



RISK ASSESSMENT[®]

Commercial Real Estate Inspectors

3266 Kirkham Drive
Glendale CA 91202
818.957.4654

This is an assessment of the five major systems - Plumbing, Electrical, Heating and Air Conditioning, Structure and Roofing along with an assessment of any other current deferred maintenance issues for the site.

This assessment will cover three aspects of these systems per industry standards, namely:

- 1. Expected useful life left in each system.**
- 2. Maintenance/Repairs that are needed immediately for each system.**
- 3. Total costs that are expected over the next five years for each system.**

Note: The cost estimates are industry standards per the *R.S. Means - 2007 Building Construction Cost Data 20th Annual Western Edition* along with review and consultation with local contractors.

Although care and thought have gone into this assessment there are many variables that can cause the actual prices to differ greatly, such as: local building ordinances, requirements, specifications and details, local demand for labor, materials, etc.

No implied warrantee is given.

No cosmetic concerns have been addressed in these estimates.

No Routine Maintenance concerns have been addressed in these estimates below \$1000.

ADDRESS: Los Angeles, CA 90066

<i>CLIENT: 12 Unit Apartment Investor</i>	22 Sep 2008
---	-------------

PLUMBING:

<p>1. The expected useful life left in the Plumbing System:</p> <p>The Expected Useful Life left in the system is, 20 - 30 years</p> <p>2. What Maintenance/Repairs are needed immediately for the Plumbing System:</p> <p>It is advised to have a Camera review of the Waste lines by a qualified plumbing specialist. Due to these being mostly underground this is the only way to determine the true condition.</p> <p>Proper strapping of the roofing water heater is advised at this time.</p> <p>3. What costs are expected over the next five years for the Plumbing System:</p> <p>Possible replacement of the water heater boiler and the storage tank should be anticipated.</p> <p>\$2500 - \$3500</p>	<p>TOTAL:</p> <p>\$4000 - \$6000</p>
--	--

ELECTRICAL:

<p>1. What is the expected useful life left in the Electrical System:</p> <p>The expected useful life of the electrical system is: approx. 20 - 30 years.</p> <p>2. What Maintenance/Repairs are needed immediately for the Electrical System:</p> <p>The system appeared to be in serviceable condition at the time of the inspection and other than routine maintenance no immediate significant deficiencies or repairs were observed to be needed.</p> <p>3. What costs are expected over the next five years for the Electrical System:</p>	
--	--

<p>The electrical system appears to be Serviceable and no major expenses are anticipated for the next five years other than minor repairs and routine maintenance</p>	<p>TOTAL: Routine Maintenance</p>
---	--

HEATING AND COOLING:

<p>1. What is the expected useful life left in the Heating and Air Conditioning System:</p> <p>The typical life for roof mounted units such as these is approx. 15-20 years if well maintained. 10 of the 12 units are approx. 17 years old and at or near the end of their expected useful life.</p> <p>2. What Maintenance/Repairs are needed immediately for the Heating and Air Conditioning system:</p> <p>It is advised to have each unit fully serviced at this time which will typically cost approx. \$100 - \$150 per individual unit.</p> <p>3. What costs are expected over the next five years for the Heating and Air Conditioning System:</p> <p>Within the next five years significant maintenance, repairs and/or replacements will most likely be needed to the units per industry standards due to age.</p> <p>Expect approx. \$2500 - \$3500 for replacement of the condensers only</p>	<p>TOTAL: \$25,000 - \$35,000</p>
---	--

ROOF:

<p>1. What is the expected useful life left in the Roofing System:</p> <p>It appears that the roof has approx. 10 + years of expected useful life left in it if it is properly maintained.</p>	
--	--

<p>2. What Maintenance/Repairs are needed immediately for the Roofing System:</p> <p>The roof is in need of some repairs and maintenance at this time. During this review by a qualified roofer other repairs may become apparent but are not anticipated with this estimate.</p> <p>3. What costs are expected over the next five years for the Roofing System:</p> <p>For maintenance only expect approx.. \$500 - \$1000</p>	<p>TOTAL:</p> <p>\$500 - \$1000</p>
---	---

STRUCTURE:

<p>1. What is the expected useful life left in the Structural System:</p> <p>It appears that the expected useful life is, 50+ years</p> <p>2. What Maintenance/Repairs are needed immediately for the Structural System:</p> <p>No significant repairs at this time other than routine maintenance.</p> <p>3. What costs are expected over the next five years for the Structural System:</p> <p>No significant costs are anticipated in the next five years to the Structure</p>	<p>TOTAL:</p> <p>Routine Maintenance</p>
---	--

