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: Southern California**

**CLIENT: Industrial Client**

*June 12, 2012.*
**PLUMBING:**

1. The expected useful life left in the Plumbing System:
   
   50+ years.

2. What Maintenance/Repairs are needed immediately for the Plumbing System:
   
   a. The leak noted near the check valve in the Boiler Room needs to be repaired.
   b. 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.

3. What costs are expected over the next five years for the Plumbing System:
   
   Other than routine maintenance no significant expenses appear to be needed over the next five years

| TOTAL: Routine Maintenance |

**ELECTRICAL:**

1. What is the expected useful life left in the Electrical System:

   The expected useful life of the electrical system is: in excess of 50 years.

2. What Maintenance/Repairs are needed immediately for the Electrical System:

   a. "Knock-out" covers are recommended for any open spaces in subpanels, such as noted in the electrical room and back wall subpanels.
3. What costs are expected over the next five years for the Electrical System:

<table>
<thead>
<tr>
<th>TOTAL:</th>
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</thead>
<tbody>
<tr>
<td>Routine Maintenance</td>
</tr>
</tbody>
</table>

Beyond routine maintenance no significant costs are anticipated for the Electrical System over the next five years.

### HEATING AND COOLING:

1. What is the expected useful life left in the Heating and Air Conditioning System:

   The expected useful life left in the HVAC units is: approx. 10 - 15 years.

2. What Maintenance/Repairs are needed immediately for the Heating and Air Conditioning system:

   a. The heating and Cooling system does not appear to need any significant repairs at this time; however, a full maintenance to each unit is recommended at this time to isolate any maintenance issues and ensure the full efficiency of the units and attainment of the full expected service life from each.

3. What costs are expected over the next five years for the Heating and Air Conditioning System:

   It appears that the cost of Routine Maintenance is all that will be needed for the next 5 years.

<table>
<thead>
<tr>
<th>TOTAL:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine Maintenance</td>
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</tbody>
</table>

### ROOF:

1. What is the expected useful life left in the Roofing System:

   The expected useful life in the Roofing System is 7 - 10+ years with all needed repairs done.
2. What Maintenance/Repairs are needed immediately for the Roofing System:

a. The deteriorated portion of the roofing near the liquid nitrogen exhaust vents should be inspected by a roofing specialist for recommendations as to the best course of action. Adding a layer of additional roofing material as reinforcement may be the practical solution.
b. The specialist should examine the area near the oven exhaust vents for any repairs needed to this area to ensure a leakfree condition around the vent area.

3. What costs are expected over the next five years for the Roofing System:

Evaluation by a qualified roofing specialist is recommended to determine needed repairs. Estimate for adding additional reinforcing material: $1500 - $3000.

TOTAL: $2000 - $3000

STRUCTURE:

1. What is the expected useful life left in the Structural System:

It appears that the expected useful life is 50+ years.

2. What Maintenance/Repairs are needed immediately for the Structural System:

a. No significant repairs at this time other than routine maintenance.

3. What costs are expected over the next five years for the Structural System:

No significant costs are anticipated in the next five years to the Structure.

TOTAL: Routine Maintenance
**GENERAL MAINTENANCE & REPAIRS:**

<table>
<thead>
<tr>
<th>1. What is the expected useful life left in the Site:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The expected useful life left in the site is approx. 40 - 50+ years with routine maintenance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. What Maintenance/Repairs are needed immediately currently for the Site:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Within 5 years it is advised to have the parking/driveway areas resealed and restriped.</td>
</tr>
<tr>
<td>b. Some repairs to skylights lens are needed.</td>
</tr>
<tr>
<td>c. It is advised to have a phase 1 inspection done on the site. This is to help ensure health and safety.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. What costs are expected over the next five years for the Site:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimate for driveway sealing and restriping: $2500 - $3500. Repairs to skylights requires a specialist inspection to determine exact costs.</td>
</tr>
</tbody>
</table>

| TOTAL: |
| $2500 - $3500. |

| Specialty Evaluation (Skylight repairs) is needed to determine full scope of work |

<table>
<thead>
<tr>
<th>TOTAL COMBINED ESTIMATED EXPENSES:</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is noted that in this Report a number of Specialty Inspections have been deemed necessary and are recommended, including Roofing, Camera Waste Line, Ventilation of existing ovens and general workplace ventilation and Phase 1 Environmental.</td>
</tr>
</tbody>
</table>

