

RISK Assessment® Report

February 03, 2010.



Warehouse Client

City of Industry, CA

Inspector - Bob Pace & Beau Gordon
Confidential and Proprietary

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

Report Table of Contents

RISK ASSESSMENT	1
SITE PHOTO	6
INSPECTION CONDITIONS	7
DEFINITIONS AND STANDARDS	8
PLUMBING SYSTEM	10
ELECTRICAL SYSTEM	14
HEATING AND COOLING SYSTEM	18
ROOF SYSTEM	21
FOUNDATION SYSTEM	26
EXTERIOR	27
GROUNDS	30
INTERIORS	33
INSPECTION LIMITATIONS	44



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: City of Industry, CA

<i>CLIENT: Warehouse Client</i>	<i>February 03, 2010.</i>
---------------------------------	-------------------------------

PLUMBING:

<p>1. The expected useful life left in the Plumbing System:</p> <p>The Expected Useful Life left in the system is 50+ years.</p> <p>2. What Maintenance/Repairs are needed immediately for the Plumbing System:</p> <p>Having proper hot water to all restroom sinks is mandatory for hygienic reasons.</p> <p>3. What costs are expected over the next five years for the Plumbing System:</p> <p>Other than recommended and routine maintenance no significant repairs or expenses are anticipated over the next five years</p>	<p>TOTAL: Routine Maintenance</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: in excess of 50 years.</p> <p>2. What Maintenance/Repairs are needed immediately for the Electrical System:</p> <p>It appears that Routine Maintenance is all that will 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.</p> <p>All three units appear to be from the original construction.</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>Two of the three units were leaking at the time of the inspection. It appears the units have not had routine maintenance in the recent past.</p> <p>3. What costs are expected over the next five years for the Heating and Air Conditioning System:</p> <p>It appears that Routine Maintenance is all that will be needed for the next 5 years</p>	<p>TOTAL: Routine Maintenance</p>
---	--

ROOF:

<p>1. What is the expected useful life left in the Roofing System:</p> <p>It appears that this roofing system 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>Due to past leaks some maintenance is advised at this time.</p>	
--	--

<p>3. What costs are expected over the next five years for the Roofing System:</p> <p>It appears that the roofing system will require Routine Maintenance Only for the next five years</p>	<p>TOTAL: Routine Maintenance</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: 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. 30 - 40 years with routine maintenance.</p> <p>2. What Maintenance/Repairs are needed immediately currently for the Site:</p> <p>It is advised to have the sump pumps and the below grade drains fully serviced to ensure proper drainage at the rear dock areas. This is a routine maintenance item.</p>	
---	--

<p>3. What costs are expected over the next five years for the Site:</p> <p>It is advised to have the parking area resealed and restriped in the next five years. This is advised at this time before the site asphalt weathers any more. Expect to pay from \$9,000 - \$11,000 for this.</p>	<p>TOTAL:</p> <p>\$9,000 - \$11,000</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>\$9,000 - \$11,000</p>
---	---

SITE PHOTO



Warehouse Client City of Industry, CA

INSPECTION CONDITIONS

CLIENT & SITE INFORMATION:

DATE OF INSPECTION: February 03, 2010.
TIME OF INSPECTION: 10:00 AM.
CLIENT NAME: XXXXXXXX.
ADDRESS: City of Industry, CA.
INSPECTOR: Bob Pace & Beau Gordon.

CLIMATIC CONDITIONS:

WEATHER: Clear.
TEMPERATURE: 60's.

BUILDING CHARACTERISTICS:

BUILDING TYPE: This is a warehouse with office space.
STORIES: Two for part of the left office space.

UTILITY SERVICES:

UTILITIES STATUS: The utilities were on, There is no natural gas service to the building.

OTHER INFORMATION:

OCCUPIED: Yes.
CLIENT PRESENT: Yes.
GENERAL OVERVIEW: This is for the most part warehouse areas with some minor office spaces. The building has been divided into two spaces with a partition wall between.

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. 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 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 shutoff valves 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:

The visible portion of the water main is composed of copper. This is the water supply piping that runs between the city water meter and the building.

MAIN WATER SHUT OFF LOCATION:

On the left side of the building as you face it from the street.



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 this is beyond the scope of a general visual inspection.

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.

WATER VOLUME AT FIXTURES: Serviceable.

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: The visible waste lines appear to be serviceable.

WASTE LINE COMMENTS: **The interior of the waste lines are not visible. A detailed investigation can only be performed by the use of an internal camera by a specialty contractor.**

GAS SYSTEM:

CONDITION: There is no natural gas service to the building.

