



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 warranty is given.

No cosmetic concerns have been addressed in these estimates.

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

ADDRESS: Paramount, CA

CLIENT: City Investment

2 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, 30 - 50 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>3. What costs are expected over the next five years for the Plumbing System:</p> <p>Other than routine maintenance no immediate expenses are anticipated for the next five years</p>	<p>TOTAL:</p> <p>Routine Maintenance</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>The system appeared to be in serviceable condition at the time of the inspection and other than routine maintenance no immediate significant deficiencies or repairs were observed to be needed.</p> <p>3. What costs are expected over the next five years for the Electrical System:</p> <p>The electrical system appears to be Serviceable and no major expenses are anticipated for the next five years other than minor repairs and routine maintenance</p>	<p>TOTAL:</p> <p>Routine Maintenance</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>There are 11 units on the roof. The typical life for roof mounted units such as these is approx. 15-17 years. All units appear to be original which means that are approx. 17 years old and at the end of their expected useful life.</p> <p>2. What Maintenance/Repairs are needed immediately for the Heating and Air Conditioning system:</p> <p>It is advised to have each unit fully serviced at this time which will typically cost approx. \$100 - \$150 per individual unit.</p> <p>3. What costs are expected over the next five years for the Heating and Air Conditioning System:</p> <p>Within the next five years significant maintenance, repairs and/or replacements will most likely be needed to the units per industry standards due to age. Replacement cost for each is approx. \$5,000 - \$9,000 at todays costs.</p>	<p>TOTAL: \$55,000 - \$100,000</p>
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ROOF:

<p>1. What is the expected useful life left in the Roofing System:</p> <p>It appears that the roof has approx. 10 + years of expected useful life left in it if it is properly maintained.</p> <p>2. What Maintenance/Repairs are needed immediately for the Roofing System:</p> <p>It appears that the roofing system is in serviceable condition and that no significant repairs or maintenance other than routine maintenance is needed at this time.</p>	
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<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:</p> <p>Routine Maintenance</p>
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STRUCTURE:

<p>1. What is the expected useful life left in the Structural System:</p> <p>It appears that the expected useful life is, from roughly 30 - 50 years</p> <p>2. What Maintenance/Repairs are needed immediately for the Structural System:</p> <p>No significant repairs at this time other than routine maintenance.</p> <p>3. What costs are expected over the next five years for the Structural System:</p> <p>No significant costs are anticipated in the next five years to the Structure</p>	<p>TOTAL:</p> <p>Routine Maintenance</p>
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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>It appears that only Routine Maintenance is needed at this time.</p>	
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<p>3. What costs are expected over the next five years for the Site:</p> <p>No significant costs are anticipated for the next five years for the site and grounds other than routine maintenance</p>	<p>TOTAL:</p> <p>Routine Maintenance</p>
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<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>\$55,000 - \$100,000</p>
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RISK Assessment[®] Report

April 02, 2008.



City Investment

Paramount CA.

Inspector - Bob Pace & Shaun Fabos
Confidential and Proprietary

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

SITE PHOTO



City Investment
Paramount CA.

City Investment Paramount CA

INSPECTION CONDITIONS

CLIENT & SITE INFORMATION:

DATE OF INSPECTION: April 02, 2008.
TIME OF INSPECTION: 10:00 AM.
CLIENT NAME: City Investment.
ADDRESS: Paramount CA.
INSPECTOR: Bob Pace & Shaun Fabos.

CLIMATIC CONDITIONS:

WEATHER: Clear.
TEMPERATURE: 60's.

BUILDING CHARACTERISTICS:

BUILDING TYPE: Commercial Building.
STORIES: One.

UTILITY SERVICES:

UTILITIES STATUS: There is no natural gas service to the building per disclosure.

OTHER INFORMATION:

BUILDING OCCUPIED: Partially Occupied.
CLIENT PRESENT: Yes.

