not appear to comply with Americans with Disabilities Act (ADA) regulations. Consider upgrading.

2.7 ACTION:

Repaint stripes and car stops as indicated in report.

WALKWAYS/RAMPS:

2.8 TYPE:

Concrete.

2.9 CONDITION:

Satisfactory - The walkway surface material is in satisfactory condition.

2.10 ACTION:

No Action as a result of this assessment.

FENCES & GATES:

2.11 MATERIALS:

Iron.

2.12 CONDITION:

Satisfactory - The fencing materials appear to be in satisfactory condition with only some wear. Anticipate repainting in the next two to three years.

2.13 GATES:

The automatic gate opener for building 1 is not functional or is deteriorated to the degree that replacement is indicated.

2.14 ACTION:

The automatic gate opener for building 1 is not functional or is deteriorated to the degree that replacement is indicated.

SITE FINDINGS:

2.15 NOTE:

Site full of debris at some locations and in need of immediate maintenance. Excessive debris can promote vermin activity. Contact waste disposal company for clean up.

STRUCTURE:

While the inspector makes every effort to find all areas of concern, some areas can go unnoticed. During the course of the inspection, the inspector does not enter any section of the building or perform any procedure that may damage the property or its components or be dangerous to or adversely affect the health of the inspector or other persons.

METHOD OF CONSTRUCTION:

3.1 TYPE OF CONSTRUCTION:

Cinderblock Usually 8"x8"x16" nominal with cavities to allow for concrete grout and reinforcing steel. Cells are usually fully grouted or partially grouted.

3.2 CONDITION:

Satisfactory.

3.3 ACTION:

No Action as a result of this assessment.

EXTERIOR DOORS:

3.4 TYPE & CONDITION:

Metal. Back personnel door of unit 1 has damaged or missing hardware.

3.5 ACTION:

Repair or replace back exit door of unit 1.

WINDOWS:

3.6 TYPE & CONDITION:

Metal store front. Gasket seals are worn and coming away from glazing.

3.7 ACTION:

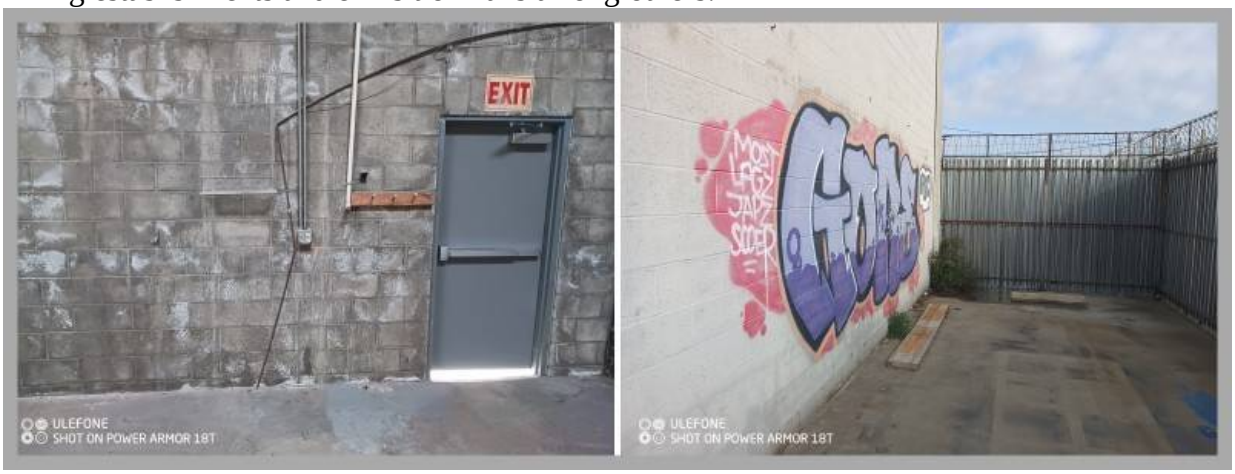
Maintenance. Have a glazing contractor repairs seals with approved caulking.

EXITS & ESCAPE PATH:

3.8 CONDITION:

There are exit doors that empty out into a an area that is inadequate. A safety escape exit should lead directly to an open space outside, like a street, walkway, yard, or other public area that provides safe access to the outside, ensuring a clear path for people to evacuate quickly in an emergency.

No occupant load sign was posted at unit 1 which appeared to have some form of education or assembly. Any space or room that is an assembly occupancy should display a permanent, legible sign in a conspicuous place, near the exit or exit access doorway, showing the approved occupant load. Assembly Occupancy: 1. Used for a gathering of 50 or more persons for deliberation, worship, entertainment, eating, drinking, amusement, awaiting transportation, or similar uses; or 2. Used as a special amusement building, regardless of occupant load. Assembly occupancies might include the following: Armories, assembly halls, auditoriums, club rooms, dance halls, drinking establishments and exhibition halls among others.



3.9 ACTION:

Consult your local building department for advice on regulations of this municipality.

INSULATION/VAPOR BARRIERS:

3.10 Insulated Sheathing Noted?

Yes. Building has radiant barrier roof sheathing installed. Radiant barrier sheathing consists of a foil-type material bonded or fastened to the underside of the roof sheathing panels. It's purpose is to reflect heat to help reduce cooling costs.

3.11 ACTION:

No Action as a result of this assessment.

LOADING DOORS:

3.12 TYPE & CONDITION:

Overhead door(s) Doors tested as a representative sampling such as unit 1 operated as intended. Only minor damage exhibited.

3.13 ACTION:

No Action as a result of this assessment. Maintain as needed.

FRAMING:

3.14 FLOOR/CEILING FRAMING:

Gluelam beams supported by walls which are supporting ceiling joists and roof deck. The inspection only refers to the exposed ceiling/floor framing members. This is only a visual inspection and does not comment on unexposed framing members.

INTERIOR FINISHES:

3.15 WALL COVERING:

Exposed masonry and sheetrock.

3.16 CEILING MATERIAL:

The ceiling covering material is warehouse ceiling and sheetrock in office spaces.

3.17 INTERIOR OBSERVATIONS:

Interiors do show some wear commensurate with age and use. Ready for build outs or tenant improvements.

FIRE SUPPRESSION:

3.18 FIRE SPRINKLERS:

None. Not required at time of inspection. A commercial building is typically required to install fire sprinklers when it is newly constructed and has a fire area exceeding 5,000 square feet, or when renovations or expansions increase the fire area beyond that threshold; additionally, buildings exceeding 55 feet in height usually require

sprinklers regardless of size.

BUILDING FINDINGS:

3.19 RECOMMENDATIONS:

The structure has undergone modifications, alterations or upgrades. Recommend that client research permit records with local building department. The last permit or Certificate of Occupancy was from 1992.

FOUNDATION:

All structures are dependent on the soil beneath them for support, but soils are not uniform. Some that appear to be firm and solid can become unstable during seismic activity or may expand with the influx of water, moving structures with relative easy and fracturing slabs and other hard surfaces. In accordance with our standards of practice, we identify foundation types and look for any evidence of structural deficiencies. However, minor cracks or deteriorated surfaces are common in many foundations and most do not represent a structural problem. If major cracks are present along with bowing, we routinely recommend further evaluation be made by a qualified structural engineer. All exterior grades should allow for surface and roof water to flow away from the foundation. All concrete floor slabs experience some degree of cracking due to shrinkage in the curing process. In most instances floor coverings prevent recognition of cracks or settlement in all but the most severe cases. Where carpeting and other floor coverings are installed, the materials and condition of the flooring underneath cannot be determined. Areas hidden from view by finished walls or stored items cannot be judged and are not a part of this inspection. We will certainly alert you to any suspicious cracks if they are clearly visible. However, we are not specialists, and in the absence of any major defects, we may not recommend that you consult with a foundation contractor, a structural engineer, or a geologist, but this should not deter you from seeking the opinion of any such expert. We also routinely recommend that inquiry be made with the seller about knowledge of any prior foundation or structural repairs.

