

PROPERTY CONDITION ASSESSMENT

**INSPECTED FOR
DAVID GREEN
2025 Parkway Drive
San Fernando, CA 90702
January 05, 2011**



**INSPECTED BY
ACE BUILDING INSPECTORS
Certified Inspector/Civil Engineer/Gen. Contractor**



ACE BUILDING INSPECTORS

Commercial & Residential

7657 Winnetka Avenue, #239, Canoga Park, CA 91306
Tel. No. (818) 882-9590 • Fax No.: (818) 882-5901
Website: www.abinspect.net • E-mail: build_inspect@sbcglobal.net



2

January 8, 2011

TO: David Green
2025 Parkway Drive
San Fernando, CA 90702

FROM: ACE BUILDING INSPECTORS
7657 Winnetka Avenue, #239
Canoga Park, CA 91306

REF: Property Condition Assessment of 19300 Victory Boulevard, Los Angeles

Sir:

At your request, I conducted a limited visual survey of specific construction components of an apartment building containing 27 dwelling units located at 19300 Victory Boulevard, Los Angeles commencing on January 5, 2011. The **ASTM** (*American Society for Testing and Materials*) E 218 Standards for commercial inspections were observed and standard guidelines for a *visual inspection* were used. The purpose of using **ASTM** standards is to define good commercial and customary practice in the United States of America for conducting a *property condition assessment* (PCA), by performing a walk-through survey and conducting research with popular building codes as outlined within this guide.

As agreed, I surveyed all of the 27 units and developed a punch list of conditions observed in sitework, structure/foundation, exterior (miscellaneous non structural), roof, water heaters, electrical systems, plumbing systems, heating systems, interior (miscellaneous non structural), stairs, electrical fixtures and ventilations.

The inspection is to perform a non-invasive physical examination of the visible systems and components of the primary building(s) on the property. Our inspection survey and this report are overview in nature. They do not include engineering analysis and are not technically exhaustive. Our intent is to better apprise you of general condition of the buildings and their components and to provide other helpful information related to the purpose of our inspection. Our inspection reports are narrative in format and are accompanied by photographs documenting the condition of the property.

Thank you for asking ABI to perform this important inspection for you.

Very truly yours,

DIONNE J. CABUGASON P.E. MASCE
Certified Professional Inspector

TABLE OF CONTENTS

	PAGE
1. EXECUTIVE SUMMARY	2
1.1 General Description	2
1.2 General Physical Condition	2
1.3 Opinions of Probable Costs	3
1.4 Deviations from the Guide	3
1.5 Recommendations	3
 2. PURPOSE AND SCOPE	 5
 3. SYSTEM DESCRIPTION AND OBSERVATIONS	 6
3.1 Overall General Description	6
3.2 Site Elements	6
3.2.1 Topography	7
3.2.2 Storm Water Drainage	8
3.2.3 Ingress and Egress	8
3.2.4 Paving, Curbing and Parking	8
3.2.5 Flatwork	8
3.2.6 Landscaping and Appurtenances	9
3.2.7 Recreational Facilities	10
3.2.8 Utilities	10
3.2.8.1 On-site Water System	10
3.2.8.2 On-site Sanitary Sewer System	11
3.2.8.3 Property Electrical, Telephone and Cable Distribution System	11
3.2.8.4 Property Gas Distribution	12
3.2.9 General Site Improvements	12
3.3. Structural Frame and Building Envelope	13
3.3.1 Foundation	13
3.3.2 Building Frame	14
3.3.3 Facades or Curtainwall	15
3.3.4 Roofing	15
3.3.5 Exterior and Interior Stairs	16

- 3.3.6 Exterior Windows and Doors 16
- 3.3.7 Balcony 17
- 3.4 Mechanical and Electrical System 17
 - 3.4.1 Plumbing 17
 - 3.4.2 Heating..... 17
 - 3.4.3 Air Conditioning and Ventilation 18
 - 3.4.4 Electrical 19
- 3.5 Vertical Transportation 19
- 3.6 Life Safety/Fire Protection19
 - 3.6.1 Sprinklers and Standpipes 19
 - 3.6.2 Alarm Systems20
 - 3.6.3 Other Systems 21
- 3.7 Interior Elements 21
 - 3.7.1 Common Areas 21
 - 3.7.2 Tenant Spaces 22
- 4. DOCUMENT REVIEW AND INTERVIEWS 23**
 - 4.1 Documentation Review 23
 - 4.2 Interview Summary 24
 - 4.3 Building, Life Safety, and Zoning Compliance 25
 - 4.4 Flood Plain and Seismic Zone 25
- 5. ADDITIONAL CONSIDERATIONS 26**
 - 5.1 ACE BUILDING INSPECTORS' Value Added Considerations 26
 - 5.2 Property Remaining Useful Life 26
 - 5.3 ADA Accessibility 27
- 6. OPINION OF PROBABLE COSTS TO REMEDY PHYSICAL DEFICIENCIES 28**
 - 6.1 Methodology..... 28
 - 6.2 Immediate Repairs and Short Term Costs 28
 - 6.3 Capital Reserves 29
- 7. QUALIFICATIONS 30**

8. LIMITING CONDITIONS 31

9. EXHIBITS (APPENDIX) 32

1. EXECUTIVE SUMMARY

The client contracted with ACE BUILDING INSPECTORS to conduct a Property Condition Assessment in order to prepare a Property Condition Report of the subject property: Canoga Park Apartment Homes located at 19300 Victory Boulevard, Los Angeles. The PCA was performed on January 5, 2009. A site location map and a site plan are located on Appendix.

1.1 General Description

The apartment complex property is developed with 17 three-story apartment buildings (235,779 sf), a one-story Clubhouse (3,390 sf), a one-story maintenance building (2,500 sf) containing a combined total of approximately 242,069 square feet and 164 tenant units on a site of 16.4 acres. Construction of the buildings was completed in 1999 according to Los Angeles County Certificate of Occupancy. Building references for the purpose of this report shall be by designated building address.

The original Phase I plan had called for 15 apartment buildings located on approximately 15.89 acres. Two apartment buildings and the associated underlying land, located to the west of the entrance drive off Tampa Avenue, were originally designed to be a part of Phase II of the project. Mr. Richard Goldman, President of Apartment Properties, confirmed this information.

The Canoga Park Apartments are owned by Apartment Properties, were designed by Long Beach Architects, and the general contractor was Ace Building Contractors.

1.2 General Physical Condition

Generally, the property was constructed within industry standards, and has been adequately maintained over the last year since construction and appeared to be in good overall condition. Property maintenance personnel reported that, over the past year, the property has had no major capital improvements.

1.3 Opinions of Probable Costs

The opinions of cost presented herein were based on readily visible material and building system defects that might significantly affect the value of the property during the requested assessment period, in this case 5 years. These opinions were based on approximate quantities and values, and do not constitute a warrantee or guarantee that all item(s) requiring repair were included. Items do not constitute a warranty or guarantee that costs were operation costs, such as utility (gas or electricity) usage, or unpredictable (aesthetic) upgrades.