PAYMENT INFORMATION:

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

DEFINITIONS AND STANDARDS

TERMS OF THE INSPECTION:

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

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

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

PLUMBING SYSTEM

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

MAIN WATER SUPPLY LINE:

MAIN WATER LINE

MATERIAL:

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

MAIN WATER SHUT OFF LOCATION:



On the right side of the building inside at the front corner of the Video store.

CONDITION:



Not Acceptable, there is a leak outside at the building connection.

WATER SUPPLY PRESSURE REGULATOR:

CONDITION: Needs Attention, no pressure regulator was observed at the main line where it enters the structure. Sometimes they are installed in other areas and it is advised to check with a professional to determine if there is one on the system or not.

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.

Needs Attention, per disclosure there have been blockages in the past of the waste lines. Full internal camera review is advised at this time.

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:

CONDITION:

There is no natural gas service to the building.

WATER HEATER:

LOCATION:



Over the rear storage section for the bikes.

LOCATION
CONDITION:

Serviceable.

FUEL:

Electric.

SIZE:

30 Gallons.

AGE:

Appears to be original from 1991 or 17 years old. Water heaters have an expected life of 8 - 12 years.

CONDITION:



Needs Attention, the water heater is very old and past its expected life span. It may need to be replaced soon. Also the exterior of the water heater is rusty in areas.

WATER HEATER
STRAPPING AND
SUPPORT:

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

TEMPERATURE/
PRESSURE RELIEF
VALVE:

Serviceable.

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.

WATER HEATER:

LOCATION
CONDITION:



In the rear of the salon.

FUEL:

Electric.

SIZE:

120 Gallons.

AGE:

The age of the water heater is unknown but it appears older.

CONDITION:

Needs Attention, the electricity to the unit was off and the unit was not operational and it's operation could not be tested.

WATER HEATER
STRAPPING AND
SUPPORT:

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

TEMPERATURE/
PRESSURE RELIEF
VALVE:

Serviceable.

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.

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.

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:

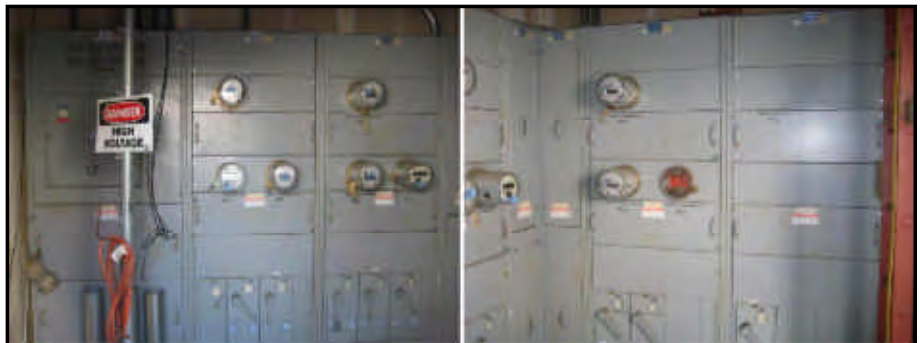
TYPE OF ELECTRICAL SERVICE:

The electricity is supplied by an underground line. This is a 3 Phase 4 Wire system.

ELECTRICAL SERVICE TO THE BUILDING:

Serviceable.

MAIN PANEL LOCATION:



The main electrical panel is located in the utility area at the rear of the building.

MAIN PANEL AMPERAGE:

Service Amperage - 1000.

TYPE OF CIRCUIT
PROTECTION DEVICE:



The shut off device is a disconnect levers.

MAIN PANEL
CONDITION:

Serviceable.

MAIN PANEL CIRCUIT
BREAKERS:

Serviceable. It is noted there are 9 - 200 amps breakers and one house 100 amp breaker.

