



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: Thousand Oaks, CA 91360

CLIENT: Restaurant Investor

16 Apr 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>Remove and replace the water heater storage tank.</p> <p>3. What costs are expected over the next five years for the Plumbing System:</p> <p>\$1000 - \$1500</p>	<p>TOTAL:</p> <p>\$1000 - \$1500</p>
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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>Zinsco panels have been observed on the site. These panels have been reported to not perform as designed and are a potential fire/safety hazard. Further review by a qualified electrician is advised at this time for safety. Replacement of these panels is the most common recommendation. Please see the inspection report for more details.</p>	
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<p>3. What costs are expected over the next five years for the Electrical System:</p> <p>A detailed evaluation of the entire system is needed before any cost estimates can be given accurately. This will require a qualified electrical professional at this time. Sub panel replacements are from approx. \$2500 - \$3500 depending on size and complexity</p>	<p>TOTAL: Specialty Evaluation is needed to determine costs</p>
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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. 15-17 years.</p> <p>All units on the roof are approx. 23 years old and past 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>\$75,000 - \$100,00</p>	<p>TOTAL: \$75,000 - \$100,00</p>
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ROOF:

<p>1. What is the expected useful life left in the Roofing System: For the tile sections it appears that the roof is in need of extensive maintenance at this time and during this investigation it may be found that the tile sections of the roof are at the end of their expected useful life and in need of being completely redone.</p> <p>The flat roof section 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: It is advised to remove all debris from the roof.</p> <p>A full review by a qualified roofing contractor is advised at this time for the tile and the low slope roofing. Though full review by a qualified roofing contractor is recommended at this time replacement of the existing tile roof system is a strong possibility.</p> <p>3. What costs are expected over the next five years for the Roofing System: Further review is advised by a qualified roofing expert to determine the scope of work needed. If the tile roof only needs minor repairs then the costs could be as low as \$1500 - \$2500. If the tile roof is in need of replacement expect \$15,000 - \$20,000</p>	<p>TOTAL: Specialty Evaluation is needed to determine scope of work.</p> <p>\$1,500 - \$20,000</p>
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STRUCTURE:

<p>1. What is the expected useful life left in the Structural System: It appears that the expected useful life is, 20 - 30 years</p>	
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<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>
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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>Full review of the wooden beams on the exterior due to deterioration. A full "Termite" inspection is advised at this time by a qualified pest control specialist for the whole site.</p> <p>Also it is advised to have the parking area repaired where needed, resealed and restripped at this time.</p> <p>3. What costs are expected over the next five years for the Site:</p> <p>For the repairs and resealing expect to pay from \$12,000 - \$15,000. The wooden beam repairs and other termite related issues will require a full investigation and pricing is not possible at this time without this review</p>	<p>TOTAL:</p> <p>\$12,000 - \$15,000.</p>
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TOTAL COMBINED ESTIMATED EXPENSES:

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.

It is stressed that there are other specialist inspections, such as electrical, roofing and termite that are recommended at this time. These are necessary so full and accurate estimates can be known.

TOTAL:

\$90,000 - \$135,000

RISK Assessment[®] Report

April 16, 2008.



Restaurant Investor

Thousand Oaks, CA 9160

Inspector - Bob Pace & Shaun Fabos
Confidential and Proprietary

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

SITE PHOTO



Restaurant Interiors
Thousand Oaks, CA 9160

INSPECTION CONDITIONS

CLIENT & SITE INFORMATION:

DATE OF INSPECTION: April 16, 2008.
TIME OF INSPECTION: 10:00 AM.
CLIENT NAME: Restaurant Investor.
ADDRESS: Thousand Oaks, CA 9160.
INSPECTOR: Bob Pace & Shaun Fabos.

CLIMATIC CONDITIONS:

WEATHER: Clear.
TEMPERATURE: 70's.

BUILDING CHARACTERISTICS:

BUILDING TYPE: Commercial Building being used as a restaurant.
STORIES: Two.

UTILITY SERVICES:

UTILITIES STATUS: The utilities were on.

OTHER INFORMATION:

BUILDING OCCUPIED: Yes.
CLIENT PRESENT: No.
COMMENTS: It is important to understand that though the Inspection Agreement in the back of the report may not have been signed by the client it is understood that use of this Report implies the acceptance of the agreement and all its terms by the client.

PAYMENT INFORMATION:

TOTAL FEE: \$XXX.

PAID BY: Credit Card.

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 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.

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 no automatic seismic gas shut-off valve on the main gas line. This may not need to be installed in this municipality at the time of sale but is recommended for safety.

**GAS METER
LOCATION:**



The gas meter was located on the back of the building.

