

**PROPERTY CONDITION REPORT**  
**The Carlingford Apartments**  
6005, 6425 & 6525 South Gessner Road  
Houston, Texas 77036  
**Terracon Project No. 92088531**



Prepared For:

**Greystar Real Estate Partners**  
750 Bering Drive, Suite 300  
Houston, Texas 77057

Prepared By:

**Terracon**

March 19, 2008

March 19, 2008

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Re: **PROPERTY CONDITION REPORT**  
The Carlingford Apartments  
6005, 6425 & 6525 South Gessner Road  
Houston, Texas 77036  
Terracon Project No. 92088531

Dear Mr. Flores:

Terracon is pleased to provide this Property Condition Report of the subject improvements. This work was performed in general accordance with the scope of services outlined in the Terracon Proposal P9208-1029F dated February 21, 2008.

We appreciate the opportunity to provide Due Diligence services to you. If you have any questions concerning this report, or if we can assist you in any other matter, please call our office at the above reference phone number.

Sincerely,

**Terracon**

Ricardo Segovia  
Project Manager  
Facilities Services

William D. Wray, P.E., S.E.  
Senior Facilities Engineer  
Facilities Services

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Appendix A – Exhibits

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## I. EXECUTIVE SUMMARY

### A. General Property Identification Summary

Item	Description
Property Name	The Carlingford Apartments
Property Address	6005, 6425 & 6525 S. Gessner Road, Houston, Texas 77036
Type of Facility	Multifamily
Site Area (Acres)	20.52
Total Parking Spaces	1,151
Number of Buildings	48
Number of Stories	2 & 3
No. of Units	810
Year(s) Constructed	1977
Year(s) Renovated	NA
Gen'l Const.	The buildings are wood-framed stick construction, brick veneer, wood siding, single-pane windows w/ low-slope roofs & steep-pitched composition shingle roofs.
Date of Site Visit	March 6 & 11, 2008
Survey Conducted By	William D. Wray, P.E., S.E., Ricardo Segovia, PM, William Stice, David Tyner & Jeremy Kettner

### B. Estimated Required Expenditures

#### Immediate Repairs Summary

		Total Cost
Time Period for Repair		0 to 1 YR
1	Clean out all clogged concrete pavement & landscape drains. Cap open drains in pavement.	\$ 3,000
2	Concrete sectional replacement, concrete curbs, and pre-cast concrete curbs	\$ 196,000
3	Re-stripping of parking & directional markings	\$ 6,906
4	Sidewalk, concrete sectional replacement	\$ 43,000
5	Removal of landscape planters. Clean sanitary clean-out openings and replace missing caps.	\$ 16,000
6	Replacement of perimeter metal fence, entrance gates, personnel gates & miscellaneous equipment. Repair brick pilasters.	\$ 153,000
7	Chain link fence replacement/repairs	\$ 27,000
8	Replacement of swimming pool fences	\$ 12,000
9	Upper floor balcony replacement including railings & rotted wood	\$ 495,000
10	Swimming pool replastering and replacement of equipment in Phase III	\$ 6,000
11	Seal all open joints at swimming pools walking deck and coping	\$ 5,100
12	Seal open penetrations in exterior walls. Repair brick veneer.	\$ 500
13	Replace damaged precast concrete stair treads. Repair damaged/corroded stair railings & out-of-alignment balcony columns. Remove corroded walkway door frames.	\$ 45,000
14	Replacement of Phase II & III buildings roofs, allowance for rotted roof decking, installation of gutters and downspouts. Remove abandoned equipment.	\$ 1,126,600
15	Renovation of all down units (7 Units)	\$ 77,000
16	Secure all electrical wiring breaker panels & outlets. Re-attach missing electrical ground wires. Label all circuits. Install GFCI's at all exterior locations. Building #5-Remove #10 wire in panel jumped to Bus Bar.	\$ 5,000
17	Replace damaged or missing exterior lighting fixtures	\$ 1,000
18	Repair active leaking domestic water galvanized plumbing piping. Inspect & repair all T&P Relief Valves.	\$ 1,000
19	Allowance for infrared thermal scans all electrical panels and repairs as needed.	\$ 10,000
20	Properly secure and route electrical wiring of hot water circulation pumps in Phase II, Building 12.	\$ 800
21	Inspect out-of-date fire protection equipment.	\$ 1,800
<b>Total Immediate Repair Cost</b>		<b>\$2,231,706</b>

