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Confidential Property Condition Assessment Report

1234 Your Drive
Simi Valley CA 93063

Prepared for: John Smith
Prepared By: Robert Gaudreault

Report Table of Contents

Dear John;

At your request, a visual inspection of the above referenced property was conducted on November 3, 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.

SITE:

PAVING:

2.7 CONDITION:

1. The parking paving area needs action. Alligatoring of moderate severity at east parking. More than likely due to structural base failure. Seal coat over all areas of parking has worn off.

SPRINKLER SYSTEM

Visible Supply Lines:

3.3 Visible Supply Lines:

2.Main water supply is copper. No evidence of back flow test. Backflow testing on a commercial irrigation supply should be done annually to ensure the proper functioning of the backflow prevention device and protect the potable water supply from contamination; most local regulations require annual testing.

STRUCTURE:

INTERIOR FINISHES:

5.16 INTERIOR OBSERVATIONS:

1. Water stains seen in various areas that are more than likely due to previous roof leak issues, such as one room adjacent to warehouse and north east office space. Some of the darker stains should be evaluated and tested by an environmental agency. This would determine on whether or not any special remediation procedures would need to be followed.

FIRE SUPPRESSION:

5.17 FIRE SPRINKLERS:

2. There is a fire sprinkler system installed. It is recommended that it be checked by a certified professional with appropriate experience. The type of system installed is referred to as a Wet Pipe System. 1 year and 5 year indicated past due.

Determining NFPA hazard classifications; Identifying, classifying, or testing fire rating of assemblies; Determining the necessity for or presence of fire areas, fire walls, fire barriers, accessible routes, construction groups or types, or use

classifications is limited and generally beyond the scope of this assessment. Any comment made would simply be as a courtesy.

ROOF SYSTEM:

FLAT ROOF:

6.5 CONDITION:

1. Moderate granular loss seen. This can ether be from advanced age, manufacturer defect, foot traffic and/or incorrect installation. Asphalt matt and fiberglass is exposed as a result. Implications are shorter life span of material. Blistering or ridging noted on some of the roof material. Ridging is where the material at these blistered areas is not adhering to the roof deck and that there are air pockets.

Sand bags are seen on the roof system as well as odd patching. Uncertain as to what occurred. Enquire with seller as to any known history.

6.6 FLASHINGS:

2. Parapet wall lacks coping flashing, mastic applied to some of the roof penetrations is worn and cracked and prone to leak.

6.7 SKYLIGHTS:

3. Skylights have been modified from their original configuration witch can void any warranty or coverage. Dome lenses are deteriorated and need replacing.

ROOF FINDINGS:

6.9 RECOMMENDATION:

4. Roof system is in need of rehabilitation or removal and replacement due to noted issues. Consult at least two of three roofing agencies for estimates. Implications: The implications of a leaky roof are; damage to the structure as well as interior content and potential for microbial growth.

HEATING, VENTILATION & AIR CONDITIONING:

HVAC 1:

8.8 Condition:

1. Furnace is older and nearing the end if its life cycle. System will not function efficiently and could result in higher energy cost. Consider replacing with a more efficient system.

HVAC 2:

8.25 Condition

2. System seems to short cycle, meaning it goes on for some time then off then on again before reaching temperature called for.

HVAC FINDINGS:

8.29 OVERALL ASSESSMENT:

3. The existing heating components are at the end of their serviceable life. Replacement should be considered at this time. Contact heating agencies for estimates.

ELECTRICAL:

BUILDING TRANSFORMER(S)

7.34 CONDITION:

1. Some humming. Maybe normal. Transformers produce audible hum due to: Magnetostriction core laminations vibrating at 120 Hz (from 60 Hz AC). or loose mounting bolts or panels rattling. Although this humming may not be of significance is should be reviewed further.

7.35 ACTION:

2. Services of a licensed electrician needed to evaluate.

OUTLETS & SWITCHES:

7.42 SWITCHES:

3. A representative sampling of switches was achieved. These tested appeared to be operating properly. However timer controls of office lighting is loose from within its box.

ELECTRICAL FINDINGS:

7.45 RECOMMENDATION:

4. Electrical for the most part seems to be in serviceable condition with some repairs or corrections 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:

10.6 CONDITION:

1. Copper to galvanized contact noted in areas. This does result in eventual corrosion as the more pure metal (copper) will eat away at the less pure (Galvanized). This is referred to as electrolysis. Ideally a coupler or brass would have been used between the two metals and heavy oxidation observed in at least one location. Implications are greater potential for leaks posing water damage to structure as well as interior content. This condition is noted at ceiling above office area.

WASTE DISPOSAL:

10.8 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.

WATER HEATER:

10.12 LOCATION:

3. North wall interiors. Water heater may need to be relocated to meet current installation guidelines. Consult licensed plumber.

A tankless water heater should be readily accessible in California, as local codes require adequate working space, access for maintenance, and specific clearances for safety.

10.17 TPRV:

4. This water heater discharge pipe served multiple such as A/C condensation discharge drain. This condition is improper and potentially unsafe. The temperature pressure relief valve should have it own discharge pipe that empties to a distinct location.

PLUMBING FINDINGS:

10.22 RECOMMENDATIONS:

5. Plumbing for the most part is within its life expectancy although some immediate repairs and maintenance should be expected. Obtain the services of a reputable licensed plumbing contractor.

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, please feel free to call us.

Sincerely,

Robert Gaudreault
Alliance

GENERAL INFORMATION:

Client/User Information:

1.1 Date of Walkthrough:
11/3/2025.

1.2 Time:
9:00 AM.

1.3 Site:
1234 Your Drive, Simi Valley, CA 93063

1.4 Client:
John Smith

1.5 Field Observer:
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, member of the California Real Estate Inspection Association as master inspector and a member of ICC (International Code Council) designated under property inspector.

1.6 Purpose of Report:
Lease.

Property Characteristics and Type:

1.7 Main Entry Faces:
North.

1.8 Estimated Age:
22 years.

1.9 Building Type:
TYPE II-B--Unprotected Non-Combustible (Most common type of non-combustible construction used in commercial buildings). Building constructed of non-combustible materials but these materials have no fire resistance.

