

Property Condition Assessment

**123 Main Street
Anytown, PA 00000**

Prepared For:

Commercial Client



1.0 Certification

Buyers Protection Group (BPG) has completed a Property Condition Assessment (PCA) at the *A vacant building* at 123 Main Street Anytown , PA (the Site). This PCA was conducted in accordance with, ASTM E2018-08 Property Condition Assessments: Baseline Property Criteria. The Site was inspected on June 9, 2015. *BPG's* Mr. Lawrence Transue was accompanied by Mr. Inspector an inspector with BPG.

This assessment was performed at (the Client's) request utilizing methods and procedures consistent with good commercial or customary practices designed to conform to acceptable industry standards. This report may be distributed to and relied upon by the Client, and its affiliates, successors, nominees and/or assigns, rating agencies and bond investors. The independent conclusions represent *BPG' S* best professional judgment based on the conditions that existed and the information and data available to us during the course of this assignment. Factual information regarding operations, conditions, and test data provided by Client, owner, or their representative has been assumed to be correct and complete.

Written by: Lawrence C Transue
Lawrence Transue
Inspector

2.0 EXECUTIVE SUMMARY

BPG has completed a Property Condition Assessment (PCA) of the building at 123 Main Street Anytown, PA 00000. See Appendix 1 for photographs.

2.1 General Description

Primary Use	Office / Industrial / Commercial
Site Contact	Real Estate Agent
Total Building Area	Approximately 3088 sq. ft.
Gross Site	Lot Size: 10454 SF
Tenants	<i>The building is vacant</i>
Rentable Floor Space Available	unknown
On-Site Parking Areas and Drives	Parking for the Site is provided for 14 vehicles, including one handicapped slot, in open, asphalt paved parking lot.
Building Description	Single story office building, brick construction
Landscaping	Planter beds at building exterior
Year Built	1900
Last Renovations	Unknown
Construction	Brick Masonry Exterior Walls; roof is constructed of wood post and beam, rafters and wood decking, with EPDM and asphalt shingle roofing, Wall facades are brick.
Former Use	<i>The last known tenant was a Karate School</i>

2.2 Description & General Condition

Overall, this facility is in fair condition for its approximate 100 year age based on the observed appearance of the building exterior and interior, the on-going maintenance program and the experienced management staff as compared to others of similar function, age and construction type. The Site has good curbside appeal and is located in a commercial / industrial area of Catasauqua.

The Site consists of a .24 acre parcel developed with a single story office building that is presently vacant. Commercial and Industrial buildings are located in the vicinity of the Site. The Lehigh Valley Airport is less than two miles from the site.

The Site building façade's material consists of brick. Windows are aluminum framed fixed, thermos-pane units.

2.3 Remaining Life

The effective remaining life of this Site is estimated to be in excess of 75 years, as long as management continues to respond to normal maintenance items in a timely manner. This estimate does not take into consideration acts of God such as earthquakes, flooding, storm damage, fires, war or the like.

2.4 Immediate and Short Term Repair Costs

BPG identified immediate repairs to include roof repairs, and gutter and downspout repairs.

BPG identified short term repairs to include, re-stripping the parking lot, parking lot repairs and sealing, oil tank testing and relocating, sidewalk repairs, knob and tube wiring replacement, and vermin control.

These costs are given in the table below.

Repair Item	Cost (\$)
1. Repair and Seal Parking Lot	\$1000
2. Re-Stripe Parking lot	\$500
3. Repair Sidewalk at north side	\$2000
4. Oil tank Soil testing / oil tank removal	\$4000
5. Install new oil tank	\$2000
6. Roof repairs, insulation, vermin control	\$2000
7. Fill Pond, landscape property, trim or remove tree	\$4500
8. Rebuild or repair retaining wall	\$3000
9. Repair rotted beam in attic as necessary	\$750
10. Install missing trim, paint rusted front porch cover	\$300
11. Flue pipe improvements	\$200
12. Knob and Tube - replace if active	\$2000
13. Replace Water heater	\$1000
TOTAL - Immediate and Short Term Costs	\$23,250

3.0 INTRODUCTION _____

3.1 Purpose

The purpose of this PCA is to assist the Client to assess the general condition of the Site for the purpose of evaluating future capital needs with respect to lease renewals. We have documented existing conditions of major components of the structural, architectural, site, mechanical, plumbing and electrical systems. This report:

- Identifies significant defects, deficiencies, items of deferred maintenance and physical deficiencies based upon a visual survey of the Site, review of documents, and research and interrogatories as described herein;
- Documents the Site's overall physical condition, describes pertinent components or systems, identifies physical deficiencies and conditions that may limit the expected useful life of major components or systems; and,
- Prepares estimated costs to remedy physical deficiencies.