CONDITION:

Serviceable, 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:



Boiler and storage tank.

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 newer however the storage tank is aged and rusted.

CONDITION:



Needs Attention, the exterior of the water heater storage tank is rusty in areas.

COMBUSTION AIR:

Serviceable.

**WATER HEATER
STRAPPING AND
SUPPORT:**

Needs Attention the upper strap is normally supposed to be within the top third of the tank.

COMMENTS:

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

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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:



There are what appear to be grease interceptors in the rear. These are not part of this inspection. Further review by a qualified plumber is advised at this time.

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:

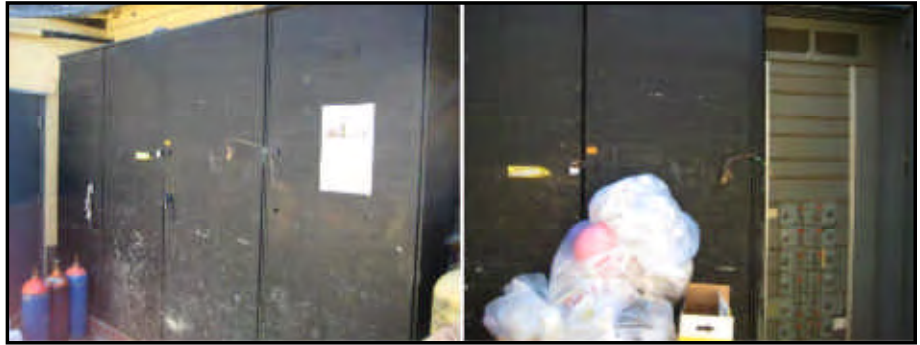
TYPE OF ELECTRICAL SERVICE:

The electricity is supplied by an underground line.

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 -appears to be 1000.

This is the lable that is visible at the only side that can be opened.

TYPE OF CIRCUIT PROTECTION DEVICE:

The shut off device is a disconnect lever was viewed.

MAIN PANEL CONDITION:

Needs Attention, Zinsco panels have been observed on the site. These panels have been known to have breakers that did not cut the power as designed.

Further review is advised at this time by a qualified specialist.

The main panel cover was locked and not accessible at the time

of the inspection and also was not accessible when returning the next day. The panel cover is locked and no key was made available.

GROUNDING SYSTEM COMMENTS:

COMMENTS: The connection of the grounding wires to the grounding system is not visible. It should be connected to a grounding rod and/or the cold water piping system but in many cases these connections are not observable and are covered over within the building.

ELECTRICAL SUBPANELS:

**SUBPANEL
LOCATION:**

There is an electrical subpanel in more than one location around the site. There are sub panels at the main area and in the kitchen area and upstairs.

**SUBPANEL
CONDITION:**



Typical sub panel.

Needs Attention: There are Zinsco panels on the site. These are known to not operate with all the safety aspects other designs of panels have. Further review is advised at this time by a qualified electrical expert to determine the status.

**SUBPANEL
COMMENTS:**

It is advisable to have an electrician examine the system and make all needed repairs to ensure a properly installed and correctly operating electrical system. This investigation of the system should be done prior to the expiration of the contingency period so the repair or replacement costs are known and unwanted expenses are avoided. It is expected that when the electrical specialist checks out the system they will find more problems as this is a general inspection and not designed to list every fault but to isolate areas in need of further detailed inspections.

INTERIOR ELECTRICAL WIRING:

TYPE OF WIRING: The wiring in the unit consists of plastic coated wires.

TYPE OF WIRING

CONDUIT:

The conduit that carries the wiring is a combination of different types.

WIRING CONDITION:



Serviceable overall however there are some open boxes such as by the main water line in the front to the right of the entry that should be properly covered.

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.