GENERAL MAINTENANCE & REPAIRS:

<p>1. What is the expected useful life left in the Site:</p> <p>The expected useful life left in the site is, approx. 20 - 30 years with routine maintenance.</p>	
---	--

<p>2. What Maintenance/Repairs are needed immediately currently for the Site:</p> <p>It appears that only Routine Maintenance is needed at this time.</p> <p>3. What costs are expected over the next five years for the Site:</p> <p>No significant costs are anticipated for the next five years for the site and grounds other than routine maintenance</p>	<p>TOTAL:</p> <p>Routine Maintenance</p>
--	--

<p>TOTAL COMBINED ESTIMATED EXPENSES:</p> <p>Further review is advised at this time by qualified specialists to determine the full scope of work. These estimates should be used as guidelines only.</p>	<p>TOTAL:</p> <p>\$30,000 - \$42,000</p>
---	--

RISK Assessment[®] Report

September 22, 2008.



Apartment Investor

Los Angeles, CA 90066

Inspector - Bob Pace & Dick Sullivan
Confidential and Proprietary

3266 Kirkham Dr., Glendale CA 91206
818.957.4654 www.creillc.com

SITE PHOTO



12 Unit Apartment Building Los Angeles, CA 90066

INSPECTION CONDITIONS

CLIENT & SITE INFORMATION:

DATE OF INSPECTION: September 22, 2008.
TIME OF INSPECTION: 2:00 PM.
CLIENT NAME: Apartment Investor.
ADDRESS: Los Angeles, CA 90066.
INSPECTOR: Bob Pace & Dick Sullivan.

CLIMATIC CONDITIONS:

WEATHER: Clear.
TEMPERATURE: 70's.

BUILDING CHARACTERISTICS:

BUILDING TYPE: Apartment Building. 12 Units.
STORIES: Two.

UTILITY SERVICES:

UTILITIES STATUS: The utilities were on.

OTHER INFORMATION:

BUILDING OCCUPIED: Yes.
CLIENT PRESENT: Yes.

PAYMENT INFORMATION:

TOTAL FEE: \$XXX.
PAID BY: Check.

DEFINITIONS AND STANDARDS

TERMS OF THE INSPECTION:

- SERVICEABLE:** It is the inspectors opinion that this item is doing the job for which it was intended and exhibits normal wear and tear.
- NEEDS ATTENTION:** It is the inspectors opinion that this item is in need of further investigation and/or repairs or appears to be at the end of its expected useful life. The inspector has made the client aware of this situation by calling it "needs attention" in the report and it is then the clients responsibility to take appropriate action concerning the situation with the appropriate professional in a timely manner.
- NOT ACCEPTABLE:** It is the inspectors opinion that this item is either in need of immediate repairs or is a safety hazard due to adverse conditions. Also the item may be in such a state of disrepair that significant repairs or replacement is strongly advised.
- The inspector has made the client aware of this situation by calling it "not acceptable" and it is then the clients responsibility to take appropriate action concerning the situation with the appropriate professional in a timely manner.
- STANDARDS:**
- A. The report conforms to the Commercial Standards of Practice of the California Real Estate Inspection Association and the Business and Professions Code which defines a commercial real estate inspection as: The inspection to be performed consists of non-intrusive visual observations to survey the readily accessible, easily visible material components, systems and equipment of the building. The inspection is designed to identify material physical deficiencies in the buildings components, systems and equipment, as they exist at the time of the inspection. Unless otherwise agreed between the inspector and client, the specific systems, structures and components of a building to be examined are listed in these Commercial Standards of Practice.
- B. A commercial real estate inspection report provides written documentation of material physical deficiencies discovered in the inspected building's systems and components which, in the opinion of the Inspector, are safety hazards, are not functioning properly, or appear to be at the end of their expected useful life. The report may include the Inspector's recommendations for correction or further evaluation.
- The term **material physical deficiencies** means the presence of conspicuous patent defects or material deferred maintenance of the buildings material systems, components or building equipment as

observed during the inspection. **This definition specifically excludes deficiencies that may be remedied by routine maintenance.**

C. Inspections performed in accordance with these Standards of Practice are not technically exhaustive and shall apply to the primary building and its associated primary parking structure.