1.10 Building Group:
Storage (Group S) - places where items are stored (unless considered High-Hazard). Examples: warehouses. Group F) - places where goods are manufactured or repaired (unless considered "High-Hazard" (below)).

1.11 Stories:
One story.

Climatic Conditions:

1.12 Weather:

Partly Cloudy.

1.13 Outside Temperature (F):

70s.

Utilities:

1.14 Water Source:

Public.

1.15 Sewage Disposal:

Public.

1.16 Electric:

Municipal.

1.17 Fuel:

Natural Gas. Supplied by local utility company.

1.18 Utility Status:

Gas service off at time of inspection. Water off at time of inspection.

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 Scope:

1. Identify significant defects, deficiencies, items of deferred maintenance and material building safety concerns (individually and collectively, Physical Deficiencies) as a result of a visual survey, review of documents, and the research and interrogatories as described herein.

2. Prepare rough estimated costs to remedy the Physical Deficiencies.

3. Prepare a Replacement Reserve Schedule for the term of the loan plus two years. The length of this term is to be provided by the Client.

4. Prepare a written report (the Report) that opines on the Subjects overall physical condition, describes pertinent components or systems of the subject property, identifies Physical Deficiencies and conditions that would limit the expected useful life of major components or systems,

1.21 Note:

The photos in this report are not all inclusive but are only a representative sampling.

1.22 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 No documents were available or provided to review,

1.23 Projected Expenditures:

No replacement deferred expenditures, such as a 5 year or 10 year, was perform or provided in this assessment unless requested for an addition fee. Only immediate needs.

1: Deferred Maintenance and Physical Deficiencies: Allocate the totals of the derived cost estimates to remedy Physical Deficiencies into categories classified as either Immediate or Short Term.

2: Replacement Reserve Expenditures: Determine the present value, at a discount rate to be provided, of the annual required replacement reserve expenditures over the reserve term. Replacement reserve expenditure refers to the funds set aside to cover the cost of replacing or repairing major building components with a limited useful life, such as roofs, HVAC systems, or parking lots, in commercial real estate. These reserves are crucial for maintaining property value and preventing financial strain from unexpected large expenses. They are typically included as a line item in a property's budget and are considered when underwriting loans.

SITE:

This inspection is not intended to address or include any geological conditions or site stability information. 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. 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 GRADE/DRAINAGE:

Surface and sub drainage.

2.2 OBSERVATIONS:

Satisfactory - Consultant 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.

LANDSCAPE:

2.3 CONDITION:

West side berm lacks planting. Signs of some erosion onto public walk seems apparent.

2.4 ACTION:

Possibly an HOA issue. Enquire with owner.

2.5 MAILBOX?

Yes - There is a mailbox on-site.

PAVING:

2.6 MATERIAL:

Asphalt.

2.7 CONDITION:

The parking paving area needs action. Alligatoring of moderate severity at east parking. More than likely due to structural base failure. Seal coat over all areas of parking has worn off.

2.8 ACTION:

Patching 331 sf of segmented sections and seal coat overall 8200 sf pf paving.

PARKING APPARATUSES:

2.9 CONDITION:

Parking lot striping was generally severely worn, faded and illegible in areas. Parking lot should be re-striped. The parking lot capacity was approximately27 parking stalls.

2.10 ACTION:

Restripe parking stalls and two ADA parking stalls.

WALKWAYS/RAMPS:

2.11 TYPE:

Concrete.

2.12 CONDITION:

Truncated domes are lacking at the ends of each ADA ramps. AI Overview The purpose of truncated domes is to provide a tactile warning to visually impaired individuals that they are approaching a hazardous area,

West side entrance ramp exhibited some slight settlement cracking. Maintain as needed by grinding out and slight raised section.

2.13 ACTION:

Recommend corrections to ADA ramps by adding truncated domes.

CURBS:

2.14 CONDITION:

Some heaving observed at north west section of curbing.

2.15 ACTION:

Repair 8 feet of concrete curb.

FENCES & GATES:

2.16 MATERIALS:

Iron fencing.

2.17 CONDITION:

Satisfactory - The fencing materials appear to be in satisfactory condition with only normal weathering.

RETAINING WALLS:

2.18 LOCATION OF WALL:

South side. The retaining wall is made of concrete masonry units.

2.19 CONDITION:

Satisfactory - The retaining wall is in functional condition.

SPRINKLER SYSTEM

It is not within the scope of this report to determine the degree of salinity or volume of any well water. Inquire with the sellers of the property or check with the local agricultural extension service for these tests. We suggest you have the sellers instruct you as to the operation of this system. Ongoing maintenance of damaged or clogged sprinkler heads is necessary with most sprinkler systems.

Water Source:

3.1

Municipal supply.

Supply & Distribution:

3.2 Valves:

Type: Electric.

Visible Supply Lines:

3.3 Visible Supply Lines:

Main water supply is copper. No evidence of back flow test. Backflow testing on a commercial irrigation supply should be done annually to ensure the proper functioning of the backflow prevention device and protect the potable water supply from contamination; most local regulations require annual testing.

Electric Controls:

3.4 Subpanels & Timers:

NOTE: Automatic function of the timer/control box was not tested.

Sprinkler Heads:

3.5 Overall Condition:

Fair. Marginal operation of system.

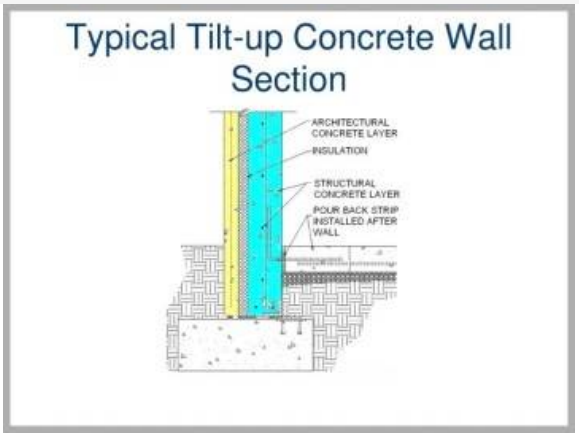
FOUNDATION:

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 ease 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.