3.2 *Scope*

This report is an opinion about the condition of the Site. It is based on visual evidence available during an inspection of all reasonably accessible areas. We did not remove any surface materials, perform any destructive testing, nor move any furnishings. This study is not an exhaustive technical evaluation. Such an evaluation would entail a significantly larger scope than this effort. Furthermore, this report does not take any hidden repair costs into account. The total repair costs documented herein are based on our inspection of the interior and exterior and of the Site building, and their representative unoccupied and occupied storage spaces. Actual repair costs may vary according to actual condition of each individual unit.

3.3 *Research (Documentation and Personnel)*

The foregoing were obtained on-site and used in the preparation of this report. Original construction plans were not provided by the client or readily available for review:

- Documentation Not Available

4.0 DESCRIPTION AND CONDITION ---

4.1 *Site*

4.1.1 Zoning, Topography and Drainage

Zoning: Town center

Topography: Slopes downward to the west

Flood Plain: Not Determined.

Surface Water: There is no significant surface water in proximity to the Site.

Site drainage: Storm water is handled by sub-surface drains. Rainwater that falls on the roof is drained underground. The discharge for these downspouts was not located.

Observations/Comments

The drain at the north east corner is clogged and has standing water. It should be cleaned as necessary.

4.1.2 Pavement, Parking and Curbing

There are 14 parking spaces provided around the building in an open asphalt-paved parking lot. One of the parking spaces is designated for handicapped use. The striping and painting is faded and needs to be re-painted.

Concrete curbing is generally provided at pavement edges. Elevated pedestrian sidewalks serve as curbing along select interior portions of pavement.

Observations/Comments

The pavement, parking, and curbing are generally in fair condition. *BPG* observed cracking and settling in the west parking lot in need of repair and sealing. **See item 1 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy. The parking lot needs to be re-striped. **See item 2 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy.

4.1.3 Flatwork

Walks: There is a main entry at the north façade. Concrete sidewalks are provided on-site for pedestrian access to the entry vestibule as well as secondary entries used primarily by staff.

Refuse pad: There is no refuse of dumpster pad at the site.

Observations/Comments

The north sidewalk is deteriorating and is a trip hazard. It should be repaired to prevent further deterioration. **See item 3 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy.

4.1.4 Landscaping and Appurtenances

Landscaping: Beds with plantings are provided along the façades of the building. There is also a pond at the southwest corner of the building.

Irrigation: An irrigation system is not present at the site

Transformer: No transformers are present

Retaining wall: Poured Concrete Masonry.

Observations/Comments

The shrubs are overgrown and should be trimmed; the tree at the south side that touches the roof and chimney should be removed or trimmed. Beds should be mulched or stone applied. The decorative pond should be removed. **See item 7 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy. Repairs or replacement is needed for the retaining wall. **See item 8 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy.

4.1.5 Utilities

Water: *Public*

Electricity: *PPL*

Natural gas: *N/A*

Propane Gas: Not Applicable

Oil: 1 buried oil tank on west side of building.

Steam: Not Applicable

Sanitary sewer: *Public*

Observations/Comments

Water and Electric is off at the site. There is a buried heating oil tank at the west side of the building. The tank and/or surrounding soil should be tested. The tank should be relocated to the interior of the building. **See items 4 and 5 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy.

4.1.6 Fencing and Signage

Signage: A *Karate School* sign is attached to the North face of the building.

Fencing: There is an iron fence around a portion of the lot.

Observations/Comments

We did not observe any significant deficiencies to the fence or signage.

4.2 Building Frame and Envelope

4.2.1 Substructure

Foundation system: The foundation was not highly viewable; however, it appears to be concrete and brick masonry.

Observations/Comments

We did not observe any significant deficiencies. No indicators such as differential settlement or other concerns were identified at the Site building. The interior poured concrete slab on grade is largely covered with flooring, but some exposed slab was exposed in the back house storage areas. We did not observe any cracks in the visible concrete.

4.2.2 Superstructure

Framing system: The building structure is post and beam.