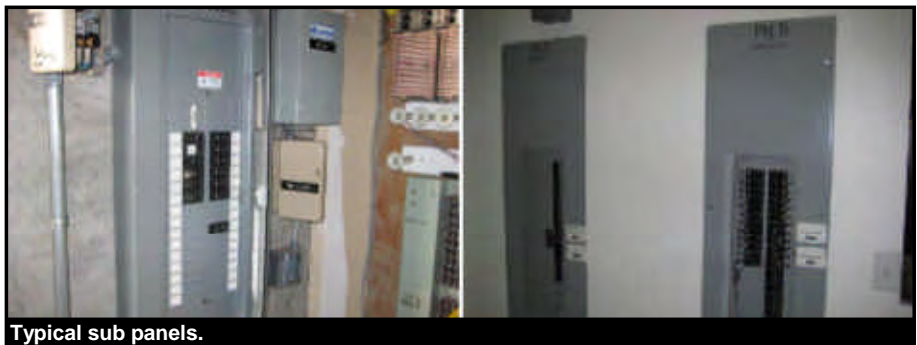
GROUNDING SYSTEM COMMENTS:

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 each unit usually in the rear areas.

SUBPANEL
CONDITION:

Serviceable overall.

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:



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

An updated 5 year sprinkler inspection is advised at this time for health and safety.

**FIRE SAFETY
SYSTEMS:**

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

ELECTRICAL COMMENTS:

**ELECTRICAL WIRING
COMMENTS:**

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

**ELECTRICAL
COMMENTS:**

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

HEATING AND COOLING SYSTEM

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



Overview of the roof mounted units.

There are a total of 11 roof mounted units on the site. All are the same type and style and all appear to be original and in similar condition generally.

HEATING AND COOLING SYSTEM:

The units service the office areas.

HEATING AND COOLING SYSTEMS:

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

LOCATION
CONDITION:



Serviceable.

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:



Needs Attention, The units are aged and worn. Though they may be at or near the end of their expected useful life and still functional it is noted that this type of unit has a life expectancy of approx. 15 - 17 years and these units are at or near this age.

Not Acceptable, it is noted that three of the units, the left three as you face the building from the street are leaking at the base. This appears to be from condensate leaks.

DUCTING:



Needs Attention, there is ducting on the roof that has improper sealing material applied to them. This type of sealer is not designed for exposed roofing ducts. This has been done to 6 of the 11 units.

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. Due to the age of the units within the next five years expect extensive repairs or replacement of most of the units.

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:



ATTIC:

ACCESS TO ATTIC:



Typical attic view over dropped ceilings

ROOF FRAMING
CONDITION:



Typical views.

Serviceable, where visible however there are areas of stains on the framing lumber as from former roof leaks

ACCESS TO ROOF:



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

ATTIC INSULATION:

INSULATION
CONDITION:

Needs Attention, the insulation has been disturbed and good coverage is no longer present in some portions of the attic. 8 - 12 inches of insulation is standardly recommended in the attic for energy savings.

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 rolled composition roofing with a reflective coating installed over it.

ROOF ACCESS:

The roof was walked on to inspect it.

**ROOF COVERING
STATUS:**



The roof appeared generally serviceable.

It is noted some wrinkles were noted on the roofing material at the right front near the HVAC units. This is usually is an indication that the roof was not properly installed. This may be due to installing roofing material over other roofing materials. The only way to fully determine the true condition is to do a roof coring which is beyond the scope of this inspection.

EXPOSED FLASHINGS:

CONDITION:



Typical flashings.

Serviceable.

SCUPPER, GUTTERS, DOWNSPOUTS & ROOF DRAINAGE:

SCUPPER OR GUTTER
CONDITION:



Serviceable.

DOWNSPOUT
CONDITION:

Serviceable.

ROOF DRAINAGE:

This building contains roof drains. The majority of the piping for these drains is contained in the walls or ceilings of the building. The piping is concealed for the most part. Visual inspection of these drains is limited to the areas visible on the roof and at the exit locations. If further investigation is needed it is advised to have the drains examined by a qualified specialist with an internal camera.

ROOF COMMENTS:

NOTES:

This type of roofing material usually requires having some coating installed over it approx. every 5 - 7 years.

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:



Concrete Tilt Up construction.