FOOTINGS:

4.1 TYPE & MATERIAL:

Foundation is of assumed spread footing supporting key load bearing of masonry walls. These footings are not visible as to condition or depth in this type of inspection though no evidence of structural settlement was noted other than floor slabs as indicated in the report.

ROOF STRUCTURE:

Roof systems require periodic maintenance, such as checking the seals around flashings, removing foliage and cleaning out gutters. The inspector does not certify the roof system or determine how well it performs under extreme weather conditions. Inspector does not perform any roof structure calculations, leak test or determine efficiency and actual R value of any insulation. Inspector can not comment on attic framing or roof structures that do not have an accessible attic space nor can inspector determine integrity of roof deck as it is covered by roof material when inspected.

ROOF COMPONENTS:

5.1 Configuration & Material:

Flat, Flat. Although a common term, there is not really any such thing as a "flat roof" - A flat roof does have a slight slope so that the water can drain off the roof, normally less than 10 degree slope - so in reality, a flat roof is a low-slope roof. Still, it does appear flat and the slope is not generally noticeable.

EPDM, stands for ethylene propylene diene monomer, which is a bit of a mouthful, so it's commonly shortened to EPDM or EPDM rubber. EPDM gets its name from the chemicals (monomers) that are mixed together in various proportions to form it. These are ethylene, propylene and diene.

The roof covering was inspected by walking on the roof.

FLAT ROOF:

5.2 CONDITION:

The roof covering material is in a condition that is consistent with its age and method of installation. Mild areas of ponding noted. Water should not sit onto a roof surface for more than 48 hours as this promotes deterioration and leak potential.

5.3 ACTION:

No Action as a result of this assessment. Maintain as needed.

5.4 LIFE EXPECTANCY:

The roof covering material appears to have a remaining life expectancy of 10 years or more, assuming proper maintenance is completed as needed.

5.5 Flashing:

Satisfactory -

5.6 Skylights:

Satisfactory Smoke vent type. smoke vent skylights are designed to vent smoke from the interior of a building to the exterior, protecting a building and occupants from hazardous conditions and dangerous smoke inhalation. These skylights increases fire safety precautions and provides occupants with peace of mind in their working, learning and recovering environments.

ROOF DRAINAGE:

5.7 Gutters & Downspouts:

Satisfactory however remove any obstructions that can affect efficient drainage.

ELECTRICAL SYSTEM:

We are not electricians and in accordance with the standards of practice we only test a representative number of switches and outlets and do not perform load-calculations to determine if the supply meets the demand. However, every electrical deficiency or recommended upgrade should be regarded as a latent hazard that should be serviced as soon as possible, along with evaluation and certification of the entire system as safe by a licensed contractor. Therefore, it is essential that any recommendations that we may make for service or upgrades should be completed before the close of escrow or during inspection contingency period, because an electrician could reveal additional deficiencies or recommend additional upgrades for which we disclaim any responsibility. Any electrical repairs or upgrades should be made by a licensed electrician. Aluminum wiring requires periodic inspection and maintenance by a licensed electrician. Smoke Alarms should be installed within 15 feet of all bedroom doors, and tested regularly.

PRIMARY POWER SOURCE:

6.1 SERVICE VOLTAGE:

The incoming electrical service to this structure is 240/120 volt 3 phase.

ELECTRICAL SERVICE:

6.2 SERVICE TYPE & CONDITION:

An overhead service entrance cable used. It comes from local utility pole and attaches to a mast head which is attached to the structure.

6.3 ACTION:

No Action as a result of this assessment.

MAIN PANEL :

6.4 LOCATION:

Interiors west side.

6.5 MANUFACTURER:

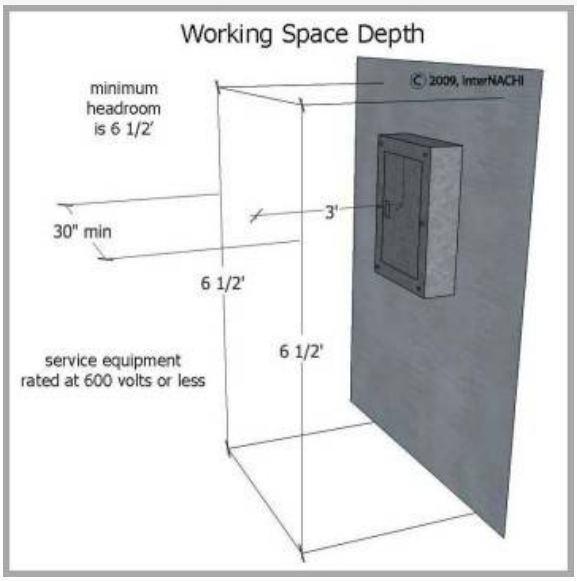
Square D.

6.6 SERVICE CABLE TYPE:

Copper.

6.7 PANEL ACCESSIBLE?

No - The electrical panel is not in a location that makes it readily accessible as required by industry standards.



6.8 PANEL CONDITION:

Sharp ended screws are used to fasten the dead front cover to this main panel. Sharp ended screws are not intended for this purpose as they could damage internal wiring and pose a shock or electrocution hazard. Dull ended screws should be used.

6.9 BREAKER/FUSE:

Satisfactory - The breakers/fuses in the main power panel appear to be in serviceable condition.

6.10 LEGEND:

The breakers are not clearly marked as to the rooms, areas, or appliances controlled. It is recommended that they be noted as soon as possible.

6.11 CONDITION OF PANEL WIRES:

Some of the wiring was cut out and no longer in use.

6.12 GROUNDING:

The main service ground wire was located by the inspector.

6.13 ACTION:

Repairs needed. Consult licensed electrician. Refer to aforementioned condition stated in report.

MAIN PANEL 1:

6.14 LOCATION:

Interiors west wall.

6.15 MANUFACTURER:

Square D.

6.16 SERVICE CABLE TYPE:

Copper.

6.17 PANEL ACCESSIBLE?

Yes - The electrical panel is in a location that makes it readily accessible.

6.18 PANEL CONDITION:

Knock out covers are missing. Knock outs for future breakers should be sealed over with a cover to prevent potential for entry. All panel boxes need to be sealed tight. Sharp ended screws are used to fasten the dead front cover to this main panel. Sharp ended screws are not intended for this purpose as they could damage internal wiring and pose a shock or electrocution hazard. Dull ended screws should be used.

6.19 LEGEND:

The breakers are not clearly marked as to the rooms, areas, or appliances controlled. It is recommended that they be noted as soon as possible.

6.20 GROUNDING:

The main service ground wire was located by the inspector.

6.21 ACTION:

Repairs needed. Consult licensed electrician. Refer to aforementioned condition stated in report.

SUB PANEL 1:

6.22 LOCATION:

Unit 1 Interiors of warehouse south wall.

