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ABBREVIATED PROPERTY

CONDITION REPORT

PREPARED EXCLUSIVELY
FOR





Prepared For: 

Property Address: 

Property Type: Commercial

Description: Multi-Tenant Retail Center

Owner of Record: Unknown

Date of Walk-Through: 02/08/2018

Date of Report : 02/25/2018

Prepared By: 

Submitted by: Know-Fault Ltd.
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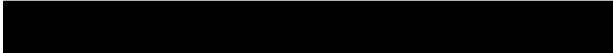


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Introduction

Inspection Authorization And Scope

The information as presented herein represents an opinion as to the apparent physical condition and general maintenance of the subject property based upon observations in conducting a cursory walk-through of both occupied and vacant tenant spaces comprising the multi-tenant retail center located at [REDACTED] and is solely intended for and in behalf of [REDACTED] per the request of [REDACTED] according to our email dated February 1, 2018 sent to [REDACTED]

The information as presented herein is primarily intended to draw attention to specific building systems that in the inspector's opinion warrant further professional evaluation or more information unable to be reasonably obtained in conducting a cursory walk-through of the occupied and vacant tenant spaces compounded by a lack of available documentation/information regarding the subject property notwithstanding adverse weather conditions posed by cold, freezing weather including a heavily snow covered roof on the day of the walk-through. The report also includes captioned digital photos taken at the time of the walk-through—provided in a separate download link via email—considered to be an integral part of the report.

The report also provides for recommendations including **Opinions of Probable Costs** when able for: 1) remedying major deficiencies, 2) updating older/aging major components that may require replacement, as well as 3) addressing other issues/concerns deemed to be of vital importance by the inspector.

Recommendations are for remedial actions considered to be beyond normal maintenance and upkeep of the property, and include **Opinions of Probable Costs** that 1) individually or in aggregate are expected to exceed \$3,000 for recommended repairs or replacement, and 2) are solely intended to act as a guide in obtaining hard costs from qualified licensed and reputable contractors for all/any work to be provided.

The report is not intended as a warranty or guarantee of any kind in regard to the physical condition, sale or merchantability of the property as it pertains to adequacy, performance or fitness for use.

The report is not intended to signify, confer or act as a compliance inspection or certification of or for any governmental/non-governmental codes, ordinances or regulations of any kind.

The report is prepared exclusively for the party named herein and shall not be assigned, transferred or sold to any outside third party. Know-Fault Ltd. nor its agents shall bear any responsibility for use of information contained in this report by other than the party for whom it is intended.

The cursory walk-through was performed by [REDACTED] an authorized agent of Know-Fault Ltd., during normal business hours on the day of February 08, 2018. Attendees included [REDACTED] and a third party from [REDACTED]

With exception of typical furnishings in addition to some clutter present inside one or more occupied tenant spaces, all occupied and vacant tenant spaces entered were reasonably accessible to the inspector on the day of the walk-through. Weather conditions on this day were as follows: 21 degrees and initially overcast followed by sun later on during the day with ground conditions characterized by scattered snow/ice melt in varying degrees across the parking lot including a heavily snow covered roof.

Document Review & Interviews

The following documents were received in three separate email file attachments from [REDACTED] of [REDACTED] on the 2nd, 5th and 7th of February, 2018:

- ◆ Poor and virtually useless rendering of a very old and dated plat of survey from 1997
- ◆ Current tenant roster including square footage of each respective tenant space
- ◆ Virtually useless aerial view of the multi-tenant retail center from 2015
- ◆ One or more building occupants/employees (names unknown) present inside each occupied tenant space were briefly asked if they were aware of any recent, active or ongoing problems in regard to water intrusion, heating, cooling, electrical, plumbing system, etc. at the time of the walk-through.