TYPE OF FOUNDATION:

4.1 TYPE & MATERIAL:

Tilt-up buildings typically utilize a concrete slab-on-ground foundation as the base for casting the tilt-up panels.



4.2 CONDITION:

These types of tilt up foundations are not visible to inspect however from a simple visual survey it can be determined that the foundation is performing the job it was intended to do in supporting the structure. There are no signs of settlement or significant settlement.

4.3 FOUNDATION SLAB:

The monolithic slab as viewed from common observation appears to be performing as intended.

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 will 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.

EXTERIOR WALLS:

5.1 TYPE OF CONSTRUCTION:

Concrete tilt up structure.

5.2 CONDITION:

Satisfactory with only hairline cracking indicative of hydration referred to as drying shrinkage cracking. Painting and sealing cracks can help reduce any water infiltration.

5.3 ACTION:

Monitor and maintain.

5.4 STRUCTURAL CAULKING:

The structural caulking appears to be in satisfactory condition.

PAINT SURFACE:

5.5 CONDITION:

Overall fair and what could be expected for the age of the building. Anticipate repainting in the next year or two.

WINDOWS:

5.6 TYPE:

Metal store front type.

5.7 CONDITION:

Windows are in need of maintenance. Some gasket seals are starting to show damage. The standard for repair is to remove all gaskets from that damaged window and reseal the entire window with approved caulking.

5.8 ACTION:

Further evaluation needed. Consult window installer, glazing contractor. Repair gaskets to at least 5 to 6 window panes.

EXITS & ESCAPE PATH:

5.9 CONDITION:

The luminescence of at least one or two exit path markings was of inadequate intensity for safe identification of the exit pathway during an emergency. Because this is a life-safety issue, action should be taken to make corrections that comply with modern fire safety practices.

INSULATION/VAPOR BARRIERS:

5.10 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.

LOADING DOORS:

5.11 TYPE & CONDITION:

Roll up. Roll up door operated as intended.

FRAMING:

5.12 FRAMING MEMBERS.

Metal framing. The exposed percentages of wall framing members is minimal. Therefore, no assumption should be made as to the condition of the unexposed framing members. This is only a comment on the visible portions of the wall framing.

5.13 FLOOR/CEILING FRAMING:

Glulam beams with wood 2x4 wood joists supporting plywood roof deck and conventional framing at office ceilings. 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:

5.14 WALL COVERING:

Combination of sheetrock and concrete.

5.15 CEILING MATERIAL:

The ceiling covering material is Drop down ceiling tile, Secondary ceiling covering material is sheetrock.

5.16 INTERIOR OBSERVATIONS:

Water stains seen in various areas that are more than likely due to previous roof leak issues, such as one room adjacent to warehouse and north east office space. Some of the darker stains should be evaluated and tested by an environmental agency. This would determine on whether or not any special remediation procedures would need to be followed.

FIRE SUPPRESSION:

5.17 FIRE SPRINKLERS:

There is a fire sprinkler system installed. It is recommended that it be checked by a certified professional with appropriate experience. The type of system installed is referred to as a Wet Pipe System. 1 year and 5 year indicated past due.

Determining NFPA hazard classifications; Identifying, classifying, or testing fire rating of assemblies; Determining the necessity for or presence of fire areas, fire walls, fire barriers, accessible routes, construction groups or types, or use classifications is limited and generally beyond the scope of this assessment. Any comment made would simply be as a courtesy.

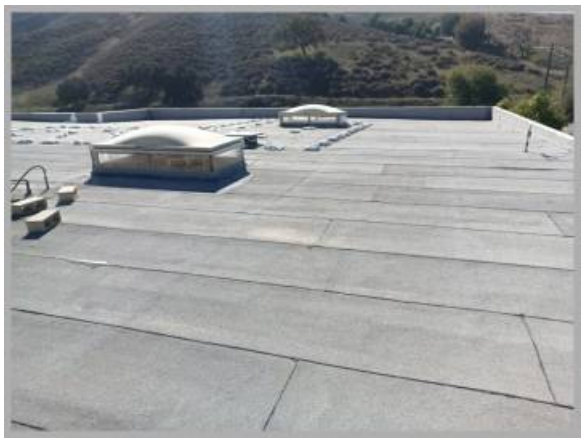
ROOF SYSTEM:

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 SYSTEM:

6.1 CONFIGURATION:

Flat.



6.2 ROOF MATERIAL:

Rolled Asphalt. Rolled roofing material is a cellulose mat impregnated with asphalt and colored fiber surface. It is 36 inches wide rolled horizontally with at least a 2" overlap. It is generally covered with a granular surface to retard ultraviolet deterioration.

6.3 METHOD OF INSPECTION:

The roof covering was inspected by walking on the roof.

6.4 LAYERS:

From a simple visual survey and without conducting any core sampling. There appears to be two layers. Current building standards will allow only two coverings. When reroofing again, it will be necessary to remove the first two layers.

FLAT ROOF:

6.5 CONDITION:

Moderate granular loss seen. This can ether be from advanced age, manufacturer defect, foot traffic and/or incorrect installation. Asphalt matt and fiberglass is exposed as a result. Implications are shorter life span of material. Blistering or ridging noted on some of the roof material. Ridging is where the material at these blistered areas is not adhering to the roof deck and that there are air pockets.

Sand bags are seen on the roof system as well as odd patching. Uncertain as to what occurred. Enquire with seller as to any known history.

6.6 FLASHINGS:

Parapet wall lacks coping flashing, mastic applied to some of the roof penetrations is worn and cracked and prone to leak.

6.7 SKYLIGHTS:

Skylights have been modified from their original configuration witch can void any warranty or coverage. Dome lenses are deteriorated and need replacing.