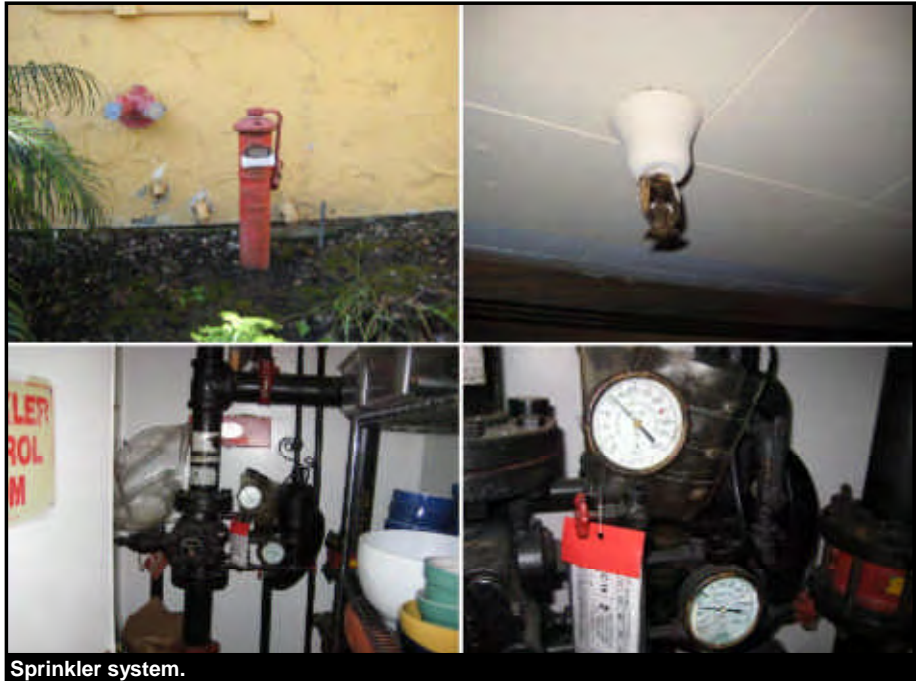
EXTERIOR ELECTRICAL:

CONDITION:

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

FIRE SUPPRESSION & SAFETY SYSTEMS

FIRE SUPPRESSION SYSTEMS:



Sprinkler system.

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 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 PANEL COMMENTS:

It is advisable to have an electrician examine the system and make all needed repairs to ensure a properly installed and correctly operating electrical system. This investigation of the system should be done in a timely manner so the repair or replacement costs are known and unexpected expenses are avoided. It is common that when the electrical specialist checks out the system they will find more problems as this is a general inspection and not designed to list every fault but to isolate areas in need of further detailed inspections.

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.



The heating and cooling systems are located on the roof.

There are two systems that appear to be abandoned.

There are four systems that are aged and worn and appear to be from 1984. Typical life for this type of system is approx. 15 - 17 years when exposed to the elements. These units are past their expected useful life.

Due to two of the systems being abandoned it is not known what they service or if there are areas of the building that are not being serviced at this time. After consulting with the manager who disclosed that he has been on site for over 2 years the building has sufficient cooling and heating when needed.

HEATING AND COOLING SYSTEMS:

LOCATION: The heating and cooling units are located on the roof.

LOCATION
CONDITION:



Debris left - wooden blocks right.

Serviceable generally however due to the excessive debris the base of all units was not able to be seen fully.

Needs Attention for one of the units at the rear center part of it 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 heating and cooling systems are located on the roof and are the type that the gas heating furnace and electric cooling system are packaged in one container and serve both functions.

CONDITION:



Needs Attention of the 4 systems that are in operation all of these systems are very aged and worn and past their expected useful lives. They appear to be in need or replacement at this time due to age and overall condition.

There are two smaller, approx. 5 ton units, that appear to be abandoned and no longer in use.

DUCTING:



Not Acceptable, there is ducting on the roof that is old and worn and deteriorating. These are exposed to the weather and the exterior on them is rusting and not fully sealed.

GENERAL COMMENTS:

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.

COMMENTS:

It is advised to have a licensed heating and cooling contractor examine the heating and cooling systems and make all needed repairs to ensure safe and properly operating systems. It is expected that the heating and cooling specialist may find additional items that need repair as the general inspection is designed to turn the investigation over to the specialist for a more detailed inspection.

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:



This roofing system has two different types of roofing systems. The sloped roofing which is the front exterior and sides is clay tiles. The inner portions of the roofing that is the low slope or flat roof system has a water proof system installed over it.

ATTIC:

TYPE OF ROOF

FRAMING:

The attic has conventional framing in it.

**ROOF FRAMING
CONDITION:**



Needs Attention the ends of the beams are deteriorated in multiple locations at the exterior.

ACCESS TO ROOF:

The access to the roof is by Interior Doorway.

ROOF:

ROOF STYLE:

The roof is a combination of styles.

**TYPE OF ROOFING
MATERIAL SLOPED
ROOFING:**

The roofing material on the sloped roof is made of clay tile.

**TYPE OF ROOFING
MATERIAL LOW
SLOPE ROOF:**



Typical sections of the flat roof.

The material on the low sloped roof is made of waterproofing membrane system.

ROOF ACCESS:

Some of the roof could be accessed and was walked on but not all of it was, such as the flat section at the right and rear areas with the HVAC equipment. The sloped roof was not walked on due to it being tile and easily damaged.