These opinions of probable costs are based on invoice or bid documents provided for review, construction resources such as R.S. *Means* and *Marshall and Swift*, in addition to ACE BUILDING INSPECTORS' experience with past costs for similar properties, and assumptions regarding future economic conditions. These opinions should not be interpreted as a bid or offer to perform the work. The primary sources of cost data were *Mean's Facilities Cost Data*, *Mean's Repair & Remodeling Cost Data*, *Mean's ADA Compliance Pricing Guide*, and *Mean's ADA Cost Data, 2008 as published by R.S. Means and Company*.

It is important to understand that actual costs will vary depending on such factors as contractor expertise, previous contractor commitment, seasonal workload, insurance and bonding, and local labor conditions. These factors may cause wide variations in the actual costs as estimated by different bidders. In view of these limitations, the costs presented herein should be considered "order of magnitude" estimates and used for preliminary budgeting purposes only. Preparation of scopes of work and contractor bidding are recommended to forecast the actual costs.

1.4. Deviations from the Guide

ASTM E2018 requires that any deviations from the guide be so stated within the report. ACE BUILDING INSPECTORS' probable cost threshold limitation is reduced from the guide's \$3,000 to \$1,000, thus allowing for a more comprehensive assessment on smaller scale properties. Therefore, ACE BUILDING INSPECTORS' opinions of probable costs that are individually less than a threshold amount of \$1,000 are omitted from this PCR and are deemed as routine maintenance. However, comments and estimated costs regarding identified deficiencies relating to life/safety or accessibility items are included regardless of this cost threshold.

1.5 Follow On Recommendations

Conditions observed at the subject property require the following additional review:

- Tenant demising partition walls require complete inspection for floor to structure closure integrity. Partition fire-rated standards should be referenced according to adjacent space use.

2. PURPOSE AND SCOPE

2.1 Purpose

The purpose of this PCA is to evaluate the physical aspects of the subject property's condition as it related to a potential real estate transaction. The PCR is based upon those apparent conditions observed at the time the PCA was performed and from the facility-related documentation obtained and as made available for review. This report is by no means a guarantee of the overall condition or the functional suitability of the real estate asset.

It is ACE BUILDING INSPECTORS' understanding that the client intends to rely upon this report for decisions related to the possible foreclosure and eventual ownership reconstructing of the subject property. For this PCA, representative samples of the major independent building components were observed and their physical conditions evaluated in accordance with ASTM E2018 including site and building exteriors, all interior common areas and approximately 10 percent of the apartment units.

The PCA was performed at the Client' request using methods and procedures consistent with good commercial and customary practice conforming to ASTM E2018, Standard *Guide for Property Condition Assessment: Baseline Property Condition Assessment Process*.

2.2 Scope

The PCA included the following: site reconnaissance; limited interviews with property management and maintenance personnel; inquiries or attempted inquiries with appropriate local government authorities (e.g., building department) and a review of available construction documents as provided by the building management. Operational testing of building systems or components was not conducted. During the PCA, ACE BUILDING INSPECTORS conducted visual observations of the following facility features: site development systems; building structure systems; building exterior systems; building interior systems; roof systems; mechanical systems; electrical systems; plumbing systems; conveyance systems; and life and fire safety systems. This report is intended for review as a complete document. Therefore, interpretations and conclusions drawn from the review of any individual section are the sole responsibility of the User.

3. SYSTEM DESCRIPTION AND OBSERVATIONS

Approximately 10 percent of the tenant spaces were observed in order to gain a clear understanding of the overall property condition. Other areas accessed included the exterior of the entire property; the buildings' pitched roofs as observed from ground level, interior common areas, and some vacant tenant spaces. The following tenant spaces were observed:

SYSTEM DESCRIPTION AND OBSERVATION		
Building Address #	Unit Number	Remarks
4800	Clubhouse (371 sf)	Good
4208	Maintenance Building	Good

Not all areas of the property were available for observation while on site. Mr. Don Walton, Maintenance Engineer of Apartment Properties, stated that occupied apartment buildings would not be able to be observed by ACE BUILDING INSPECTORS due to tenant sensitivity and privacy issues. There were not unusable apartments at the subject property

3.1 Overall General Description

The apartment complex was built per the latest Los Angeles Building Code.

Surrounding properties include:

North: Loehmanns Plaza.

East: Tampa Apartments.

South: Home Depot.

West: Topanga Shopping Center

The following table identified the reported tenant space types and tenant mix at the subject property.

APARTMENT TYPES AND CONFIGURATIONS			
Unit Type	No. Units	Size (s.f.)	Total Rentable Area (s.f.)
1 BR Regular	8	1,090	8,720
1BR Regular	8	962	7,696
Total/Average	16	2,052	16,416

3.2 Site Elements

3.2.1. Topography

The property slopes gradually from the northwest portion of the property towards the northwest (or approximately north along Tampa Road which parallels the property to the west).

3.2.2. Storm Water Drainage

Site storm water from the buildings' roofs, lawns, and paved areas flows into onsite inlets and catch basins with underground piping connected to an on-site storm water management retention basin, which outfalls to the balboa basin, bordering the southern perimeter of the subject property.

3.2.3. Ingress and Egress

The property's main entrance drive is located on the southern side of the property from the Victory Road. There is an additional entrance on the western side of the property at Corbin Avenue.

3.2.4. Paving, Curbing and Parking

The pavement surfaces within the parking areas and driving lanes are asphaltic concrete. According to design plans, the asphalt overlayment is 1-1/2-inch in thickness. Concrete sidewalks are located near the building entrances and along the drive perimeters.

Parking is provided for approximately 691 cars, which is approximately four spaces per dwelling unit. There are 546 spaces in open lots, 82 spaces are in car ports and 63 spaces are in the garage or parking structure.

The curbs and gutters consist of cast-in-place concrete curbing with integral gutters. Surface runoff is directed to drainage ditches, swales, landscaping or wooded areas that border the paved areas.

Recommendations:

- Initial sealing of asphalt pavement in year 5.
- Sidewalk repair work on an as-needed basis starting in year 5.

3.2.5. Framework

The sidewalks throughout the property are constructed of a combination of cast-in-place concrete with cast-in-place concrete steps at changes in grade with metal handrails.

The terraces and ground-level patios are cast-in-place reinforced concrete slab-on-grade.

Recommendations:

- None required.

3.2.6. Landscaping and Appurtenances

The landscaping consists of trees, shrubs, and grasses. There are flowerbeds throughout the site each of the building's main entrance.

Planted beds are irrigated by an in-ground sprinkler system, which consists of underground piping, shut-off valves, pop-up sprinkler heads, and automatic timers.

Reinforced retaining walls are located at about 5 locations on the subject property at grade changes. The retaining walls are made of split-face concrete masonry units.