6.8 ACTION:

Rehabilitate roughly 7900 sf of roofing. Flat roof rehabilitation is a process of cleaning, repairing, and applying protective fluid type coatings or membranes to an existing flat roof to extend its lifespan, rather than replacing it entirely.

ROOF FINDINGS:

6.9 RECOMMENDATION:

Roof system is in need of rehabilitation or removal and replacement due to noted issues. Consult at least two of three roofing agencies for estimates. Implications: The implications of a leaky roof are; damage to the structure as well as interior content and potential for microbial growth.

ELECTRICAL:

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 is 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.

PRIMARY POWER SOURCE:

7.1 SERVICE VOLTAGE:

The incoming electrical service to this structure is 488/277 3 phase 4 wire. 600 amp.

ELECTRICAL SERVICE:

7.2 SERVICE TYPE & CONDITION:

Underground service to the structure is desirable for safety and appearance. Contact the utility company to mark the location of underground cable before digging.

MAIN TRANSFORMER:

7.3 LOCATION:

Power to the building was supplied through an exterior-located transformer resting on a concrete pad. KVA can not be determined as data plate is missing. Ownership not determined.

7.4 ACTION:

Maintain foliage from around transformer.

MAIN PANEL:

7.5 LOCATION:

Interior closet south west end of warehouse.

7.6 MANUFACTURER:

Siemens.

7.7 PANEL ACCESSIBLE?

Yes - The electrical panel is in a location that makes it readily accessible however illumination was not functional when tested.

7.8 CONDITION:

The power panel, as a container for safely covering electrical circuitry and components, is functioning as intended, minimizing the risk of electrical shock. Balance of multi wire components not verified.

7.9 PANEL COVER REMOVED?

No. Consultant or inspector does not remove dead front covers from 3 phase panel enclosures or sub panels while business is being conducted or when building is occupied. Removing a panel cover can inadvertently trip a

vital breaker and disrupt operation.

7.10 GROUNDING:

The main service ground wire was located by the inspector.

SWITCHGEAR:

7.11 LOCATION:

Interior south west corner.

7.12 ACCESSIBLE?

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

7.13 CONDITION:

The power panel, as a container for safely covering electrical circuitry and components, is functioning as intended, minimizing the risk of electrical shock. Balance of multi wire components not verified.

7.14 LEGEND:

Identification of the breakers and the appliances or areas they control are clearly marked. This inspection does not verify the accuracy of this legend.

SUB PANELS 1 & 2:

7.15 LOCATION:

1HA & 1LA.

7.16 SIZE:

250 amp 3 phase each. This electrical equipment is 23 years old.

7.17 ACCESSIBLE?

Yes - The electrical panels are in a location that make them readily accessible.

7.18 CONDITION:

Panels, as a containers for safely covering electrical circuitry and components, are functioning as intended, minimizing the risk of electrical shock. Balance of multi wire components not verified.

SUB PANEL 3:

7.19 LOCATION:

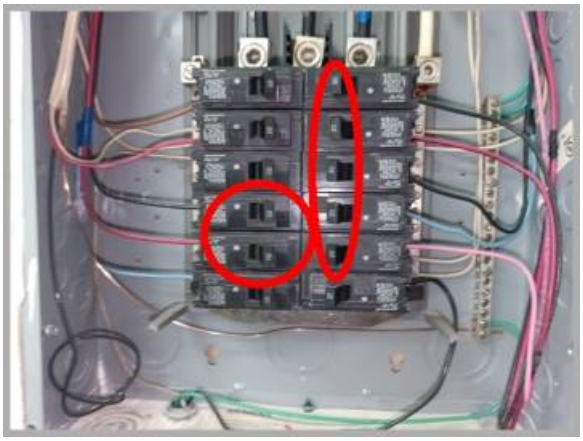
Warehouse east.

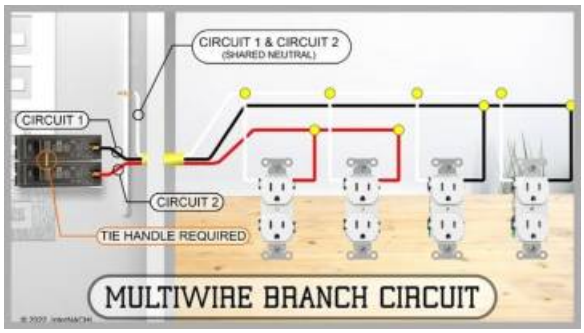
7.20 SIZE:

100 amp -

7.21 BREAKER/FUSE:

Multiwire circuits connected to breakers that lack handle tiles. A multiwire circuit consists of two or more ungrounded conductors (with a voltage between them) and a grounded conductor (e.g., neutral). The grounded conductor has an equal voltage between it and each ungrounded conductor, plus it's connected to the neutral (or grounded conductor) of the system. Handles to tie adjacent circuit breaker handles or toggle switches together are needed to force both circuit breakers off should one of them experience a short or over-current. This handle tie is required for 240VAC circuits and for multi-wire branch circuit breakers.





7.22 ACTION:

I recommend consulting a licensed electrical contractor for additional evaluation and to provide information as to repairs.

SUB PANEL 4:

7.23 LOCATION:

Center wall interiors.

7.24 SIZE:

100 amp -

7.25 CONDITION:

The panel is not labeled showing distribution. Contact licensed electrician for corrections.

SUB PANEL 5:

7.26 LOCATION:

Interiors back room. Indicated as P1.

7.27 SIZE:

100 amp.

7.28 CONDITION:

The panel is not fully labeled showing distribution. Contact licensed electrician for corrections.

SUB PANEL 6:

7.29 LOCATION:

Interiors black room.

7.30 CONDITION:

Panel, as a container for safely covering electrical circuitry and components, is functioning as intended, minimizing the risk of electrical shock. Balance of multi wire components not verified.

SERVICE DISCONNECTS:

7.31 LOCATION:

Various locations of the warehouse. Only a representative sampling was achieved.

7.32 CONDITION:

Knock out holes viewed within the main panel All panel boxes should be sealed tight to prevent any potential

for animal entry which could result in a potential fire hazard.