Observations/Comments

There is a rotted beam in the attic. Repairs may be necessary to preserve the structure. **See item 9 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy.

Lateral load resistance: Provided by the building exterior walls.

Observations/Comments

Appears adequate and we did not observe any significant deficiencies.

4.2.3 Façades

Sidewall system: Building sidewalls consist of brick.

Observations/Comments

Some missing wood trim was noted and the front entrance cover was rusted. **See item 10 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy.

Fenestration system: Aluminum framed, double hung, insulated glass units punctuate the building façades.

Observations/Comments

We did not observe any significant deficiencies.

Entrances/doors: A metal framed glass entry door is the primary access. Emergency exits are single leaf, metal units with crash bar latches.

Observations/Comments

We did not observe any significant deficiencies.

4.2.4 Roofing

Type: The asphalt shingle roof consists of wood decking supported on wood rafters and post and beam construction.

Drainage: The asphalt shingle roof is pitched. There are aluminum gutters and downspouts at the eaves that discharge below grade

Covering: There is a flat .060 EPDM roof at the top. The sloped roof is asphalt shingle. The roof coverings are in generally good condition.

Insulation: A minimal amount of fiberglass insulation was observed in the ceiling area.

Means of access: A ladder is permanently attached to the wall in the bathroom . There is a hatch in the bathroom ceiling

Reported leaks: There are no obvious leaks; however several buckets and tarps were present in the attic.

Observations/Comments

There is a hole in the northeast ridge cap. Besides rain and snow, this hole also allows vermin entry. This hole should be repaired. A pest control specialist should be engaged for vermin control. Insulation should be improved in the attic space. **See item 6 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy. The gutters should be repaired or replaced as necessary. The Parapet wall flashing should be resealed as necessary. The wall also needs some minor repairs.

4.3 Interior Elements

4.3.1 Finishes

Floors: Vinyl tile, carpet, and possible asbestos floor tiles cover the floors.

Walls: Painted gypsum board. Wood

Ceilings: Plaster ceilings in the main floor. Suspended acoustical tile systems, 2X4 grid In the basement.

Doors: Wood interior doors are in fair condition. Other glass and metal entry doors are likewise in good condition.

Observations/Comments

We did not observe any significant deficiencies.

4.3.2 Appliances and Fixtures

Kitchens/Break rooms: None

Bathrooms: Fixtures are old. Updating may be necessary. Fixtures could not be tested due to water being off.

Observations/Comments

We did not observe any significant deficiencies.

4.4 Basements & Attics

Basement: There is a finished basement with a bathroom and utility area.

Attic: An unfinished attic is present. There is minimal insulation installed. There is uninstalled insulation still in packages in attic.

Observations/Comments

Evidence of leaks and vermin activity is present in the attic. **See item 6 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy.

4.5 Vertical Transport

None

Observations/Comments

Not Applicable

4.6 Building Systems

4.6.1 Plumbing

Potable Water: Copper branch piping

Sewage: Cast Iron Pipe to municipal systems by gravity flow

Sewage ejector pump: None

Water Heater: There is one water heater at the Site: A 50 gallon Rheem Electric water heater. It is a 1979 model. It should be replaced.

Observations/Comments

Replace electric water Heater. **See item 13 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy.

4.6.2 Heating and Air Conditioning

Heating for the building is provided via one Weil McLain oil -fired steam boiler. The table below identifies the age and size of the unit, and whether or not they will likely need to be replaced:

Quantity	Size (BTUs)	Year Manufactured	Replace?
1	210,000 est.	1997	NO

Observations/Comments

The unit could not be tested. The flue pipe is too close to combustibles. Additional clearance is needed. **See item 11 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy.

4.6.3 Electrical

Rating of building service: The main service entry is from aboveground lines. The service capacity is three phase, four wire, 120/208 volt with a 200 Amp main breaker and various branch distribution panels.

Overload protective devices: Circuit breakers

Aluminum branch circuit wiring: None

Knob and tube branch circuit wiring: Present in Attic

Lighting: Interior lighting is provided with lay-in ceiling and surface mounted fluorescent fixtures spaced throughout the building interior. Exterior lighting is provided by facade mounted fixtures. No deficiencies were observed. The lights could not be tested due to no electric at the site.

Emergency Power Generator: None

Observations/Comments

The knob and tube wiring in the attic may be active. Consult an electrician for further testing and replacement costs if necessary. **See item 12 in the Immediate Deficiencies and Short Term cost table in Section 2.4** for cost to remedy.