A brick entrance wall is located at the main entrance to the subject property along Victory Boulevard.

Recommendations:

- None required,

3.2.7. Recreational Facilities

The swimming pool equipment is located behind the clubhouse building. The equipment consists of water filters and circulating pumps. The pool water is not heated. A painted metal fence, approximately five feet high, surrounds the pool area.

There is a children's play area containing metal/plastic playground equipment located adjacent to the refuse enclosure/compactor area.

The property has a health club located adjacent in the clubhouse/leasing building. The health club contains nautilus equipment, free weights, and a sauna.

3.2.8. Utilities

The following is a table of utilities supplied to the site and the names of the suppliers:

TABLE OF UTILITIES	
Utility	Supplier
Sanitary Sewer	Anytown-Los Angeles Utility Department

The maintenance worker reported that the utilities provided are adequate for the property.

3.2.8.1. On-site Water System

The main located under Tampa Avenue supplies the buildings' water connection. The main water valve vault is located at the northwestern corner of the subject property. A water shut-off valve is provided for each unit located in a recessed box in the building mechanical room. The apartments are individually metered. The buildings' specifications call for gate valves to be 125 PSI or equal and check valves to be 125 PSI or equal.

The property's water distribution system consists of 2-inch ductile iron pipe within the interior roads that enter into unit risers in mechanical room closets. The water distribution system is looped to provide for more consistent water pressure throughout the property. The water distribution system is the responsibility of the property to maintain.

Soil and waste vents are made of PVC and all hot and cold water piping is made of copper.

Numerous fire hydrants are located along the interior drives and parking lots are located approximately 400 feet maximum from any given building.

ACE BUILDING INSPECTORS observed, in a fire sprinkler room under the stairs in Building 4501, the incoming city water pressure to be 125 PSI off the main line. The water distribution system is the responsibility of the property to maintain.

The nearest fire station, the City of Reseda, is located approximately ½-mile from the property to the east.

Recommendations:

- None required.

3.2.8.2. On-site Sanitary Sewer System

The sanitary sewer systems discharge via gravity into Los Angeles Utility Department municipal sewer main located in an easement ditch that runs along the eastern portion of the subject property. There is no pumping, station located on the subject property as observed or determined by ACE BUILDING INSPECTORS. This was verified during an interview with Mr., Maintenance Engineer of the Helsem Park Apartment Homes, during a conversation on October 18, 2000.

The property's sanitary sewer lines are reported to be 8-inch PVC located along the interior roads of the buildings. There are 4-inch connections to each building. The on-site system is the responsibility of the property to maintain.

Recommendations:

- None required

3.2.8.3. Electrical, Telephone and Cable Distribution System

The electrical supply lines and telephone cabling runs underground throughout the property. The electrical services are connected to pad-mounted transformers, which feed the building exterior mounted electrical meters at each buildings electrical service. Individual apartments units each have approximately 125 amp panel boxes with a 120/240-volt service located in the building mechanical room.

The common area lighting is metered separately and is on photoelectric cells for stair lighting and eye-mounted exterior floodlights.

Recommendations:

- None required.
-

3.2.8.4. Property Gas Distribution

The on-site gas lines are supplied by a gas main coming from Victory Boulevard, according to Don Brown, maintenance engineer of the subject property. ACE BUILDING INSPECTORS was not able to locate the referenced gas utility easement on an as-built land survey by Murphy Hobson Sacks, provided by the property owner, Apartment Properties.

Gas service is supplied to each building adjacent to the other services. The gas meter is located at the service connection.

Recommendations:

- None required.

3.2.9. General Site Improvements

Monument signs at the entrances and also at the Tampa Boulevard frontage provide property identification. Owner-provided building numbers mounted on the face of each building identifies the building.

The individual tenant spaces are identified by directory type signs located at the main entrance and signs mounted above the tenant entrances.

A 20 cubic yard trash dumpster, located in an enclosed refuse storage area, is placed on a concrete pad. The enclosures are constructed of split-face masonry walls. There is a trash compactor located in the refuse enclosure similar to the dumpster enclosure.

The swimming pool equipment is located behind the clubhouse building. The equipment consists of water filters and circulating pumps. The pool water is not heated. A painted metal fence, approximately five feet high, surrounds the pool area.

According to a reviewed Foundation & As-built Surveys of the Canoga Park Apartment – Phase I, the following easements were plotted on the subject site:

- DB 975 P 377 refers to an easement in favor of Duke power Co. to go on to the property and maintain utility poles along Helsem and McKee Roads.

An undisturbed 100-foot buffer zone is located along the northern and eastern property perimeter. An apparent chain link encroachment unto the subject property was noted to be located near the northwestern corner of the subject property along a residential development.

Recommendations:

- Repair/replace dumpster enclosure in year 9.
- Replace swimming pool equipment in year 6.

3.3 Structural Frame and Building Envelope

3.3.1 Foundation

ACE BUILDING INSPECTORS reviewed a summary of Geotechnical Foundation Report (located in Appendix C), dated May 12, 1997 and prepared by Subsurface Engineering, P.C., for the subject property development. According to the report, the encountered groundwater depths during the 9 site test borings ranged from surface (swamp) level to approximately 15 feet below grade and surface elevation of the subject property ranges from 681 to 721 above msl. In general, the report of the subject property ranges from 681 to 721 above msl. In general, the report determined that the site soils have a bearing capacity of 2,000 to 3,000 psf.

According to reviewed design plans, the property buildings generally have the following design loads:

- Roof Live Load – 20 psf
- Wind Zone – 80 mph
- Floor – 40 psf
- Snow (ground) – 10 psf
- Lateral Design Control Wind (no earthquake)

The building was designed for an earthquake performance category B&C with an effective peak velocity rated acceleration equal 0.1. The basic structural systems include:

1. Bearing walls with a response modification factor $R_x = 6.5$ and a deflection modification factor $cd_x = 4$.

Recommendations:

- None required.

3.3.3. Facades or Curtain Wall

The exterior walls are faced with brick veneer at the ground-2nd-floor levels and with vinyl siding on the upper levels and around windows systems.

Sealant (caulking) was observed on the exterior of the building including exterior walls at the control joints, at expansion joints, and around windows and doors.

Recommendations:

- Caulking and sealing of exterior walls starting the year 9.
-

3.3.4. Roofing

The primary roof covers all buildings. These roofs are classified as steep or pitched roofing. The following describes the composition the primary roof:

- The roof deck is constructed of wood decking and wood trusses. The roofs have asphalt composition shingle roofing over 15 # roofing felts and 7/16-inch O. S.B. sheathing. The roofs have a 25-year material warranty and the 2 year labor warranty.
- According to reviewed design plans, every other roof truss must be secured to the upper level top plate by hurricane clips.

Gable ends are sided vinyl siding with gable end vents. The soffits are vented vinyl and there is a continuous roof ridge vent.