PLUMBING SYSTEM

While some plumbing observation may be code related, this inspection does not determine if the system complies with code. Supply and waste lines are inspected only where they are accessible and while operating accessible fixtures and drains. Performance of the water flow can vary during different times of the day and performance of the drain during actual usage is undetermined. Drain blockage is common in vacant property.. It is advised to have any underground drain lines examined by a specialist with a camera to determine their actual condition. The following are not included; inaccessible supply or waste lines, leaks in inaccessible areas such as walls, underground or the crawl space, the interior of pipes for mineral or corrosive clogging, water hammering, solar equipment or water temperature, and the condition of shower pans or if a shower will leak when used. No water testing of any type is performed. The type of copper, whether it is M, L, or K, is not part of this inspection and will not be determined. The gas system is not tested for leaks and any underground or hidden gas lines are specifically excluded from this report. Determining the operation of sewer ejection systems is excluded from this inspection and it should be examined by a specialist. The angle stops under sinks and other plumbing valves, such as the main shut off valve, are not turned or tested.

MAIN WATER SUPPLY LINE:

MAIN WATER LINE
MATERIAL:

Copper piping is viewed by the building and appears to be the main supply line for the building. The majority of the main line runs underground from the street to the building, this appears to be the main water line.

MAIN WATER SHUT
OFF LOCATION:



In the parking area at the front of the building.

CONDITION:

Serviceable.

WATER SUPPLY PRESSURE REGULATOR:

CONDITION: There was a pressure regulator observed on the water supply system. It is not known how well or if it is functioning as all its parts are enclosed inside the regulator casing.

WATER VOLUME AT
FIXTURES: Serviceable overall.

INTERIOR WATER SUPPLY LINES:

WATER SUPPLY
PIPING MATERIAL: The interior piping that supplies the water throughout the building is made of copper where viewed.

CONDITION: Serviceable where viewed.

WASTE LINES:

WASTE LINE
MATERIAL: The piping that takes the waste water to the sewer system is a combination of different materials where visible.

CONDITION: A representative examination of the visible waste lines found that those examined were working properly.

WASTE LINE
COMMENTS: **The waste lines are under the slab and in the walls of the building. They are, for the most part, not visible and were not inspected. Due to these being under the slab or under the earth it is only possible to inspect these with specialty camera equipment by a qualified plumber specialist. It is advised to have this done at this time.**

GAS SYSTEM:

SEISMIC GAS SHUT
OFF VALVE: There is an automatic seismic gas shut-off valve installed on the main gas lines.

**GAS METER
LOCATION:**



The gas meters are located on the left side of the building.

CONDITION:

It is advised to have the gas provider inspect the gas system to determine its condition and check all the gas appliances and fixtures. This is usually a free service.

WATER HEATER:

LOCATION:



Roof.

LOCATION
CONDITION:

Serviceable.

FUEL:

Gas.

SIZE:

The heating system is a Boiler with a storage tank.

AGE:

The age of the water heater is unknown but it appears older. The units appear to be original.

CONDITION:



Needs Attention, the water heater is older and nearing the end of its expected life span. There is rust on the unit exterior and interior.

COMBUSTION AIR:

Serviceable.

WATER HEATER
STRAPPING AND
SUPPORT:



Not Acceptable, the water heater needs to be properly strapped for earthquake safety in accordance with standards established by state regulations.

TEMPERATURE/
PRESSURE RELIEF
VALVE:

Serviceable.

VENTING:

Serviceable, however the view is limited.

COMMENTS:

The adequacy or efficiency of any hot water heater cannot be determined in a limited time visual inspection. It is not known how hot water will get or how long it will last and this is many times a matter of personal preference.

This appears to be the water heater for the entire building.

PLUMBING COMMENTS:

WASTE LINE
COMMENTS:

The waste lines that go out to the sewer system are to a large degree installed underground and are not visible. Their condition is unknown. The only way to determine what is going on with them is to have them checked out with a camera by a specialist to determine their true condition and any needed repairs.

GENERAL
COMMENTS:

The majority of the water supply pipes, waste lines and gas lines are underground, in walls or installed in concealed parts of the structure and thus are not visible. Their condition cannot be determined and no representation is made as to their status.

COMMENTS:

The adequacy or efficiency of any hot water heater cannot be determined in a limited time visual inspection. It is not known how hot water will get or how long it will last and this is many times a matter of personal preference.

ELECTRICAL SYSTEM

Electrical features are operated with normal controls. The general wiring, switches, outlets and fixtures are randomly checked in accessible areas. Wiring in the main box is inspected by removing the cover if accessible. While some observations may be code related, this inspection does not determine if the system complies with code. The inspection does not determine electrical capacity, determining over current capacity for any item including appliances, comparing circuit breaker capacity to installed appliance listings, interior or exterior low voltage wiring or fixtures, telephone, security, intercom, stereo, cable or satellite TV, remote controls or timers. The exterior lighting, landscape lighting or any lighting outside the footprint of the building is not inspected. Light bulbs are not removed or changed during an inspection. This inspection does not certify or warrant the system to be free of risk of fire, electrocution or personal injury or death.