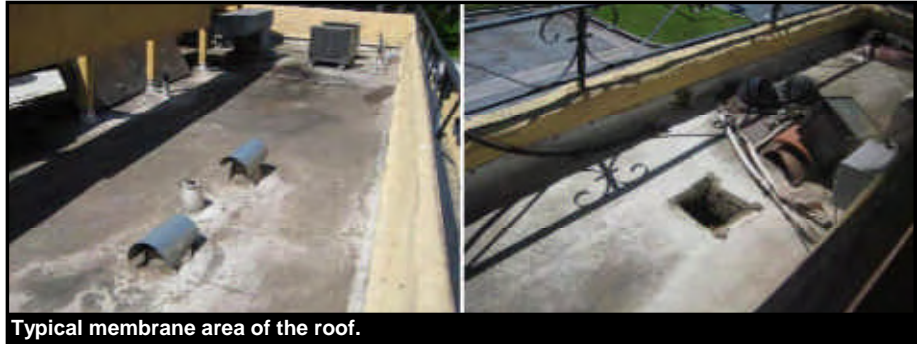
**ROOF COVERING
STATUS:**



Needs Attention, on the tile roof there are areas of cracked tiles, there are displaced tiles that have slipped down and are no longer in the correct location. This allows sunlight to deteriorate the exposed underlayment

on the low sloped roof, The roof does not have the recommended 1/4" per foot slope in it to allow water to run off properly during rains. It is advised to increase the slope on the roof to the recommended 1/4" per foot however this may not be practical do to expense. Review by a roofer at this time is advised. It will be very important that the roof has regular maintenance to help ensure a a leak free condition.





Tile roofing



EXPOSED FLASHINGS:

CONDITION: Serviceable.

ROOF COMMENTS:

COMMENTS: **This type of roofing system on the flat roof requires special maintenance. Due to the debris being on the roof it is advised to have it fully cleaned and inspected by a qualified specialist who is familiar with this type of system. This is a very high quality system.**

Both 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.

It appears that the sloped roofing sections may require extensive repairs and may require complete removal and replacement.

A licensed roofing contractor should examine the entire roof and make all needed repairs (or replacements) to ensure a long lasting leak free condition. The roofing contractor may find more problems with the roof and this is why it is being referred to a specialist so they can determine all the problems and give an

accurate estimate of the costs involved.

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 roof system has not been tested under wet conditions and how it performs in these condition is unknown. No warranty is made that the system 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:

This building is on a monolithic slab of concrete. There were no observable signs of significant settlement or deflection in the slab from observing the finish flooring. It appears to be performing its function of supporting the structure however the the actual slab itself was not seen and it may appear different once the finish flooring is removed. By the nature of slab construction the structure would be bolted to this concrete slab.

SLAB ON GRADE COMMENTS:

The concrete slab is not visible due to floor coverings, thus any cracks cannot be seen, however all concrete has some typical cracking and it is expected that this would have them if it would be fully exposed to view.

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:



Serviceable, there is typical cracking in the exterior walls.

It is noted that there is some damage in the rear.

EXTERIOR WINDOW SURFACES:

MATERIAL:



Typical windows.

The exterior window surfaces are wood.

CONDITION:

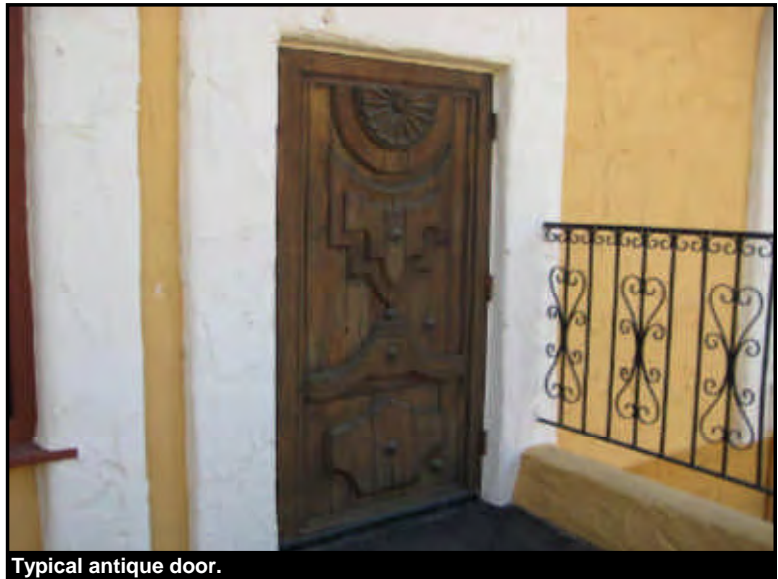
Serviceable overall.

EXTERIOR DOOR SURFACES:

MATERIAL:

The exterior door surfaces are wood.

CONDITION:



Typical antique door.

Needs Attention there are antique doors such as at the upper left and rear that are aged and worn and sagging.