CONDITION:

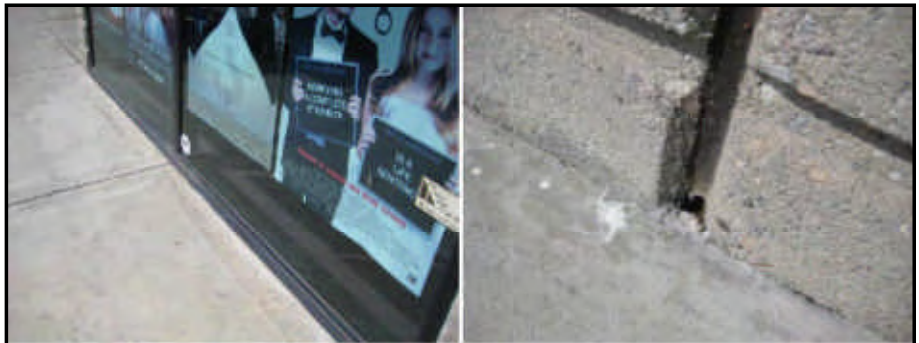
Serviceable.

EXTERIOR WINDOW SURFACES:

MATERIAL:

The exterior window surfaces are metal.

CONDITION:



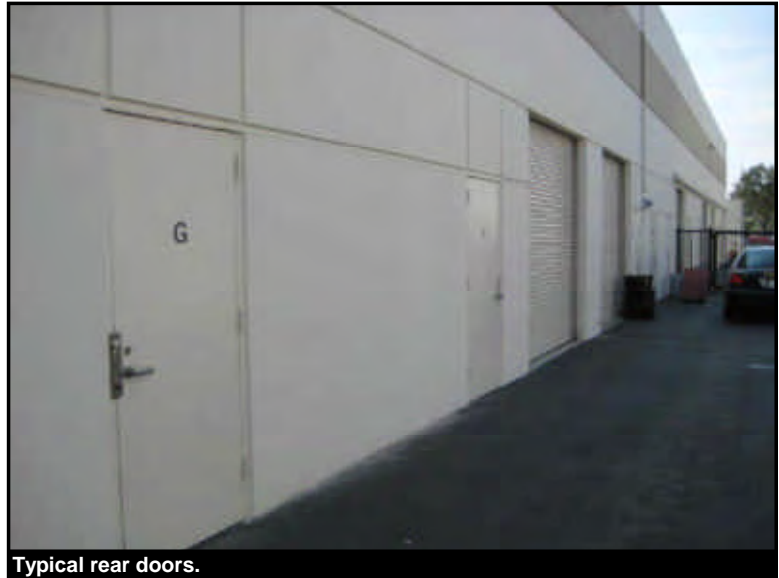
Serviceable overall.

Needs Attention, the metal window seals are aged and worn with some areas that no longer appear to be a weather tight seal. This is noted to areas such as at the corners of some windows in front of the Sheriffs area.

EXTERIOR DOOR SURFACES:

MATERIAL: The exterior door surfaces are metal.

CONDITION:



Typical rear doors.

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.

WALKWAYS:

CONDITION:

Serviceable.

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 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.

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:



Serviceable.



Commercial Real Estate Inspectors

3266 Kirkham Drive
 Glendale CA 91202
 818.957.4654

INVOICE

<i>Received from</i>	<i>Date</i>
City Investment	April 02, 2008.

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

Thank you for your business!

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.

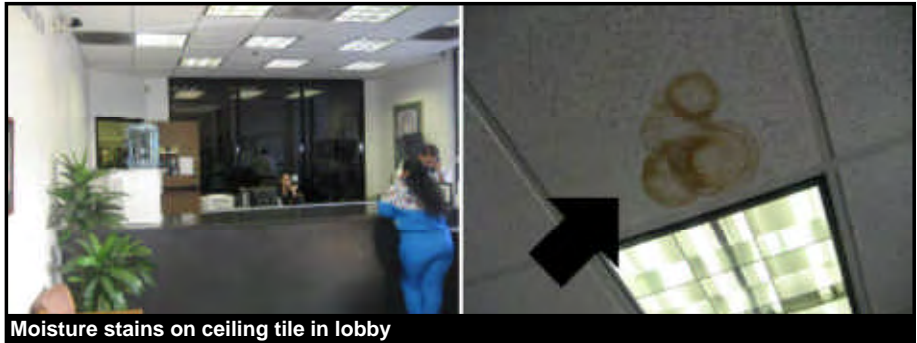
COMMON AREAS:

ENTRY:

This building has multiple units in it. The Paramount Sherrifs Department is in more then 1/2 of the building on the left as you face it. There is a vacant hair cutting salon and an operational movie rental store occupying the other two units on the right as you face the building. There is parking in the front of the building. There are roll up doors in the rear of the building in all the units however all the units have covered the doors.