BUILDING TRANSFORMER(S)

7.33 LOCATION & TYPE:

Dry type, Size: 300 KVA. Located in main electrical room. 22 year old.

7.34 CONDITION:

Some humming. Maybe normal. Transformers produce audible hum due to: Magnetostriction core laminations vibrating at 120 Hz (from 60 Hz AC). or loose mounting bolts or panels rattling. Although this humming may not be of significance is should be reviewed further.

7.35 ACTION:

Services of a licensed electrician needed to evaluate.

BUILDING TRANSFORMER 2:

7.36 LOCATION & TYPE:

Above office spaces. Dry type, Size: 45. Roughly 23 years old.

7.37 CONDITION:

Satisfactory. Transformer is performing as intended.

WIRING TYPE & CONDITION:

7.38 WIRING TYPE:

The circuitry is installed using conduit and overhead trays.

7.39 CONDITION:

The exposed wiring appears to be in satisfactory condition including connections, routing, fasteners, and insulation.

7.40 EXTERIOR ELECTRICAL:

The exterior lighting appears functional. Also, this is a benefit for security.

OUTLETS & SWITCHES:

7.41 RECEPTACLES:

A representative sampling of receptacles was achieved. These tested appeared to be operating properly other than a few missing cover plates.

7.42 GROUND FAULT CIRCUIT INTERRUPTERS:

Satisfactory although the existing GFCIs are aged and should be tested and replaced soon.

7.43 SWITCHES:

A representative sampling of switches was achieved. These tested appeared to be operating properly. However timer controls of office lighting is loose from within its box.

7.44 LIGHTING:

Fluorescent. Some sensor lighting at warehouse. These tested appeared to be operating properly.

7.45 SMOKE DETECTORS:

In commercial buildings, smoke detectors are generally required in every room, hallway, storage area, and on every floor, as well as near potential fire sources like stairwells and cooking appliances, to ensure comprehensive fire safety.

ELECTRICAL FINDINGS:

7.46 RECOMMENDATION:

Electrical for the most part seems to be in serviceable condition with some repairs or corrections needed. Though these repairs may seem menial all electrical repairs, no mater how simple, should only be attempted by licensed and insured electrician.

HEATING, VENTILATION & 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.

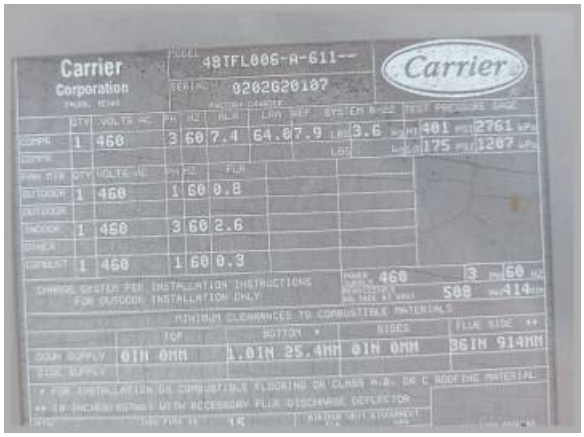
HVAC 1:

8.1 LOCATION:

Roof top. West office space zone.

8.2 Description:

System is Carrier brand.



8.3 Fuel Source:

The fuel source is natural gas.

8.4 Age:

23 year old. For the purposes of this assessment the systems are considered antiquated and at or beyond their life expectancy.

8.5 Size in BTUs:

90,000 BTUs.

8.6 Tested?

No - The heating unit was not tested as gas was off at time of inspection. The inspector may not activate a

system that has been disconnected or does not activate using normal controls. No further liability is accepted for performance of the heating system.

8.7 Heat Exchanger Tested Via:

The heat exchanger was inspected without invasive or destructive means. Usually only 10 to 20 percent of the exchanger is visible without partial or total disassembly of the furnace. This inspection covers only the readily visible portions of the heat exchanger. Due to the age of this furnace I recommend that the it have a more intrusive inspection by a licensed and insured HVAC contractor.

8.8 Condition:

Furnace is older and nearing the end if its life cycle. System will not function efficiently and could result in higher energy cost. Consider replacing with a more efficient system.

8.9 AIR CONDITIONER:

Package Unit.

8.10 Size:

5 ton.

8.11 Condensation drain:

The condensate drain line appears to be adequately installed. Periodic checking to make sure that the line is clear will help to maintain the system.

8.12 Level of maintenance:

Somewhat neglected.

8.13 DUCTWORK TYPE:

Flexible round.

8.14 Condition of ductwork:

Poor. Inadequate support and sections of duct seem to sag more than one inch in 4 feet. Sagging ducts should be prevented as it can affect efficient air flow.

8.15 ACTION:

Replacement of 5 ton package unit.

HVAC 2:

8.16 LOCATION:

Ceiling. East office space zone.

8.17 Type:

Air-to-Air type heat pump is installed as the primary heating system.

8.18 Fuel Source:

The fuel source is electricity.

8.19 AIR CONDITIONER:

Refrigerator/Split System. Electricity-powered. Single phase.

8.20 Location:

Roof top.

8.21 Model/ Serial Number/ Size:

System is Carrier brand.

8.22 Size:

3 ton.

8.23 Age:
22 years.

8.24 Placement:
Unit is placed on timber. Ideally you would not place a rooftop HVAC unit on timber: Wood degrades, it is porous and retains moisture, which can lead to wood splitting, cracking, and shredding and wood can also biodegrade, attracting mold, fungus, and termites. Wood can also corrode roof material. Treated wood can release chemicals that corrode metal. Wood can also be easily displaced during seismic events.

Instead of using wood, you can use weatherproof and freeze/thaw resistant materials to support rooftop HVAC units. For example, KnuckleHead Strut Supports are made from glass-reinforced nylon resin and can support up to 600 pounds.

8.25 Condition
System seems to short cycle, meaning it goes on for some time then off then on again before reaching temperature called for.

8.26 Service Disconnect:
The installed service disconnect is located within sight of the condensing coil cabinet and not more than 50 feet from the unit.