EXTERIOR TRIM:

MATERIAL:

The exterior trim surfaces are wood.

CONDITION:



Needs Attention, the trim is deteriorated in areas in many locations. See pest control report for further details.

RAILINGS:

CONDITION:

Serviceable.

EXTERIOR STAIRS:

CONDITION:



Serviceable with typical wear noted.

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.

Needs Attention the brick around the site is deteriorated in many areas. This is noted not as a structural concern but as a cosmetic issue. Full review is advised by a qualified masonry contractor is advised at this time to determine what the best course of action is.

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.

WALKWAYS:

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

FRONT ENTRY:

CONDITION:



Serviceable.

LANDSCAPING:

CONDITION: The grounds on the property have generally been maintained.

DRAINAGE:

SITE: Gentle slope.

DRAINAGE
CONDITION: There were no observable defects in the grading and drainage within six feet of the building though it is noted that the site is a relatively flat site, it is expected that there will be some areas where water will pool during rainy periods.

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. 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.

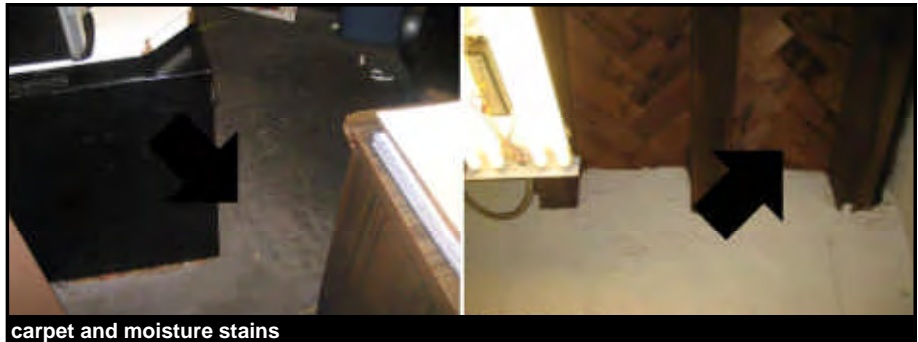
COMMON AREAS:

ENTRY:

This building is occupied by a restaurant. There is parking in the front, left and right side. There are 4 bathrooms on the 1st floor and two on the 2nd floor. There is a bar area up stairs.

The building is made up of drywall/plaster walls, tile floors and custom wood ceiling.

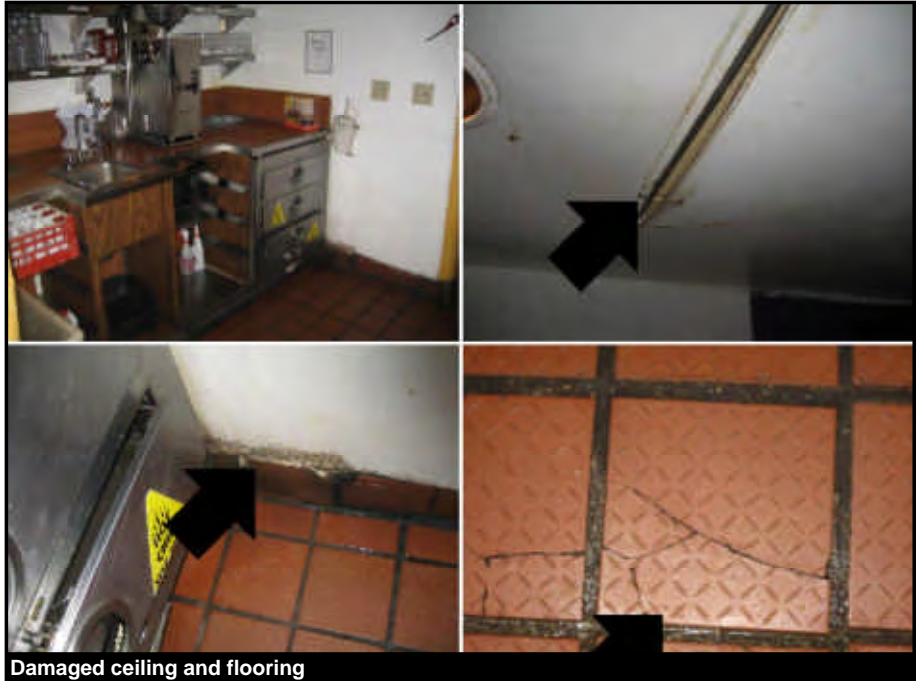
OFFICE:



Needs Attention, there are areas of moisture stains, on the ceiling

The carpet is stained and damage in multiple areas.

SPECIALTY ROOMS:



Damaged ceiling and flooring

Serving station left side

Needs Attention : the ceiling is falling down. There are moisture stains on the flooring and cracked tiles.