The building is made up of concrete/drywall walls, carpet/linoleum floors and open/drop ceilings.

LOBBY

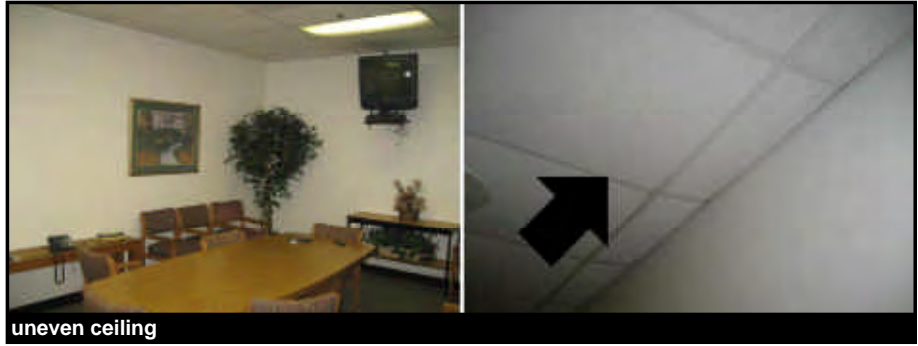


Moisture stains on ceiling tile in lobby

This is the lobby are in the police department area

Needs Attention: There are moisture stains on the ceiling.

SPECIALTY ROOMS:



uneven ceiling
Conference Room

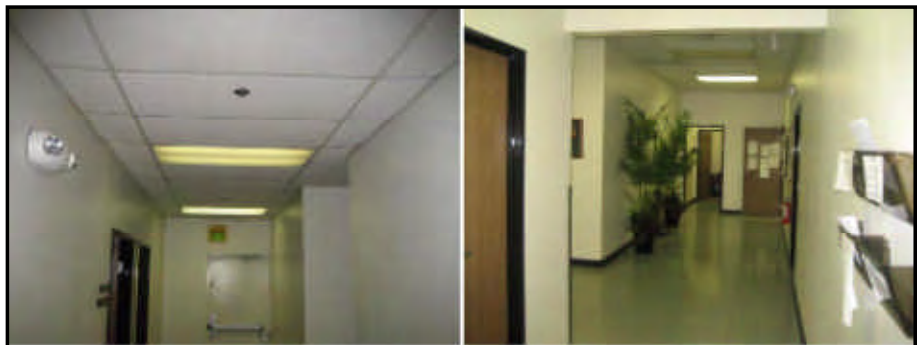
Needs Attention The ceiling is uneven in areas.



Moisture stains on ceiling tiles
Mop closet

Needs Attention There are moisture stains on the ceiling.

HALLS:



Needs Attention: There are areas of worn linoleum floors and carpet in the hallways.

**MAIN ENTRY DOOR
CONDITION:**

Serviceable, with typical wear.

**EXTERIOR DOORS
CONDITION:**

Serviceable, with typical wear.

INTERIOR DOORS

CONDITION:

Needs Attention: In unit G the hair salon the rear door hardware does not operate properly. They will need some adjustment or repairs to for this to operate correctly.

WINDOW CONDITION:



Moisture stain on window in office area

Needs Attention There is bubbling paint on the window sill in Fred Bertsche office & in Lt. Armalin office .

The front window seals in unit G,H,I are worn and aged.

FLOORING

CONDITION:

Needs Attention, there are areas of worn linoleum, with some peeling at the seams, the carpeting is generally worn, with some stains in areas.

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.