WATER HEATER:

LOCATION: 19895

The water heater was observed in the ceiling area over the offices.

The water heater was not accessed for close inspection. Specific details were not obtained.

FUEL: Electric.

SIZE: Appeared to be a 20 gallon from a distance.

AGE: The age of the water heater is unknown but it appears newer.

WATER HEATER
STRAPPING AND
SUPPORT:

Needs Attention: The water heater needs to be properly strapped for earthquake safety in accordance with standards established by state regulations.

WATER HEATER:

LOCATION:



19885 -

The hot water in the restrooms are provided by point of use, insta-hot. None of the water heaters were functioning at the time of inspection.

The kitchen has a small, approximately 2 gallon, water heater that was functioning. The information tag was not visible for particulars.

PLUMBING COMMENTS:

**WASTE LINE
COMMENTS:**

The interior of the waste lines are not visible. A detailed investigation can only be performed by the use of an internal camera by a specialty contractor.

**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.

There is an interior fire suppression system in the building. This is not tested as part of a general visual property inspection. It is advised to have a five year inspection done on the system. No Five year tag was observed.

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. 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 SUPPLY:

PATH OF

ELECTRICAL SUPPLY: The electricity is supplied by an underground line to the building.

ELECTRICAL SUPPLY

CONDITION: Serviceable.

MAIN SUPPLY PANEL :

PANEL LOCATION:

The main electrical panel is located in the utility area of the left side space.



MAIN PANEL SPEC'S:

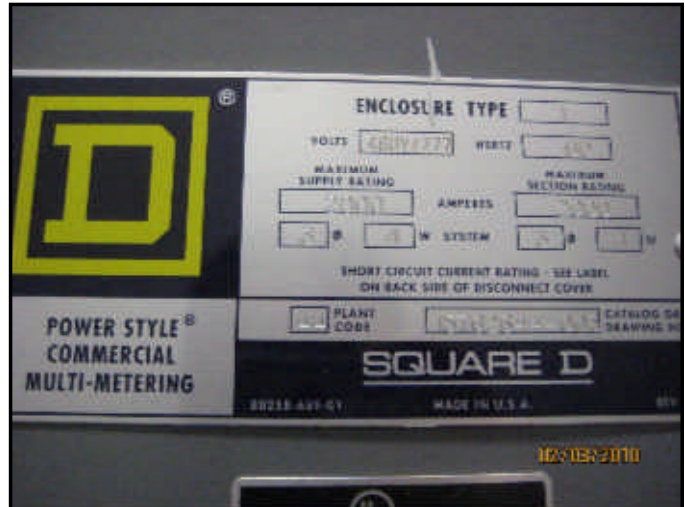
This is a 3 phase,
4 wire system.

480Y/277 volt.

2000 Amps.

For each space
there is a 400
amp service.

There are extra
spaces for meters
at the main panel
and it is possible to divide the space up into specific areas with their
own power and meter controls.



**MAIN PANEL
PROTECTION DEVICE:**



The main panel disconnect is a circuit breaker for each unit.

**MAIN PANEL
CONDITION:**

Serviceable.

**MAIN PANEL CIRCUIT
BREAKERS:**

Serviceable.

**GROUNDING
SYSTEM:**

Serviceable.

ELECTRICAL SUBPANELS:

SUBPANEL
LOCATION:



There is an electrical subpanel in each of several areas on the property and next to the main panel.

SUBPANEL
CONDITION: Serviceable.

INTERIOR ELECTRICAL WIRING:

TYPE OF WIRING
CONDUIT: For the most part the conduit that was viewed is Rigid, meaning a solid metal type.

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.

FIRE SUPPRESSION & SAFETY SYSTEMS

FIRE SUPPRESSION SYSTEMS:

There is an interior fire suppression system in the unit. This is not tested as part of a general visual property inspection.



FIRE SAFETY SYSTEMS:

This type of building site 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 SYSTEM 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. 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 a representative sampling of 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 are additional items that 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 usually inspected.

GENERAL COMMENTS:

There are two roof mounted units for the office spaces on the left. One is for the upper floor.

There is one roof mounted unit on the right side for the office space.

All appear to be original.

HEATING AND COOLING SYSTEMS:

LOCATION:



The heating and cooling units are located on the roof.

LOCATION
CONDITION:

Needs Attention, one of the units, the smaller of the two on the left side is sitting on wooden blocks. This is not a reliable method regarding moisture intrusion. It is advised to have platforms with metal caps installed to help ensure a leak free condition.



SYSTEM TYPE:

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.

CONDITION:

Not Acceptable two of the three units are leaking. Corrections are needed at this time.