\$ 2,231,706

**Capital Expenditure & Reserve Summary**

		Total Cost
1	Concrete sectional replacement	\$ 400,000
2	Re-striping of parking & directional markings	\$ 6,906
3	Trim overgrown trees & vegetation growth off of exterior architectural finishes and roofs. Remove trees, seal open voids beneath sidewalks & install soil to eliminate soil erosion.	\$ 42,000
4	Patio wood fence replacement	\$ 32,400
5	Swimming pool replastering and replacement of equipment in Phases I and II	\$ 12,000
6	Building foundation repairs & leveling	\$ 90,000
7	Exterior walls: Painting of exterior walls, including replacement of rotted wood, soffits, T1-11 & fiberboard siding & caulking of openings. Replacement of window shutters.	\$ 389,000
8	Replace broken window glass & damaged window frames. Replace deteriorated vinyl gaskets	\$ 8,000
9	Replace intrusion alarm systems and associated devices for each unit.	\$ 243,000
10	Replace Leasing Office fabric awning at entrance	\$ 4,000
11	Replacement of Phase I buildings roofs, allowance for rotted roof decking, installation of gutters and downspouts. Remove abandoned equipment.	\$ 563,300
12	Replacement of appliances, countertops, fixtures, carpet & vinyl tile, exterior wood doors w/ metal doors, repairs & painting.	\$ 5,670,000
13	Replacement of A/C condensing units & fan coil units w/ R-410A equipment	\$ 2,025,000
14	Replace aluminum wiring for A/C condensing & fan coil units	\$ 810,000
15	Domestic hot water boiler replacement	\$ 168,000
16	Phased replacement of galvanized domestic water pipe	\$ 630,000
17	Repair/replace damaged or missing property signage	\$ 6,400
18	Elevator moderization in Phases I, II, & III	\$ 165,000
<b>Total Capital Expenditure</b>		<b>\$11,265,006.00</b>
<b>Total Inflated Capital Expenditure</b>		<b>\$13,127,503.83</b>
<b>Inflation Factor</b>		<b>3.00%</b>
<b>Loan Term (+2)</b>		<b>12</b>
<b>Total Capital Reserve (per Unit per Year)</b>		<b>\$1,158.95</b>
<b>Total Inflated Capital Reserve (per Unit per Year)</b>		<b>\$1,350.57</b>

\$11,265,006

**ADA Related Costs**

		Total Cost
1	Additional van accessible designated space and signage	\$ 250
2	Signage for cars and vans	\$ 3,000
3	Provide ramp to entry door next to accessible parking stall	\$ 4,750
4	Add lever hardware at entry doors	\$ 150
5	Install lever hardware at Leasing Office	\$ 150
<b>Total ADA Compliance Cost</b>		<b>\$8,300</b>

\$8,300.00



**Immediate Repairs Cost Estimate**

<b>Project:</b>	The Carlingford Apartments	No. of Units	810
<b>Location:</b>	6005, 6425 & 6525 S. Gessner Road, Houston, Texas 77036	No. of Bldgs:	48
<b>Type of Facility:</b>	Multifamily	Reserve Term:	12 years
<b>No. stories:</b>	2 & 3	Property Age:	31 years