6.23 SERVICE CABLE TYPE:

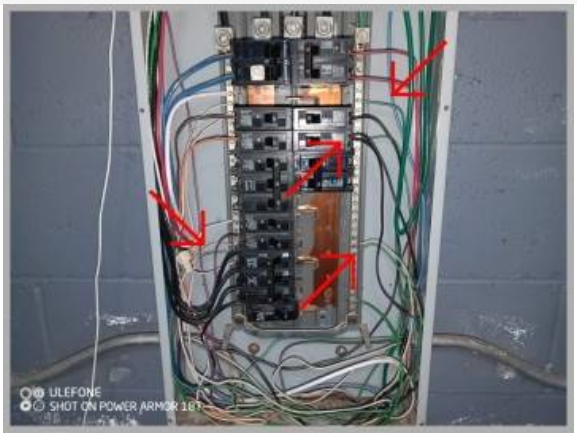
Copper.

6.24 PANEL ACCESSIBLE?

Yes - The electrical panel is in a location that makes it readily accessible.

6.25 CONDITION:

Double lugging of neutral conductors noted. This is where there are two neutral conductors (The white coated wires) connected to one lug. This is not permissible in the electrical industry as it affects proper contact of the conductors. Double lugging noted. This is where there are two conductors connected to one breaker lug. This panel does not approve of this type of installation as it can affect proper contact of the conductors and affect proper function.



6.26 ACTION:

Wiring corrections needed to sub panel located in unit 1.

WIRING & CONDITION:

6.27 TYPE:

Copper - The structure is wired using plastic insulated copper single conductor. Mostly all within conduit, such as flex and EMT.

6.28 CONDITION:

Open electrical boxes viewed in areas. Mostly within unit 1. Photos are not all inclusive and only a representative sampling. Electrical wires terminated outside of enclosure. Wires should terminate in an approved junction box with a proper cover installed. This condition is a potential safety hazard and should be corrected by qualified personnel.

6.29 EXTERIOR ELECTRICAL:

There is exterior lighting however some repairs will be needed, such as missing lenses etc.

6.30 ACTION:

Corrections needed. Seal open electrical boxes as indicated in report. Add extensions to boxes that are over-filled with wiring. Does ot include any permits.

OUTLETS & SWITCHES:

6.31 110 RECEPTACLES:

Some of the tested receptacles showed as having open/no ground. Location, Various locations of each unit. This is based off of a representative sampling. There may be other receptacles in this condition. Recommend having a licensed electrician go through all of the outlet receptacles and make the needed corrections to ensure a safe and operational source of electricity supply for future appliances and fixtures. Photos are not all inclusive and only a representative sampling.

6.32 220 RECEPTACLES:

Added 220 outlet for clothes dryer of building 1 indicates a hazard and to not use. Consult a licensed electrician for further evaluation.

6.33 ACTION:

Repair receptacles that have improper wiring, such as open or no grounding as indicated in report. Based on roughly 10%.

6.34 GROUND FAULT CIRCUIT INTERRUPTERS:

This structure is not protected by using Ground Fault Circuit Interrupt outlets at some of these locations: outlets within 6' of a water source, any outside outlets, in the garage, and any outlets in an unfinished basement. Any areas not protected should be considered for installation as they afford inexpensive protection from electrical shock.

6.35 SWITCHES:

A representative sampling of switches was achieved. These tested appeared to be operating properly.

6.36 LIGHTING:

Fluorescent lighting at building 2 in poor repair and due for replacement. Replace at least 10 fluorescent lighting components at building 2.

ELECTRICAL FINDINGS:

6.37 RECOMMENDATION:

Some repairs and further evaluation is needed. Though these repairs may seem menial all electrical repairs, no mater how simple, should only be attempted by licensed and insured electrician.

HEATING & AIR CONDITIONING:

The heating and air conditioning components are not dismantled except to remove simple access covers for general visual means of inspection. The inspector does not use any specialized instruments. A thermometer may be used as a general guide to range temperature readings from return air to register air in the process of heating and cooling though it should be understood that this is not the most reliable means of testing an HVAC system. Client should understand that the inspector is not a specialist as relates to the HVAC system but rather a generalist. When items are noted as needing attention and further evaluation client should understand that other issues may arise in the course of said specialist inspection that have gone unnoted in the report. This should be expected as the further evaluation of the components by the specialist is hopefully far more detailed than the general visual inspection.

HVAC:

7.1 Location:

Only one through wall unit located in unit 2. System is beyond its serviceable life and may not perform as intended. There did appear to be a package unit located at roof top of unit 1 though it seems to have been removed.

HVAC FINDINGS:

7.2 RECOMMENDATIONS:

The office spaces are without any form of heating or cooling. Upgrades should be considered. According to most building codes, the standard temperature for heating office spaces is 68°F (20°C), meaning that heating systems should be able to maintain a minimum temperature of 68°F at a point 3 feet above the floor in occupied areas; this is typically referenced within the "Occupiable Space Heating System" section of the code.

7.3 ACTION:

Consult at least two or three HVAC contractors for further evaluation and to provide estimates for installation of HVAC systems at both buildings. This cost is based on the installation of two 3 ton roof package units for office spaces. If installing roof package units a permanent means of access, such as an afixed ladder or roof hatch will be needed which is not included in this cost.

PLUMBING SYSTEM:

Water quality or hazardous materials (lead) testing is available from local testing labs, and not included in this inspection. All underground piping related to water supply, waste, or sprinkler use are excluded from this inspection. Leakage or corrosion in underground piping cannot be detected by a visual inspection, nor can the presence of mineral build-up that may gradually restrict their inner diameter and reduce water volume. Plumbing components such as gas pipes, potable water pipes, drain and vent pipes, and shut-off valves are not generally tested if not in daily use. In other words, inspector or consultant will not operate the main shut off valve. The inspector cannot state the effectiveness or operation of any anti-siphon devices, automatic safety controls, water conditioning equipment, fire and lawn sprinkler systems, on-site water quality and quantity, on-site waste disposal systems, foundation irrigation systems, spa and swimming pool equipment, solar water heating equipment, or observe the system for proper sizing, design, or use of materials.

WATER SUPPLY:

8.1 SOURCE::

City. Local utility provider, Meter is located at Front parkway, Shut valve is located, at front of each building.

8.2 MATERIAL USED:

Visible section of water pipe is, Copper.

8.3 CONDITION:

Supply line appears to be in satisfactory condition.

BUILDING WATER SUPPLY:

8.4 WATER PRESSURE:

60lbs. Water pressure can vary from high to low depending on several factors, including time of day, water usage by neighbors, leaks in the plumbing system, pipe conditions, and even the local water supply, meaning you may experience fluctuations in pressure throughout the day where it can be high at certain times and low at other.

8.5 MATERIAL:

The interior supply piping in the structure is predominantly copper.

8.6 CONDITION:

Some sections of water pipe were removed for some reason. As noted at building 2.

8.7 ACTION:

Repair section of water pipes at building 1.

WASTE DISPOSAL:

8.8 SEWAGE DISPOSAL TYPE:

The sewer line from the building to the street sewer is not visible in this type of general visual inspection. Inspector can not determine condition or adequacy of this waste pipe. We always recommend contracting with a qualified sewer line inspector who uses a scope and camera to view the system and render a report as to its condition.

8.9 MATERIAL:

Type, The predominant waste line material is cast iron. There is also some plastic piping installed.