The roof drainage is provided by edge drainage to standard aluminum gutters and downspouts discharging to concrete splash blocks. Some of the downspouts are piped underground to the toe of the slopes and paves areas.

Skylights are provided for some of the upper floor areas. Attic access is provided by a scuttle hole located in the top floor common area ceiling.

Recommendations:

- None Required.

3.3.5. Exterior and Interior Stairs

The exterior stairs are constructed of steel and concrete filled steel pan treads. The handrails are constructed of metal with metal balusters and metal top rail.

Recommendations:

- None required.

3.3.6. Exterior Windows and Doors

The buildings' windows are vinyl-framed, single-glazed, double-frame tilt-in units with exterior screens.

Exterior entrance doors to the tenant space contain hardware, push-pull plates, security chains, keyed dead bolts, and spy-eyes. Patio and balcony doors are typically French single pane glass doors with screens.

The exterior overhead service doors are painted hollow metal with flush panels and are equipped with motorized openers.

Recommendations:

- Replace soft and various materials starting in year 9.
-

3.3.7. Balcony

The upper level balcony support framing consists of pressure-treated wood cantilevered off of the building framing. The balcony decks are pressure-treated wood with lightweight concrete and an elastomeric finish. The balcony guardrails are 42-inch PVC TEK brand guardrails.

Recommendations:

- None required.

3.4 Mechanical and Electrical System

According to design plans, the building is located in Thermal Zone 5.

3.4.1. Plumbing

The building plumbing systems include the incoming water service, the cold water piping system, and the sanitary sewer and vent system. The risers and the horizontal distribution piping within the building are reported to be copper. The soil and vent system within the building is reported to be PVC.

The water valve vault is located at the northwestern corner of the subject property adjacent to the public roadway (Helsem Park Road). Water meters for the individual buildings are located in the building's mechanical rooms.

There are 40 to 50 gallon A.O. Smith Model gas-fired commercial style water heaters (38,000 to 40,000 BTUH) that provide the apartment unit's domestic hot water. The Clubhouse has a 10 and a 20-gallon, A.O. Smith model water heater.

Recommendations:

- None required.

3.4.2. Heating

The apartment units and maintenance building are heated by forced-air electric fan coil units with split system air-conditioning (1.5 to 3-ton units). The air handling equipment is recessed in a wall in a heated space.

Air distribution is provided through ductwork in the ceiling and dropped soffits. Return air in through a wall grille at the bottom of the mechanical unit and control of the system is by a thermostat in each tenant space.

The clubhouse is heated by gas forced-air furnaces. The air handling equipment is in a mechanical closet suspended in the space ceiling.

Recommendations:

- None required.
-

3.4.3. Air Conditioning and Ventilation

The apartment units (tenant spaces) and the maintenance building are cooled by forced-air electric fan coil units with split system air-conditioning (1.5 to 3-ton units). The air handling equipment is recessed in a wall in the heated space. The air-conditioning condensing units are pad-mounted on grade.

Air distribution is provided through ductwork in the ceiling and dropped soffits. Return air is through a wall grille at the bottom of the mechanical unit and control of the system is by a thermostat in each tenant space.

The clubhouse is cooled by split system air-conditioning. The air handling equipment is in a mechanical closet. The air-conditioning condensing units are air-cooled and pad-mounted on grade.

Air distribution is provided through ductwork in the ceiling and dropped soffits. Return air is through ductwork in the ceiling. A thermostat in each unit controls the system.

According to Don Brown, the property has been maintained since 1999 when the building was completed. No major replacements or upgrades have taken place at the subject property so far.

Records of product specification, warranties and maintenance of the HVAC equipment are located in Appendix C.

Recommendations:

- None required.

3.4.4. Electrical

The buildings' service sizes range from 400 to 600 amps, 120/240 volt, single phase, three-wire, alternating current (AC).

The electrical meters for common areas and individual units are installed on the outside of each building. The fuse boxes are located in each electrical equipment spaces. The utilities for common areas are metered separately.

Site lighting is provided by property-owned streetlights, with high intensity lamps. They are mounted on hollow metal poles spaced along the driving lanes and in the parking areas. There is a decorative lighting on metal poles located along the walkways, parking areas and open areas around the property.

Building exterior lighting is provided by light fixtures surface-mounted on the exterior walls in the entrance canopy system. Accent lighting is provided by spotlights mounted in the landscape areas, along walkways, around the perimeter of the buildings and focused on the property's signage.

Recommendations:

- None required.

3.5. Vertical Transportation

Not applicable.

3.6. Life Safety/Fire Protection

3.6.1. Sprinklers and Standpipes

The fire protection system contains a wet-pipe sprinkler system. There are Siamese connections on the exterior of the building and fire hydrants located along the interior roadways and public streets bordering the property. Metro Sprinkler, Inc. inspected and performed sprinkler tests on May 19, 2008.

The fire water service enters the buildings, except for the Clubhouse and mail kiosk which are not sprinkled, in the fire protection equipment room under the apartment stairs along with the domestic water main. The sprinkler system uses city water pressure. There are no fire pumps for the fire sprinkler system.

Each access stairway and common space is equipped with battery back-up emergency lighting. Battery back-up exit lights are located at all required exits and along paths of exit travel.

According to plans, the apartment buildings have the following fire resistance ratings:

- Exterior bearing walls – 1 hour
- Tenant bearing walls – 1 hour
- Garage ceiling/wall – 2 hour

Recommendations:

- Replace emergency lights, horns and strobe equipment on an as-needed.
-

3.6.2. Alarm Systems

Each apartment unit is equipped with smoke detectors wired to the building's electrical system. The clubhouse is equipped with a fire alarm and pull stations in public areas.

A central fire alarm panel is located in the maintenance building fire protection equipment room which monitors the pull stations, smoke detectors, and flow switches. It also sounds the alarm and automatically notifies the monitoring service or the fire department in the event of trouble.

Recommendations:

- None required.
-

3.6.3. Other Systems

Each apartment has a local security alarm system (Network Alarm Systems) with keypad located adjacent to the entry door with door contacts on the entry and sliding patio or balcony doors. The system control panel is located in the hallway. Some tenants have individual security alarm system, which they maintain.

According to reviewed plans, the building has the following energy efficiency designs:

- Thermal envelope – prescriptive
- Roof/ceiling assembly-rated plywood-airspace-insulation-G.W.B (U value of total assembly = 0.03, R value of insulation = 30).
- Exterior walls – 2 x 4 stud – G.W.B – brick sheathing (U value = 0.07, R value = 13)
- Floor slab-on-grade consisting of four-inch concrete and 2-inch insulation (U value = 0.08, R value = 10).

Recommendations:

- None required.

3.7. Interior Elements

3.7.1. Common Areas

The clubhouse has a lobby which contains fire extinguishers, emergency lights, fire alarm pull stations and horns, smoke detectors, elevators, public restrooms and a security/information desk. The lobby area has wood floor covering, painted and vinyl covered drywall walls and a painted drywall ceiling.