4.6.4 Fire Protection & Life Safety

The Site building does not have a wet sprinkler system. Alarm components consist of pull stations at each exit and horn/strobe assemblies strategically placed around the building interior. Illuminated exit signs (battery supported) and battery supported emergency lighting are provided at strategic locations throughout the building.

Fire extinguishers are present at some locations throughout the building. The extinguishers do not have current inspections. A qualified contractor should be engaged to inspect these systems.

All sensing devices and alarms appear to report to a fire alarm control panel that auto-dials a monitoring service and/or local fire department.

The building is exempt from sprinkler requirements because it is a single story structure.

Observations/Comments

The life safety and fire protection systems have outdated inspections. A qualified contractor should be engaged to inspect these systems.

4.6.5 Security

The Building does not have a security system.

Observations/Comments

We did not observe any significant deficiencies.

4.7 Amenities

None

Observations/Comments

Not applicable

5.0 ADA Compliance

Under the Americans with Disabilities Act (ADA), buildings completed after January 26, 1992, are required to comply with the ADA. Projects constructed before this date are required to comply to the extent it is "readily achievable." This legislation affects places of "public accommodation" such as rental offices or other facilities open to the public (other than homeowners, tenants and their guests). BPG did not perform an in-depth survey for ADA compliance.

Facilities initially occupied after the effective date must comply with the ADA. Title III which calls for owners of buildings occupied prior to the effective date to expend, *reasonable* sums, and must make *reasonable efforts* to make *practicable* or *readily achievable* modifications to remove barriers, unless the modification would create an undue burden. When renovating buildings occupied prior to the effective date, the area renovated, and the path of travel accessing the renovated area, must comply with the ADA. The definitions of "reasonable," "reasonable efforts," "practicable" or "readily achievable" are Site dependent, and vary based on the owner's financial status.

Due to the unique nature of each property, the extent of analysis required and the many variables of compliance with the ADA guidelines, evaluating costs for full ADA conformity is beyond the scope of this PCA. A separate ADA Compliance Audit can be ordered if required.

For the purposes of this PCA the survey is limited to visual observations of areas readily observable or easily accessible. These spaces were visually observed for general compliance with the major requirements of the ADA.

Observations/Comments

Although construction of the Site building occurred prior to the enactment of the ADA, the Site appears to be generally compliant with ADA standards. (Site ramps, door sizes, aisles sizes, bathroom access, convenience fixtures, etc.)

6.0 Violations of Building/Fire/Health/Housing Code _____

BPG **did not research** any violations of the building fire health or housing code. The client should obtain these records from the municipality before the end of the due diligence period.

7.0 Earthquake Zone _____

The site is not in an earthquake zone.

8.0 Cost Estimates for Immediate Deficiencies and Replacement Reserves _____

Based upon BPG' S observations during our Site visits, and information we received from interviews with building management and service personnel, we have developed preliminary cost estimates complete with an appropriate recommended remedy for each significant physical deficiency.

These estimates are for components or systems exhibiting either patent defects, significant deferred maintenance or requiring major repairs or replacement. Repairs or improvements that could be classified as (i) a routine operating expense, (ii) part or parcel of a building renovation program, (iii) normal building preventive maintenance, or (iv) the responsibility of tenants have not been included.

BPG' S estimated costs are deemed to be preliminary. These costs are net of general conditions, construction management fees, and design fees. We use market costs or historical costs incurred by the Site that are documented and/or have been substantiated to BPG' s satisfaction. These estimates do not include costs for mold, asbestos, and lead-based paint.

The cost figures are order of magnitude estimates only. They pertain to some of the observations made in this report. This is not an all-inclusive list of future repair costs, nor does it address general annual maintenance. It is recommended that a budget of roughly one percent of the value of the building be set aside annually to cover unexpected repairs and annual maintenance.

It is further recommended that qualified, reputable contractors be consulted for specific quotations. You may find that contractor estimates vary dramatically from these figures, and

from each other. Contractors may also uncover defects not apparent at the time of the inspection, resulting in additional costs. Please proceed cautiously.

Should you have any questions regarding contractor opinions or quotations, please contact our office. Any work performed by the building owner will dramatically reduce costs.

These approximate costs are not intended to represent or influence, in any way, the value of a property.