8.27 Level of maintenance:
Somewhat lacking.

8.28 ACTION:
Replacement should budged for. 3 ton system.

HVAC FINDINGS:

8.29 OVERALL ASSESSMENT:
The existing heating components are at the end of their serviceable life. Replacement should be considered at this time. Contact heating agencies for estimates.

OTHER RELATED ISSUES:

8.30 NOTE:
Systems are using R22 refrigerant, (also known as R22 freon and HCFC-22 freon) which is a chemical used in both air conditioners and heat pumps to cool your building. On Jan. 1, 2020, the U.S. Environmental Protection Agency (EPA) banned the production and import of R22 because of its particularly harmful impact on the ozone layer when released into the air. So its essential that all current and future homeowners or building owners be prepared for the transition. There are also substitutes available however this solution may not be cost affective.

Prices of R22 refrigerant have been rising and are expected to continue to rise. R22 or substitutes will most

likely be very expensive. Availability of R22 will be limited since it cannot be purchased new. Even if you need a recharge of R22 in the future, there can be no guarantee that the refrigerant will be available. Complete air conditioning system replacement to an R422 model may be the most cost-effective solution.

HEATING, VENTILATION & AIR CONDITIONING:

The inspector can only readily open access panels provided by the manufacturer or installer for routine homeowner maintenance, and will not operate components when weather conditions or other circumstances apply that may cause equipment damage The inspector does not light pilot lights or ignite or extinguish solid fuel fires, nor are safety devices tested by the inspector. The inspector is not equipped to inspect furnace heat exchangers for evidence of cracks or holes, or inspect concealed portions of evaporator and condensing coils, heat exchanger or firebox, electronic air filters, humidifiers and de-humidifiers, ducts and in-line duct motors or dampers, as this can only be done by dismantling the unit. This is beyond the scope of this inspection. Thermostats are not checked for calibration or timed functions. Adequacy, efficiency or the even distribution of air throughout a building cannot be addressed by a visual inspection. Have these systems evaluated by a qualified individual. The inspector does not perform pressure tests on coolant systems, therefore, no representation is made regarding coolant charge or line integrity. We perform a conscientious evaluation of the system, but we are not specialists.

HEATING 1:

9.1 HEATING TYPE:

Fan assisted gas fired space heaters.

9.2 LOCATION:

Warehouse.

9.3 FUEL SOURCE:

Natural gas.

9.4 EQUIPMENT DESCRIPTION:

Systems are Reznor brand.

9.5 CAPACITY:

BTUs, 150000 BTUs

9.6 APPROXIMATE AGE:

13 year old units. The typical service life for a forced air natural gas furnace is 18 - 20 years.

9.7 VENTING:

Evidence of leak seen along vent at west side unit.

9.8 CONDITION:

Heating units were not tested as gas was off. The inspector may not activate a system that has been disconnected or does not activate using normal controls. No further liability is accepted for performance of the heating system.

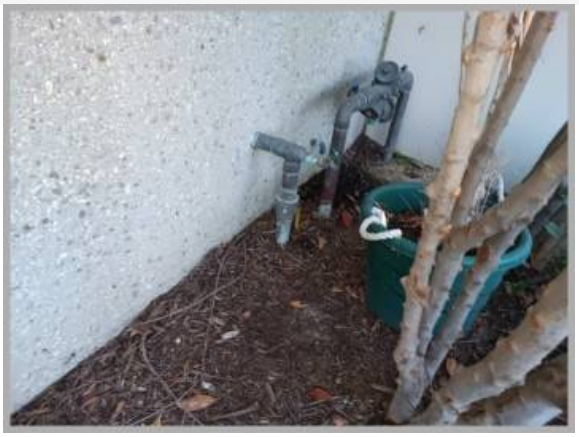
PLUMBING SYSTEM:

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:

10.1 SOURCE:

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



10.2 MATERIAL USED:

Visible section of water pipe is, Copper.

10.3 CONDITION:

Supply line appears to be in satisfactory condition.

BUILDING WATER SUPPLY:

10.4 WATER PRESSURE:

60lbs at time of walkthrough. Water pressure from 40 to 80 pounds per square inch is considered within normal/acceptable range.

10.5 MATERIAL:

The interior supply piping in the structure is predominantly copper.

10.6 CONDITION:

Copper to galvanized contact noted in areas. This does result in eventual corrosion as the more pure metal (copper) will eat away at the less pure (Galvanized). This is referred to as electrolysis. Ideally a coupler or brass would have been used between the two metals and heavy oxidation observed in at least one location. Implications are greater potential for leaks posing water damage to structure as well as interior content. This condition is noted at ceiling above office area.

10.7 ACTION:

Further evaluation needed by a licensed plumber.

WASTE DISPOSAL:

10.8 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.

10.9 MATERIAL:

Type, The predominant waste line material is cast iron. There is also some plastic piping installed. Only 3% of the waste disposal system is visible to the inspector. Most of the waste drainage system is within walls, into common areas and below grade and therefore can not be viewed.

10.10 CONDITION:

Visible portions of waste lines seem to be in satisfactory condition and functioned as intended.

10.11 DRAIN TRAPS:

Satisfactory. Visible and accessible traps installed properly.

WATER HEATER:

10.12 LOCATION:

North wall interiors. Water heater may need to be relocated to meet current installation guidelines. Consult licensed plumber.

A tankless water heater should be readily accessible in California, as local codes require adequate working space, access for maintenance, and specific clearances for safety.

10.13 AGE & CAPACITY:

There is an energy efficient tankless unit installed which if sized correctly should provide adequate volume and do so economically.

10.14 FUEL SOURCE:

The water heater is gas-fired.