Overall the units appear to be serviceable.



THERMOSTAT:

Serviceable.

RETURN AIR AND FILTERS:

Needs Attention, the larger unit over the left side office space had the filter cover off. It was reinstalled however the filters were dirty and in need of being changed.



DUCTING:

Serviceable.

GENERAL COMMENTS:

It is advised to have each of 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:



ACCESS TO ROOF:

Access to the roof is via a ladder that is accessed inside the building.

ACCESS CONDITION:



Needs Attention, the bottom of the ladder has been damaged and is leaning to the side. Also The roof access is not up to current OSHA standards in regards to safety for such items as proper height and style of Grab Bars.

ROOF:

ROOF STYLE:



The roofing system is a flat roof with a low pitch.

TYPE OF ROOFING
MATERIAL LOW
SLOPE ROOF:

The roofing material on the low sloped roof is multi layered roofing materials.



ROOF ACCESS:

The roofing was walked on to inspect it.

ROOF COVERING STATUS:

The roof appeared generally serviceable.

ATTIC:

TYPE OF ROOF FRAMING:



The roof is supported by structural beams and cross supports.

ROOF FRAMING CONDITION:

Serviceable.

ROOF VENTILATION:

Serviceable. This is done by the skylights.

ATTIC INSULATION:

INSULATION
CONDITION:

Serviceable however the view is limited.

EXPOSED FLASHINGS:

CONDITION:

Serviceable.

SKYLIGHTS:

CONDITION:

**Serviceable
however the
vents on the side
can allow
moisture to
enter during
heavy rains.**



SCUPPER, GUTTERS, DOWNSPOUTS & ROOF DRAINAGE:

SCUPPER OR GUTTER
CONDITION:

Serviceable.



DOWNSPOUT
CONDITION:

Serviceable.

ROOF COMMENTS:

COMMENTS:

It was disclosed during the inspection that there have been leaks in the past. These appear to be for the most part around the skylights and the HVAC equipment.

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:

SLAB ON GRADE:

The building is on a slab foundation. This is a monolithic, meaning one solid piece, of concrete that is resting directly on the earth.

SLAB ON GRADE COMMENTS:



There are cracks in the slab that appear to be typical for the age and style of construction. However if you need a more detailed evaluation it is advisable to contact a structural engineer or a foundation specialist.

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 OVERVIEW:



EXTERIOR COVERING OF THE BUILDING:

MATERIAL: The exterior building covering is Concrete Tilt Up construction.

CONDITION: Serviceable overall, There is typical cracking in the exterior walls.

EXTERIOR WINDOW SURFACES:

MATERIAL:

The exterior window surfaces are metal.



CONDITION: Serviceable overall.

EXTERIOR DOOR SURFACES:

MATERIAL: The exterior door surfaces are metal.

CONDITION:



Serviceable overall.

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.

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, with typical wear and tear in areas.

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:



There were no observable significant defects in the grading and drainage around the immediate building areas however there are some signs of past standing water in the rear around the drains by the docks. It is noted that the site is a "flat" or very low slope site and it is expected that there will be some areas where water will pool or pond during rainy periods.

It is advised to consult the current owner to determine if there have been any history of adverse conditions in the past after rains.

There are Sump pumps on the Site. These were not tested. It is advised to obtain full disclosure from the seller to determine what the status of this piece of equipment is and the history of it's performance to ensure it has performed up to reasonable expectations. It appears that these may not be draining properly due to debris around them in the rear.

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.

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.

INTERIOR AREAS:

OVERALL:



The single building is divided into two separate spaces and addresses. The interiors were generally found to be serviceable overall. Any exceptions will be noted in the following, with reference to the address where applicable.

The office spaces are for the most part carpet flooring with dropped/suspended ceilings and drywall/plaster walls, although there are areas of ceramic floor.

PICTURES:



MAIN ENTRY DOOR:



Serviceable.

ENTRY:

Serviceable, with typical wear.

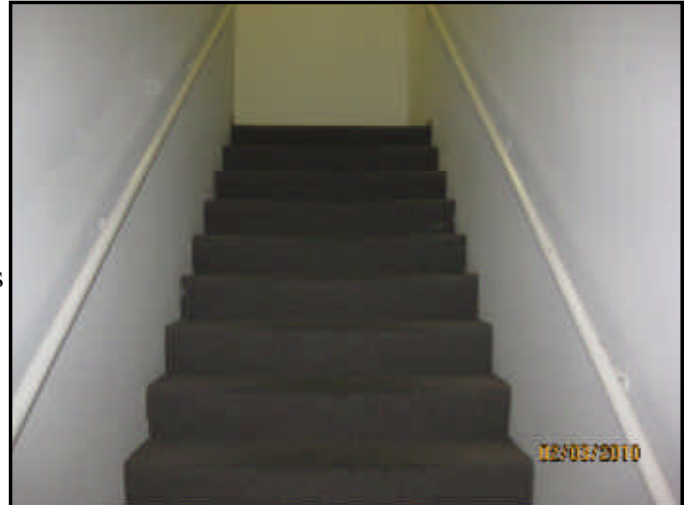
HALLWAYS:

Serviceable overall with typical wear.