Inquiries to Local Authorities

None/Not Applicable

Executive Summary



Multi-Tenant Retail Center



RTU above/serving the laundromat below

General Description

According to an online real estate listing posted by Frontline Real Estate Partners, the property is a multi-tenant retail center that provides for 154,464 square feet of rental space. While the real estate listing states that the building was constructed back in 1970, the actual year or years that improvements were made to the property may well be more than one in which event the year of original construction as well as any later year of improvements require further verification as does the alleged square footage. In addition to the aforesaid information provided in the real estate listing, according to documentation received in an email file attachment from [REDACTED] of [REDACTED] prior to the day of the walk-through, the property consists of fifteen (15) occupied and six (6) vacant spaces.

General Condition and Level of Maintenance

Apart from past interior renovations/build-outs to accommodate the intended use of a leased or formerly occupied tenant space, the property in general appears to be poorly maintained and in need of significant repairs/restoration with regard to a number of major building systems including but not limited to the parking lot and roof given observations and tenant feedback obtained at the time of the walk-through. Added to the mix are a number of maintenance repair needs considered typical for age/year built as well as other issues/concerns of/affecting general life and fire safety not to mention the absence/omission of certain ADA provisions normally required. It should also be emphasized that in view of little to no

Executive Summary

General Condition and Level of Maintenance Cont'd.

documentation available for review before, during and subsequent to the walk-through in addition to being confronted with adverse weather conditions not to mention time constraints presumably imposed by the seller, an 'As Is' real estate purchase of this property is deemed high risk at this time.

Site

The asphalt pavement serving the parking lot area and right-of-way appears to suffer from age/use and long term deferred maintenance given cracks, pot holes and other forms of surface degradation present in varying degrees that, if allowed to remain in their present state, can only get progressively worse over time in which event an area presently in need of a 2-inch mill and overlay today could end up requiring a full depth replacement in time to come.

Foundation/Structure

No readily apparent immediate/major deficiencies to report at this particular time based upon a cursory walk-through of all occupied and several vacant tenant spaces.

Exterior Walls

Apart from what appear to be severely weathered concrete block aka cement masonry units present along the backside of the building complex, based upon a quick glance while standing outside several rear service door openings in addition to performing a cursory drive-by along the backside of the building given below freezing weather conditions on the day of the walk-through, exterior masonry walls appear to be in serviceable condition showing no signs of abnormal stress/settlement at this time. Exterior masonry aside, moderate to severe rust deterioration exhibited by one or more rear secondary hollow metal service door openings raises a point of concern as to how many rear metal service door openings may be in disrepair at this time. Last but not least, while the majority of aluminum and glass storefronts appear to be in overall serviceable condition excepting normal wear and tear for a multi-tenant retail shopping center in this age range, one of the tenants remained outspoken in regard to what he described as being an active ongoing intermittent water penetration problem related to the aluminum and glass storefront that remains an enigma at this time. This in turn raises a point of concern regarding replacement and restoration of preform rubber/vinyl gaskets in providing a weather tight seal for each and every aluminum and glass storefront serving the entire multi-tenant retail center, a major cost to say the least.

Roof

Notwithstanding a lack of readily available documentation provided for review in order to verify the type of roofing employed at this time as well as any maintenance repairs performed to date in addition to a heavily snow covered roof on the day of the walk-through preventing a visual examination thereof in order to ascertain the physical condition of the existing roof surface, the entire roof remains suspect and a primary area of concern at this time given ceiling tile exhibiting water stains/damage in varying degrees observed inside a number of occupied and vacant tenant spaces, and feedback provided by several tenants regarding prior and active ongoing roof leaks that have as yet to be addressed or corrected by the property owner as of the day of our walk-through.

Executive Summary

Electrical System

In reality, an accurate overall assessment/evaluation of the electrical supply and power distribution system cannot be had by simply conducting a cursory walk-through of the premises. This noted, we are left to rely upon feedback from several tenants when asked about any recent or active ongoing problems in regard to the electrical system in which event we received no complaints or negative comments from those we spoke in regard to this matter.