**Costs associated with the findings of Specialist Inspections can add significantly to these Total Combined Estimated Expenses.**

**Upgrades and renovations to interiors are not included in these costings.**

**Further review by qualified specialists is advised at this time to determine the full scope of work and exact costs. These estimates should be used as guidelines only.**

| TOTAL: |
| $4500 - $6500. |
Industrial Client
Southern California
INSPECTION CONDITIONS

CLIENT & SITE INFORMATION:
DATE OF INSPECTION: June 12, 2012.
TIME OF INSPECTION: 10:00 AM.
CLIENT NAME: Industrial Client.
ADDRESS: Southern California.
INSPECTOR: Dick Sullivan and Shaun Fabos.

CLIMATIC CONDITIONS:
WEATHER: Clear.
TEMPERATURE: 90's.

BUILDING CHARACTERISTICS:
BUILDING TYPE: Commercial Building: Office with warehouse and food production services work space.
STORIES: Two.

UTILITY SERVICES:
UTILITIES STATUS: The utilities were on.

OTHER INFORMATION:
OCCUPIED: Yes.
CLIENT PRESENT: No, but the client had a representative at the inspection.
GENERAL OVERVIEW: The subject property of this inspection is a building of new construction. As would be expected with a property of this type the overall building condition is serviceable.
DEFINITIONS AND STANDARDS

TERMS OF THE INSPECTION:

SERVICEABLE: It is the inspectors opinion that this item is doing the job for which it was intended and exhibits normal wear and tear.

NEEDS ATTENTION: It is the inspectors opinion that this item is in need of further investigation and/or repairs or appears to be at the end of its expected useful life. The inspector has made the client aware of this situation by calling it "needs attention" in the report. It is then the clients responsibility to take appropriate action concerning the situation with the appropriate professional in a timely manner.

NOT ACCEPTABLE: It is the inspectors opinion that this item is either in need of immediate repairs or is a safety hazard due to adverse conditions. Also the item may be in such a state of disrepair that significant repairs or replacement is strongly advised.

The inspector has made the client aware of this situation by calling it "not acceptable" and it is then the clients responsibility to take appropriate action concerning the situation with the appropriate professional in a timely manner.

STANDARDS:

A. The report conforms to the Commercial Standards of Practice of the California Real Estate Inspection Association and the Business and Professions Code which defines a commercial real estate inspection as: The inspection to be performed consists of non-intrusive visual observations to survey the readily accessible, easily visible material components, systems and equipment of the building. The inspection is designed to identify material physical deficiencies in the buildings components, systems and equipment, as they exist at the time of the inspection. Unless otherwise agreed between the inspector and client, the specific systems, structures and components of a building to be examined are listed in these Commercial Standards of Practice.

B. A commercial real estate inspection report provides written documentation of material physical deficiencies discovered in the inspected building's systems and components which, in the opinion of the Inspector, are safety hazards, are not functioning properly or appear to be at the end of their expected useful life. The report may include the Inspector's recommendations for correction or further evaluation.

The term **material physical deficiencies** means the presence of conspicuous patent defects or material deferred maintenance of the buildings material systems, components or building equipment as
observed during the inspection. **This definition specifically excludes deficiencies that may be remedied by routine maintenance.**

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

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

MAIN WATER SUPPLY LINE:

MAIN WATER LINE
MATERIAL:

The visible portion of the water main is composed of copper. This is the water supply piping that runs between the city water meter and the building.
MAIN WATER SHUT OFF LOCATION:

On the back of the building.

CONDITION:

Serviceable where visible.

WATER SUPPLY PRESSURE REGULATOR:

CONDITION: There was a pressure regulator observed on the water supply system, in the Boiler Room, at the right side of the building. It is not known how well or if it is functioning, as this is beyond the scope of a general visual inspection.
INTERIOR WATER SUPPLY LINES:

WATER SUPPLY

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

CONDITION:

Leak noted a check valve in Boiler Room

Needs Attention, there is leaking at the water supply piping in the boiler room, at the check valve or associated piping.

Serviceable otherwise where viewed.