MAIN ELECTRICAL SERVICE:

TYPE OF ELECTRICAL SERVICE: 600 Amp.

ELECTRICAL SERVICE TO THE BUILDING: Serviceable.

MAIN PANEL LOCATION:



The main electrical panel is located on the rear exterior wall of the building.

MAIN PANEL AMPERAGE: Service Amperage - 600 amp Stand up panel.

TYPE OF CIRCUIT PROTECTION DEVICE: The main electrical panel is on circuit breakers.

MAIN PANEL CONDITION: Serviceable.

MAIN PANEL CIRCUIT BREAKERS: Serviceable.

GROUNDING SYSTEM: Serviceable.

ELECTRICAL SUBPANELS:

SUBPANEL LOCATION: Each apartment has its own subpanel in the hallway areas.

SUBPANEL CONDITION:



Typical unit sub panels.

Serviceable.

INTERIOR ELECTRICAL WIRING:

WIRING CONDITION: Serviceable.

OUTLETS:

CONDITION: A representative sampling of outlets were tested and those that were checked were found to be in working order.

SWITCHES:

CONDITION: A representative sampling of switches were checked and those that were tested were found to be in working order.

FIXTURES:

CONDITION: Serviceable overall.

EXTERIOR ELECTRICAL:

CONDITION: The exterior lighting outside the building and on the grounds is not part of the inspection.

SMOKE DETECTORS:

CONDITION: Smoke detectors are installed in the correct locations but they are not tested as part of this inspection.

FIRE SUPPRESSION & SAFETY SYSTEMS

FIRE SAFETY SYSTEMS:

This type of building is required to have certain fire safety items. These are items such as exit signs and fire extinguishers. It is advised to check with the local Fire Marshall to determine if this building meets current fire safety regulations.

ELECTRICAL COMMENTS:

ELECTRICAL WIRING COMMENTS:

Low voltage lighting and wiring is excluded from a standard property inspection including outdoor lights, phone lines, security systems and speaker systems. Regular voltage exterior lighting is also excluded.

ELECTRICAL COMMENTS:

The wiring is enclosed within the walls and ceilings and other parts of the structure. It is not visible and its condition cannot be fully determined. No representation is made as to its status.

HEATING AND COOLING SYSTEM

While some observations may be code related, this inspection does not determine if the system complies with code. Weather permitting the systems are operated with normal controls. In order not to damage the system, the air conditioners are not activated if the outdoor temperature is below 65 degrees. Gas furnaces are not checked for carbon monoxide leakage or fire risks. There are carbon monoxide and fire detection devices which can be purchased and installed, which we recommend. Air ducts and registers are randomly checked for air flow. Heat exchangers are specifically excluded from the inspection. They are visually obstructed by the design of the system and a complete inspection requires special tools and disassembly, which is beyond the scope of the inspection. The following items are beyond the scope of the inspection; balance of the air flow, capacity or velocity of the air flow, humidifiers, air duct cleanliness, the ability of the system to heat or cool evenly, the presence of toxic or hazardous material or asbestos, system refrigerant levels, cooling or heating capacity to determine if its sufficient for the building, electronic air filters, solar equipment, programmable thermostats and determining the remaining life of the system. Window A/C's are not built in units and therefore not inspected.

HEATING AND COOLING SYSTEM:

Each Unit has it's own system for heating and cooling.

HEATING AND COOLING SYSTEMS:

LOCATION:



Typical ceiling air handler.

The cooling units are located on the roof and the air handlers are in the ceiling of the hallway.

LOCATION
CONDITION:



Typical ceiling stains.

Needs Attention, most of the hallways have moisture stains in the areas.

SYSTEM TYPE:



Typical roofing condensers.

The systems are a heat pump type system. This is an all electric system that has a condenser that pumps the refrigerant in one direction to cool the building and then reverses it to heat.

FAN AND MOTOR:

Needs Attention, the units on the roof are aged and of the twelve two have been replaced in 2003.

CONDITION:



Needs Attention, The systems are very aged and worn and at or past their expected useful life. Replacement should be considered at this time or in the near future.

Of the twelve units for the building 2 have been replaced in the last five years.

THERMOSTAT: Serviceable however some have been replaced.

DUCTING: Serviceable.

GENERAL
COMMENTS:

There are many moisture stains in the areas of the ceiling air handlers. This is usually due to lack of full maintenance in a timely manner.