HVAC System

Similar to the electrical system, once again it bears repeating that an accurate overall assessment of the HVAC system by simply conducting a cursory walk-through of the premises is next to impossible. This added to adverse weather conditions—namely a snow covered roof accompanied by cold, freezing weather—on the day of the walk-through not to mention the lack of a mechanical equipment schedule available for review before, during or subsequent to the walk-through, we essentially have little if any information to work with for rendering much less substantiating an opinion in regard to the serviceable condition of the mechanical rooftop equipment serving the entire multi-tenant retail center. While the lack of information regarding the mechanical heating and cooling system alone serves to increase the risk of purchase, a cursory inspection of a package rooftop unit located above/serving the laundromat below left much to be desired in regard to the care and maintenance thereof.

Plumbing System

Similar to both the electrical and mechanical HVAC system, an accurate overall assessment/evaluation of the entire plumbing system serving the multi-tenant retail center cannot be had by simply conducting a cursory walk-through of the premises. All we can add is that, based upon feedback provided by a number of tenants we spoke with during the cursory walk-through, we have no reason to believe that there exist any major recent or active ongoing issues with the plumbing system at this particular time other than the usual routine maintenance repairs required to address/correct for minor plumbing leaks or toilet back-ups due to normal age, use and wear.

Interior Elements

Water stains present on ceiling tile accompanied by water damaged ceiling tile in varying degrees inside a number of leased tenant spaces. Overall, the integrity of all metal service door openings located along the backside of the building complex serving individual tenant spaces remain suspect at this time given severe rust deterioration of exterior metal doors and frames observed from inside one or more tenant spaces at the time of our cursory walk-through. What appears to be a non-load bearing interior wall partition inside the storefront entrance of Piggly Wiggly that has sustained considerable finish drywall damage attributed to shopping carts slamming into the wall is considered to be cosmetic as opposed to an immediate cause for concern at this time. Other conditions deemed cosmetic or similar in nature exhibiting normal wear and tear are excluded from this summary.

Vertical Transportation

None/Not Applicable

Executive Summary

Life Safety & Fire Protection

Given the age of the commercial property, the aluminum and glass storefront serving the entire multi-tenant retail center may/may not provide for tempered safety glass as/where normally required per present day standards which determination lays beyond the scope of the cursory walk-through provided. A number of randomly selected emergency backup lights do not appear to be in serviceable condition at this time. A number of fire extinguishers have expired or missing annual certification tags as normally required. No copies of recent annual life and fire safety inspection reports available for review before, during or subsequent to the walk-through. No copies of any recent annual or 5-year fire sprinkler system inspection reports available for review before, during or subsequent to the walk-through. One or more outdoor metal stair landings serving a rear service door entrance is missing its guard rail posing a free-fall hazard not to mention that the door opens out into the stair landing. A water closet inside/serving a vacant tenant space presently contains a dry toilet bowl and, more than likely, an evaporated water trap seal beneath conducive to sewer gas backup into the vacant space in which event it should be noted that interior floor drains are also susceptible to the same condition. Last but not least, one of the larger vacant tenant spaces exuded a natural gas odor upon entering the space on the day of the walk-through. In view of the aforementioned, suffice it to say that this does not constitute an exhaustive list of all life and fire safety concerns that warrant attention at this time.

ADA Compliance

As to whether or not each and every tenant space including the outside parking lot and contiguous walkways conform to ADA provisions in force at the time of past or recent renovation/build-outs remains unknown and lays beyond the scope of the cursory walk-through provided.

Additional/Out of Scope Considerations

Conduct a full ADA compliance inspection

Consider having a Phase III Environmental Risk Assessment including Environmental Testing for hazardous materials such as asbestos and lead based paint given the age of the building

Assessment/evaluation of fire suppression sprinkler systems

Assessment/evaluation of smoke, security and fire alarm/detection systems

Prepare and submit an F.O.I.A. request form to the local building and fire department to check for any outstanding building or fire code violations to date.