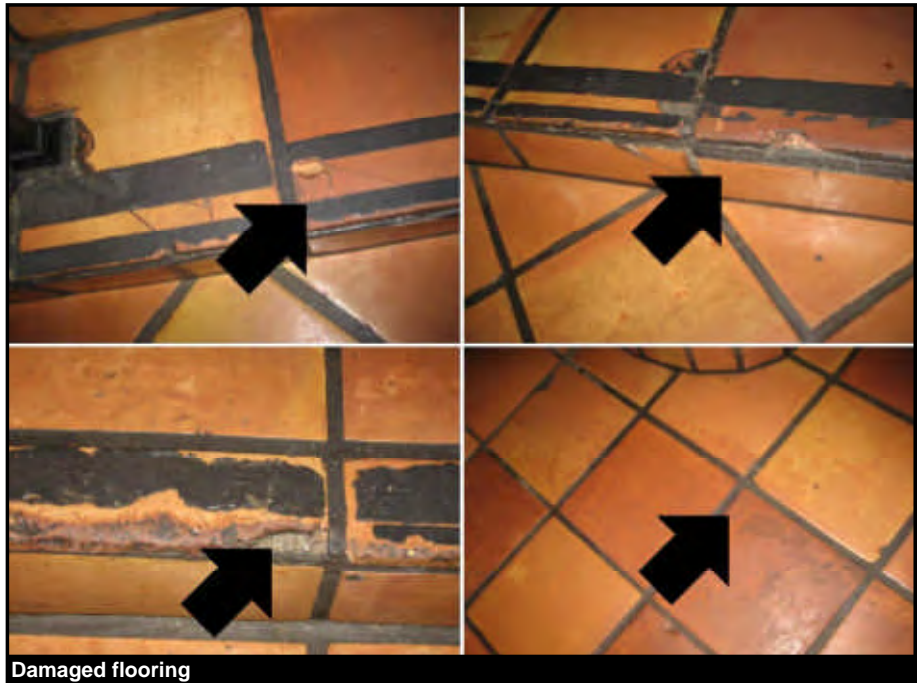
Bar Area

Needs Attention : The flooring is damaged in multiple areas. There appears to be a mold like substance on the flooring.

STAIRWELLS

Serviceable, Typical Wear was noted to the stairwells.

**FLOORING
CONDITION:**



Damaged flooring
Needs Attention, there are areas of cracked and damage floor tiles.

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 items blocking the view in some areas and therefore access to parts 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.

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 any contingency expiring and certainly prior to the close of escrow if this is a sale. The whole intent of this procedure being to fully discover the extent of the repairs needed and the associated costs.

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.

UNIT:



Pictures of the Restaurant.

INTERIORS:

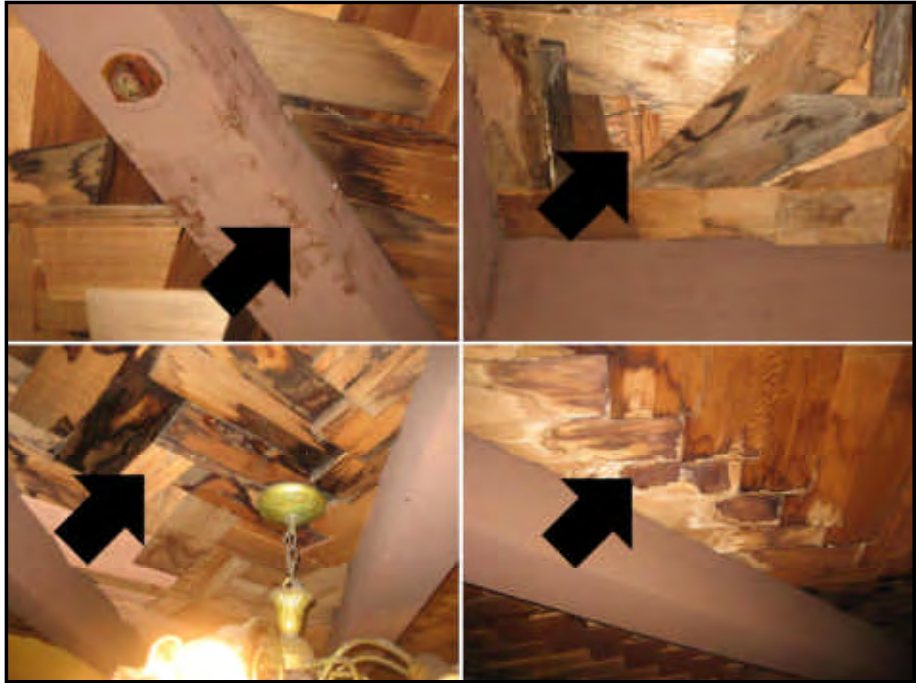


Pictures of ceiling moisture stains
Needs Attention:

WALLS: There are areas of moisture staining on some walls

CEILING: There are areas of moisture stains on the ceiling, There are areas of damage to the ceiling.