8.10 CONDITION:

Modifications noted at building 1 by adding clothes washer and additional bathroom. Inquire with seller, operator or tenant as to permit records. There should be no reduction in diameter of waste drains, such as seen from added laundry feature drain at building 1 as this can result in back ups posing water damage to building as well as interior content.

WATER HEATER Unit 2:

8.11 LOCATION:

Mezzanine above bathrooms.

8.12 Model & Serial Numbers:

8.13 AGE & CAPACITY:

21 year old 6 gallon water heater. Average life span of a water heater is 12 to 15 years.

8.14 FUEL SOURCE:

The water heater is electrically heated.

8.15 ELECTRIC SERVICE:

This electric water heater does not have a service disconnect situated within line of sight of component. Corrections are needed to ensure safety for workman during servicing.

8.16 CONDITION:

Tank lacks a sheet metal pan. Ideally a sheet metal pan would have been installed under this tank with a drain to prevent potential water damage to structure in the event of leak. Water heater is well beyond its life expectancy and should be replaced.

8.17 TEMPERATURE CONTROL:

Not operated or tested.

8.18 TPRV:

There is no overflow pipe installed. For safety reasons, immediate installation is needed to help minimize the possibility of serious injury. It should extend outside the building to the exteriors.

8.19 BRACING:

The water heater is not braced for seismic activity.

8.20 ACTION:

Replacement needed to 6 gallon water heater of building 1.

WATER HEATER Unit 1:

8.21 LOCATION:

Mezzanine.

8.22 Model & Serial Numbers:

8.23 AGE & CAPACITY:

A 30 gallon water heater is installed. 15 year old. Average life span of a water heater is 12 to 15 years. The

water heater appeared to be at the end of its long-term expected lifespan (warranty length). Anticipate upgrades in the not to distant future.

8.24 FUEL SOURCE:

The water heater is electrically heated.

8.25 ELECTRIC SERVICE:

This electric water heater does not have a service disconnect situated within line of sight of component. Corrections are needed to ensure safety for workman during servicing.

8.26 CONDITION:

Tank lacks a drain that extends from sheet metal pan to approved location. Ideally a sheet metal pan would have been installed under this tank with a drain to prevent potential water damage to structure in the event of leak.

8.27 TEMPERATURE CONTROL:

Not operated or tested.

8.28 TPRV:

There is no overflow pipe installed. For safety reasons, immediate installation is needed to help minimize the possibility of serious injury. It should extend outside the building to the exteriors.

8.29 BRACING:

The water heater is not braced for seismic activity.

8.30 ACTION:

Repair or replace water heater of building 1,

PLUMBING FINDINGS:

8.31 RECOMMENDATIONS:

There are visible defects that warrant further inspection of the plumbing system. Obtain the services of a reputable licensed plumbing contractor.

BATHROOM(S):

Shower pans are not tested by this inspection agency as this should only be done by a termite inspection agency who is licensed by the state of California. Efficiency of hot water flow to fixtures is not part of this inspection and inspector does not comment on whether or not temperature of hot water is adequate. Client should have a licensed plumber set water heater thermostat to desired hot water setting. When away for long periods be sure to set your water heater thermostat to vacation mode. Functional drainage flow is only judged as seen while running water under normal conditions. Excessive use of improper use can always cause back ups.

BATHROOM(S) Unit 2:

9.1 LOCATION:

Building 2 Men's and Women's bathroom.

9.2 BASIN & DRAIN:

Slightly loose from the wall. ADA pads missing from sink drains and angle stop valves. Corrections needed to prevent injury to disable personnel.

9.3 FAUCET:
Faucets and supply lines appear satisfactory.

9.4 TOILET(S):
Toilets functional and appear to be low flow.

9.5 DISPENSERS:
Poor or missing. Replacement indicated.

9.6 WALLS/CEILINGS:
The walls in this bathroom are satisfactory though show wear commensurate with age and use. Anticipate improvements.

9.7 FLOOR:
Finish flooring unfinished. The flooring system must be resistant to water and moisture as well as inhibit slips and falls. With a slip-resistant and easy to clean flooring system in place, you can help ensure the safety of your guests and maintain sanitary floors. In commercial bathrooms. Floor tile should typically go up the walls at least 4 inches, following most building codes, to create a smooth, waterproof transition between the floor and wall, protecting against water damage and providing a cleanable surface; however, for easier maintenance and cleaning in public restrooms, many designers opt to tile up to a height of 4-5 feet on the walls.

9.8 LIGHTING:
The ceiling light and fixtures need repair. Light covers missing.

9.9 EXHAUST:
Unit is at men's bath noisy while in operation and unit in women's bath does not function. Expect replacement or repairs.

9.10 GFCI(S)
Recommend - This bathroom does not have a Ground Fault Circuit Interrupt outlet installed. The age of the structure may predate the required installation. However, for safety considerations, it is strongly recommended that one be installed at any location within 6 feet of a water source.

9.11 ACTION:
Repairs or upgrades due. Fixtures are aged and show wear. Bathrooms due for improvements. Install flooring that meets guidelines.

BATHROOM(S) Unit 1:

9.12 LOCATION:
Lower level. Bathrooms in this unit seem to have been modified from original design. Enquire as to permit records.

9.13 BASIN & DRAIN:

ADA pads missing from sink drains and angle stop valves. Corrections needed to prevent injury to disable personnel.

9.14 FAUCET:

Faucets and supply lines appear satisfactory.

9.15 TOILET(S):

Base of the toilet should be caulked. The base of a toilet should be caulked, according to the International Plumbing Code and the International Residential Code. Caulking the toilet to the floor helps to create safety and provide sanitary protection. It's also generally recommended to caulk or seal the bottom of the toilet if there is a gap between the toilet and the floor. Toilet operated however fastener should be covered to prevent rust and corrosion which could result in a poorly secure base.

The toilet in this bathroom needs repair. The toilet at back or east bathroom is not secure to the floor, allowing it to wobble and possibly leak. Action should be taken to re-secure it to the floor. The toilet in east bathroom

has had medications from its original installation.

9.16 DISPENSERS:

Aged and poor. Dispensers are due for replacement due to age and use.

9.17 WALLS/CEILINGS:

The walls in this bathroom are satisfactory.

9.18 FLOOR:

Flooring is satisfactory however, floor tile should typically go up the walls at least 4 inches, following most building codes, to create a smooth, waterproof transition between the floor and wall, protecting against water damage and providing a cleanable surface; however, for easier maintenance and cleaning in public restrooms, many designers opt to tile up to a height of 4-5 feet on the walls.

9.19 LIGHTING:

Fixture covers missing.

9.20 EXHAUST:

There is an exhaust fans installed, but they would not activate using normal controls. Repair or replacement is necessary.

9.21 GFCI(S)

Recommend - This bathroom does not have a Ground Fault Circuit Interrupt outlet installed. The age of the structure may predate the required installation. However, for safety considerations, it is strongly recommended that one be installed at any location within 6 feet of a water source.

9.22 ACTION:

Repairs or upgrades due. Fixtures are aged and show wear. Bathrooms due for improvements. Install flooring that meets guidelines. Cost will reflect lower level bathrooms only and corrections to raised toilet at north bathroom.

BATHROOM(S):

9.23 LOCATION:

Upper level added mezzanine. Seems to be an added bath. Enquire with seller, owner or operator as to permit records.

9.24 VANITY CABINETS:

Vanity cabinets and tops are satisfactory.

9.25 FAUCET:

Angle stop shut off valve(s) located within cabinet under sink are corroded.

