Inspection Report

Oregon Metro

Property Address:
2517 SE 82nd Ave.
Portland OR

PropertyExam corp.

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Date: 10/17/2014	**Time:** 10:04 AM	**Report ID:** 20141017a
Property: 2517 SE 82nd Ave. Portland OR	**Customer:** Oregon Metro	**Real Estate Professional:**

Executive Summary

This is a Property Condition Report "PCR" using the ASTM E2018 as a standard guideline to describe the condition of building or buildings for the property inspected. This process involves observation of the property by a person or entity. It can include interviews of sources, and reviews of available documentation for the purpose of developing an opinion and preparing a PCR of a commercial real estate's current physical condition. At the option of the user, a PCA may include a higher level of inquiry and due diligence than the baseline scope described within this guide or, at the user's option, it may include a lower level of inquiry or due diligence than the baseline scope described in this guide. If there are such deviations from this guide's scope it should be disclosed here on this page. A PCR is a written report, prepared in accordance with the recommendations contained in this guide, that outlines the consultant's observations, opinions as to the subject property's condition, and opinions of probable costs to remedy any material physical deficiencies observed.

In defining good commercial and customary practice for conducting a baseline PCA, the goal is to identify and communicate physical deficiencies to a user. The term physical deficiencies means the presence of conspicuous defects or material deferred maintenance of a subject property's material systems, components, or equipment as observed during the field observer's walk-through survey. This definition specifically excludes deficiencies that may be remedied with routine maintenance, miscellaneous minor repairs, normal operating maintenance, etc., and excludes de minimis conditions that generally do not present material physical deficiencies of the subject property. A walk-through survey, conducted during the field observer's site visit of the subject property, that consists of nonintrusive visual observations, survey of readily accessible, easily visible components and systems of the subject property. Concealed physical deficiencies are excluded. It is the intent of this guide that such a survey should not be considered technically exhaustive. It excludes the operation of equipment by the field observer and is to be conducted without the aid of special protective clothing, exploratory probing, removal of materials, testing, or the use of equipment, such as scaffolding, metering/testing equipment, or devices of any kind, etc. It is literally the field observer's visual observations while walking through the subject property.

This report will include short-term cost estimates, 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 are beyond this guide. Generally, the time frame for such repairs is within one to two years.

The purpose of the PCA is to observe and report, to the extent feasible pursuant to the processes prescribed herein, on the physical condition of the subject property.

Deviations from the Guide: None

Recommendations: It is recommended that the user of this report review both summaries and the entire report. The complete report may include additional information of concern.

Comment Key or Definitions

The following definitions of comment descriptions represent this inspection report. All comments by the inspector should be considered before purchasing this home. Any recommendations by the inspector to repair or replace suggests a second opinion or further inspection by a qualified contractor. All costs associated with further inspection fees and repair or replacement of item, component or unit should be considered before you purchase the property.

Inspected (IN) = I visually observed the item, component or unit and if no other comments were made then it appeared to be functioning as intended allowing for normal wear and tear.

Not Inspected (NI)= I did not inspect this item, component or unit and made no representations of whether or not it was functioning as intended and will state a reason for not inspecting.

Not Present (NP) = This item, component or unit is not in this home or building.

Repair or Replace (RR) = The item, component or unit is not functioning as intended, or needs further inspection by a qualified contractor. Items, components or units that can be repaired to satisfactory condition may not need replacement.

This property and subsequent building (s) have been inspected by Propertyexam corp.

Building Use:	**Construction Type:**	**Number of floors/stories:**
Retail	Concrete Tilt-up, Frame and Masonry	1- Story
Approximate building size:	**Age Of building:**	**Apparent occupancy status:**
8000+ square feet	Over 50 Years	Vacant
Weather:	**Rain in last 3 days:**	**Temperature:**
Light Rain	Yes	Below 65

1. General Physical Condition

Styles & Materials

General Topography:
Flat

Access and Egress:
Paved Driveway
City Street

Paving Curbing Parking:
Asphalt Parking Lot

Number of Parking levels:
One

Number of parking spaces:
11

Method used to determine parking spaces:
Visually counted spaces

Items

A. Topography
IN

B. Access and Egress
IN

C. Paving, Curbing and Parking
RR

C. Item 1(Picture)

C. Item 2(Picture)

asphalt pavement overdue for patching and seal service.

2700SF

D. Flatwork (sidewalks, plazas, patios)
RR

D. Item 1(Picture)

D. Item 2(Picture)

concrete walkway at front damaged, can be a trip hazard (near 82nd entrance)

E. Landscaping and Appurtenances

RR

There is vegetation in contact with the building that should be trimmed. There should be at least 12 inches of clearance, contact will accelerate deterioration.

2. Utilities

Styles & Materials

Water Source:
Public

Electric source:
Power company

Gas supply:
Natural Gas

Sanitary Sewer:
Public sewer system

Items

A. Water
IN

B. Electricity
IN

The source for electricity is the public utility company.

C. Natural gas
IN

D. Sanitary Sewer
IN

Sanitary waste discharges into the municipal sewer at the street.

E. Special Utility Systems
NP

Out of Scope Issues:

Utilities: Operating conditions of any systems or accessing manholes or utility pits.

3. Structural Frame and Building Envelope

Styles & Materials

Foundation:
Slab

Method used to observe Crawlspace Cellars or Basement:
No Cawlspace

Building Type:
Masonry Block
Concrete Tilt-up

Roof-Type:
Flat

Roof Structure:
Lateral bracing

Method used to observe attic:
No attic

Ventilation:
Passive

Exterior Entry Doors:
Steel

Window Types:
AGED
Single pane

Siding Style:
Cement stucco

Siding Material:
Masonry

Roof Covering:
Roll/Selvage
Extra Info : spray foam center section

Viewed roof covering from:
Walked roof

Items

A. Foundation

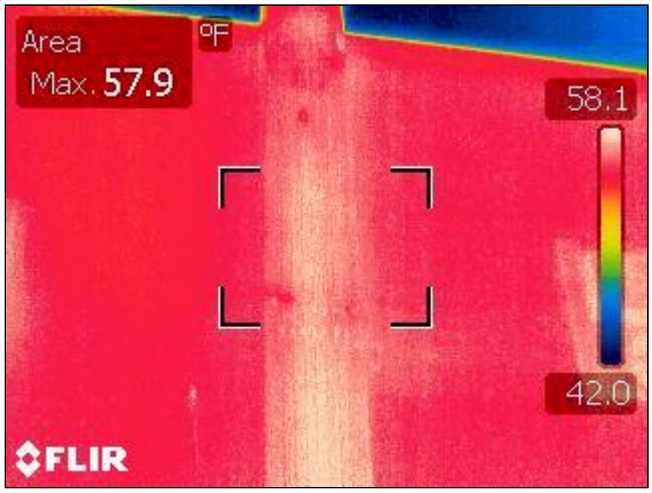
IN

This building has a slab foundation. Such foundations vary considerably from older ones that have no moisture barrier under them and no reinforcing steel within them to newer ones that have both. Our inspection of slab foundations conforms to ASTM standards, which is that of a generalist and not a specialist. We check the visible portion of the stem walls on the outside for any significant cracks or structural deformation, but we do not move furniture or lift carpeting and padding to look for cracks or moisture penetration, and we do not use any of the specialized devices that are used to establish relative elevations and confirm differential movement. Significantly, many slabs are built or move out of level, but the average person may not become aware of this until there is a difference of more than one inch in twenty feet, which most authorities regard as being tolerable.