FLOOR: The floor has areas of chipped / cracked tile and deteriorated grout.



Pictures of the moisture stains on the ceiling.

KITCHEN:



Needs Attention: While generally functional there are areas of wear and deterioration.

WALLS / CEILING: There are areas of stress cracks or damage in the walls / ceiling.

FLOOR: The flooring has areas of deterioration and damage.



Damaged flooring and walls

Womens Restroom in the kitchen

Not Acceptable:

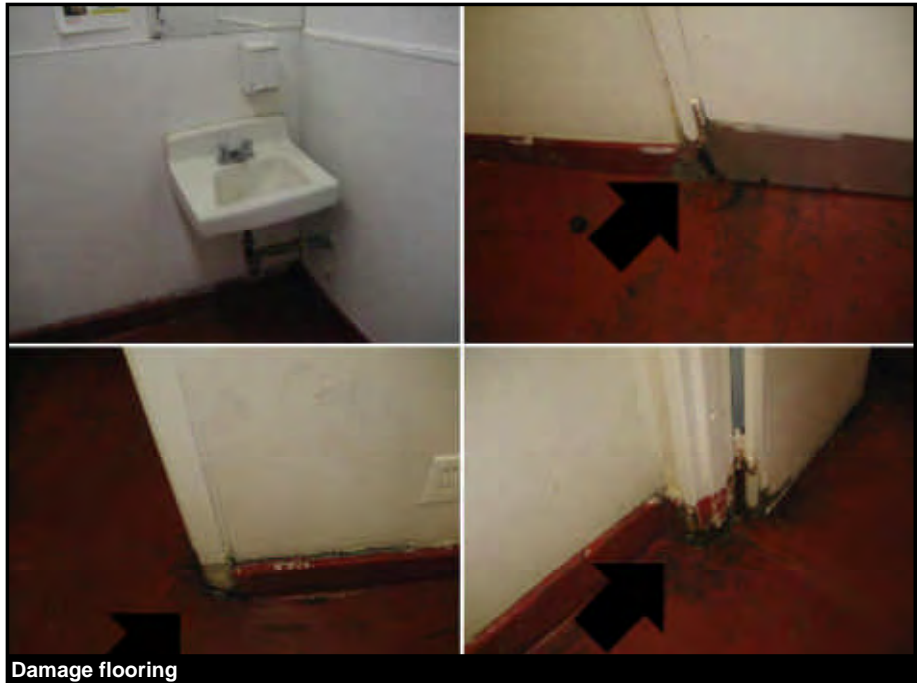
WALLS / CEILING: There are areas of moisture stains / damage on the walls and ceiling There are rough patching and repairs to the walls / ceiling There are areas of damage that will need repair

FLOOR: The floor is worn and damaged in areas. The floor has cracked tile and worn grout.

There is moisture staining and damage to the floor covering and it may need repair / replacement.

SINK: The sink stopper is missing or not working.

TOILET: The toilet is not working properly and needs repairs.



Mens Restroom in the kitchen

Not Acceptable:

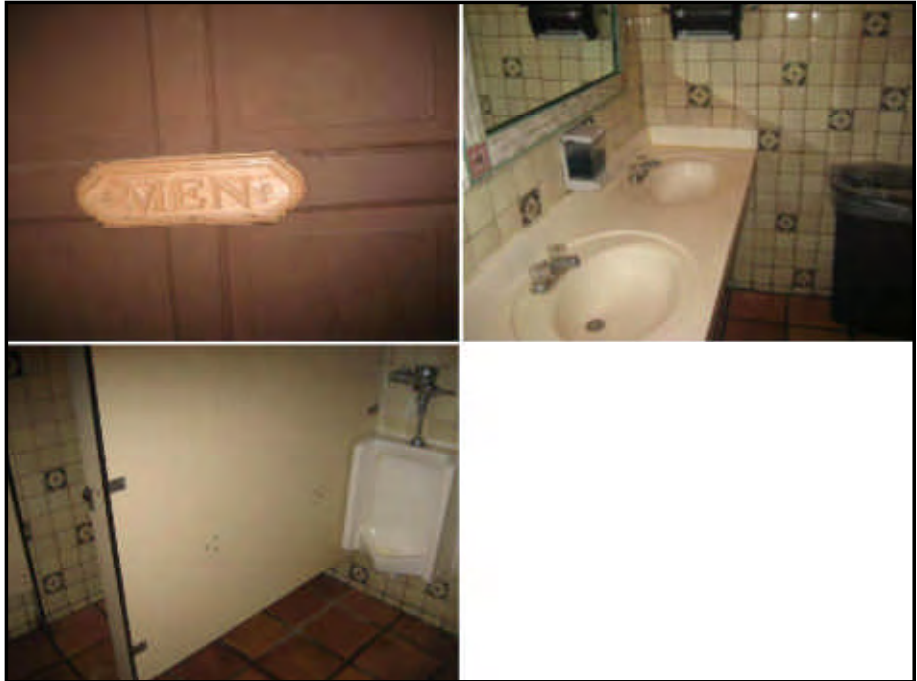
WALLS / CEILING: There are areas of 'black' on the ceiling / walls that may be mold or mildew and should be remedied, There are areas of moisture stains / damage on the walls and ceiling There are rough patching and repairs to the walls / ceiling There are areas of damage that will need repair