Tenant unit entrances are located along exterior walkways on all of the floors of the apartment buildings. The walkways contain tenant entrance doors, exit lights, smoke detectors, emergency lights, and sprinkler heads above each entrance doorway and have exposed concrete floors, painted drywall walls and an a texture-painted drywall ceiling.

The public restrooms in the clubhouse have ceramic tile floors and wainscots, drywall walls clad with vinyl wall covering above the wainscot and suspended ceilings with acoustical tile panels.

Recommendations:

- Replace common area carpeting in year 9.
-

3.7.2. Tenant Spaces

The following table generally describes the interior finishes in the tenant spaces:

TYPICAL INTERIOR FINISHES			
Space function	Floor	Walls	Ceiling
Sales areas	Carpet/wood Wall-to-wall	Drywall- painted	Drywall- painted
Office areas	carpet Wall-to-wall	Drywall- painted	Drywall- painted
Health Spa	carpet Wall-to-wall	Drywall- painted	Drywall- painted
Apartment units	carpet	Drywall- painted	Drywall- painted
Mechanical storage areas	Concrete	Unfinished	Unfinished
Apartment unit restrooms	Ceramic	Drywall- painted	Drywall- painted

The interior doors are wood doors set in wood frames. All interior doors contain commercial quality hardware.

Recommendations:

- Replace apartment unit carpeting on an as-needed basis starting in year 6.
- Replace washers & dryers in apartment units on an as-needed basis starting in year 9.
- Replace bathroom accessories in apartment units on an as-needed basis.

4. DOCUMENTATION REVIEW

4.1. Documentation Review

ACE BUILDING INSPECTORS requested relevant documentation prior to the PCA that typically provides knowledge of the subject property's physical improvements, extent and type of use, and/or assist in identifying material discrepancies between reported information and observed conditions. ACE BUILDING INSPECTORS' review of documents submitted does not include commenting on the accuracy of such documents or their preparation, methodology, or protocol.

The following documentation was provided for review while performing the PCA. Discrepancies and referenced report sections are noted in the table below.

DOCUMENTATION REVIEW			
Resource Item	Provided for Review	Discrepancy Observed	Section Reference
ADA accessibility surveys			
Appraisals			
Building plans			
Certificates of occupancy			
Citations for bldg., fire, life safety & zoning			
Deck age records, plans and permits			
Emergency evacuation plans			
Environmental studies			
Evacuation drill records			
Fire detection test and maint. records			
Fire door inspection reports			
Fire prevention plans			
Fire extinguisher service records			
Fire records			
Flame resistant certificates			
Flood plane maps			
Floor plans			
Kitchen grease cleaning records			
Kitchen post fire inspections			
Maintenance records			
Manufacturer's installation instructions			
Notices and Permits			
Power washing records			
Previous inspection reports			
Proposals for repairs or replacement			
Rent records			
Repair estimates/invoices			
Safety inspection records			
Seller disclosures			
Sprinkler head replacement records			
Utility bills			
Warranties			
EUL age info for components & systems			
Marketing and/or leasing info			
Building rent roll, occupancy percentage			

4.2. Interview Summary

The property management staff and code enforcement staff and code enforcement agencies were interviewed for specific information relating to the physical property, code compliance, available maintenance procedures, available drawings and other documentation.

In the process of conducting the PCA and follow up telephone calls, the following personnel from the facility and government agencies were interviewed:

ACE BUILDING INSPECTORS met with Don Brown, Maintenance Engineer, of Apartment Properties, Inc., who was cooperative and provided information, which appeared to be accurate based upon our subsequent site observations. It is ACE BUILDING INSPECTORS' opinion that the on-site contact was completely knowledgeable about the subject property and questions ACE BUILDING INSPECTORS posed during the interview process. The POC's management involvement at the property has been over the past year.

4.3. Building, Life Safety, and Zoning Compliance

According to statements by Mr. Darren Blanco of the Los Angeles Building Department, there are no outstanding building zoning or fire code violations on file for the property.

The property is located in a conforming use designated zoning district.

A review of the zoning classification information at the Zoning Department indicated that the property is located within an R-12 Multi Family Community Development (MCFD) zoning district and appears to be a conforming use.

According to Don Brown, the most recent inspection was conducted by the fire department in July 2008. A copy of the inspection report was requested and will be forwarded when received within the next thirty days.

The building department does not have an annual inspection programs. They only inspect new construction, work that requires a building permit and citizen complaints.

Copies of certificate of occupancies of all of the subject 20 site buildings (17 apartment units, Clubhouse, maintenance building and mail kiosk) were available from the owner,

4.4. Flood Plain and Seismic Zone

Review of the Flood Insurance Rate Map, published by the Federal Emergency Management Agency (FEMA) and dated 1993 (Community Panel No. 370158 0190 B) indicated that the property is located in Zone X (non-shaded area), defined as areas outside the 500-year flood plain.

Review of the Seismic Zone Map within 1994 Uniform Building Code, indicates that the property is located in Zone 1, defined as an area of low probability of damaging ground motion.

5. ADDITIONAL CONSIDERATIONS

Items required by ASTM E2018 included within the Property Condition Assessment and associated report (PCR). Additional “non-scope” items were addressed at the request of the Client or provided as value added considerations.

5.1. Ace Building Inspectors’ Value Added Considerations

These additional items are identified as follows:

- A limited visual assessment utilizing the ACE BUILDING INSPECTORS Accessibility Checklist
- Provision of a statement on the property’s Remaining Useful Life
- Provision of a Project At a Glance summary table
- Determination of geographic Uniform Building Code Seismic Zone
- Determination of FEMA Flood Plain Zone for single address properties

5.2. Property Remaining Useful Life

Subject to the qualifications stated in this paragraph and elsewhere in this report, the remaining useful life ((UL) of the property is estimated to be not less than 50 years. The foregoing estimate as to useful life is an expression of a professional opinion and is not a guarantee or warranty, expressed or implied. This estimate is based upon the observed physical condition of the property at the time of the ACE BUILDING INSPECTORS’ visit and is subject to the possible effect of concealed conditions or the occurrence of extraordinary events, such as natural disasters or other “acts of God”, which may occur subsequent to the date of the on-site visit.

The remaining useful life for the property is further based on the assumption that: (a) the immediate repairs, short term repairs, and future repairs for which replacement provided as capital reserves are recommended, and completed in a timely and workmanlike manner; and (b) a comprehensive program of preventive and remedial property maintenance is continuously implemented using an acceptable standard of care.

The estimate is made only with regard to the expected physical or structural integrity of the improvements on the property, and no opinion regarding economic or market conditions, the present or future appraised value of the property, or its present or future economic utility is expressed by ACE BUILDING INSPECTORS.

5.3. ADA Accessibility

Generally, Title III of the Americans with Disabilities Act (ADA) prohibits discrimination by entities to access and use of “areas of public accommodations” and “commercial facilities” on the basis of disability. Regardless of their age, these areas and facilities must be maintained and operated to comply with the Americans with Disabilities Act Accessibility Guidelines (ADAAG).