Item Description	Quantity	U	Cost	I-Total\$	Comments
Clean out all clogged concrete pavement & landscape drains. Cap open drains in pavement.	1	LS	\$3,000.00	\$3,000	Clogged drains w/ ponding water
Concrete sectional replacement, concrete curbs, and pre-cast concrete curbs	1	LS	\$196,000.00	\$196,000	Deteriorated concrete
Re-stripping of parking & directional markings	1,151	EA	\$6.00	\$6,906	Faded striping
Sidewalk, concrete sectional replacement	1	LS	\$43,000.00	\$43,000	To prevent personal injuries.
Removal of landscape planters. Clean sanitary clean-out openings and replace missing caps.	1	LS	\$16,000.00	\$16,000	Tree damaged planters
Replacement of perimeter metal fence, entrance gates, personnel gates & miscellaneous equipment. Repair brick pilasters.	1	LS	\$153,000.00	\$153,000	For security purposes
Chain link fence replacement/repairs	1	LS	\$27,000.00	\$27,000	For security purposes
Replacement of swimming pool fences	1	LS	\$12,000.00	\$12,000	Damaged & corroded fences
Upper floor balcony replacement including railings & rotted wood	1	LS	\$495,000.00	\$495,000	Rotted wood, detached & missing attachment balcony railing anchors & damaged concrete.
Swimming pool replastering and replacement of equipment in Phase III	1	EA	\$6,000.00	\$6,000	Deteriorated pool deck and equipment observed.
Seal all open joints at swimming pools walking deck and coping	1	LS	\$5,100.00	\$5,100	To prevent hazards
Seal open penetrations in exterior walls. Repair brick veneer.	1	LS	\$500.00	\$500	Maintenance items.
Replace damaged precast concrete stair treads. Repair damaged/corroded stair railings & out-of-alignment balcony columns. Remove corroded walkway door frames.	1	LS	\$45,000.00	\$45,000	Damaged concrete treads & displaced wood columns, damaged/corroded railings & door frames
Replacement of Phase II & III buildings roofs, allowance for rotted roof decking, installation of gutters and downspouts. Remove abandoned equipment.	1	LS	\$1,126,600.00	\$1,126,600	Buildings roofs observed in poor condition.
Renovation of all down units (7 Units)	1	LS	\$77,000.00	\$77,000	The complex has 7 reported "down" units.
Secure all electrical wiring breaker panels & outlets. Re-attach missing electrical ground wires. Label all circuits. Install GFCI's at all exterior locations. Building #5-Remove #10 wire in panel jumped to Bus Bar.	1	LS	\$5,000.00	\$5,000	On exterior walls
Replace damaged or missing exterior lighting fixtures	1	LS	\$1,000.00	\$1,000	Missing & displaced fixtures
Repair active leaking domestic water galvanized plumbing piping. Inspect & repair all T&P Relief Valves.	1	LS	\$1,000.00	\$1,000	To prevent further water damage to building materials and components
Allowance for infrared thermal scans all electrical panels and repairs as needed.	1	LS	\$10,000.00	\$10,000	To prevent fire hazards from electrical panels
Properly secure and route electrical wiring of hot water circulation pumps in Phase II, Building 12.	1	LS	\$800.00	\$800	To prevent electrical hazard
Inspect out-of-date fire protection equipment.	1	LS	\$1,800.00	\$1,800	To provide required inspections
<b>Total Immediate Repairs</b>				<b>\$2,231,706</b>	
<b>Cost per SF</b>					





Terracon Project No. 92088531

March 19, 2008

**ADA Related Cost Estimates**

<b>Project:</b>	The Carlingford Apartments	No. of Units	810
<b>Location:</b>	6005, 6425 & 6525 S. Gessner Road, Houston, Texas 77036	No. of Bldgs:	48
<b>Type of Facility:</b>	Multifamily	Reserve Term:	12 years
<b>No. stories:</b>	2 & 3	Property Age:	31 years

Item Description	Quantity	U	Cost	A-Total\$	Comments
Additional van accessible designated space and signage	1	EA	\$250.00	\$250	Leasing Office
Signage for cars and vans	15	EA	\$200.00	\$3,000	Throughout site
Provide ramp to entry door next to accessible parking stall	5	EA	\$950.00	\$4,750	Non-Compliant ramps
Add lever hardware at entry doors	1	EA	\$150.00	\$150	Install lever hardware at Leasing Offices
Install lever hardware at Leasing Office	1	LS	\$150.00	\$150	Existing non-compliant
<b>Total Cost</b>				<b>\$8,300</b>	
<b>Cost per Unit</b>				<b>\$10.25</b>	

## F. Narrative General Description

Terracon completed this Property Condition Report for The Carlingford Apartments located at 6005, 6425 and 6525 South Gessner Road in Houston, Harris County, Texas. The subject multi-family property consists of a garden style multi-family apartment complex containing 810 units with a total of approximately 598,401 square feet of gross building area per Harris County Appraisal District (HCAD). The property is bordered by Sands Point Drive to the north, an electrical easement and single family housing to the east, Clarewood Drive and commercial retail to the south, and South Gessner Road to the west. The Carlingford Apartments were constructed in 1977 in three phases, i.e., Phase I, Phase II and Phase III on a 20.52-acre parcel of land, per HCAD. Each Phase contains 270 apartment units in 12, two-story buildings and 4, three-story buildings. Other amenities include three outdoor in-ground swimming pools and three laundry rooms. The Property Manager indicated that the buildings were 60% occupied and there were 7 down units at the time of Terracon's site visits on March 6 and 11, 2008.

Parking is provided on the site for 1,151 cars including 16 handicap parking spaces on concrete parking lots. The remainder of the site is improved with landscaped areas. The site has been graded to promote drainage to localized catch basins in the paved and landscaped areas. Stormwater flows into the municipal system. A detention/retention basin is not utilized to regulate the outflow from the site.