FLOOR: The floor is worn and damaged in areas. The floor has cracked tile and worn grout. There is moisture staining and damage to the floor covering and it may need repair / replacement.

SINK:the sink is not properly attached to the wall

TOILET: The toilet is not working properly and needs repairs. The toilet has a broken handle or flush parts and needs repair.

BATH 1:



Mens Restroom 1st floor

Needs Attention: While generally functioning there are areas with noticeable wear that could use servicing and maintenance.

The left urinal dose not flush properly and the right urinal leaks at the base

FLOOR: The floor is worn and damaged in areas.

SINK: The sink stopper is missing or not working. The sink is cracked.

BATH 2:



Needs Attention: While generally functioning there are areas with noticeable wear that could use servicing and maintenance.

WALLS / CEILING: There are areas of moisture stains / damage on the walls and ceiling such as above the door into the bathroom.

FLOOR: The floor is worn and damaged in areas.

SINK: The sink stopper is missing or not working.

BATH 3:



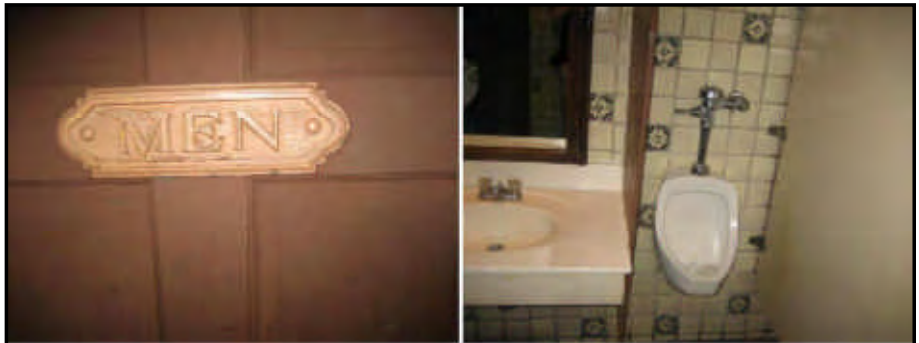
Womens Restroom upstairs

Needs Attention: While generally functioning there are areas with noticeable wear that could use servicing and maintenance.

WALLS / CEILING: There are areas of damage that will need repair such as behind the toilet

FLOOR: The floor is worn and damaged in areas. There is moisture staining and damage to the floor covering and it may need repair / replacement.

BATH 4:



Mens Restroom upstairs

Needs Attention: While generally functioning there are areas with noticeable wear that could use servicing and maintenance.

WALLS / CEILING: There are areas of damage that will need repair

FLOOR: The floor is worn and damaged in areas.

SINK: The sink stopper is missing or not working.

TOILET: **The toilet is loose and not correctly attached to the floor.** Mens Restroom upstairs.

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.

CONDITION:

PARKING LOT:

DRIVEWAY:



Typical sections of the parking area.

Needs Attention, The parking for the site is in an asphalt parking lot. There are striped spaces. The parking areas are in need of being resealed and restripped. The parking areas are worn and aged.



Commercial Real Estate Inspectors

3266 Kirkham Drive
 Glendale CA 91202
 818.957.4654

INVOICE

<i>Received from</i>	<i>Date</i>
Restaurant Investor	April 16, 2008.

<i>Description</i>	<i>Amount</i>
Property Inspection <i>Property address:</i> Thousand Oaks, CA 9160 <i>Inspector:</i> Bob Pace & Shaun Fabos <i>Payment Amount:</i> Terms: Cash/Check/VISA/MC/AMEX Due upon Receipt	\$XXX
PAID IN FULL	\$XXX

Thank you for your business!