Buildings completed and occupied after January 26, 1992 are required to comply fully with ADAAG. Existing facilities constructed prior to this date are held to the lesser standard of complying with the extent allowed by structural feasibility and the financial resources available, or a reasonable accommodation must be made.

During the PCA, a limited visual observation for ADA accessibility was conducted. The scope of the visual observation was limited to those areas, which are set forth on the ACE BUILDING INSPECTORS Accessibility Checklist provided in Appendix D. It is understood by the Client that the limited observation described herein does not comprise a full ADA Compliance Survey, and that such a survey is beyond the scope of ACE BUILDING INSPECTORS’ undertaking. Only a representative sample of areas was observed and, other than as shown on the accessibility checklist, actual measurements were not taken to verify compliance.

6. OPINIONS OF PROBABLE COSTS TO REMEDY PHYSICAL DEFICIENCIES

This section provides estimates for the repair and capital reserves items noted within this PCR. These estimates are based on Invoice or Bid Document/s provided either by the Owner/facility and construction costs developed by construction resources such as R.S. Means and Marshall & Swift, ACE BUILDING INSPECTORS’ experience with past costs for similar properties, city cost indexes, and assumptions regarding future economic conditions.

6.1. Methodology

Based upon site observations, research and judgment, along with referencing Expected Useful Life (EUL) tables from various industry sources, ACE BUILDING INSPECTORS opines as to when a system or component will most probably necessitate replacement. Accurate historical replacement records, if provided are typically the best source of information. Exposure to the elements, initial quality and installation, extent of use, the quality and amount of preventive maintenance exercised, etc. are all factors that impact the effective age of a system or component. As a result, a system or component may have an effective age that is greater or less than its actual chronological age. The Remaining Useful Life (RUL) of a component or system equals the EUL less its effective AGE.

Where quantities could not be derived from actual takeoff, lump sum or allowances are used. Estimated costs to correct are based on professional judgment and the probable or actual extent of the observed defect, inclusive of the cost to design, procure, construct and manage the corrections.

6.2. Immediate Repairs and Short Term Costs

Immediate Repairs are opinions of probable costs that require immediate action as a result of (1) material existing or potential unsafe conditions, (2) material building or fire code violations, or (3) conditions that if left unremedied, have the potential to result in or contribute to critical element or system failure within one year or will most probably result in a significant escalation of its remedial cost.

Short-term costs are opinions of probable costs to remedy physical deficiencies, such as deferred maintenance, that may not warrant immediate attention, but require repairs or replacements that should be undertaken on a priority basis in addition to routine preventive maintenance. Such opinions of probable costs may include costs for testing, exploratory probing, and further analysis should this be deemed warranted by the consultant. The performance of such additional services is beyond the PCA scope of work. Generally, the time frame for such repairs is within one to two years.

IMMEDIATE NEEDS ANALYSIS						
Item	Item Description	Qty	Unit	Costs	Totals	Comments
1	Replace rooftop parking unit	1	n.a	\$ 10,000.00	\$ 10,000.00	OCYB
2	Install toilet exhaust	4	ea.	\$ 300.00	\$ 1,200.00	CR
3	Patch potholes in parking	1	ea.	\$ 8,000.00	\$ 8,000.00	DM
4	Repair open roof flashings	3	ea.	\$ 200.00	\$ 600.00	DM
5	Clean debris roof drain	1		\$ 100.00	\$ 100.00	PFD
6					\$ -	
	Total Immediate Repairs				\$ 19,900.00	
	Cost Per Square Foot					

LEGEND: Owner Current Year Budget - OCYB; Code Requirement - CR;
Deferred Maintenance – DM; Potential Flood Damage – PFD

6.3. Capital Reserves

Not Applicable

7. QUALIFICATIONS

DIONNE CABUGUASON is a Certified Professional Building (Residential & Commercial) Inspector (ITA)– existing and new construction, Professional Civil Engineer (ASCE) with many years of experience in the construction of residential, commercial and industrial buildings, Licensed General Building Contractor (CSLB) specializing in residential constructions and renovations, and Certified Mold (Micro Consulting), Radon, and Wood-destroying Pests inspector (Purdue University). I have a combined 26 years of experience in general building construction, and inspected more than 9,000 residential and commercial properties since 1993. In addition, I am an active member of *American Society of Civil Engineers (ASCE)*, *American Society of Home Inspectors (ASHI®)*, *California Real Estate Inspection Association (CREIA)*, *American Home Inspectors Training Institute (AHIT)*, *American Society for Testing and Materials (ASTM)*, *International Code Council (ICC)*, and *Foundation of Real Estate Appraisers (FREA)*; and an affiliate member of *Applied Technology Council (ATC)*. My other credentials which are not related to inspection are the following: BSME (Mechanical Engineering), Licensed Appraiser (OREA), Tax Preparer (intermediate & comprehensive), Licensed Real Estate Professional (DRE), Property Management (ABS), and Personal Computer Technology (PCDI).

8. LIMITING CONDITIONS

ACE BUILDING INSPECTORS' PCA cannot wholly eliminate the uncertainty regarding the presence of physical deficiencies and the performance of a subject property's building systems. Preparation of a PCR in accordance with ASTM E2018 is intended to reduce, but not eliminate, the uncertainty regarding the potential for component or system failure and to reduce the potential that such component or system may not be initially observed.

This PCR was prepared recognizing the inherent subjective nature of ACE BUILDING INSPECTORS' opinions as to such issues as workmanship, quality of original installation, and estimating the remaining useful life of any given component or system. It should be understood that ACE BUILDING INSPECTORS' suggested remedy may be determined under time constraints, formed without the aid of engineering calculations, testing, exploratory probing, the removal of materials, or design. Furthermore, there may be other alternate or more appropriate schemes or methods to remedy the physical deficiency. ACE BUILDING INSPECTORS' opinions are generally formed without detailed knowledge from individuals familiar with the component's or system's performance.

The opinions ACE BUILDING INSPECTORS expresses in this report were formed utilizing the degree of skill and care ordinarily exercised by any prudent architect or engineer in the same community under similar circumstances. ACE BUILDING INSPECTORS assumes no responsibility or liability for the accuracy of information contained in this report which has been obtained from the Client or the Client's representatives, from other interested parties or from the public domain. The conclusions presented represent ACE BUILDING INSPECTORS' professional judgment based on information obtained during the course of this assignment. ACE BUILDING INSPECTORS' evaluations, analyses and opinions are not representations regarding the design integrity, structural soundness, or actual value of the property. Factual information regarding operations, conditions and test data provided by the Client or their representative has been assumed to be correct and complete. The conclusions presented are based on the data provided. Observations made, and conditions that existed specifically on the date of the assessment.