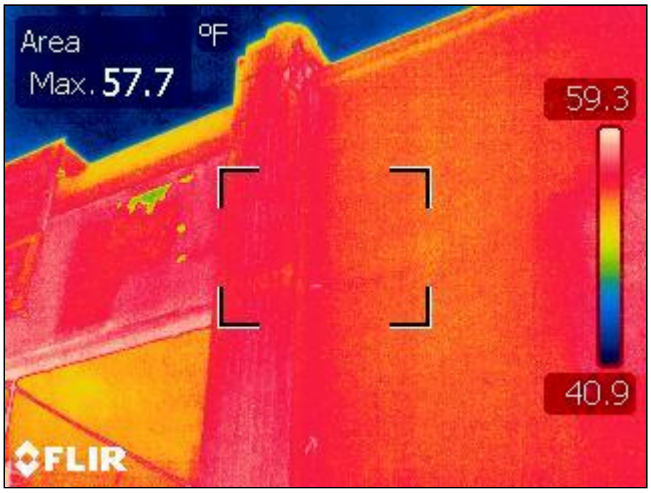
Many slabs are found to contain cracks when the carpet and padding are removed, including some that contour the edge and can be quite wide. They typically result from shrinkage and usually have little structural significance. However, there is no absolute standard for evaluating cracks, and those that are less than 1/4" and which exhibit no significant vertical or horizontal displacement are generally not regarded as being significant. Although they typically do result from common shrinkage, they can also be caused by a deficient mixture of concrete, deterioration through time, seismic activity, adverse soil conditions, and poor drainage, and if they are not sealed they can allow moisture to enter a residence, and particularly if the building is supercharged by a hill or even a slope, or if downspouts discharge adjacent to the slab. However, in the absence of any major defects, we may not recommend that you consult with a foundation contractor, a structural engineer, or a geologist, but this should not deter you from seeking the opinion of any such expert, and we would be happy to refer one.

B. Building Frame

IN



B. Item 1(Picture)



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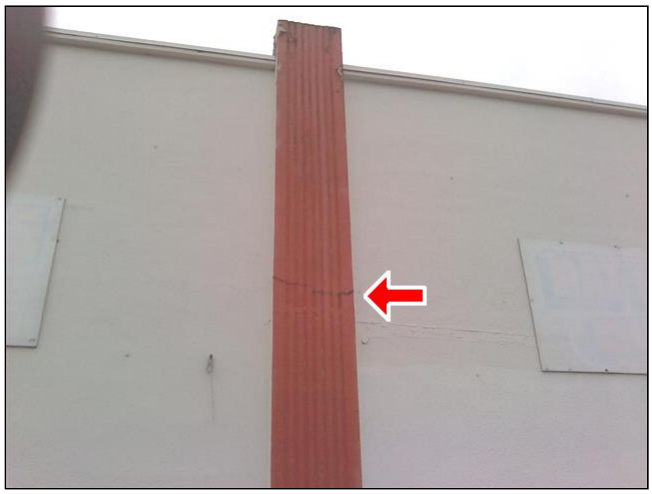

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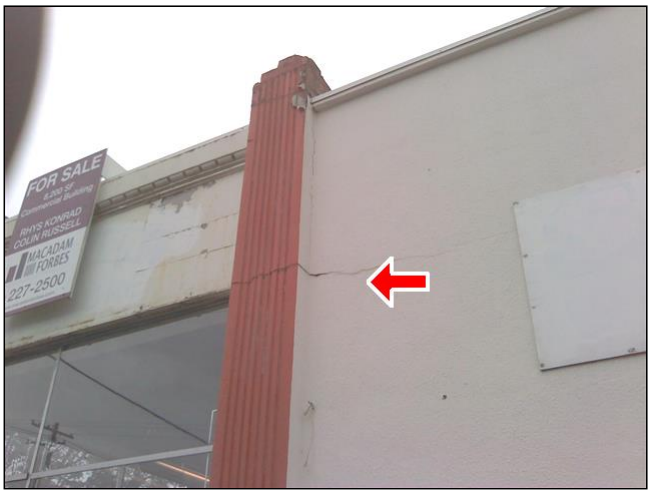

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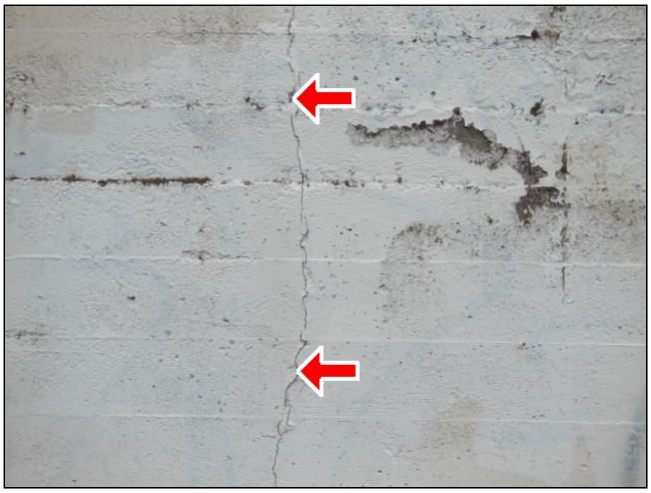
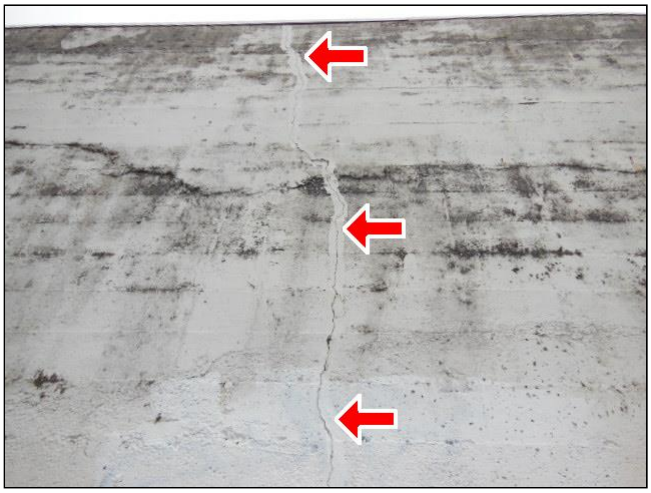
B. Item 5(Picture)