WATER VOLUME AT FIXTURES:
Serviceable overall.

**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:**

![Water faucet](image)
The visible waste lines appear to be serviceable.

NOTE: This commercial building makes significant use of water in its daily operation, including in the use of chillers for cooling purposes and in work activities and with other pieces of specific work-related equipment, such as a water filtration unit noted inside the Boiler Room. Increased use of water places a corresponding burden on water removal waste lines.

It is noted that there are a number of drains for subflooring waste lines throughout the building and in the adjacent driveway area outside. While no significant defects were visible in waste line operation, most of the waste lines are below ground or in walls and not visible for inspection and evaluation.

The waste lines as tested in a brief operation of the building's fixtures appeared serviceable; however, the only way to fully determine their actual condition is by camera inspection of the waste line interiors.

Inspecting the interiors of all waste lines, traps and associated equipment, including lines designed to remove and isolate residue and grease from cooking and food preparing activities, requires specialized equipment and expertise and is outside the scope of a general physical building inspection.
WASTE LINE COMMENTS:

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

Such an inspection is recommended at this time, as only by this kind of inspection can the actual condition of the waste lines be determined.

GAS SYSTEM:

SEISMIC GAS SHUT OFF VALVE:

There is no typical visible automatic seismic gas shut-off valve on the main gas line. Such a valve may be incorporated into one of the gas line component parts. If no such automatic gas shut-off valve is present, it is advised to have this installed for health and safety purposes.
GAS METER
LOCATION:

The meter is located on the right side of the building.

CONDITION:
Serviceable.

WATER HEATER:
LOCATION:

For the office spaces:

Two water heaters were located.

This is the water heater for the downstairs restrooms and employee lunch area kitchenette.

The water heater is located in the closet of the men's restroom.
LOCATION
CONDITION: Serviceable overall, however equipment stored near the water heater makes access difficult.

FUEL: Electric.

SIZE: 20 gallon.

AGE: 5 years old. Water heaters have an expected life of 8 - 12 years.

CONDITION: Serviceable overall.

WATER HEATER STRAPPING AND SUPPORT:
TEMPERATURE/PRESSURE RELIEF VALVE:

Serviceable.

The temperature pressure relief valve is present and is properly provided with a drain line to take water away to an authorized location.
WATER HEATER:

LOCATION: This is the water heater upstairs in the office area.

LOCATION CONDITION: Serviceable overall.

FUEL: Electric.

SIZE: 40 gallons.

AGE: 2 years old. Water heaters have an expected life of 8 - 12 years.

CONDITION: Serviceable overall.

WATER HEATER STRAPPING AND SUPPORT: Serviceable.
TEMPERATURE/ PRESSURE RELIEF VALVE:

Serviceable.

PLUMBING COMMENTS:

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

WATER SUPPLY LINES COMMENTS: The leak to the check valve or associated piping in the boiler room should be repaired. This is considered routine maintenance.

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

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

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

MAIN ELECTRICAL SUPPLY:

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

ELECTRICAL SUPPLY CONDITION: Serviceable.

MAIN SUPPLY PANEL:

PANEL LOCATION:

The main electrical supply panels are in an electrical room inside the building, located at the right side.
MAIN PANEL SPEC'S:

This is a 3 phase, 4 wire system.

480Y/277 volt.

Service Amperage - 4000.

MAIN PANEL PROTECTION DEVICE:

The main panel disconnect is a lever.

MAIN PANEL CONDITION: Serviceable.
MAIN PANEL CIRCUIT BREAKERS:

GROUNDING SYSTEM:

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

It is noted that the outlets of the building did test as grounded.
**ELECTRICAL SUBPANELS:**

SUBPANEL LOCATION:

There is an electrical subpanel in each of several areas on the property. Subpanels appear to be generally well distributed throughout the work areas and suitable for current equipment and power requirements in the building spaces.

SUBPANEL CONDITION:

Needs Attention: There are knock-outs missing at a number of subpanel leavings, leaving open spaces in the cover and there are exposed live electrical items as a result. This was noted at the subpanel along the back wall of the electric room, and at a subpanel on the back (north wall) of the building. This is inexpensive to correct but should be repaired to make the panel safer.
SUBPANEL

COMMENTS:

The circuit breakers in the panels appear to be properly labeled overall.