Appendix A – Photographic Records

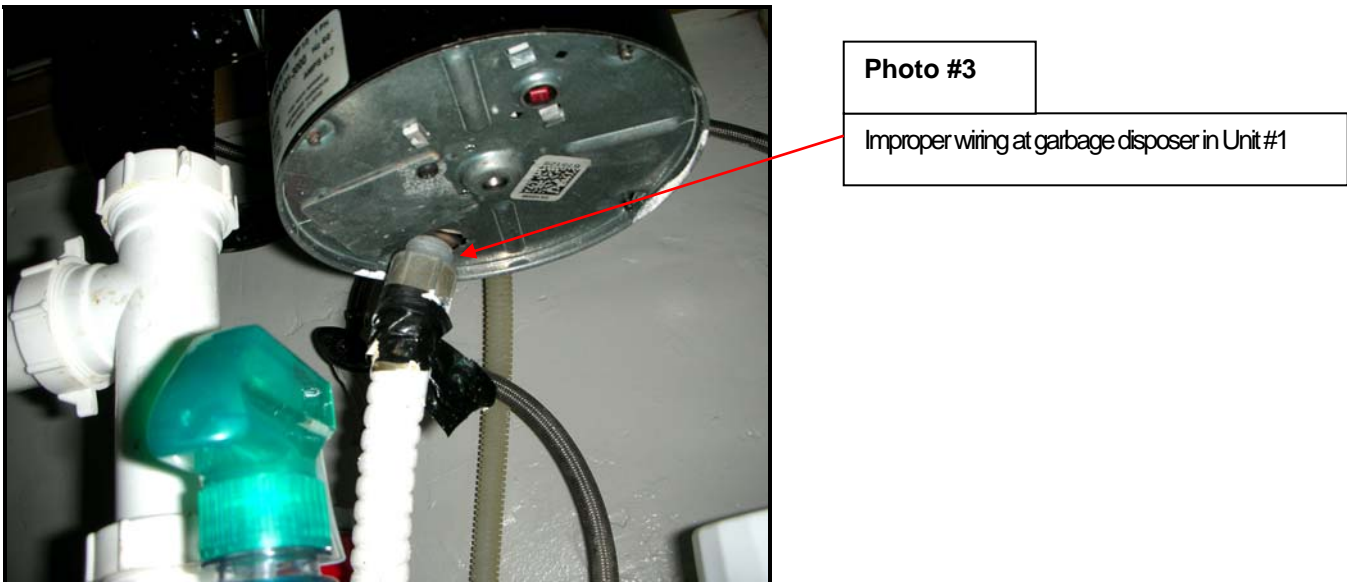
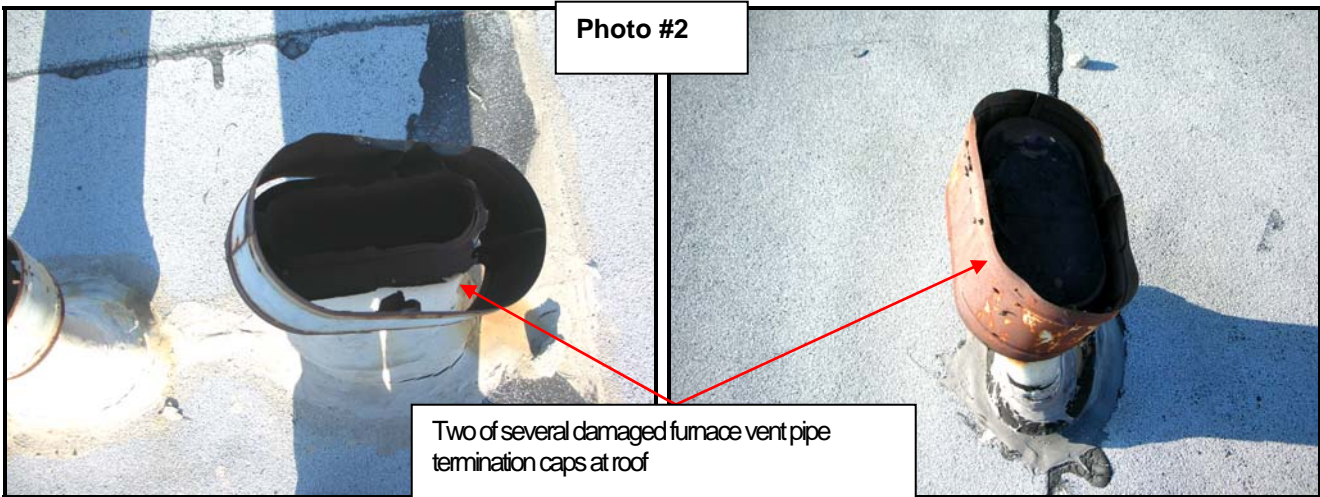
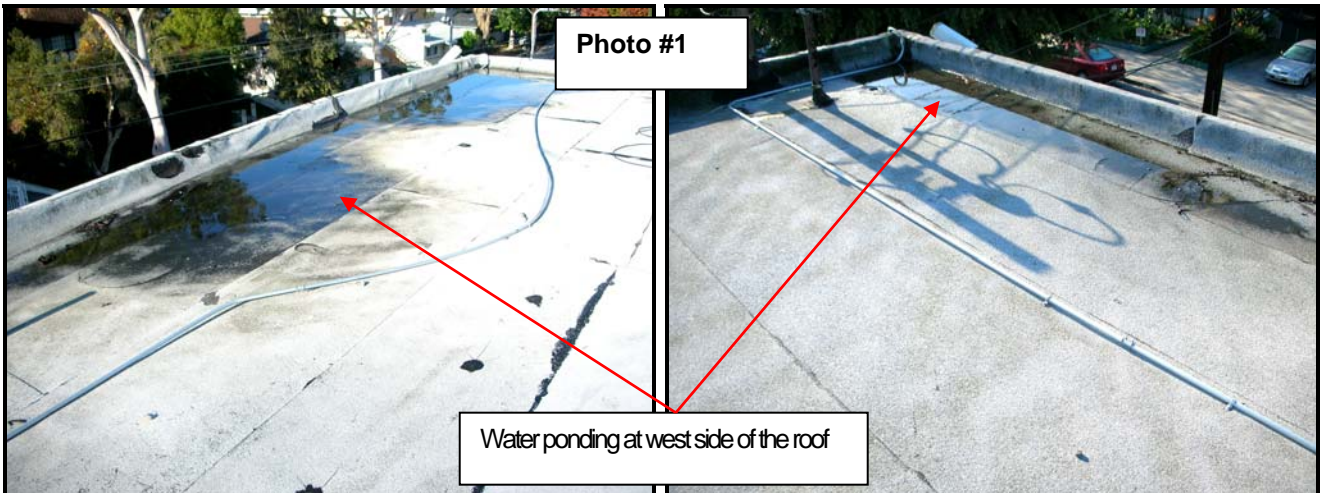