B. Item 6(Picture)

B. Item 7(Picture)

B. Item 8(Picture)

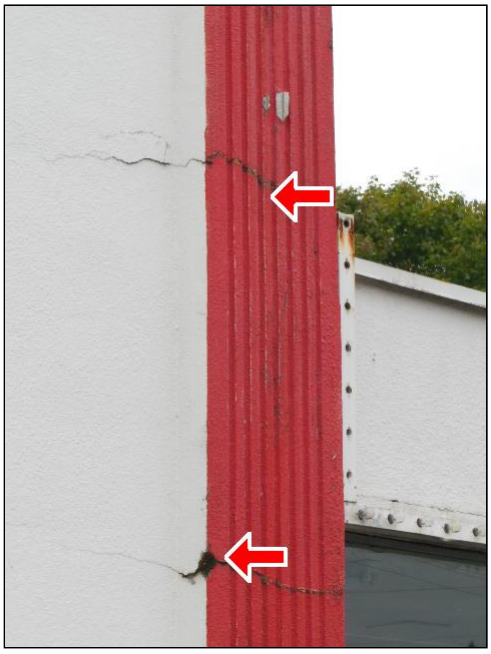


B. Item 9(Picture)

B. Item 10(Picture)

B. Item 11(Picture)

B. Item 12(Picture)



B. Item 13(Picture)

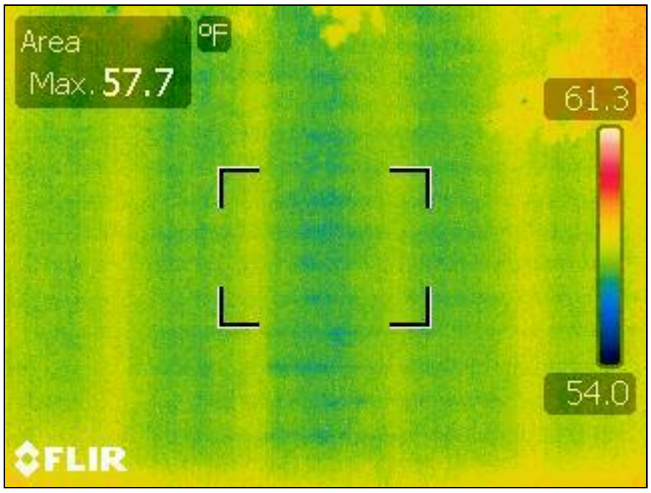
B. Item 14(Picture)

(1) Hairline settlement crack (typical) at exterior. These cracks do not appear significant to require repairs at this time. I recommend a structural engineer inspect further and repair if needed.

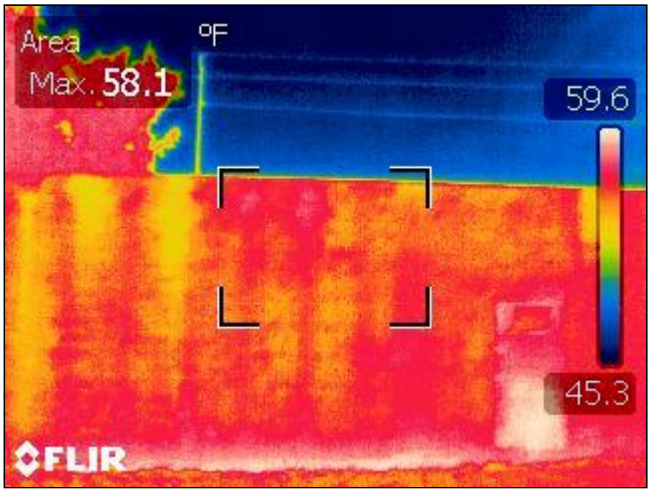
vertical cracks at the rear of the building do not pear in our opinion to be significant. There appears to be a horizontal crack across the front of the building (along division) Building section #1. This may only involve the exterior stucco but it may be more significant. Unfortunately, it is unlikely that This condition can be evaluated any further through non destructive means. Removal of a portion of the stucco and some of the interior framed out, lath & plaster wall may be necessary to get any better evaluation of this crack.

Infrared analysis of the crack from the building exterior does not show much entrapped moisture and therefore does not appear to be extensive.

Exterior wall section on far west side boarded over.



B. Item 15(Picture)



B. Item 16(Picture)

(2) IR analysis of the Block walls of sections 1 & 2 show that there are concrete filled pilasters about every 4 feet (double the normal structural pilasters).

C. Facades or Curtain Wall (The principal face of the building)

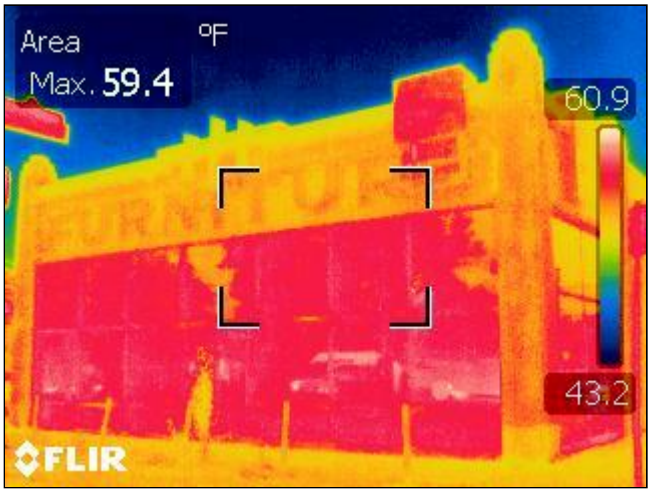
RR

the concrete stucco at the front of the building on both 82nd and division size is deteriorated and has some cracks in it recommend these crates be sealed or the damage to the stucco covering will worsen.

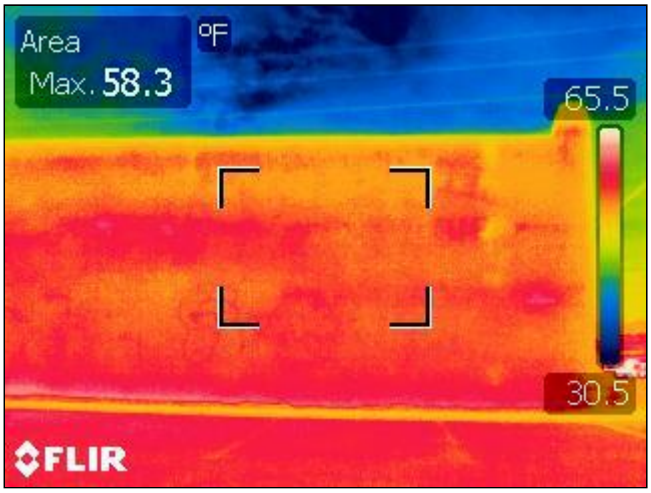
D. Sidewall System (exterior wall cladding and components)

IN

(1) the bare concrete wall and bare I'm creep block walls are in acceptable condition.

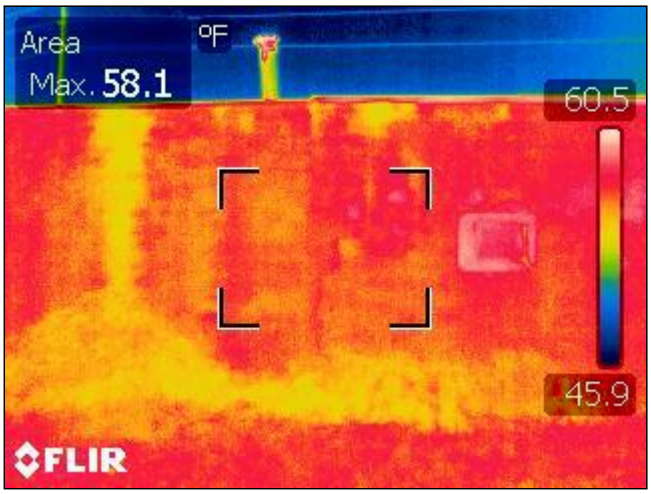


D. Item 1(Picture)



D. Item 2(Picture)

D. Item 3(Picture)



D. Item 4(Picture)

(2) Complete Building envelope Thermal Imaging Scan for Moisture Intrusion Issues.