9.26 TOILET(S):

Base of the toilet should be caulked. The base of a toilet should be caulked, according to the International Plumbing Code and the International Residential Code. Caulking the toilet to the floor helps to create safety and provide sanitary protection. It's also generally recommended to caulk or seal the bottom of the toilet if there is a gap between the toilet and the floor.

9.27 SHOWER FIXTURES:

The shower, shower head, and mixing valves are all performing as intended.

9.28 TUB & SHOWER WALLS:

The shower stall is a fiberglass reinforced plastic material, and it appears to be in satisfactory condition. Use caution on type of cleaning materials and method of application. The surface of the tub can be easily damaged.

9.29 WALLS/CEILINGS:

The walls in this bathroom are satisfactory.

9.30 FLOOR:

Flooring is satisfactory.

9.31 LIGHTING:

The ceiling light and fixture are in satisfactory condition.

9.32 EXHAUST:

None - There is no exhaust fan or window in this bathroom. Current building standards require either an exhaust fan or window for ventilation. Consideration should be given to the installation of either.

9.33 GFCI(S)

Recommend - This bathroom does not have a Ground Fault Circuit Interrupt outlet installed.

Outbuilding

Type:

10.1

Exterior shed at back of building 1.

Condition & Action:

10.2

The shed at back of property is in poor repair and exhibits excessive water damage and apparent microbial growth. Removal needed. Testing of microbial growth should be achieved by an environmental agency which may affect the cost for any added remediation methods.

10.3

UNIT INTERIORS:

The inspector does not move furniture or items, if present, when conducting the inspection. The interiors are given a precursory examination. The inspector will mostly note issues that may be a sign of something more serious, such as movement cracks, water stains. Stains on flooring or worn flooring may be noted though these are mostly cosmetic issues and do not affect use unless noted otherwise. The inspector will conduct a representative sampling of doors and windows to base his opinion. Client should come to their own conclusion as regards to cosmetic repairs that may be desired. We are not qualified to perform a mold inspection. This should only be done by qualified environmental agency. Other substances that are not tested are and not limited to fungus, asbestos and lead paint. We are not doing air samplings nor testing for radon. Again this is only done by a qualified environmental agency. So please do not ask the inspector other than to seek advise on whether or not you should have further testing. More than likely he will suggest that you do.

UNIT 2:

11.1 TYPE OF UNIT

Warehouse with front office spaces.

11.2 Doors:

Satisfactory.

11.3 Window Condition:

Serviceable. Store front type.

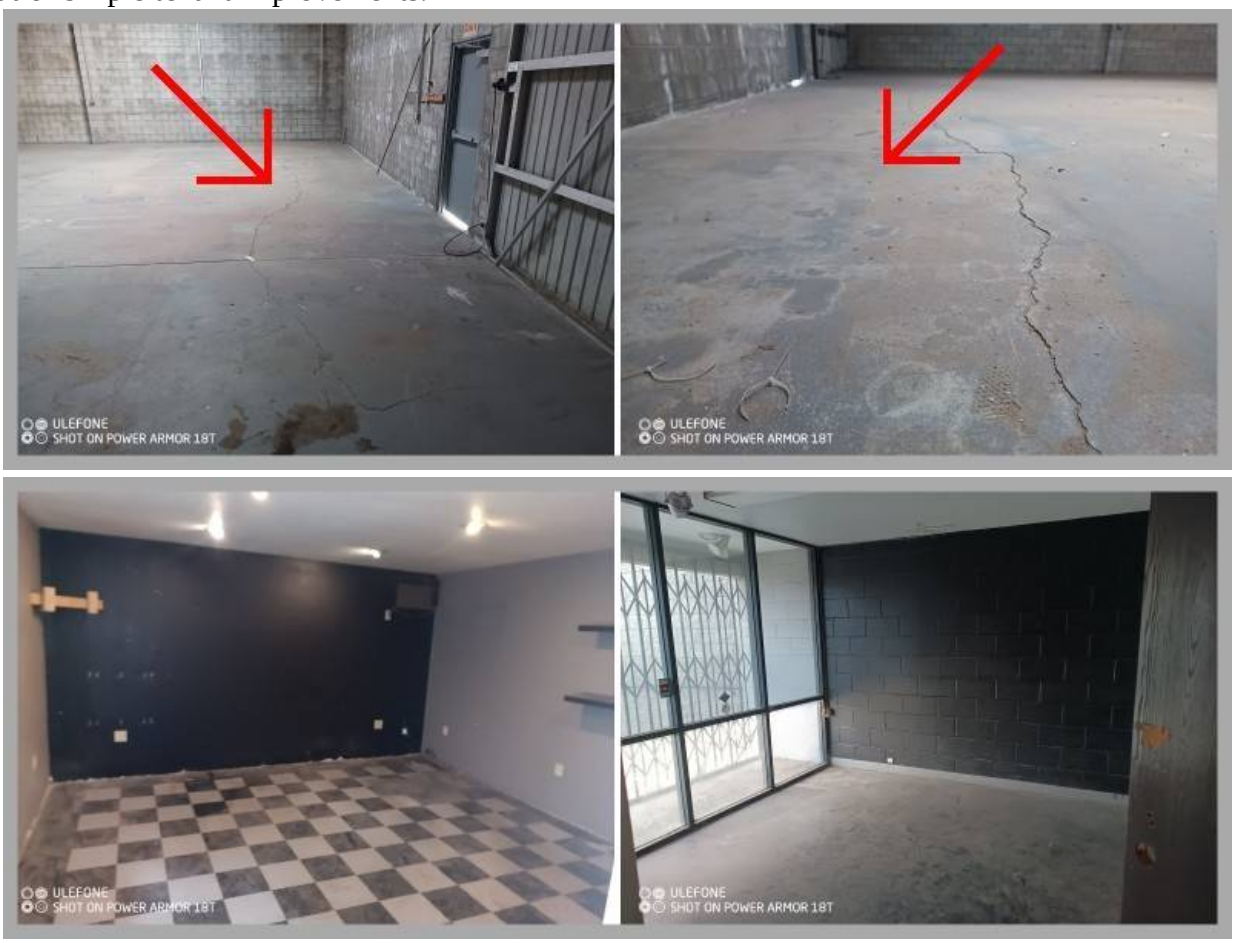
11.4 General Interiors:

Excessive efflorescence (white chalky substances) at various locations of warehouse masonry walls from previous leak issues.