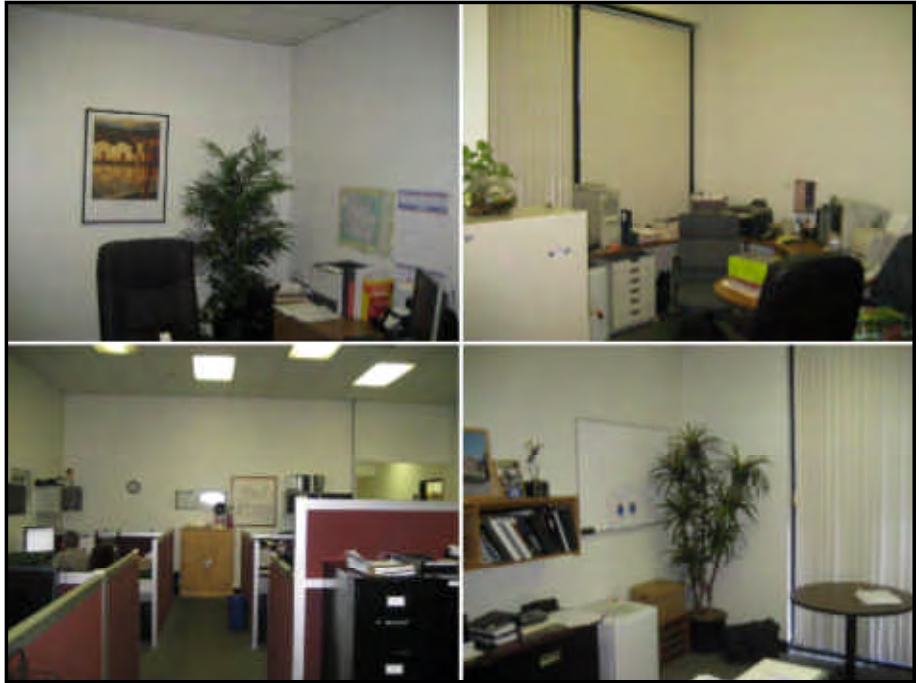
During this inspection there may be items discovered that require further inspection and/or subsequent repairs. Where further inspection by a specialty trade is advised, this is meant to be done during the inspection period, prior to any contingency expiring and certainly prior to the close of escrow 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:



Police Station.



Pictures of the police station.

INTERIORS:



Moisture stains on the ceiling tiles

Needs Attention: There is typical wear to the unit,

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

FLOOR: There are areas of worn and damaged linoleum. The carpet has areas of wear, staining.

WALLS: There are areas of damage to the walls.



Pictures of the worn, damaged and aged linoleum.

KITCHEN:



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

COUNTERS: The counter tops have areas of wear,

CABINETS: The cabinet surfaces are worn

BATH 1:

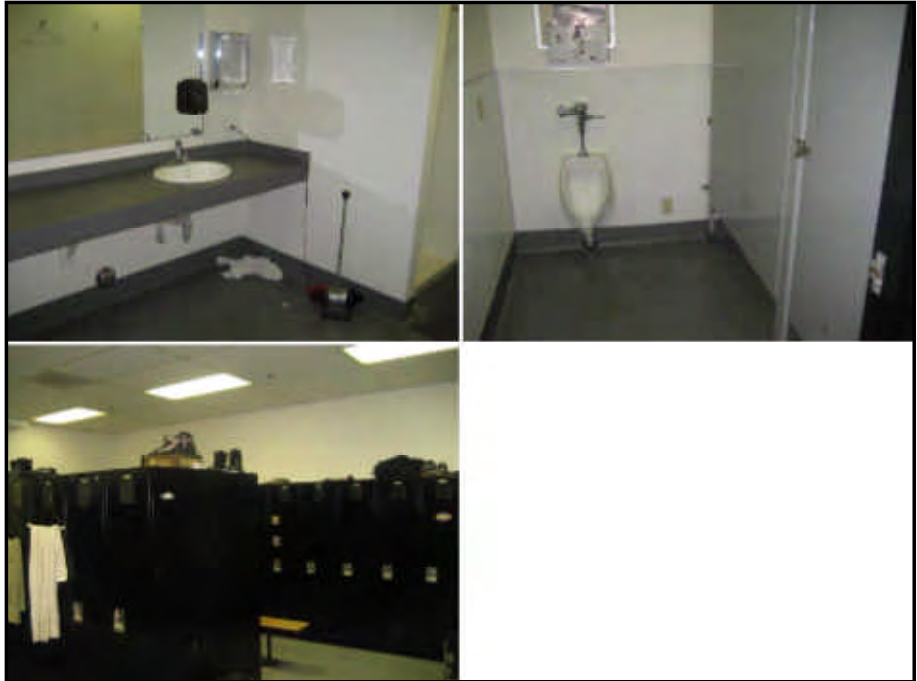


Restroom in left side corner of building

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

The sink is not properly attached to the wall

BATH 2:



Mens Locker Room

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 drains slowly.

TOILET: The toilet is loose and not correctly attached to the floor.

BATH 3:



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

FLOOR: The floor is worn and damaged in areas. Womens Locker Room

BATH 4:



Restroom right side rear

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

The sink is not properly attached to the wall

UNIT:



UNIT: G

Vacant Hair Salon

INTERIORS:



Not Acceptable: This unit is showing excessive wear and in need of maintenance and repairs,

WALLS: There are areas of damage to the walls

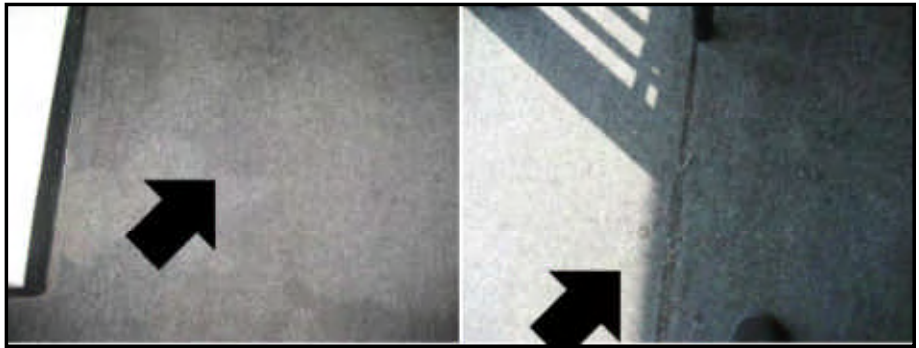
CEILING: There are areas of damage to the ceiling.

FLOOR: The linoleum flooring is damaged in multiple areas. The carpet has areas of wear, staining, tears / damage

It is noted that the rear door handle is damaged and that there are multiple moisture stains on the floors and under the sinks.



Pictures of the worn and damaged floors.



Pictures of the worn and damaged carpet.



Pictures of the moisture stains on the flooring.

KITCHEN:

Needs Attention: While generally functioning, there are areas with excessive wear and ready for servicing / repair.

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

FLOOR: The flooring has areas of deterioration and damage.

COUNTERS: The counter tops have areas of wear,

CABINETS: The cabinet surfaces are worn

SINK: There was no hot water in the sink.

BATH 1:



Mens Restroom

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.

TOILET: The toilet is not working properly and needs repairs. The toilet is loose and not correctly attached to the floor.

SINK:There was no hot water in the sink.

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 damage that will need repair

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

SINK: The sink is cracked. There was no hot water in the sink.

UNIT:



UNIT: H & I

Video Rental.

INTERIORS:



Worn aged stained carpet
Needs Attention: There are areas with significant wear, this unit may be ready for maintenance.

WALLS: There are areas of damage to the walls

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

FLOOR: The carpet has areas of wear, staining, tears / damage. The linoleum is worn and aged in multiple areas



Pictures of the moisture stains on the ceiling.



Picture of the damaged walls.

BATH 1:



Restroom, stained damaged flooring

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:

There is no hot water in the sink

TOILET: The toilet is loose and not correctly attached to the floor.

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.