A thorough Thermal Imaging moisture scan was conducted and analyzed of the structure. All exterior walls, were scanned from the interior. The entire roof envelope was scanned analyzed. All suspect areas were also checked with an electronic, non destructive moisture meter. In all of the tested areas, there was no evidence of moisture intrusion found at the time of the inspection except where otherwise noted.

The scan was conducted with a FLIR High resolution t300 IR Camera.

(3) It is important to maintain a building, including painting or sealing the building walls, which provides the only barrier against deterioration. Unsealed cracks around windows, doors, and thresholds can permit moisture intrusion, which is the principle cause of the deterioration of any surface. Unfortunately, the evidence of such intrusion may only be obvious when it is raining. We have discovered leaking windows and doors while it was raining that may not have been apparent otherwise, and too often damage progresses to a point at which a window or door must be replaced. Such occurrences are not uncommon, and demonstrate why the cost of renovating a neglected property will always exceed that of having maintained it.

E. Fenestration System (i.e. windows, openings, doors etc.)

RR

E. Item 1(Picture)

E. Item 2(Picture)

(1) skylight in roof section number 1 in poor condition, it has multiple sheet metal defects and broken glass. Some of the glass has been sealed with roofing materials. The skylight does not appear to be leaking at this time but will undoubtedly be a maintenance issue and need repair and seal service. You may wish to cover the skylight.

E. Item 3(Picture)

E. Item 4(Picture)

E. Item 5(Picture)

E. Item 6(Picture)

(2) The windows and window framing is substandard. This is particularly a problem on the 82nd Street section and the first section closest to 82nd and division side. Several of these windows are broken and the framework is weak, creating a hazard. We recommend framing in a support in the center section of this window and replacing the broken windows or boarding up. An alternative method of repair would be to wall off this one small section of glass window on division closest to the 82nd Street corner.

There is a door on Division side that is boarded up on the inside. It is weathered, the jamb is deteriorated and the trim is missing. We recommend the door be walled off if not to be used.

F. Parapets (protective wall barriers at balcony, roof etc.)

IN, RR

F. Item 1(Picture)

F. Item 2(Picture)

There are parapet protrusions at the roof section number 1 these are part of the stucco facade, part of the original section 1 of the structure. They all need service. NOTE: brick chimney at rear left corner (facing 82nd) is in poor condition and needs tuck point masonry service. This chimney is not in service and could be removed. (estimate is for chimney repair).

G. Roofing

IN, RR

G. Item 1(Picture) 1

G. Item 2(Picture) 1 & 3

G. Item 3(Picture) 2, note patching

G. Item 4(Picture) #1 section skylight

G. Item 5(Picture) #2 patch.

G. Item 6(Picture)

G. Item 7(Picture)

G. Item 8(Picture)

(1) There are effectively three roofs. Going west from southeast 82nd Street, section 1 roof is rolled composition or "torch down" roofing, roof number 2 was rolled composition roofing, with spray foam on top, and then roof number 3 which is rolled composition roofing similar to Roof #1. Roof #1 is currently in acceptable condition, needs minor cleaning and moss treatment. May need some minor seal service over time but should last another five years or more. Roof #2 has been sprayed over with foam roofing and has been patched several times (notable moisture stains corresponding to roof patches in interior) obviously have been some past leak issues. I can only recommend replacement of this roof area/ section. Roof #3 is in similar condition as roof number 1, however has several standing water areas that will probably need seal service more frequently.

Section 1 - 3,200SF

Section 2 - 1,500SF

Section 3 - 3,300SF

estimate for replacement of middle section 2 and seal service to 1 & 2.

(2) The tree limbs that are in contact with roof or hanging near roof should be trimmed.

(3) Flat roofs are designed to be waterproof, not just water resistant, and to last approximately fifteen years. They are rarely flat, and generally slope toward drains, in or near surrounding parapet walls. However, water ponds on many of

these roofs that will only be dispersed by evaporation. For this and related reasons, flat roofs have always been problematic and must be maintained. They are comprised of several layers of rolled roofing materials, which are either hot-mopped or torched-down, that expand and contract in the daily and sometimes radical temperature extremes, and eventually buckle, split, separate, and finally deteriorate. When this happens, the roof is susceptible to leaks. However, although gradual decomposition of the roofing materials is inevitable, most leaks result from poor maintenance. Therefore, regardless of the age of a flat roof, it should be inspected seasonally, kept clean, and serviced frequently. Although less expensive that other roofs, they can end up costing more if they are not maintained. This is important, because our inspection service does not include a guarantee against leaks. For such a guarantee, you would need to have a roofing company perform a water test and issue a roof certification. However, the sellers or the occupants will generally have the most intimate knowledge of the roof, and you ask them about its history, and then schedule a regular maintenance service.

(4) There are a wide variety of composition shingle roofs, which are comprised of asphalt or fiberglass materials impregnated with mineral granules that are designed to deflect the deteriorating ultra-violet rays of the sun. The commonest of these roofs are warranted by manufacturers to last from twenty to twenty-five years, and are typically guaranteed against leaks by the installer for three to five years. The actual life of the roof will vary, depending on a number of interrelated factors besides the quality of the material and the method of installation. Poor maintenance is the most common cause of roof failure, but a southern exposure can cause a roof to deteriorate prematurely, as will the practice of layering over another roof. However, the first indication of significant wear occurs when the granules begin to separate and leave pockmarks or dark spots. This is referred to as primary decomposition, which means that the roof is in decline, and therefore susceptible to leakage. This typically begins with the hip and ridge shingles and to the field shingles on the south facing side. This does not mean that the roof is ready to be replaced, but that it should be serviced or monitored. Regular maintenance will certainly extend the life of any roof, and will usually avert most leaks that only become evident after they have caused other damage. This is important, because in accordance with ASTM standards our inspection service does not include a guarantee against leaks. For such a guarantee, you would need to have a roofing company perform a water test and issue a roof certification. However, the sellers or the occupants of the building will generally have the most intimate knowledge of the roof, and you ask them about its history and then schedule a regular maintenance service.

Out of Scope Issues:

Entering of Crawlspace or confined areas (however, the field observer should observe conditions to the extent easily visible from the point of access to the crawl or confined space areas), determination of previous substructure flooding or water penetration unless easily visible or if such information is provided.
Roof: Walking on pitched roofs, or any roof areas that appear to be unsafe, or roofs with no built-in
access, or determining any roofing design criteria.

4. Mechanical and Electrical System

Styles & Materials

Plumbing Water Supply (into building):
Galvanized (old)

Plumbing Water Distribution (inside building):
Galvanized

Plumbing Waste:
Cast iron

Water Heater Power Source:
Electric

Water Heater Capacity:
Tankless

Water Heater Manufacturer:
AGED
UNKNOWN

Water Heater Location:
Attic
Extra Info : mezzanine section 1

Heat Type:
Space heater

Number of Heat Systems (excluding wood):
Three

Energy Source for Heat:
Natural gas

Ductwork:
N/A

Electrical Service Conductors:
Overhead service

Units individually metered (Electrical):
No

Panel capacity:
200 AMP
100 AMP
Extra Info : 3, 200 AMP panels

Panel Type:
Circuit breakers

Electric Panel Manufacturer:
FEDERAL PACIFIC
ITE
Unknown

Vertical Transportation Type:
None

Items

A. Plumbing water supply and Distribution and Fixtures
IN
The water pressure was reduced when bath sink faucet and shower was on and toilet was flushed, but it still passed functional flow.