INTERIOR ELECTRICAL WIRING:

TYPE OF WIRING

CONDUIT:

The conduit that carries the wiring is a combination of different types, however the majority viewed was rigid metal conduit.

WIRING CONDITION:  Serviceable; however, the view is very limited.

It is noted that this is a complex electrical system with a large number of distribution panels and conduit traversing the building and servicing the office and warehouse work spaces. The wiring for the most part is not visible but appears to have been well installed and distributed.
OUTLETS:
CONDITION: A representative sampling of outlets were tested and those that were checked were found to be in working order.

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

FIXTURES:
CONDITION: Serviceable overall.

EXTERIOR ELECTRICAL:
CONDITION: The exterior lighting outside the building and on the grounds is not part of the inspection.
FIRE SUPPRESSION & SAFETY SYSTEMS

FIRE SUPPRESSION SYSTEMS:

There is a fire suppression system throughout the building, with a number of locations of sprinkler controls.

It is noted that no inspection sticker was located on the sprinkler risers inspected. In some communities records of sprinkler inspections may be stored electronically in the Fire Marshal's office. It is recommended to consult with the Fire Marshal for information regarding inspection requirements in this municipality.
FIRE SAFETY SYSTEMS:

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

It is noted that exit signs appear to be present at typically required locations. It is also noted that the fire extinguishers inspected did have a current annual inspection.

ELECTRICAL COMMENTS:

ELECTRICAL SYSTEM COMMENTS: Low voltage lighting and wiring is excluded from a standard property inspection including outdoor lights, phone lines, security systems and speaker systems. Regular voltage exterior lighting is also excluded. The wiring is enclosed within the walls and ceilings and other parts of the structure. It is not visible and its condition cannot be fully determined. No representation is made as to its status.
HEATING AND COOLING SYSTEM

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

GENERAL COMMENTS:

There are 12 HVAC units which condition air for the building. These units appear to be designated for office and related spaces only.

Except for food storage areas, the warehouse/commercial work and food preparation areas do not appear to be provided with conditioned air.
HEATING AND COOLING SYSTEM:

The HVAC units appear to date from the original time of the building construction. One unit may have been added later, as noted below.

The units are grouped below according to cooling capacity.

Commercial rooftop units such as these have an industry standard expected life of 15 - 20 years.

1. Manufacturer: Lennox

   Age: 5 years old

   Cooling Capacity: 3 tons.

   There are 5 units similar in age, manufacturer and cooling capacity in this group.
2. Manufacturer: Lennox  
Age: 5 years old  
Cooling Capacity: 4 tons  
There is 1 unit in this group.

3. Manufacturer: Rheem  
Age: 4 years old  
Cooling Capacity: 5 tons.  
Manufacturer: Lennox  
Age: 5 years old  
Cooling Capacity: 5 tons.  
There are 2 units in this category. Similar in cooling capacity. The Rheem unit appears to have been added at a later date.
4. Manufacturer: Lennox

Age: 5 years old

Cooling Capacity: 6 tons

There are 2 units in this category. Similar in age, manufacturer and cooling capacity.

5. Manufacturer: Mitsubishi

Age: Approx. 5 years old.

Cooling Capacity: Such units are typically 1 - 2 tons.

There are 2 smaller Mitsubishi units.
HEATING AND COOLING SYSTEMS:

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

LOCATION CONDITION:

This is the newer Rheem unit, which may have been installed at a later date.

Needs Attention: The unit is sitting on wooden blocks. This is not a reliable method regarding moisture intrusion. It is advised to have a platform with a metal cap installed to help ensure a leak free condition.

Serviceable otherwise. The remaining units are installed on metal-capped platforms as is recommended.

SYSTEM TYPE:

8 of the HVAC units are known as "Roof Packages".

This is the type of system where the gas heating furnace and the electric air conditioning (cooling) components are packaged inside one container and perform both functions from this common location on the roof.
4 of the HVAC units are a "split system" heat pump.

This is a heat pump whose condenser is located on the roof or elsewhere outside the structure and the air handler containing the fan and other components for the heat pump are inside the building.

FAN AND MOTOR: Serviceable.

Air was circulated by all units activated and in service during the inspection.