10.15 DRIP LEG?

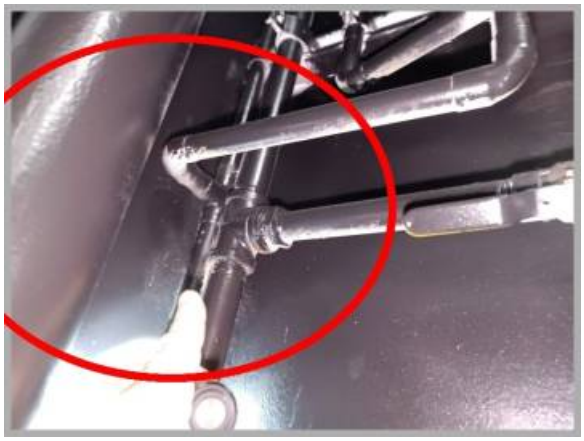
No - There is no drip leg (sediment trap) installed on the incoming gas line to the water heater. Installation of a drip leg is recommended to prevent debris from getting into the gas valve.

10.16 TEMPERATURE CONTROL:

Not operated or tested.

10.17 TPRV:

This water heater discharge pipe served multiple such as A/C condensation discharge drain. This condition is improper and potentially unsafe. The temperature pressure relief valve should have it own discharge pipe that empties to a distinct location.



10.18 ACTION:

Further evaluation needed. Contact and schedule a licensed plumber to inspect issues and or conduct necessary corrections.

GAS SERVICE:

10.19 METER LOCATION:

Right side.

10.20 PIPE MATERIAL USED:

Black Iron Pipe.

10.21 CONDITION:

Satisfactory at visible portions.

PLUMBING FINDINGS:

10.22 RECOMMENDATIONS:

Plumbing for the most part is within its life expectancy although some immediate repairs and maintenance should be expected. 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 1:

11.1 LOCATION:

Women West office side.

11.2 FAUCET:

ADA pads are missing from angle stops. These exposed valves exhibited oxidation. No leak at this time however maintenance should be achieved.

11.3 TOILET(S):

The toilet is functional.

11.4 WALLS/CEILINGS:

The walls in this bathroom are satisfactory.

11.5 FLOOR:

Flooring is satisfactory. The floor covering material is ceramic or glazed tile.

11.6 EXHAUST:

Satisfactory.

BATHROOM 2:

11.7 LOCATION:

Men West office.

11.8 VANITY CABINETS:

Vanity cabinets and tops are satisfactory.

11.9 BASIN & DRAIN:

Fixtures are satisfactory.

11.10 TOILET(S):

The toilet is functional.

BATHROOM 3:

11.11 LOCATION:

Dark room.

11.12 VANITY CABINETS:

ADA protection pads missing.

11.13 BASIN & DRAIN:

Fixtures are satisfactory.

11.14 TOILET(S):

Not operated. No water to these fixtures during walkthrough.

11.15 WALLS/CEILINGS:

The walls in this bathroom are satisfactory.

11.16 FLOOR:

Flooring is satisfactory.

11.17 EXHAUST:

Satisfactory.

BATHROOM 4:

11.18 LOCATION:

Warehouse men bath.

11.19 FAUCET:

Heavy oxidation at angle stop valves and faucet is excessively corroded and needs replacing.

11.20 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.

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

11.21 URINAL:

Functional.

11.22 SHOWER FIXTURES:

Not operated.

11.23 WALLS/CEILINGS:

Damaged wall tile. Implications are potential for leak into substrate.

11.24 EXHAUST:

Unit is noisy while in operation. Expect replacement or repairs.

11.25 ACTION:

Further evaluation needed. Consult tile expert as to advice.

COMMENTS:

11.26 NOTE:

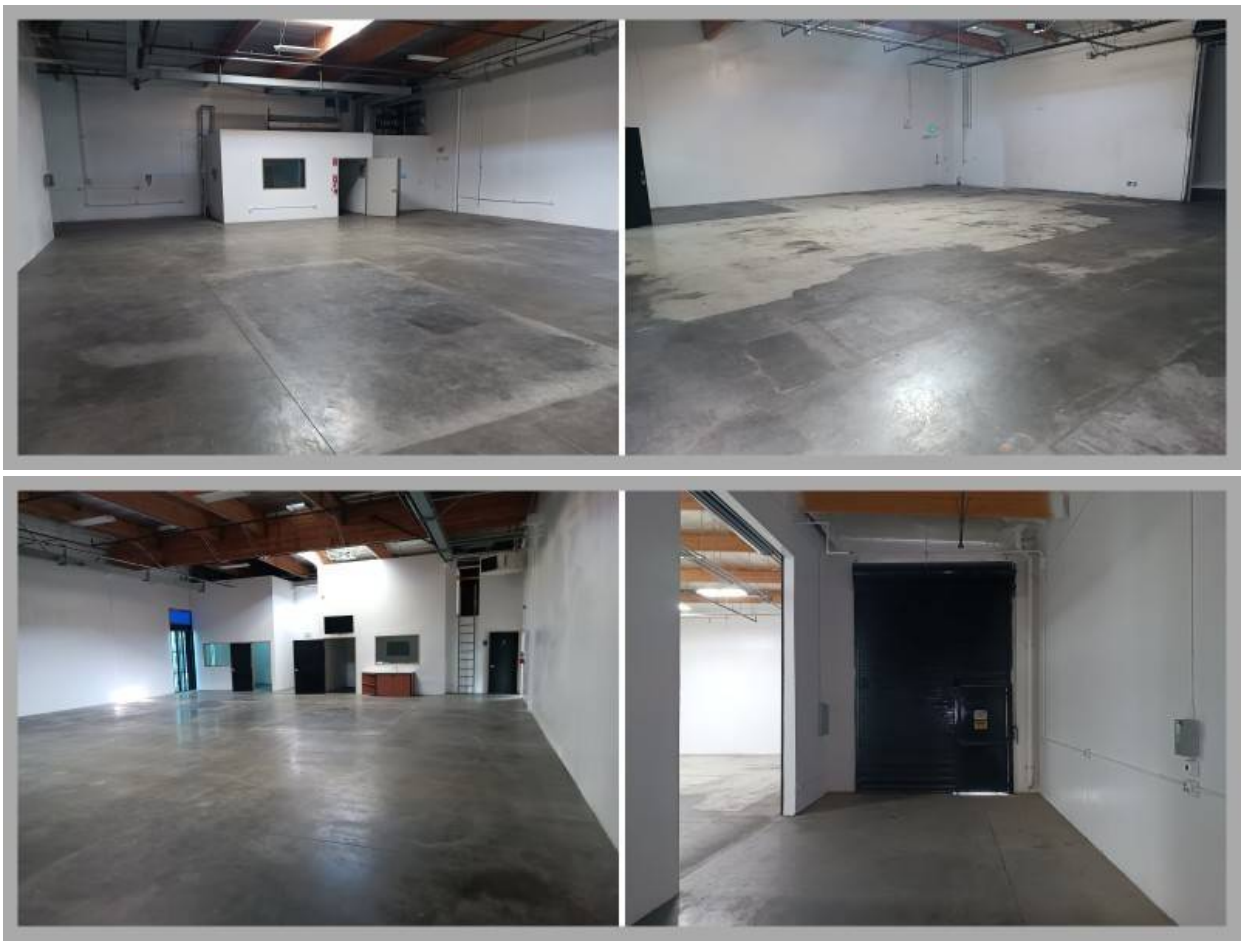
Corrosion is noted to fill valve located behind toilet. Further evaluation needed. Consult plumber.