Photo #4

Corroded and leaking garbage disposer in the kitchen of Unit #9 in Bldg. #206



Photo #5

Corroded and leaking kitchen sink drainpipe in Unit #9 of Bldg. #206

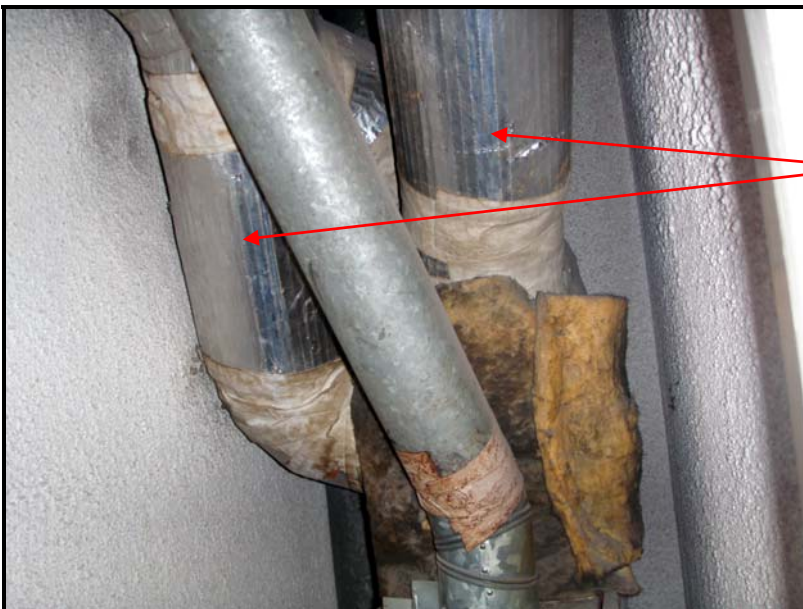


Photo #6

Asbestos insulated metal ductwork of forced air furnaces



Photo #7

Major leak waste pipe in underfloor space of building #200

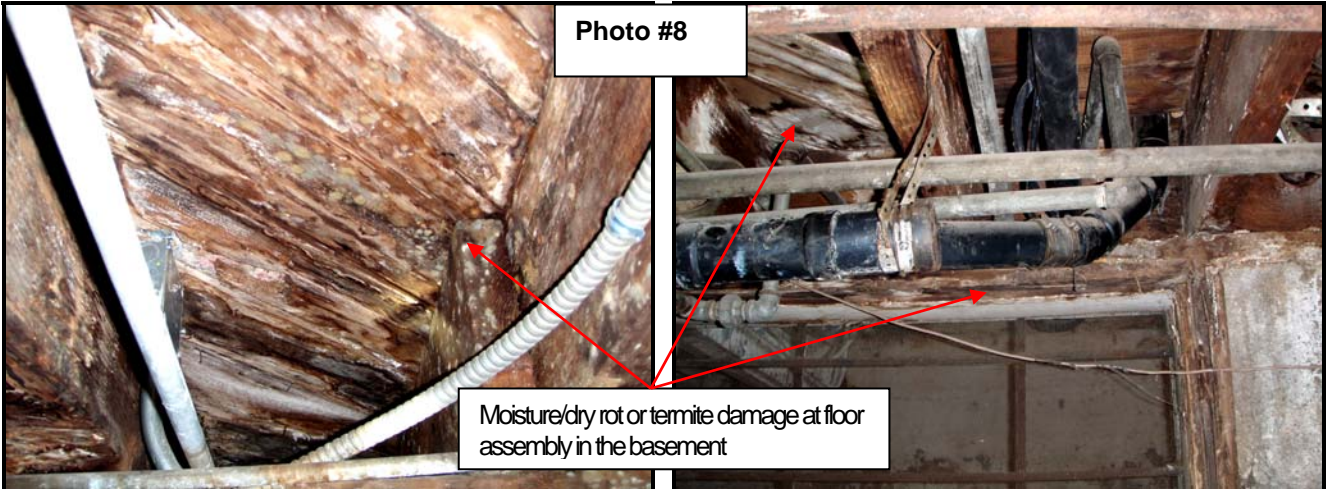


Photo #8

Moisture/dry rot or termite damage at floor assembly in the basement



Photo #9

Heavy mold growth at fire barrier wall

APPENDIX B – Site and Floor Plans

APPENDIX C – Supporting Documentation

APPENDIX D – ACE BUILDING INSPECTORS Accessibility Checklist

APPENDIX E – Pre Survey Questionnaire & Documentation Request Checklist

APPENDIX F – Out of Scope Considerations

Activity Exclusions--- The activities listed below generally are excluded from or otherwise represent limitations to the scope of a PCA prepared in accordance with this guide. These should not be construed as all-inclusive or imply that any exclusion not specifically identified is a PCA requirement under this guide.

1. Removing or relocating materials, furniture, storage containers, personal effects, debris material or finishes; conducting exploratory probing or testing; dismantling or operating of equipment or appliances; or disturbing personal items or property, that obstructs access or visibility.
2. Preparing engineering calculations (civil, structural, mechanical, electrical, etc.) to determine any system's, component's, or equipment's adequacy or compliance with any specific or commonly accepted design requirements or building codes, or preparing designs or specifications to remedy any physical deficiency.
3. Taking measurements or quantities to establish or confirm any information or representations provided by the owner or user, such as size and dimensions of the subject property or subject building; any legal encumbrances, such as easements; dwelling unit count and mix; building property line setbacks or elevations; number and size of parking spaces; etc.
4. Reporting on the presence or absence of pests such as wood damaging organisms, rodents, or insects unless evidence of such presence is readily apparent during the course of the field observer's walk-through survey or such information is provided to the consultant by the owner, user property manager, etc. The consultant is not required to provide a suggested remedy for treatment or remediation, determine the extent of infestation, nor provide opinions of probable costs for treatment or remediation of any deterioration that may have resulted.
5. Reporting on the condition of subterranean conditions, such as underground utilities, separate sewage disposal systems, wells; systems that are either considered process-related or peculiar to a specific tenancy or use; waste-water treatment plants; or items or systems that are not permanently installed.
6. Entering or accessing any area of the premises deemed to pose a threat of dangerous or adverse conditions with respect to the field observer or to perform any procedure, that may damage or impair the physical integrity of the property, any system, or component.
7. Providing an opinion on the condition of any system or component, that is shutdown, or whose operation by the field observer may increase significantly the registered electrical demand-load; however, the consultant is to provide an opinion of its physical condition to the extent reasonably possible considering its age, obvious condition, manufacturer, etc.
8. Evaluating acoustical or insulating characteristics of systems or components.
9. Providing an opinion on matters regarding security of the subject property and protection of its occupants or users from unauthorized access.
10. Operating or witnessing the operation of lighting or other systems typically controlled by time clocks or that are normally operated by the building's operation staff or service companies.
11. Providing an environmental assessment or opinion on the presence of any environmental issues such as asbestos, hazardous wastes, toxic materials, the location and presence of designated wetlands, IAQ, etc.