11.5 Floor Condition:

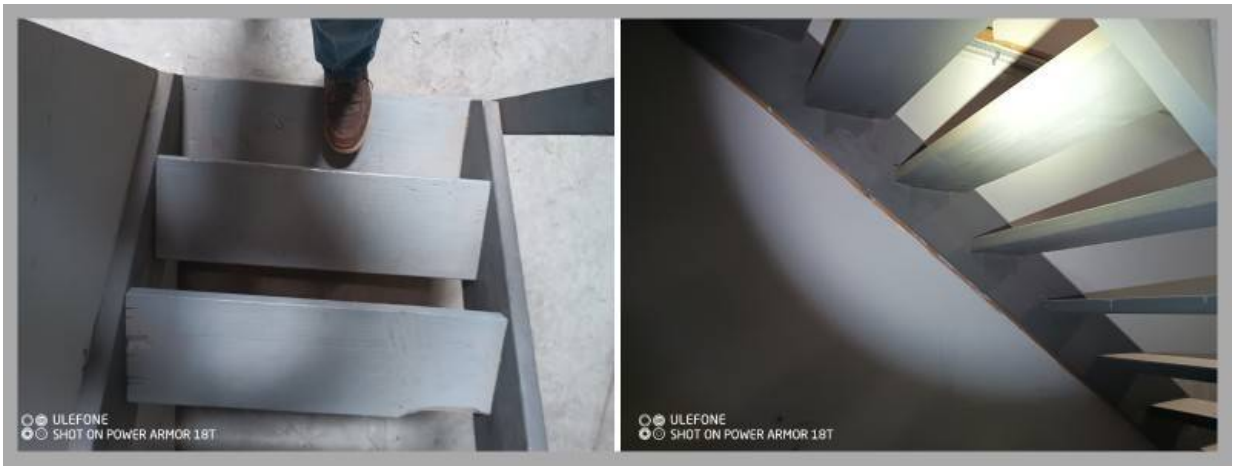
Cracking along back side of warehouse from apparent settlement or heaving. Settlement did not appear to affect building walls and may not be a structural defect. However consult engineer of building contractor for further

evaluation and advice. Office flooring worn, aged and some sections are without any finish flooring. Ready for build out or simple tenant improvements.



11.6 Stairs/Condition:

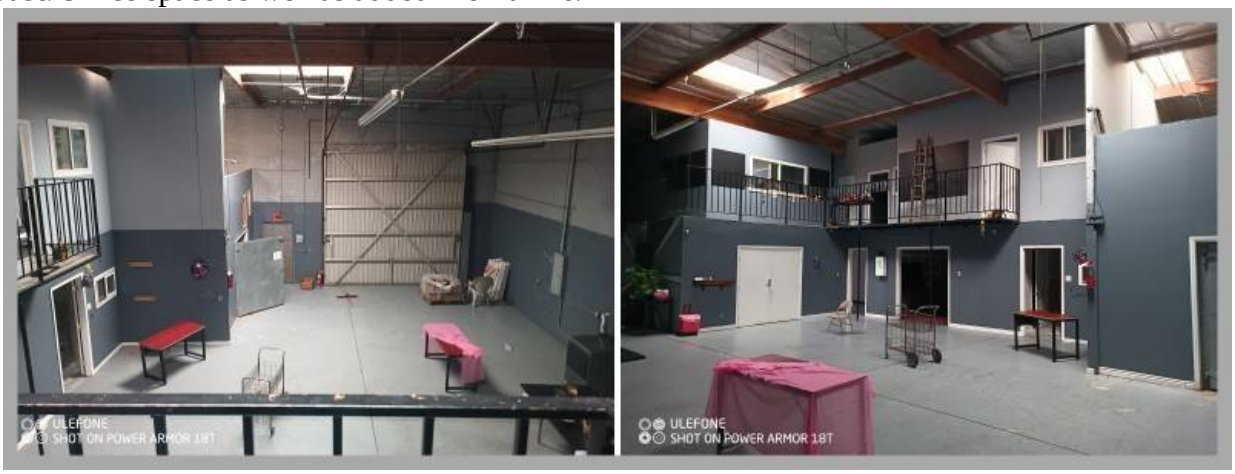
Treads at stairs of unit 2 are uneven and could pose a trip hazard. Method of anchoring step risers to stringer is unconventional and does not follow any acceptable prescriptive standards in stair construction. Railing is also loose and does not have graspable railing. Corrections needed by a licensed contractor familiar with stair construction to ensure safe use.



UNIT 1:

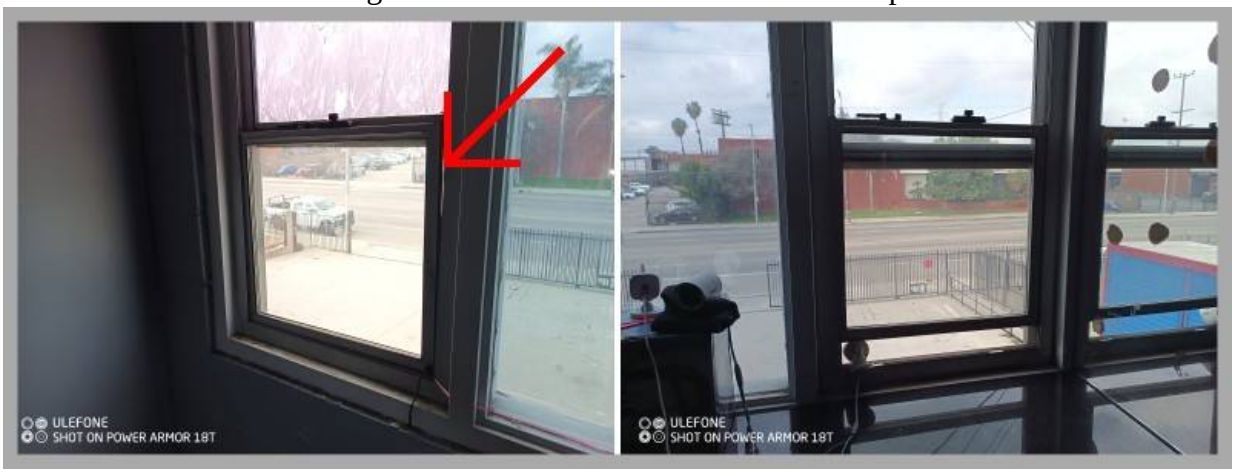
11.7 TYPE OF UNIT

Warehouse/Office space as well as added Mezzanine.



11.8 Window Condition:

Upper level sash windows are misaligned and do not function as intended. Repairs needed.

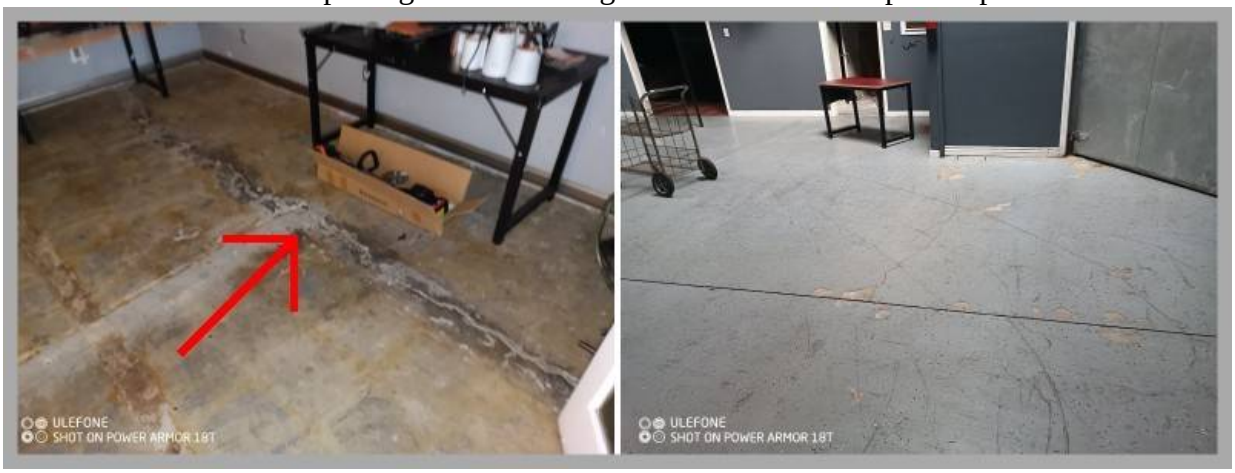


11.9 General Interiors:

Satisfactory with general wear commensurate with age and use.