It is advised to have all the units serviced and cleaned at this time to ensure safe and properly functioning systems. It is beyond the scope of this general visual inspection to inspect the inner workings of the systems. This can and should be done by a licensed Heating and Cooling specialist at this time.

HEATING AND COOLING COMMENTS:

COMMENTS: Per the California Energy Commission, "Beginning October 1, 2005, Title 24 of the Building Energy Efficiency Standards requires that ducts be tested for leaks when a central air conditioner or furnace is installed or replaced. Ducts that leak 15% or more must be repaired"

A property inspection will not be able to determine if this air loss exceeds the maximum allowed of 15%. This test can only be done by a qualified technician and is beyond the scope of this inspection. It is advised to consult with a qualified specialist on this matter as the examination may determine that repairs or replacement of the ducting system is required.

ROOF SYSTEM

The report is not intended to be conclusive regarding the life span of the roofing system, if it is leak free or how long it will remain leak free in the future. The inspection and report are based on visible and apparent condition at the time of the inspection. The inspection does not address manufacturing defects, fastener appropriateness, if the roof was installed per code, if flashing is present in all locations or the numbers of layers present. Unless a rain has fallen just prior to the inspection, it is not possible to determine if active leakage is occurring. Not all attic areas are readily accessible for inspection. Tile roofs and steeply pitched roofs are not safe to walk on and access is limited on them. Conclusions made by the inspector do not constitute a warranty, guaranty, or policy of insurance. All roofs require periodic maintenance to achieve typical life spans and should be inspected annually. Expect to make minor repairs to any roof.

While it is possible some prior repairs and leaks may be reported, it is not the intention of the inspection to identify and report all prior repairs and conditions. It is recommended to refer to the seller and sellers disclosure about the presence of any roof leaks or prior repairs. Also it should be noted that all gutters have rust and have a limited life span before they need to be replaced.

ROOF OVERVIEW:

It was noted that the roof is approx. 8 years old. Typical life for this type of roof is approx. 20 years.

ACCESS TO ROOF:

The access to the roof is by Interior Stairs.

ROOF:

TYPE OF ROOFING
MATERIAL LOW
SLOPE ROOF:



The roofing material on the low sloped roof is rolled composition roofing.

ROOF ACCESS:

The roof was walked on to inspect it.

ROOF COVERING
STATUS:



The roof appeared generally serviceable.



Need Attention: There is an area at the front of the building that the seal at the base of the wall has had patching done to. See building manager as to the history for this.

EXPOSED FLASHINGS:

CONDITION:



Needs Attention, the mastic is cracked in areas and is not reliable to ensure a watertight seal.

SKYLIGHTS:

CONDITION:



Typical skylight.

Serviceable.

SCUPPER, GUTTERS, DOWNSPOUTS & ROOF DRAINAGE:

SCUPPER OR GUTTER
CONDITION:



Needs Attention, there is a drain at the front of the roof that appears to be partially clogged. Also It is noted that no secondary drains were observed. This is a standard requirement and is strongly recommended.

ROOF DRAINAGE:



Needs Attention: There are no secondary drains around the building.

ROOF COMMENTS:

COMMENTS:

The roof is in need of maintenance at this time. It is advised to have a roofer examine the entire roofing and drainage system and make any needed repairs or do any maintenance functions needed to help ensure a leak free condition at this time.

The roofing has been inspected at a time when it was not raining. Since one of the purposes of any roofing system is to repel water this could not be observed and verified as occurring in all cases. Therefore the roofing has not been tested under wet conditions and how it performs in these conditions is unknown. No warranty is made that the roofing will not leak when it is under a wet condition.

It is important for all roofs to have regular maintenance, including cleaning out any and all drainlines or gutters and ensuring all the penetrations are properly sealed.

FOUNDATION SYSTEM

Structural comments are of the conditions observed at the time of the inspection and are the opinion of the inspector and not fact. If further information or facts are needed, they can be obtained through a structural engineer or foundation expert. The inspection does not determine the potential of the structure to experience future problems, geological conditions or the potential of the underlying soils to experience movement or water flow or whether the soil is stable. If any form of prior structural movement is reported you should expect future movements and possible repairs.

The inspection does not calculate crawl space ventilation capacities, deck and balcony capacity, retaining wall conditions, construction material type, quality or capacity. It does not address the existence of prior repairs, the potential of future repairs, failure analysis, documentation of all possible movement or cracks in floor slabs covered by floor furnishings. It is typical for concrete floor slabs to have some hairline cracks as a result of the normal drying process of the concrete plus the stress occurring by settlement and seismic activity. Crawl spaces are observed in a cursory fashion and wood probing is not done and wood damage, dryrot and termites are not part of this inspection but part of the structural pest control operators report.