STAIRWELLS:

19885 has a second floor office space, where 19895 is single story offices.

The stairwell was found to be serviceable.



STAIR CONDITION:



Needs Attention: The covering of the stairs is worn and deteriorated.

RAILING CONDITION:

Serviceable.



EXIT SIGNS:

Needs Attention: Although there are signs present, they do not appear to be in sufficient number and/or are improperly placed. A examination into the current requirements of this municipality



would reveal what the current requirements are as to placement and types of signage required.

OFFICE AREAS:



Serviceable overall with typical wear within 19885.

Needs Attention: There are areas of moisture stains and/or damage on the ceiling, primarily noted within 19985 on the second floor. Only one minor instance of moisture staining was observed in the other unit.

It was reported that the major moisture staining within the large office occurred in the last rain storm, with the balance being due to moisture that appears to be originating from the roof mounted air conditioning units. See the heating section of the report for additional information.

PICTURES:



KITCHEN FACILITIES:



19895 - Serviceable.

The kitchen surfaces and primary components in this brief test appeared to be in serviceable condition.

CABINETS:

Serviceable: However the cabinet finish has deteriorated at the sink area.

19885 -
Serviceable.



EXTERIOR DOORS
ROLL UP DOORS:

Serviceable.



Serviceable, with typical wear, though it is noted that there is minor damage at two of the ten doors. Three of the ten doors were lock and could not be tested.

EXTERIOR DOOR
SECURITY:
INTERIOR DOORS:

Serviceable.

Serviceable.

WINDOW CONDITION: A representative sampling was observed of the windows. Windows as a grouping are generally serviceable.

WINDOW COMMENTS: It is noted that all the windows in the building are fixed and unopenable.

FLOORING CONDITION: 19895 - The general condition of the carpeting appears serviceable.
19885 - Needs Attention, the carpeting is generally worn and stained in various locations.

CEILINGS: The tile flooring was found to be serviceable, throughout.
Needs Attention: There are locations throughout the second floor of 19885 that have moisture stained ceiling tiles.

WALLS:



Serviceable overall, though dirty and needing paint in some areas, primarily within 19885.

RESTROOMS -

**RESTROOM
FIXTURES:**



199895 - Mens Restroom

Serviceable overall. The fixtures were operated briefly and all operated in a serviceable manner.

Sink

Needs Attention: The sink is loose.

The restroom appears to meet current ADA requirements. (It is noted however that exact details and measurements were not taken)



The interior surfaces, such as the walls, ceiling and such were found to be serviceable.

It was noted that all of the bathroom mirrors in this side were taped to the walls.

**199895 -
Womens
Restroom**

Serviceable overall. The fixtures were operated briefly and all operated in a serviceable manner.

The restroom appears to meet current ADA requirements. (It is noted however that exact details and measurements were not taken)



The interior surfaces, such as the walls, ceiling and such were found to be serviceable.

199895 - Warehouse Unisex Restroom

Serviceable overall. The fixtures were operated briefly and all operated in a serviceable manner.

The interior surfaces, such as the walls, ceiling and such were found to be serviceable.

199885 - Mens Restroom

Sink

Needs Attention: There is no or insufficient hot water to the sink. This is required for hygienic reasons. This was noted throughout this unit. The restroom appears to meet current ADA requirements. (It is noted however that exact details and measurements were not taken)

The interior surfaces, such as the walls, ceilings and such are generally aged and worn, but remain serviceable.

199885 - Womens Restroom

Needs Attention: The toilet is loose.

The restroom appears to meet current ADA requirements. (It is noted however that exact details and measurements were not taken)

The interior surfaces, such as the walls, ceiling and such were found to be serviceable.

Warehouse Unisex Restroom

**Sink
Needs
Attention:
There is no or
insufficient hot
water to the
sink. This is
required for
hygienic
reasons.**



The restroom appears to meet current ADA requirements. (It is noted however that exact details and measurements were not taken)

The interior surfaces, such as the walls, ceiling and such were found to be serviceable.

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.

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.