Building systems and components must be constructed and installed to meet applicable building and life safety codes at the time of construction or installation. These codes are updated and revised over time. Typically, building owners and operators are not required to modify/upgrade buildings to address these code revisions. As a general rule, we recommend that building owners or operators consult the latest code requirements when performing normal maintenance tasks. Simple upgrades to meet current codes, although not required, can dramatically improve the safety of a building environment. For example, electrical outlets outside or near other water sources can be upgraded with ground fault circuit interrupters to reduce the incidence of electrical shock. Similarly, guardrails can be upgraded such that the space between balusters is four inches or less, thereby reducing the likelihood of a child passing through the baluster.

8.1 Immediate Action and Short Term Deficiencies

Immediate Action - Physical deficiencies as a result of: (i) existing or potentially unsafe conditions, (ii) significant negative conditions impacting tenancy/marketability, (iii) material building code violations, (iv) poor or deteriorated condition of critical element or system, or (v) a condition that if left “as is,” with an extensive delay in addressing same, would result in or contribute to critical element or system failure within one year or a significant escalation in its remedial cost.

Short Term (0-12 months) - Physical deficiencies, which are inclusive of deferred maintenance, that may not warrant immediate attention, but requiring repairs or replacements that should be undertaken on a priority basis, taking precedence over routine preventive maintenance work within a zero to one-year time frame. Included are such deficiencies resulting from improper design, faulty installation and/or quality of original system or materials. Components or systems that have realized or exceeded their Expected Useful Life and that may require replacement are also included.

9.0 LIMITATIONS

The observations in this PCA are valid on the date of the Site reconnaissance and made under the conditions noted herein.

This assessment was performed at the request of the Client utilizing methods and procedures consistent with good commercial or customary practices designed to conform to acceptable industry standards. This report may be distributed to and relied upon by the Client, its successors and assigns, with respect to a loan upon the Site, together with any rating agency or any issuer or purchaser of any security collateralized or otherwise backed up by such loan. The independent conclusions represent *BPG*'s best professional judgment based on the conditions that existed and the information and data available to us during the course of this assignment. Factual information regarding operations, conditions, and test data provided by Client, owner, or their representative have been assumed to be correct and complete.

This report is not intended to be nor shall be relied upon by any other individual or party without the express written authorization of *BPG*. To the extent that another individual or party acts in reliance, such individual or party shall indemnify and hold *BPG* harmless for any damages, losses, or expenses arising therefrom. Such reliance shall be at the individual or party's sole risk, without liability on the part of *BPG*.

This report is limited to our visual observations during our inspection. *BPG* neither attests nor renders an opinion as to the accuracy or comprehensiveness of the statements of the individuals interviewed, readily-available governmental records, reports conducted by other consultants, or analytical results. We did not remove surface materials, conduct any destructive or invasive testing, move furnishings or equipment, or undertake any digging or excavation. Accordingly, we cannot comment on the condition of systems that we could not view or buried structures/utilities, nor are we responsible for conditions that could not be seen or were not within the scope of our services at the time of inspection. We did not undertake to completely assess the gross stability of the Site building or the underlying foundation soil, since this effort would require excavation and destructive testing. Likewise, this is not a seismic assessment.

There is a limit to all investigations in the sense that the researcher must draw conclusions and develop recommendations with information obtained from limited research and Site evaluation. The passage of time may also result in a change in the characteristics at the Site and surrounding properties. *BPG* does not render an opinion as to Site conditions, which may

change subsequent to the date of this investigation. Moreover, the conclusions and recommendations contained herein remain valid for 120 days from the date of this PCA.

- We do not render an opinion on uninspected portions of the Site.

We did not perform any computations or other engineering analysis as part of this evaluation, nor did we conduct a comprehensive code compliance investigation. This report is not to be considered a warranty of condition, and no warranty is implied. Our cost estimates are estimates only. These estimates are based on our general knowledge of building systems and the contracting/construction industry. When appropriate, we have relied on standard sources, such as *Means Building Construction Cost Data*, to develop cost estimates. However, for many items for which we have developed cost estimates (e.g., appliances, structural repairs), no standard guide for developing such estimates exists. We have performed no design work as part of this study, nor have we obtained competitive quotations or estimates from contractors, as this also is beyond the scope of our work. The actual cost to remedy deficiencies and deferred maintenance items we have identified may vary significantly from our estimates following final design, if necessary, and receipt of competitive quotations from contractors.

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