B. Plumbing Drain, Waste and Vent Systems
IN

C. Domestic hot water production
RR

C. Item 1(Picture)

very old small on demand electric boiler system located in the mezzanine exposed wiring improper safety valve discharge do not recommend operation. Recommend replacement.

D. Heating Equipment

IN, RR

D. Item 1(Picture)

Each of the three sections are heated by an individual space heater. These units are very simple and easily repaired. However, they are more typically used in open service or warehouse areas, not areas that are occupied by personnel. The thermostat for space heater in section number 1 damaged, section 2 unresponsive; recommend replacement/ service.

E. Air conditioning and Ventilation

NP

F. Electric Service and Meter

IN

G. Electric Distribution

RR

G. Item 1(Picture)

G. Item 2(Picture)

G. Item 3(Picture)

(1) Section 1 of the building served by an old fuse panel manufacturer by Coast electric. This is main is missing the main fuses so some of this is not energized. However some is connected through an old Federal Pacific sub panel and the rest of the wiring in that section is controlled by a series of older MCC station disconnects.

Section 2 is served by a Federal Pacific 100 amp panel and a bulldog pushmatic 200 amp panel.

Section 3 is served by a 200 amp Federal Pacific electrical panel. Some of the circuits on this panel are decommissioned and appear to not properly be terminated as the panel is marked not to energize those branch circuits. The Bulldog pushmatic and Federal Pacific panels should be replaced. See additional comments about this equipment. There are a few improperly terminated branch circuits and uncovered junction boxes. The electrical distribution system should be evaluated and repaired by a qualified electrician.

NOTE: an interim step may be to have the panels/distribution evaluated and made safe for limited use.

(2) Pushmatic Bulldog Circuit Breaker & Electrical Panel Possible Safety & Operating Concerns

Pushmatic & Bulldog circuit breakers use a thermal breaker design with no magnetic trip mechanism. Modern breakers incorporate both magnetic and thermal tripping mechanisms, increasing safety and the likelihood that they will function properly in the event of an overload or short circuit.

Operating difficulty: The design of the breaker is such that, over time, they become very stiff and difficult to operate or reset.

State of breaker On-Off unclear: Push-Matic breakers have an indicator flag showing whether the circuit is on or off. Many times, on old Push-Matic breakers, this on/off flag will stay fixed in either position, giving you a false indication of the condition of the circuit.

Most commercial electric service professionals will recommend replacement of these units along with updating the antiquated wiring usually associated with them.

(3) The main electrical panel was manufactured by Federal Pacific Electric Company and employs Stablok breakers and other components that have been alleged to be defective. However, the panel is old and the company is now out of business. There is considerable information about these panel on the internet, most of it not good news. You should look it up yourself and make your own decision how to proceed with the advice of a reputable licensed electrician. Our best advice is that the panel(s) be replaced.

H. Vertical Transportation (Elevators and Escalators)

NP

Out of Scope Issues:

Plumbing: Determining adequate pressure and flow rate, fixture-unit values and counts, verifying pipe sizes, or verifying the point of discharge for underground systems. Observation of flue connections, interiors of chimneys, flues or boiler stacks, or tenant owned or maintained equipment. Removing of electrical panel and device covers, except if removed by building staff, EMF issues, electrical testing, or operating of any electrical devices, or opining on process related equipment or tenant owned equipment. Examining of cables, sheaves, controllers, motors, inspection tags, or entering elevator/escalator pits or shafts.

5. Fire Protection

Styles & Materials

Sprinkler system:
None

Standpipes:
No None

Fire Hydrant:
Nearby on adjacent property

Fire Alarm system:
yes but non operational

Items

A. Sprinklers and Standpipes
NP

B. Alarm Systems
NI

C. Other Systems
RR
insufficient fire extinguishers single unit out of date for annual testing and certification.

Out of Scope Issues

Determining NFPA hazard classifications, classifying, or testing fire rating of assemblies.

6. Interior Elements

Styles & Materials

Ceiling Materials:
- Plaster
- Wood
- Unfinished

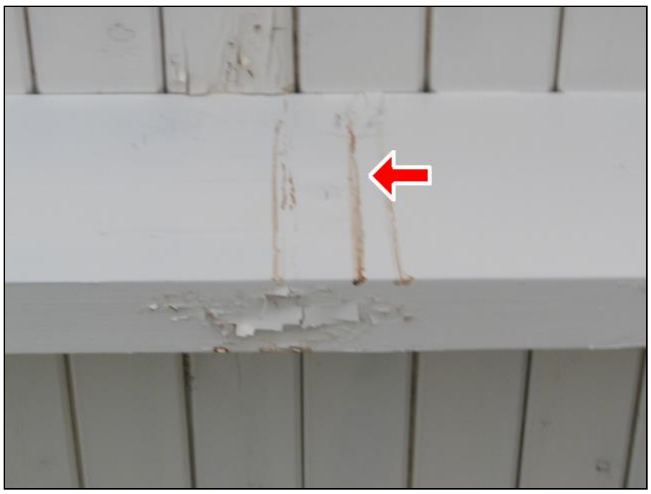
Wall Material:
- Drywall
- Plaster
- Paneling
- Extra Info : pegboard

Floor Covering(s):
- Old 9" square tile (possible asbestos)
- Unfinished

Items

A. Ceiling, Walls, Floors

RR



A. Item 1(Picture) section 3

A. Item 2(Picture) section 3

A. Item 3(Picture) section 2

A. Item 4(Picture) section 2 floor stain

A. Item 5(Picture) section 2

A. Item 6(Picture) more section 2

A. Item 7(Picture) section 1 floor

A. Item 8(Picture) threshold into section 2 from 1

A. Item 9(Picture) section 1 wall & ceiling

(1) partition walls in section 1 crudely put up some are not plumb. Most of the flooring is unfinished only the center section or section number 2 is finished and it has 9 inch adhesive tiles that may contain asbestos. There is cosmetic damage to lath and plaster in section 1 ceiling in the other sections have obvious leaks. Infrared scan at time of inspection did not show moisture. The existing stains may or may not precede existing roof covering. There may need to be some steal service to the roof. The obvious pronounced leakage from the ceiling of section #2 corresponds to patching on that roof. It is unknown how long but considered unlikely this patching will prove durable.

numerous holes in section 1 plaster.

estimate for plaster and wall repairs. Does not consider decorating.

A. Item 10(Picture)

A. Item 11(Picture)

(2) In section 1, on the back South wall, near the west corner is a section of wall that has moisture damage. The masonry on the interior wall is damaged and bulging out. There was no moisture indicated at the time of inspection but the masonry should be repaired as in will likely fall of it's own accord in time and could be a hazard. This area of roof has limited drainage and there may be considerable water cascading down the exterior wall in this area during periods of heavy rain. It will be important to insure the drains are kept clear and free of debris.

B. residential apartment Units

NP

C. bathrooms

IN, RR

2 existing bathrooms are crude but in acceptable condition. Note; there is an additional bathroom (in the past) at the SW corner of section #1. The rough in plumbing still exists and that could be turned into another bathroom without having to dig out additional drainage in a different area. Neither of the existing bathrooms meet ADA compliance ad would require a complete remodel to do so.

D. storage areas

IN

E. reception, lobby or entry

IN

F. utility

IN

G. break room

NP

H. Environmental

NI

you may wish to test the 9" X 9" adhesive tiles for potential a asbestos.

send asbestos samples to JSE lab in Milwaukie OR.