Prepare and submit an F.O.I.A. request form to the local building department for obtaining a record of all/any building construction permits issued over the past 20 years including a description of the work allegedly performed for which the permits were issued.

Executive Summary

Recommendations/Costs to Remedy Deficiencies

Recommendation	Budget Cost
Figure a 2-inch mill and overlay including a full depth patch at isolated areas as may be required for a full restoration of asphalt pavement serving the parking lot and right-of-way (Budget cost based upon 310,411 SF of parking lot area at a unit price of \$2.50/SF rounded to the nearest thousand) ¹	\$776,000
Apply an appropriate protective wall coating/block filler to the exposed, weathered cement block masonry wall located behind the building to protect and prevent the degradation thereof in time to come. ²	Obtain Quote
Figure a worse case scenario for determining a budget cost based upon a complete tear-off and replacement of the existing roof covering with a single-ply roofing system such as EPDM, TPO or PVC including R-25 ISO foam board roof insulation in compliance with the IECC using a unit price of \$600 to \$1,000 per square where 1 square=100 square feet. ³	Obtain Quote
Further professional evaluation/investigation above suspended tile ceiling systems inside/serving tenant spaces that have been prone to roof leaks in order to verify the presence/absence of rust degradation to the metal roof decking above.	
Anticipate replacement of older/aging package rooftop units in the 15-20 year plus range (Budget cost based upon 80% of an estimated 400 tons of cooling or 320 tons of cooling at a unit cost of \$1,000 to \$1,500 per ton). ⁴	\$320,000 to \$480,000
Consult with a qualified, licensed mechanical contractor for determining age, model and serial numbers, and size of each and every package rooftop unit to facilitate the preparation of a more accurate budget cost for the future repair/replacement thereof.	
Consider professional evaluation by a qualified, licensed electrical contractor of the entire electrical system b4 closing including an infrared scan of all older electrical supply and power distribution equipment to check for the presence/absence of hot spots.	Obtain Quote
Contact the local fire marshal regarding the next scheduled life and fire safety inspection for each occupied tenant space and obtain hard copies of the latest bi-annual fire safety inspection reports for each individual tenant space.	
Contact the Village of Kenosha regarding what they require in regard to ADA compliance including life and fire safety provisions following a commercial property real estate transaction.	
Consider a comprehensive phase III environmental risk assessment by a qualified, licensed environmental testing facility to determine/verify the presence/absence of asbestos mineral containing materials including any other hazardous building materials or substances known to exist for a commercial building in this age range.	

Recommendations/Costs to Remedy Deficiencies

Notes:

¹ Parking lot area in square feet provided by [REDACTED] of [REDACTED] in an email, used for determining the budget cost for restoration of the asphalt pavement serving the parking lot.

² Represents a substantial amount of money given a commercial building complex of this size.

³ Budget cost does not include replacement of rust deteriorated metal roof decking that may be present and encountered during a complete tear-off of the existing roof covering down to the metal roof deck beneath and remains unknown at this time. As an added precaution, do not rely upon the square footage provided in the real estate listing as this figure does not include or allow for roof membrane wall flashing to be applied to parapet walls that in itself can add a considerable cost in replacing a roof for a commercial building complex of this size. As there were no civil drawings or legible Land Title Survey available for review before, during or subsequent to the walk-through to help determine the area of the roof including that of any parapet walls, a budget cost for replacement of the roof was unable to be provided.

⁴ The budget replacement cost provided for mechanical HVAC equipment denotes a rough estimate at best assuming 400 SF per ton based upon a total square footage of 154,464 square foot in the real estate listing provided. We then used a factor of 80% in assuming that 80% of the existing package rooftop units are 15-20 years old or older, an assumption made given the absence of information required for preparing and submitting budget costs in regard to mechanical HVAC equipment.