CONDITION: Serviceable overall.

CONDENSATE LINES: Serviceable.

The units do appear to have condensate lines properly routed to remove condensate liquid to an authorized location off the roof.

Proper air gaps are noted to be present in the condensate lines.
ELECTRICAL DISCONNECT:

Serviceable.

The units do have an electrical disconnect within line of sight of a servicing technician.

RETURN AIR AND FILTERS: It is recommended to keep all air filters cleaned or changed to new filters on a regular basis. The condition of the air filters in such a system can greatly affect the system's overall performance.

DUCTING:

Serviceable where visible; however, access is limited as much of the duct system is above the ceiling areas and cannot be fully viewed.

GENERAL COMMENTS:

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

The building is provided with conditioned food storage spaces.

There are two coolers and 1 freezer.

The chillers, compressors and related piping, water pumps and tubing were examined for general condition as visible in normal operation and evaluated as to temperature levels evident within the coolers and the freezer.

Compressors and chillers that were in operation as required by the ambient temperatures of the day appeared to be serviceable in age and function, with typical wear observed to containers and machinery. No significant deterioration to component parts or leaking from tubing was observed.

Due to the quantity and complexity of equipment in use, detailed information regarding exact cooling equipment performance can only be determined by a detailed specialist inspection of individual system components; however, the cooling equipment appeared to be generally serviceable in function. Coolers and freezers appeared to receive adequate cooling at the time of 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.

It is advised that each unit be serviced at this time. A detailed service of all units is the only way to know their true condition.

The sizing of the system/s in relation to the space that it is heating or cooling is not part of this inspection.
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.

**ACCESS TO ROOF:**

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

The roof access is not up to current OSHA standards in regards to safety for such items as absence of Grab Bars for safely getting from ladder onto the roof.

ROOF:

ROOF STYLE:

The roofing system is a flat roof with a low pitch.
TYPE OF ROOFING
MATERIAL LOW
SLOPE ROOF:

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

ROOF ACCESS:
The roofing was walked on to inspect it.

ROOF COVERING STATUS:

Needs Attention:

a. There is a section of roof near the center of the building which has experienced accelerated deterioration due to continuous exhausts from a liquid/nitrogen freezing process inside the building. Granules to the roof surface in this area show significant wear with areas of waterproofing membrane now exposed to sunlight and UV rays. This area is approximately 500 - 600 square feet with areas closer to the exhaust vents more affected than areas farther away.
Some repairs to the roof appear needed in this area to ensure continued prevention of moisture intrusion below. Raising the height of the exhausting vents higher above the roof surfaces might prevent continued impact on the roof surface. If this is impractical, adding reinforcing material to the areas affected is recommended.

b. Some lesser deterioration to the roof surfaces is also noted in the areas around the exhaust vents for the workplace ovens. Reinforcing these roof surfaces with an additional layer of roofing material may also be the practical remediation. Consult with a knowledgeable roofing specialist.

The roof appeared generally serviceable otherwise throughout the building.
ATTIC:

ACCESS TO ATTIC: There is no significant attic space between the ceiling and the roof.

TYPE OF ROOF FRAMING:

The roof is supported by structural beams and cross supports.

ROOF FRAMING CONDITION:

Serviceable.

ROOF VENTILATION:

Needs Attention: During the inspection a layer of smoke could be seen at the ceiling in areas around the building, highlighted in sunlight from skylights. It appears that there may be inadequate exhausting of residue and combustion particles related to the cooking equipment and vent lines provided.

Also, residue from cooking with inadequate ventilation may be settling over building surfaces. See Interiors for more information.

It is noted that according to the building manager assigned to accompany the inspectors, tenant improvements for the building did not originally include oven and cooking capability, but these were added later to accommodate new business demands.

It is also noted that throughout the inspection significant discomfort to the eyes occurred during inspection of the workspace and equipment areas in the warehouse, due to the processing of peppers in the building's commercial activities. Provisions for ventilation to the building or other health-related measures do not appear to be adequate to remove byproducts left in the air from food processing work.

A specialist inspection of the oven equipment with its associated vent
lines, and other ventilation measures in place in the building to provide a healthy work environment is recommended to determine what improvements may be needed and whether the system meets all requirements.