Out of Scope Issues:

Operating appliances or fixtures, determining or reporting STC (Sound Transmission Class) ratings, and flammability issues/regulations

7. Additional Considerations

Additional Considerations:
There may be additional or conditions at a property that users may wish to assess in connection with commercial real estate that are outside the scope of this guide (Out of Scope considerations). Outside Standard Practices. Whether or not a user elects to inquire into non-scope considerations in connection with this guide or any other PCA is not required for compliance by this guide. Other standards or protocols for assessment of conditions associated with non-scope conditions may have been developed by governmental entities, professional organizations, or other private entities.

Additional Issues:
Following are several non-scope considerations that users may want to assess in connection with E 2018 commercial real estate. No implication is intended as to the relative importance of inquiry into such non-scope considerations, and this list of non-scope considerations is not intended to be all-inclusive: Seismic Considerations, Design Consideration for Natural Disasters (Hurricanes, Tornadoes, High Winds, Floods, Snow, etc.), Insect/Rodent Infestation, Environmental Considerations, ADA Requirements, FFHA Requirements, Indoor Air Quality, and Property Security Systems.

Items

A. Document Review and Interviews

IN

B. Out of Scope Considerations

NP

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. Removing or relocating materials, furniture, storage containers, personal effects, debris material or finishes; conducting exploratory probing or testing; dismantling or operation. This should include material life-safety/building code violations. ing of equipment or appliances; or disturbing personal items or property, that obstructs access or visibility. 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. 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. 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. 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; wastewater treatment plants; or items or systems that are not permanently installed. 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. 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. Evaluating acoustical or insulating characteristics of systems or components. Providing an opinion on matters regarding security of the subject property and protection of its occupants or users from unauthorized access. 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. 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.

Warranty, Guarantee, and Code Compliance Exclusions: By conducting a PCA and preparing a PCR, the consultant

merely is providing an opinion and does not warrant or guarantee the present or future condition of the subject property, nor may the PCA be construed as either a warranty or guarantee of any of the following: Any system's or component's physical condition or use, nor is a PCA to be construed as substituting for any system's or equipment's warranty transfer inspection; Compliance with any federal, state, or local statute, ordinance, rule or regulation including, but not limited to, building codes, safety codes, environmental regulations, health codes or zoning ordinances or compliance with trade/ design standards or the standards developed by the insurance industry; however, should there be any conspicuous material present violations observed or reported based upon actual knowledge of the field observer or the PCR reviewer, they should be identified in the PCR; Compliance of any material, equipment, or system with any certification or actuation rate program, vendor's or manufacturer's warranty provisions, or provisions established by any standards that are related to insurance industry acceptance/approval, such as FM, State Board of Fire Underwriters, etc. ***Additional/General Considerations: Further Inquiry:*** There may be physical condition issues or certain physical improvements at the subject property that the parties may wish to assess in connection with a commercial real estate transaction that are outside the scope of this guide. Such issues are referred to as non-scope considerations and if included in the PCR, should be identified.

Out of Scope Considerations: Whether or not a user elects to inquire into non-scope considerations in connection with this guide is a decision to be made by the user. No assessment of such non-scope considerations is required for a PCA to be conducted in compliance with this guide.

Other Standards: There may be standards or protocols for the discovery or assessment of physical deficiencies associated with non-scope considerations developed by government entities, professional organizations, or private entities, or a combination thereof.

Additional Issues: No implication is intended as to the relative importance of inquiry into such non-scope considerations,and this list of non-scope considerations is not intended to be all-inclusive: Seismic Considerations, Design Consideration for Natural Disasters (Hurricanes, Tornadoes, High Winds, Floods, Snow, etc.), Insect/Rodent Infestation, Environmental Considerations, ADA Requirements, FFHA Requirements, Indoor Air Quality, and Property Security Systems.

C. Limiting Conditions

NP

D. Exhibits (See attached, if any)

NP

There are no attachments to be viewed.

E. Opinions of probable costs to remedy physical deficiencies

RR

Refer to the *Immediate Costs Summary* and the *Short Term Cost Summary*

Uncertainty Not Eliminated-No PCA can 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 this guide 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 guide also recognizes the inherent subjective nature of a consultant's opinions as to such issues as workmanship, quality of original installation, and estimating the RUL of any given component or system. The guide recognizes a consultant's 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. The consultant's opinions generally are formed without detailed knowledge from those familiar with the component's or system's performance.

Not Technically Exhaustive-Appropriate due diligence according to this guide is not to be construed as technically exhaustive. There is a point at which the cost of information obtained or the time required to conduct the PCA and prepare the PCR may outweigh the usefulness of the information and, in fact, may be a material detriment to the orderly and timely completion of a commercial real estate transaction. It is the intent of this guide to attempt to identify a balance between limiting the costs and time demands inherent in performing a PCA and reducing the uncertainty about unknown physical deficiencies resulting from completing additional inquiry.

8. ADA Tier 2 Survey

Items

A. Overview of The Americans with Disabilities Act

IN

The Americans with Disabilities Act is a civil rights law that was enacted in 1990 to provide persons with disabilities with accommodations and access equal to, or similar to, that available to the general public. ***Title III of the ADA requires that owners of buildings that are considered to be places of public accommodations remove those architectural barriers and communications barriers that are considered readily achievable in accordance with the resources available to building ownership to allow use of the facility by the disabled.*** The obligation to remove barriers where readily achievable is an ongoing one. The determination as to whether removal of a barrier or an implementation of a component or system is readily achievable is often a business decision, which is based on the resources available to the owner or tenants, and contingent upon the timing of implementation as well. Determination of whether barrier removal is readily achievable is on a case-by-case basis; the United States Department of Justice did not provide numerical formulas or thresholds of any kind to determine whether an action is readily achievable.

Overview of the Americans with Disabilities Act Accessibility Guidelines (ADAAG)

As required by the ADA, the U.S. Architectural and Transportation Barriers Compliance Board promulgated the Americans with Disabilities Act Accessibility Guidelines. ADAAG provides guidelines for implementation of the ADA by providing specifications for design, construction, and alteration of facilities in accordance with the ADA. These guidelines specify quantities, sizes, dimensions, spacing, and locations of various components of a facility so as to be in compliance with the ADA.

Variable Levels of Due Diligence: For many users, especially those acquiring or taking an equity interest in a property, a complete accessibility survey in accordance with ADAAG may be desired. For other users, however, an abbreviated accessibility survey may serve to identify most of the major costs to realize ADA compliance without assessing every accessible element and space within and without a facility, and without taking measurements and counts. Any accessibility survey should be based on ADAAG, however. There are three tiers of ADA due diligence, which may be supplemented or revised in accordance with the user's risk tolerance level for ADA deficiencies and the resulting costs to realize compliance. These tiers are: ***Tier I-Visual Accessibility Survey (a limited scope visual survey, which excludes the taking of measurements or counts); Tier II-Abbreviated Accessibility Survey (an abbreviated scope survey entailing the taking of limited measurements and counts); and Tier III-Full Accessibility Survey in compliance with ADAAG. ADAAG provides guidance only concerning federal requirements for ADA compliance.*** Some states and localities may have additional compliance requirements that will not be addressed by any of the levels of due diligence enumerated in this document. The user may desire a site-specific accessibility survey, in some instances.