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.

SECTION 1:

12.1 Warehouse:



12.2 Condition of interiors:

Satisfactory, with general wear.

12.3 Floor Condition:

Satisfactory.

SECTION 2:

12.4 Office spaces:

12.5 Doors:

A representative sampling of interior doors was achieved. Those operated were in serviceable condition. However entry door of north east office is tapped over apparently to prevent water or dirt entry.

12.6 Condition of interiors:

Water stains seen at various locations.

12.7 Condition of interiors:

12.8 Floor Condition:

Resilient flooring exhibited damage, such as curling which is indicative of water related damage, water damage also apparent at wood flooring of north east office.

12.9 INTERIOR AMENITIES:

General Overview:

12.10 Countertops:

Satisfactory - The countertops are satisfactory.

12.11 Cabinets, Drawers, and Doors:

Satisfactory - The cabinets, doors, and drawers are satisfactory in both appearance and function.

UNIT INTERIOR FINDINGS:

12.12 NOTE:

We do not provide cost opinions on tenant improvements or build-outs as there are too many variables, such as future use that would suite the needs of operator, tenant or buyer as well as the various differentiations of materials and methods. The building is also equipped with an alarm system that is not inspected as part of this assessment.


XRS Fire Alarm Control
DO NOT REMOVE
COSCO
Fire Protection
1-800-827-5612
2026
2027
2028

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:

13.1 High voltage towers?

There are no high voltage towers nearby subject property.

13.2 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, building wiring and hundreds of other common electrical devices. Those EMF readings of most concerns are usually when high voltage power lines are nearby.

13.3 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.

13.4 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.

13.5 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.

13.6 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

13.7 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.

13.8 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:

14.1 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:

14.2 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.

14.3 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.

BEST/WORST COST OPINION:

PAVING:, 2.8 ACTION:	
Patching 331 sf of segmented sections and seal coat overall 8200 sf pf paving.	$3,600.00 - $5,400.00
PARKING APPARATUSES:, 2.10 ACTION:	
Restripe parking stalls and two ADA parking stalls.	$1,860.00 - $2,790.00
WALKWAYS/RAMPS:, 2.13 ACTION:	
Recommend corrections to ADA ramps by adding truncated domes.	$656.00 - $984.00
CURBS:, 2.15 ACTION:	
Repair 8 feet of concrete curb.	$1,000.00 - $1,500.00
Total for SITE:	**$7,116.00 - $10,674.00**
STRUCTURE:	
WINDOWS:, 5.8 ACTION:	
Further evaluation needed. Consult window installer, glazing contractor. Repair gaskets to at least 5 to 6 window panes.	$960.00 - $1,440.00
Total for STRUCTURE:	**$960.00 - $1,440.00**
ROOF SYSTEM:	
FLAT ROOF:, 6.6 FLASHINGS:	
Parapet wall lacks coping flashing, mastic applied to some of the roof penetrations is worn and cracked and prone to leak.	$7,776.00 - $11,664.00
FLAT ROOF:, 6.7 SKYLIGHTS:	
Skylights have been modified from their original configuration witch can void any warranty or coverage. Dome lenses are deteriorated and need replacing.	$8,400.00 - $12,600.00
FLAT ROOF:, 6.8 ACTION:	
Rehabilitate roughly 7900 sf of roofing. Flat roof rehabilitation is a process of cleaning, repairing, and applying protective fluid type coatings or membranes to an existing flat roof to extend its lifespan, rather than replacing it entirely.	$42,320.00 - $63,480.00
Total for ROOF SYSTEM:	**$58,496.00 - $87,744.00**
HEATING, VENTILATION & AIR CONDITIONING:	
HVAC 1:, 8.15 ACTION:	
Replacement of 5 ton package unit.	$12,400.00 - $18,600.00
HVAC 2:, 8.28 ACTION:	
Replacement should budged for. 3 ton system.	$12,560.00 - $18,840.00
Total for HEATING, VENTILATION & AIR CONDITIONING:	**$24,960.00 - $37,440.00**
PLUMBING SYSTEM:	
BUILDING WATER SUPPLY:, 10.6 CONDITION:	
Copper to galvanized contact noted in areas. This does result in eventual corrosion as the more pure metal (copper) will eat away at the less pure (Galvanized). This is referred to as electrolysis. Ideally a coupler or brass would have been used between the two metals and heavy oxidation observed in at least one location. Implications are greater potential for leaks posing water damage to structure as well as interior content. This condition is noted at ceiling above office area.	$680.00 - $1,020.00
WATER HEATER:, 10.12 LOCATION:	

North wall interiors. Water heater may need to be relocated to meet current installation guidelines. Consult licensed plumber. A tankless water heater should be readily accessible in California, as local codes require adequate working space, access for maintenance, and specific clearances for safety.	$2,960.00 - $4,440.00
Total for PLUMBING SYSTEM:	**$3,640.00 - $5,460.00**
Grand Total:	**$95,172.00 - $142,758.00**