FOUNDATION:

RAISED

FOUNDATION: Serviceable.

STRUCTURAL SUPPORT SYSTEM:

This building is a block wall building in the parking garage area.

BASEMENT:

BASEMENT ACCESS: Serviceable. This is the parking garage area.

EXTERIOR

The exterior is viewed in a cursory fashion. Areas of the exterior that are hidden from view by vegetation or stored items cannot be judged and are not a part of this inspection. Minor cracks are typical in many exterior wall coverings and most do not represent a structural problem. Peeling and cracking exterior paint on windows, doors and trim allow water to enter and cause damage and deterioration. It is important to keep these exterior surfaces properly painted and/or sealed. Many times chimneys have hidden undisclosed cracks that cannot be seen. A chimney specialist inspector should be employed to determine the true condition of the structure of any chimney as it is beyond the scope of this inspection to determine damage to chimneys. All exterior grades should allow for surface and roof water to flow away from the foundation and exterior walls.

EXTERIOR COVERING OF THE BUILDING:

MATERIAL: The exterior building covering is stucco.

CONDITION:



Typical view of the rear.

Serviceable overall.

ADDITIONAL NOTES:



The water from the sprinklers appear to hit the exteriors of the building, this can cause deterioration and/or damage and moisture intrusion, water should be directed away from the structure.

EXTERIOR WINDOW SURFACES:

MATERIAL: The exterior window surfaces are metal.
CONDITION: Serviceable overall.

EXTERIOR DOOR SURFACES:

MATERIAL: The exterior door surfaces are wood and metal.
CONDITION: Serviceable overall.

DECKS AND BALCONIES:

TYPE: The deck has a waterproof coating on the surface of it.

DECK CONDITION:



Typical decking.

Serviceable generally however most had personal items on them that limited the view to a large degree.

RAILINGS:

CONDITION: Serviceable.

EXTERIOR COMMENTS:

COMMENTS: This inspection is not a structural pest control inspection, otherwise known as a termite inspection. The "termite" inspection also covers such things as dryrot and wood damage and deterioration as well as wood destroying organisms. Any and all of these items need to be examined and any repairs completed by the "termite" company in a timely manner and they usually have a guarantee on their work. Please refer to the structural pest control report for any information concerning them

This is not a mold or fungus inspection, it is therefore advised to have a mold specialist examine the property and structure and do a complete inspection to determine the presence or not of any mold that may affect the health or safety of the occupants.

GARAGE - CARPORT

Garage doors, starting in 1992, were required to have an electronic beam installed across the garage door opening to automatically reverse the garage door if there was a blockage of the beam. This prevents the door from closing and damaging people or objects that may be in the garage door opening when the door is operated. Prior to the above date, some garage doors had an automatic reverse feature that operated on pressure. If while descending, the door met resistant, it would automatically reverse and not continue to close. The pressure feature of the garage door will not be checked by the inspector as it may damage the garage door to stop it during its operation. It is advised to have all garage doors upgraded with an electronic beam to ensure the safe operation of the door.

GARAGE FLOOR:

CONDITION: Serviceable, with typical wear and tear in areas.

GARAGE DOORS:

TYPE: The garage doors are metal.

CONDITION: Serviceable.

HARDWARE: Serviceable.

OPENERS: Serviceable.

GARAGE INTERIOR:

CONDITION:



Serviceable.

SIDE/REAR DOORS:

CONDITION: Serviceable.

GARAGE COMMENTS:

GARAGE SUMMARY: This is an underground parking area.