This inspection survey for ADA compliance is a Tier 2

9. Parking

Items

A. Are there sufficient accessible parking spaces with respect to the total number of reported spaces?
No

B. Are there sufficient van-accessible parking spaces available (96" wide x 60" aisle)?
No

C. Are accessible spaces marked with the international Symbol of Accessibility?
No

D. Are the signs reading "Van Accessible" at van spaces?
No

E. Is there at least one accessible route provided within the boundary of the site from public transportation stops, accessible parking spaces, passenger loading zones, if provided, and public streets and sidewalks?
No

F. Do curbs on the accessible route have depressed ramped curb cuts at drives, paths and drop-offs?
No

main entry on Division Street has a raised curb making that door inaccessible. 82nd Street entrance is accessible but there is no parking in that area.

G. Does signage exist directing you to accessible parking and an accessible building entrance?
No

10. Entrances / Exits

Items

A. Is the main accessible entrance doorway at least 32 inches wide?
Yes

B. If the main entrance is inaccessible are there alternate accessible entrances?
Yes

C. Can the alternate accessible entrance be used independently?
Yes

D. Is the door hardware easy to operate (lever/push type hardware no twisting required, and not higher than 48" above the floor)?
Yes

E. Are main entry doors other than revolving doors available?
Not Applicable

F. If there are two main doors in series, is the minimum space between the doors 48" plus the width of any door swinging into that space?
Not Applicable

11. Toilet Rooms

Items

A. Are common area public toilet rooms located on an accessible route?
Yes

B. Are door handles either push/pull or lever types?
No

C. Are there audible and visual fire alarm devices in the toilet rooms?
Not Applicable

D. Are corridor access doors wheelchair accessible (at least 32" wide)?
No

E. Are public toilet rooms large enough to accommodate a wheelchair turnaround (60" diameter)?
No

F. In Unisex toilet rooms are there safety alarms with pull cords?
Not Applicable

G. Are toilet stall doors wheelchair accessible at least 32" wide?
No

H. Are grab bars provided in toilet stalls?
No

I. Are sinks provided with clearance for a wheelchair to roll under (29" clearance)?
No

J. Are sink handles operable with one hand without grasping, pinching or twisting?
No

K. Are exposed pipes under sinks sufficiently insulated against contact?
No

Summary

PropertyExam corp.

Portland OR 97266
(503)679-7184
scott@propertyexam.com

Customer
Oregon Metro

Address
2517 SE 82nd Ave.
Portland OR

Scope: Opinions of probable costs should be provided for material physical deficiencies and not for repairs or improvements that could be classified as: (1) cosmetic or decorative; (2) part or parcel of a building renovation program or tenant improvements/finishes; (3) enhancements to reposition the subject property in the marketplace; (4) for warranty transfer purposes; or (5) routine or normal preventive maintenance, or a combination thereof.

Threshold Amount for Opinions of Probable Costs. It is the intent of this guide that the material physical deficiencies observed and the corresponding opinions of probable costs (1) be commensurate with the complexity of the subject property; (2) not be minor or insignificant; and (3) serve the purpose of the user in accordance with the user's risk tolerance level. *Opinions of probable costs that are either individually or in the aggregate less than a threshold amount of $3,000 for like items are to be omitted from the PCR.* If there are more than four separate items that are below this threshold requirement, but collectively total over $10,000, such items should be included. *The user may adjust this cost threshold amount provided that this is disclosed within the PCR's Executive Summary under the heading Deviations from the Guide.* Actual Costs May Vary. Opinions of probable costs should only be construed as preliminary budgets. Actual costs most probably will vary from the consultant's opinions of probable costs depending on such matters as type and design of suggested remedy, quality of materials and installation, manufacturer and type of equipment or system selected, field conditions, whether a physical deficiency is repaired or replaced in whole, phasing of the work (if applicable), quality of contractor, quality of project management exercised, market conditions, and whether competitive pricing is solicited, etc

Estimating of Quantities: It is not the intent of this guide that the consultant is to prepare or provide exact quantities or identify the exact locations of items or systems as a basis for preparing the opinions of probable costs.

Basis of Costs. The source of cost information utilized by the consultant may be from one or more of the following resources: (1) user provided unit costs; (2) owner's historical experience costs; (3) consultant's cost database or cost files; (4) commercially available cost information such as published commercial data; (5) third party cost information from contractors, vendors, or suppliers; or (6) other qualified sources that the consultant determines appropriate. Opinions of probable costs should be provided with approximate quantities, units, and unit costs by line item. If in the reasonable opinion of the

consultant, a physical deficiency is too complex or difficult to develop an opinion of probable cost using the quantity and unit cost method, the consultant may apply a lump sum opinion of probable costs for that particular line item. Opinions of probable costs should be limited to construction related costs; those types of costs that commonly are provided by contractors who perform the work. *Business related, design, management fees, and other indirect costs should be excluded.*

Costs for Additional Study. For some physical deficiencies, determining the appropriate suggested remedy or scope may warrant further study/research or design, testing, exploratory probing, and exploration of various repair schemes, or a combination thereof, all of which are outside the scope of this guide. In these instances, the opinions of probable costs for additional study should be provided.

Opinions of Probable Costs Contingent on Further Discovery-The consultant is not required to provide opinions of probable costs to remedy physical deficiencies, which may require the opinions of specialty consultants or the results of testing, exploratory probing, or further research to determine the cause of the physical deficiency and the appropriate remedy, scope, and scheme for repair or replacement unless user and consultant have agreed to such an expansion of the scope of work.

1. General Physical Condition

Immediate Costs Summary

D. Flatwork (sidewalks, plazas, patios)

RR $800 - $1,200

D. Item 1(Picture)

D. Item 2(Picture)

concrete walkway at front damaged, can be a trip hazard (near 82nd entrance)

E. Landscaping and Appurtenances

RR

There is vegetation in contact with the building that should be trimmed. There should be at least 12 inches of clearance, contact will accelerate deterioration.

Short Term Summary 1-5 Years

C. Paving, Curbing and Parking

RR $601 - $850

C. Item 1(Picture)

C. Item 2(Picture)

asphalt pavement overdue for patching and seal service.

2700SF

3. Structural Frame and Building Envelope

Immediate Costs Summary

C. Facades or Curtain Wall (The principal face of the building)

RR

the concrete stucco at the front of the building on both 82nd and division size is deteriorated and has some cracks in it recommend these crates be sealed or the damage to the stucco covering will worsen.

E. Fenestration System (i.e. windows, openings, doors etc.)

RR $250 - $500

E. Item 1(Picture)

E. Item 2(Picture)

(1) skylight in roof section number 1 in poor condition, it has multiple sheet metal defects and broken glass. Some of the glass has been sealed with roofing materials. The skylight does not appear to be leaking at this time but will undoubtedly be a maintenance issue and need repair and seal service. You may wish to cover the skylight.

F. Parapets (protective wall barriers at balcony, roof etc.)

IN, RR $250 - $500

F. Item 1(Picture)

F. Item 2(Picture)

There are parapet protrusions at the roof section number 1 these are part of the stucco facade, part of the original section 1 of the structure. They all need service. NOTE: brick chimney at rear left corner (facing 82nd) is in poor condition and needs tuck point masonry service. This chimney is not in service and could be removed. (estimate is for chimney repair).