ATTIC INSULATION:

INSULATION CONDITION: Serviceable overall; however, the view is limited.

EXPOSED FLASHINGS:

CONDITION:

Serviceable overall, with only routine maintenance needed, such as regular resealing of cracked areas.

SKYLIGHTS:

CONDITION: Needs Attention: There are areas of cracked and damaged lens covers on the skylights of the building.

See under the Warehouse section in the Interiors for more information.

The skylights of the building were in an open position and may be opened and closed regularly in the course of normal work activities. Such use over time can require greater maintenance to the opening mechanisms of the skylights and cause cracking in lens covers.

Regular maintenance and some repairs to the skylight lenses are recommended at this time.
The overall condition of platforms and flashing is serviceable overall.

**SCUPPER, GUTTERS, DOWNSPOUTS & ROOF DRAINAGE:**

**SCUPPER OR GUTTER**

**CONDITION:**

Serviceable overall, with some debris in the drain basin at the right of the roof near the front, that should be removed.

**ROOF DRAINAGE:**

Serviceable overall.

**ROOF COMMENTS:**

**COMMENTS:**

The roof is in need of maintenance/repairs at this time, as noted above near the oven exhausts and the liquid nitrogen system exhausts.

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.

**NOTES:**

It is recommended to have a "cool roof" reflective coating applied to the existing, partially worn roof. A reflective coating can significantly prolong the life of the existing roof while it reduces the heat load on the building, resulting in lowered energy costs in heating and cooling the interior spaces.

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

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

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

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

FOUNDATION:

SLAB ON GRADE:

This building is on a monolithic slab of concrete.

There were no observable signs of significant settlement or deflection in the slab. It appears to be performing its function of supporting the structure. The cracks seen are typical. If a more detailed evaluation is desired it is advised to consult with a structural engineer at this time.

SLAB ON GRADE COMMENTS:

Portions of the slab are beneath finish floorings, in the office spaces downstairs. 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 actual slab itself in these areas could not be seen and it may appear different once the finish flooring is removed.
FOUNDATION BOLTING: By the nature of slab construction the walls of the structure would be bolted to the foundation.

STRUCTURAL SUPPORT SYSTEM:

This is a concrete tilt up (CTU) building.

EXTERIOR WALLS:

Serviceable structurally. See under Exterior - Walls for more information.
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 with some areas of decorative tile.

CONDITION:
Needs Attention: The stucco has minor peeling and some deterioration in areas near the level of the soil, noted at the front of the building.

The exterior walls are generally serviceable otherwise.

**EXTERIOR WINDOW SURFACES:**

**MATERIAL:**

The exterior window surfaces are metal.

**CONDITION:** Serviceable overall.
**EXTERIOR DOOR SURFACES:**

**MATERIAL:** The exterior door surfaces are metal.

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

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

**DRIVEWAY:**

**CONDITION:**

Serviceable with typical wear and tear in areas.

**WALKWAYS:**

**CONDITION:**

Serviceable overall.

Note: Access to the building is not provided with a sloped ramp at the curb entrance to the building at the front entry. Adding such a sloped ramp may be needed to comply with ADA requirements regarding disabled access.
FRONT ENTRY:
CONDITION:

Serviceable.

LANDSCAPING:
CONDITION:

The grounds on the property have generally been maintained.
Note: Much of the grounds at the back and left side is used for storage of production supplies and materiel.

**DRAINAGE:**

**SITE:**

The site is a combination of flat and sloping areas.

**DRAINAGE CONDITION:**

There were no significant observable defects in the grading and drainage within six feet of the building.

A camera drain line inspection can examine the interior of most drain lines and determine their condition. It is also recommended to consult with the owner for a history of the performance of all drains during periods of heavy rainfall.

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

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

**PROPERTY WALLS, FENCES & GATES:**

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

**GROUNDSD COMMENTS:**

The building is engaged in commercial activities which may involve use of chemical substances with environmentally sensitive storage and usage concerns.

There are large storage containers at the left side containing liquid nitrogen. No visible defects to these containers was noted during a brief inspection.

While no significant issues arising from past use and storage of any hazardous material was observed, the only way to determine this conclusively is by a current environmental Phase 1 Inspection. Such an inspection is advised at this time for certainty of the health and safety of the site.
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.