11.10 Floor Condition:

General wear and cracking noted to expose sections of slab flooring. Cracks had been filled and do not seem to pose a structural concern. Some peeling surface coating at warehouse. Anticipate improvements.



11.11 Stairs:

Stairs were functional however there is an extended section of elevated walk at mezzanine that draws concern. No load analysis is performed though from a simple visual assessment their appears to be some inadequacies in support. I suggest consulting a structural engineer for further evaluation and advice.

UNIT INTERIOR FINDINGS:

11.12 NOTE:

The interiors are ready for tenant improvements or build out for future use. Moderate renovations should be anticipated. We do not provide cost opinions on tenant improvements, or build outs including any environmental abatement or remediation. The only exception was for 4 bathroom upgrades.

Minimal Environmental Notes & Disclaimers:

Let it be understood that we are not conducting a phase 1 environmental assessment. We are simply stating, based on age, historical references and some observable conditions, that there may be additional environmental issues that client should be aware of. We highly recommend obtaining the services of a recognized approved agency and conducting a phase 1 assessment.

ENVIRONMENT:

12.1 High voltage towers?

There are no high voltage towers nearby subject property.

12.2 EMF testing?

No-Inspector did not conduct a test for electro magnetic field. Electromagnetic field radiation is invisible and prevalent throughout. Subtle energies constantly swirl in and around our bodies, whether or not we are aware of them. Electromagnetic Fields (EMF) are energy waves with frequencies below 300 hertz or cycles per second. The electromagnetic fields we encounter daily come from every day things such as power lines, radar and microwave towers, television and computer screens, motors, fluorescent lights, microwave ovens, cell phones, electric blankets, house wiring and hundreds of other common electrical devices. Those EMF readings of most concerns are usually when high voltage power lines are nearby.

12.3 Radon:

Inspector did not perform any radon testing. Radon is found in some geographical areas. Radon is a cancer causing, radioactive gas that comes from the decay of radium in the soil, which is a decay product of uranium. Radon is a colorless, odorless, invisible gas that occurs naturally. Chronic exposure to elevated radon levels has been linked to an increased incidence of lung cancer in humans. The risk increases for those who smoke. Most areas of Los Angeles are under Zone 2

A Map was developed by the EPA using five factors to determine radon potential: indoor radon measurements; geology; aerial radioactivity; soil permeability; and, foundation type. Radon potential assessment is based on geologic provinces. Radon Index Matrix is the quantitative assessment of radon potential. Confidence Index Matrix shows the quantity and quality of the data used to assess radon potential. Geologic Provinces were adapted to county boundaries for the Map of Radon Zones. You can find additional information on the EPA web site.

12.4 Asbestos?

The structure more than likely does not have asbestos as it dates post 1978. Asbestos was no longer used in the construction industry when building was constructed. Asbestos is the name given to a group of naturally occurring minerals used in certain products, such as building materials, such as roofing material, siding and duct insulation to name a few. Asbestos includes chrysotile, amosite, crocidolite, tremolite asbestos, anthophyllite asbestos, actinolite asbestos, and any of these materials that have been chemically treated and/or altered.

12.5 Lead Paint?

More than likely not as structure post dates when lead was used in paint. Most structures built prior to 1978 did

not use lead base paint products.

12.6 Urea-Formaldehide

More than likely not probable due to age of construction. Since 1993, a UFFI declaration has not been required for mortgage insurance under the National Housing Act. However, a UFFI declaration may still be requested as part of a real estate listing or an agreement of purchase and sale. Even though UFFI should not be a cause for concern, you may, depending on where you live in the US and Canada, be asked to declare whether or not it is in your building

12.7 Pest Infestation?

Our inspection agency does not perform a pest control report. This can and should only be performed by a qualified licensed pest control operator.

12.8 Mold or other bio organisms?

Molds are forms of fungi that are found naturally in the environment. Molds are in the soil, and on dead and decaying matter. Outdoors, molds play a key role in the breakdown of leaves, wood and other plant debris. Molds come in a variety of colors, including green, black, white, brown and orange. Molds can appear fuzzy or in slimy streaks. There is often a musty or earthy odor around molds.

Molds make tiny spores to reproduce, just as some plants produce seeds. Indoors, these mold spores move through the air and settle on surfaces. When mold spores land on a damp spot, they may begin to grow and multiply.
Molds need moisture and a food source. Good food sources for molds are cloth, wood, wallboard and insulation, but molds can grow on almost anything. Water or moisture is the factor that limits mold growth. When there is a wet surface or material that is not dried or discarded promptly (for example, water discharged from a burst pipe), molds can grow within 24 to 48 hours in the area. Additional data can be found via web site or by a qualified mold specialist.

Our view of the this structure is limited. We do not conduct a mold test or visually look for mold, unless it is in full view of an area that was accessed. Mold inspections can and should only be done by qualified mold experts as they use special instruments and means of testing that are beyond the scope of this PCA-PCR.

RESOURCES/DEFINITIONS:

STANDARD TERMS:

13.1 GENERAL DEFINITIONS:

Property Conditions Assessment. The PCA performed per ASTM standards is site-specific in that it relates to the physical condition of real property improvements on a specific parcel of commercial real estate. Consequently, this guide does not address many additional issues in real estate transactions such as economic obsolescence, the purchase of business entities, or physical deficiencies relating to off-site conditions.

PCR (Property Conditions Report): This is the report that generates the Property Conditions Survey conducted by observer or consultant

The consultant (Observer); is the qualified professional conducting the walk through assessment of the property, structure

Principles-The following principles are an integral part of this guide. They are intended to be referred to in resolving ambiguity, or in exercising discretion accorded the user or consultant in conducting a PCA, or in judging whether a user or consultant has conducted appropriate inquiry or has otherwise conducted an adequate PCA

Uncertainty Not Eliminated: No PCA can wholly eliminate the uncertainty regarding the presence of physical deficiencies and the performance of a subject property's building systems. Preparation of a PCR in accordance with this guide is intended to reduce, but not eliminate, the uncertainty regarding the potential for component or system failure and to reduce the potential that such component or system may not be initially observed. This guide also recognizes the inherent subjective nature of a consultant's opinions as to such issues as workmanship, quality of original installation, and estimating the RUL of any given component or system. The guide recognizes a consultant's suggested remedy may be determined under time constraints, formed without the aid of engineering calculations, testing, exploratory probing, the removal or relocation of materials, design, or other technically exhaustive means. Furthermore, there may be other alternative or more appropriate schemes or methods to remedy a physical deficiency. The consultant's opinions generally are formed without detailed knowledge from those familiar with the component's or system's performance.

Not Technically Exhaustive: Appropriate due diligence according to this guide is not to be construed as technically exhaustive. There is a point at which the cost of information obtained or the time required to conduct the PCA and prepare the PCR may outweigh the usefulness of the information and, in fact, may be a material detriment to the orderly and timely completion of a commercial real estate transaction. It is the intent of this guide to attempt to identify a balance between limiting the costs and time demands inherent in performing a PCA and reducing the uncertainty about unknown physical deficiencies resulting from completing additional inquiry.