Short Term Summary 1-5 Years

G. Roofing

IN, RR $5,000 - $6,500

G. Item 1(Picture) 1

G. Item 2(Picture) 1 & 3

G. Item 3(Picture) 2, note patching

G. Item 4(Picture) #1 section skylight

G. Item 5(Picture) #2 patch.

G. Item 6(Picture)

G. Item 7(Picture)

G. Item 8(Picture)

(1) There are effectively three roofs. Going west from southeast 82nd Street, section 1 roof is rolled composition or "torch down" roofing, roof number 2 was rolled composition roofing, with spray foam on top, and then roof number 3 which is rolled composition roofing similar to Roof #1. Roof #1 is currently in acceptable condition, needs minor cleaning and moss treatment. May need some minor seal service over time but should last another five years or more. Roof #2 has been sprayed over with foam roofing and has been patched several times (notable moisture stains corresponding to roof patches in interior) obviously have been some past leak issues. I can only recommend replacement of this roof area/ section. Roof #3 is in similar condition as roof number 1, however has several standing water areas that will probably need seal service more frequently.

Section 1 - 3,200SF

Section 2 - 1,500SF

Section 3 - 3,300SF

estimate for replacement of middle section 2 and seal service to 1 & 2.

4. Mechanical and Electrical System

Immediate Costs Summary

C. Domestic hot water production

RR $1,000 - $2,500

C. Item 1(Picture)

very old small on demand electric boiler system located in the mezzanine exposed wiring improper safety valve discharge do not recommend operation. Recommend replacement.

D. Heating Equipment

IN, RR $250 - $500

D. Item 1(Picture)

Each of the three sections are heated by an individual space heater. These units are very simple and easily repaired. However, they are more typically used in open service or warehouse areas, not areas that are occupied by personnel. The thermostat for space heater in section number 1 damaged, section 2 unresponsive; recommend replacement/ service.

G. Electric Distribution

RR $4,000 - $6,500

G. Item 1(Picture)

G. Item 2(Picture)

G. Item 3(Picture)

(1) Section 1 of the building served by an old fuse panel manufacturer by Coast electric. This is main is missing the main fuses so some of this is not energized. However some is connected through an old Federal Pacific sub panel and the rest of the wiring in that section is controlled by a series of older MCC station disconnects.

Section 2 is served by a Federal Pacific 100 amp panel and a bulldog pushmatic 200 amp panel.

Section 3 is served by a 200 amp Federal Pacific electrical panel. Some of the circuits on this panel are decommissioned and appear to not properly be terminated as the panel is marked not to energize those branch circuits. The Bulldog pushmatic and Federal Pacific panels should be replaced. See additional comments about this equipment. There are a few improperly terminated branch circuits and uncovered junction boxes. The electrical distribution system should be evaluated and repaired by a qualified electrician.

NOTE: an interim step may be to have the panels/distribution evaluated and made safe for limited use.

(2) Pushmatic Bulldog Circuit Breaker & Electrical Panel Possible Safety & Operating Concerns

Pushmatic & Bulldog circuit breakers use a thermal breaker design with no magnetic trip mechanism. Modern breakers incorporate both magnetic and thermal tripping mechanisms, increasing safety and the likelihood that they will function properly in the event of an overload or short circuit.

Operating difficulty: The design of the breaker is such that, over time, they become very stiff and difficult to operate or reset.

State of breaker On-Off unclear: Push-Matic breakers have an indicator flag showing whether the circuit is on or off. Many times, on old Push-Matic breakers, this on/off flag will stay fixed in either position, giving you a false indication of the condition of the circuit.

Most commercial electric service professionals will recommend replacement of these units along with updating the antiquated wiring usually associated with them.

(3) The main electrical panel was manufactured by Federal Pacific Electric Company and employs Stablok breakers and other components that have been alleged to be defective. However, the panel is old and the company is now out of business. There is considerable information about these panel on the internet, most of it not good news. You should look it up yourself and make your own decision how to proceed with the advice of a reputable licensed electrician. Our best advice is that the panel(s) be replaced.

5. Fire Protection

Immediate Costs Summary

C. Other Systems

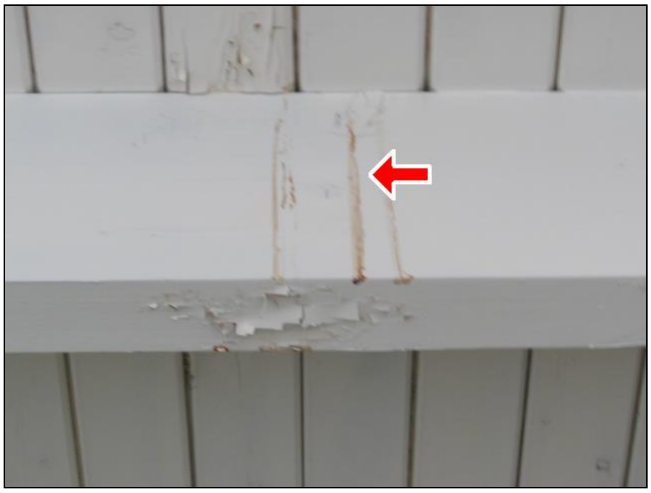
RR
insufficient fire extinguishers single unit out of date for annual testing and certification.

6. Interior Elements

Immediate Costs Summary

A. Ceiling, Walls, Floors

RR $2,501 - $5,000



A. Item 1(Picture) section 3

A. Item 2(Picture) section 3

A. Item 3(Picture) section 2

A. Item 4(Picture) section 2 floor stain

A. Item 5(Picture) section 2

A. Item 6(Picture) more section 2

A. Item 7(Picture) section 1 floor

A. Item 8(Picture) threshold into section 2 from 1

A. Item 9(Picture) section 1 wall & ceiling

(1) partition walls in section 1 crudely put up some are not plumb. Most of the flooring is unfinished only the center section or section number 2 is finished and it has 9 inch adhesive tiles that may contain asbestos. There is cosmetic damage to lath and plaster in section 1 ceiling in the other sections have obvious leaks. Infrared scan at time of inspection did not show moisture. The existing stains may or may not precede existing roof covering. There may need to be some steal service to the roof. The obvious pronounced leakage from the ceiling of section #2 corresponds to patching on that roof. It is unknown how long but considered unlikely this patching will prove durable.

numerous holes in section 1 plaster.

estimate for plaster and wall repairs. Does not consider decorating.

C. bathrooms

IN, RR

2 existing bathrooms are crude but in acceptable condition. Note; there is an additional bathroom (in the past) at the SW corner of section #1. The rough in plumbing still exists and that could be turned into another bathroom without having to dig out additional drainage in a different area. Neither of the existing bathrooms meet ADA compliance ad would require a complete remodel to do so.

ADA Summary

C. bathrooms

IN, RR

2 existing bathrooms are crude but in acceptable condition. Note; there is an additional bathroom (in the past) at the SW corner of section #1. The rough in plumbing still exists and that could be turned into another bathroom without having to dig out additional drainage in a different area. Neither of the existing bathrooms meet ADA compliance ad would require a complete remodel to do so.

7. Additional Considerations

Immediate Costs Summary

E. Opinions of probable costs to remedy physical deficiencies

RR

Refer to the *Immediate Costs Summary* and the *Short Term Cost Summary*

Short Term Summary 1-5 Years

E. Opinions of probable costs to remedy physical deficiencies

RR

Refer to the *Immediate Costs Summary* and the *Short Term Cost Summary*

ADA Summary

E. Opinions of probable costs to remedy physical deficiencies

RR

Refer to the *Immediate Costs Summary* and the *Short Term Cost Summary*

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