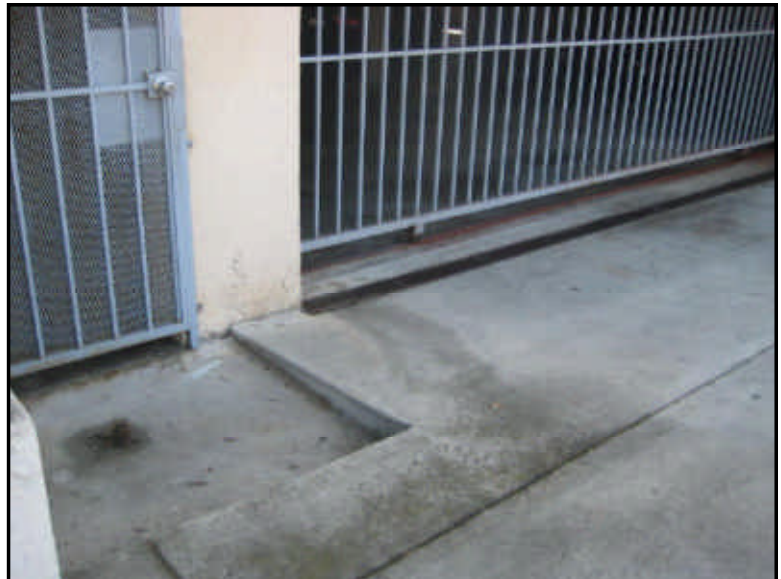
GROUNDS

This inspection is not intended to address or include any geological conditions or site stability information. For information concerning these conditions, a geo-technical engineer should be consulted. Proper grading is important to keep water away from the foundation. If it is not raining during the inspection the course of water flowing toward the structure or off the site cannot be observed. The soil should slope away from the structure to prevent problems caused by excess water not flowing away properly. Gutter discharge should be directed away from the foundation for the same reason. Out buildings, such as storage sheds, on the property are excluded from the inspection. Fire pits, a B.B.Q. and other similar items are not inspected nor is the gas to them tested or lit.

This inspection is visual in nature and does not attempt to determine drainage performance of the site or the condition of any underground piping, including municipal water and sewer service piping or septic systems. Landscape lighting, sprinklers and their timers are not part of a general property inspection. The inspection report does not include the identification of the property boundaries.

DRIVEWAY:

CONDITION:



Serviceable, though it is noted that there are drains in the area that are not tested as part of this inspection.

WALKWAYS:

CONDITION:

Serviceable Overall.

FRONT ENTRY:

CONDITION:



Serviceable.

LANDSCAPING:

CONDITION:



The grounds on the property have generally been maintained.

DRAINAGE:

SITE: Flat site.

DRAINAGE
CONDITION:



Left side drain.

There were no observable defects in the grading and drainage within six feet of the building. though it is noted that there are area drains at the rear pedestrian door and the main entry garage area door that are not tested. Proper maintenance of these is advised at this time to ensure they function properly.

COMMENTS:

Determining the adequacy of the grounds to shed water and prevent moisture intrusion into the structure is beyond the scope of the inspection. It is advised to obtain the history of any drainage problems and monitor the site regarding water run-off and drainage in general.

This inspection does not address drainage issues further than 6 feet from the building. Additionally drainage systems that are not visible such as underground systems are not evaluated or inspected. If more information is required it is advised to consult with a drainage specialist.

PROPERTY WALLS, FENCES & GATES:

CONDITION: Needs Attention, the wooden fencing on the left side is leaning in many areas. Some repairs are advised at this time.

GROUNDS COMMENTS:

The manual or automatic sprinkler systems of the property are not tested or examined. These are not part of any property inspection.

Area drains are not tested as part of this inspection and their condition is unknown. It is recommended that these be tested and cleaned as necessary to ensure they function properly.

INTERIORS

As a general rule, cosmetic deficiencies are considered normal wear and tear and are not reported. The condition of walls behind wall coverings, paneling and furnishings cannot be judged. Minor cracks are found on interior surfaces in all buildings and are typically cosmetic in nature. The condition of floors underneath carpet, furniture and other coverings cannot be determined and is specifically excluded from the inspection and report. Only the general condition of visible portions of floors is included in this inspection. Window and door security bars are not tested or operated. Determining the condition of insulated glass is not always possible due to weather, temperature and lighting conditions. All fireplaces should be cleaned and inspected on a regular basis to make sure that it is a safe and structurally sound system. It is beyond the scope of this inspection to determine and cracking or damage to the chimney or its flue. This can only be determined by a chimney expert.

INTERIOR COMMENTS:

COMMENTS: This is a general visual inspection, there was no destructive or intrusion testing performed. The intention of this report is to inform the client of the overall condition of the property.

ADDITIONAL NOTES: It is typical when a building is remodeled or repairs are undertaken that additional problems surface that were not noted on the inspection report. This is to be expected as walls, floors and ceilings are opened up during the work to reveal areas that were not accessible during the inspection. Any remodeling work undertaken on a property should be expected to reveal some of these problems and it is recommended that additional sums be set aside for this purpose.

This is not a mold or fungus inspection, it is advised to have a mold specialist examine the property and structure and do a complete inspection to determine the presence or absence of any mold that may affect the health or safety of the occupants.

INTERIOR COMMENTS:

COMMENTS: This is a general visual inspection, there was no destructive or intrusion testing performed. The intention of this report is to inform the client of the overall condition of the property and the material defects therein, not to itemize or list all the individual flaws.