Representative Observations: The purpose of conducting representative observations is to convey to the user the expected magnitude of commonly encountered or anticipated conditions. Recommended representative observation quantities for various asset types are provided in Annex A1; however, if in the field observer's opinion such representative observations as presented in Annex A1 are unwarranted as a result of homogeneity of the asset or other reasons deemed appropriate by the field observer, the field observer may survey sufficient units, areas, systems, buildings, etc. so as to comment with reasonable confidence as to the representative present condition of such repetitive or similar areas, systems, buildings, etc. To the extent there is more than one building on the subject property, and they are homogeneous with respect to approximate age, use, basic design, materials, and systems, it is not a requirement of this guide for the field observer to conduct a walk-through survey of each individual building's systems to describe or comment on their condition within the PCR. The descriptions and observations provided in the PCR are to be construed as representative of all similar improvements

Physical Deficiencies: In defining good commercial and customary practice for conducting a baseline PCA, the goal is to identify and communicate physical deficiencies to a user. The term physical deficiencies means the presence of conspicuous defects or material deferred maintenance of a subject property's material systems, components, or equipment as observed during the field observer's walk-through survey. This definition specifically excludes deficiencies that may be remedied with routine maintenance, miscellaneous minor repairs, normal operating maintenance, etc., and excludes de minimis conditions that generally do not present material physical deficiencies of the subject property.

System refers to the complexities of a part of the structure. For example the electrical system has many parts, the plumbing and HVAC system have many components parts that make up the whole system

HVAC: Heating Ventilation and Air Conditioning

Plumbing: This is the water supply lines, water heaters and sanitary waste and ventilation part of the structure

Cladding: This is the actual skin of the structure. It can be glass, brick veneer, stone, stucco etc.

Main disconnect: This is the main electrical shut off for the structure.

RESOURCES:

13.2 Cost to Cure Source:

Cost estimates are obtained from a multitude of sources, such as R. S. Means, the National Contractor estimator 55th Edition, local contractors and specialty tradesman, the web site, manufacturers and installers. Also cost are based on historical references. It should be understood that this PCR should not be used as a bid and it is not intended for this purposes. Any client should obtain their own estimates. It should also be understood that estimates can very greatly to a greater or lesser degree. Other variables that can affect estimates are and not limited to, weather, strikes, union or non union bids and availability of resources, such as material and supplies.

13.3 Immediate Needs Cost Source:

All the immediate repair costs will be itemized in section 1. These are cost per the opinion of the consultant performing the PCA that are safety concerns, at the end of their serviceable life and should be replaced or suffering from extensive deferred maintenance.

Report: Mr. Customer PCR **Address:** 1234 Commercial St.

BEST TO WORST COST OPINION:

SITE:	
PARKING APPARATUSES:, 2.7 ACTION:	
Repaint stripes and car stops as indicated in report.	$940.00 - $1,410.00
FENCES & GATES:, 2.14 ACTION:	
The automatic gate opener for building 1 is not functional or is deteriorated to the degree that replacement is indicated.	$1,500.00 - $2,250.00
SITE FINDINGS:, 2.15 NOTE:	
Site full of debris at some locations and in need of immediate maintenance. Excessive debris can promote vermin activity. Contact waste disposal company for clean up.	$2,720.00 - $4,080.00
Total for SITE:	**$5,160.00 - $7,740.00**
STRUCTURE:	
EXTERIOR DOORS:, 3.5 ACTION:	
Repair or replace back exit door of unit 1.	$960.00 - $1,440.00
WINDOWS:, 3.7 ACTION:	
Maintenance. Have a glazing contractor repairs seals with approved caulking.	$700.00 - $1,050.00
Total for STRUCTURE:	**$1,660.00 - $2,490.00**
ELECTRICAL SYSTEM:	
MAIN PANEL Unit 2, 6.13 ACTION:	
Repairs needed. Consult licensed electrician. Refer to aforementioned condition stated in report.	$256.00 - $384.00
MAIN PANEL Unit 1:, 6.21 ACTION:	
Repairs needed. Consult licensed electrician. Refer to aforementioned condition stated in report.	$256.00 - $384.00
SUB PANEL 1:, 6.26 ACTION:	
Wiring corrections needed to sub panel located in unit 1.	$336.00 - $504.00
WIRING & CONDITION:, 6.30 ACTION:	
Corrections needed. Seal open electrical boxes as indicated in report. Add extensions to boxes that are over-filled with wiring. Does ot include any permits.	$3,600.00 - $5,400.00
OUTLETS & SWITCHES:, 6.33 ACTION:	
Repair receptacles that have improper wiring, such as open or no grounding as indicated in report. Based on roughly 10%.	$176.00 - $264.00
OUTLETS & SWITCHES:, 6.36 LIGHTING:	
Fluorescent lighting at building 2 in poor repair and due for replacement. Replace at least 10 fluorescent lighting components at building 2.	$2,120.00 - $3,180.00
Total for ELECTRICAL SYSTEM:	**$6,744.00 - $10,116.00**
HEATING & AIR CONDITIONING:	
HVAC FINDINGS:, 7.3 ACTION:	
Consult at least two or three HVAC contractors for further evaluation and to provide estimates for installation of HVAC systems at both buildings. This cost is based on the installation of two 3 ton roof package units for office spaces. If installing roof package units a permanent means of access, such as an afixed ladder or roof hatch will be needed which is not included in this cost.	$10,160.00 - $15,240.00
Total for HEATING & AIR CONDITIONING:	**$10,160.00 - $15,240.00**
PLUMBING SYSTEM:	
BUILDING WATER SUPPLY:, 8.7 ACTION:	

Repair section of water pipes at building 1.	$680.00 - $1,020.00
WATER HEATER Unit 2:, 8.20 ACTION:	
Replacement needed to 6 gallon water heater of building 2.	$1,120.00 - $1,680.00
WATER HEATER Unit 1:, 8.30 ACTION:	
Repair or replace water heater of building 1,	$1,840.00 - $2,760.00
Total for PLUMBING SYSTEM:	**$3,640.00 - $5,460.00**
BATHROOM(S):	
BATHROOM(S) Unit 2:, 9.11 ACTION:	
Repairs or upgrades due. Fixtures are aged and show wear. Bathrooms due for improvements. Install flooring that meets guidelines. BATHROOM(S) Unit 1:, 9.22 ACTION:	$13,040.00 - $19,560.00
Repairs or upgrades due. Fixtures are aged and show wear. Bathrooms due for improvements. Install flooring that meets guidelines. Cost will reflect lower level bathrooms only and corrections to raised toilet at north bathroom.	$14,000.00 - $21,000.00
Total for BATHROOM(S):	**$27,040.00 - $40,560.00**
Outbuilding	
Condition & Action:, 10.2	
The shed at back of property is in poor repair and exhibits excessive water damage and apparent microbial growth. Removal needed. Testing of microbial growth should be achieved by an environmental agency which may affect the cost for any added remediation methods.	$6,000.00 - $9,000.00
Total for Outbuilding	**$6,000.00 - $9,000.00**
UNIT INTERIORS:	
UNIT 2, 11.6 Stairs/Condition:	
Treads at stairs of unit 2 are uneven and could pose a trip hazard. Method of anchoring step risers to stringer is unconventional and does not follow any acceptable prescriptive standards in stair construction. Railing is also loose and does not have graspable railing. Corrections needed by a licensed contractor familiar with stair construction to ensure safe use.	$3,360.00 - $5,040.00
Total for UNIT INTERIORS:	**$3,360.00 - $5,040.00**
Grand Total:	**$63,764.00 - $95,646.00**