GENERAL COMMENTS: The interior of the building has personal items and furniture blocking the view and therefore access to parts of the property.

This is not a mold or fungus inspection, it is advised to have a mold specialist examine the property and structure and do a complete inspection to determine the presence or not of any mold that may affect the health or safety of the occupants.

During this inspection there may be items discovered that require further inspection and/or subsequent repairs. Where further inspection by a specialty trade is advised, this is meant to be done during the inspection period, prior to the contingency expiring and certainly prior to the close of escrow. The whole intent of this procedure being to fully discover the extent of the repairs needed and the associated costs.

INSPECTION LIMITATIONS

SPECIFIC EXCLUSIONS AND LIMITATIONS:

OUR GOAL: Our Goal is to enlighten you as to the condition of the property by identifying material defects that would significantly affect the property and therefore your decisions concerning it. We strive to add significantly to your knowledge of the building. **Thus the goal is not to identify every defect concerning the property but focus upon the material defects and thereby put you in a much better position to make an informed decision.**

GENERALIST VS. SPECIALIST

A property inspector is a generalist and the inspection is conducted along generalist guidelines as listed above. The generalist job is to note material defects in the property he is inspecting. When he observes and finds one or more problems in a system of the property that affects its performance he may then refer the entire system over to a specialist in that field for a further detailed investigation. The specialist is expected to conduct a more detailed examination on that system from his specialist sphere of knowledge and training to determine all the problems with the system and the related costs of repairs. The specialist is inspecting from a depth of knowledge and experience that the generalist does not have.

REPRESENTATIVE SAMPLING:

The building has many identical components such as windows, electrical outlets, etc. We inspect a representative sampling of these only. We do not move any furniture or personal belongings. This means that some deficiencies which were there may go unnoted or there may be items which are impossible to anticipate. We suggest that you plan for unforeseen repairs. This is part of property ownership as all buildings will have some of these repairs as well as normally occurring maintenance.

USE OF THE REPORT:

The inspection report does not constitute a warranty, insurance policy or guarantee of any kind. It is confidential and is given solely for the use and benefit of the client and is not intended to be used for the benefit of or be relied upon by any other buyer or other third party.

PRE-INSPECTION AGREEMENT:

Terms and conditions crucial to interpretation of the report are contained in a separate pre-inspection agreement. Do not use this report without consulting the pre-inspection agreement as use of this report constitutes the acceptance of all the terms, conditions and limitations in that agreement.

MOLD, MILDEW AND FUNGI:

Mold, mildew and fungus are specifically excluded from the inspection and the report. The inspector is not qualified to note the presence or absence of mold. Mold can be a serious problem and should not be overlooked. The structure should be inspected for mold during the inspection contingency period by a specialist in this field to ensure that this hazard does not exist.

WOOD DESTROYING ORGANISMS:

Termites, dryrot, wood rot and wood destroying organisms are covered by a structural pest control operator's report. These are not part of the inspection and the inspector will not be inspecting for them. The Business and Professions Code prohibits anyone but licensed structural pest control operators from commenting on this subject.

BUILDING CODES:

This is not a building code or code compliance inspection. That is a different type of inspection performed by the local municipality, usually during construction. It is advised to obtain all available documentation such as building permits and certificates of occupancy during the inspection contingency period.

HAZARDOUS SUBSTANCES:

Identifying hazardous substances is not part of this inspection. Items such as formaldehyde, lead based paint, asbestos, toxic or flammable chemicals and environmental hazards are not tested for and are not within the scope of the inspection.

INSPECTION LIMITATIONS:

This is a limited time visual inspection. It excludes any items we cannot directly observe such as chimney interiors, furnace heat exchangers, underground piping, etc. These are specialty inspections and those inspections can be arranged using specialized equipment.

Additionally we do not inspect to see if components are installed properly. We do not have the specialized training, instruction sheets or manuals to determine if they meet manufacture's or building code requirements for installation, which can be quite varied. This is part of the specialist's inspection and any questions concerning installation would best be answered by the specialist.



Commercial Real Estate Inspectors

3266 Kirkham Drive
 Glendale CA 91202
 818.957.4654

INVOICE

<i>Received from</i>	<i>Date</i>
Apartment Investor	September 22, 2008.

<i>Description</i>	<i>Amount</i>
Property Inspection <i>Property address:</i> Los Angeles, CA 90066 <i>Inspector:</i> Bob Pace & Dick Sullivan <i>Payment Amount:</i> Terms: Cash/Check/VISA/MC/AMEX Due upon Receipt	\$XXX
PAID IN FULL	\$XXX

Thank you for your business!