The foundation system of the buildings is a post-tensioned concrete slab-on-grade with poured-in-place monolithic concrete grade beams. The buildings structure consists of conventional wood stud framing and manufactured wood trusses supporting a gypcrete topping on wood sub-flooring for upper unit floors. The building roofs consist primarily of built up roofing (BUR) systems with mineral surface cap sheets gravel surfaces, and aluminum coated smooth surfaces. Buildings adjacent to South Gessner Road include mansard roofs with composition shingles over plywood decking. Building 8 in each phase includes architectural (non-functional) chimneys protruding from the mansard roofs. The building exteriors consist of brick veneer and painted vertical lap wood or fiberboard siding. The dwelling unit windows consist of single-pane clear glass operable units set in aluminum frames. Exterior doors are painted wood doors in wood frames with sliding clear glass doors at the balconies. Painted steel railing and balusters are located at the unit balconies. Access to the upper floors is by steel stairs with steel railings and pre-cast concrete treads.

There are three out-of-service elevators at this site, i.e., one in each phase.

Heating and cooling is provided to the apartment units by split systems with roof-mounted condensing units manufactured by various manufactures including *Amana*, *Comfort Range*, *Corsaire*, *Duroguard*, *Goodman*, *Rheem*, *Ruud*, and *Tappan*. The split systems utilize R-22 refrigerant and electric fan coil units mounted in the bathroom ceilings. Refrigeration tonnage ranges from 1 1/2-tons to 2 1/2-tons.

Domestic hot water is provided to each dwelling unit by nine natural gas-fired boilers installed in boiler buildings throughout the site. The boiler systems generally include storage tanks and electric re-circulation pumps. Domestic water supply piping was observed and reported to be galvanized steel. PVC waste/vent piping is used within the buildings, which discharges to the municipal sanitary sewer.

Electric service to the buildings is by on-site pad-mounted electrical transformers. Electric service to each apartment is typically 100-amp, 120/240-volt, single phase, three-wire. Dwelling units have exterior circuit breaker panels with copper-clad aluminum, solid aluminum, and copper wiring. Exterior lights are building-mounted fluorescent light fixtures and/or high intensity discharge (HID) light fixtures.

Utilities, including potable water, sanitary sewer, natural gas, and electricity, are provided to the site by local municipalities or private companies.

Each apartment unit has a battery operated smoke detector(s). Fire hydrants are located throughout the property. Three story buildings are provided with fire hose racks installed in the courtyards.

**G. Historical Capital Improvements**

These items were reported to have been previously completed at this property.

Reported Capital Expenditures	Year Completed	Approximate Costs/Comments
Replacement of four gas-fired boilers	2005 - 2008	\$18,000.00 Each
Re-plaster swimming pools in Phase I & II	2006 - 2007	Not provided
Replacement of Phase I buildings roofs	2003	Not provided
Painting of exterior walls	2003	Not provided

**H. Work-in-Progress Capital Improvements**

The following capital improvements to this property are either under construction or have signed contracts with construction to begin soon. These costs have not been included in the cost tables of Terracon's Report.

Work-in-Progress	Reported Completion Date	Approximate Costs/Comments
None reported or observed		

**I. General Physical Condition**

Site improvements and the buildings are in generally poor condition and appear to have received below average maintenance.

The buildings are approximately 31-years old and in generally poor condition. Replacement of some building components is anticipated over the evaluation period. These capital reserve items consist of ongoing repairs and predictable or cyclical replacement type items. These items are included in the cost tables of this Report.

In addition some immediate repair items have been identified that will require remedial work early in the evaluation period.

**J. Recommended Additional Investigation**

No additional investigation is recommended.

## II. PURPOSE AND SCOPE

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### A. Purpose

The purpose of this Property Condition Report was to observe and document readily visible material and building system defects, which might significantly affect the value of the property; and determine if conditions exist, which may have a significant impact on the continued operation of the facility during the evaluation period.

### B. Scope

The Scope of Work was developed in general conformance with ASTM E 2018 – 01, Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process and with the Agreement For Services between Greystar Real Estate Partners and Terracon dated March 3, 2008. The scope included a site visit, limited interviews with property management personnel and some tenants; and a review of readily available construction documents (drawings and specifications) provided by the client. The site assessment includes visual observations of the following system components: site development, building exterior and interior, building structure, mechanical, electrical and plumbing systems; conveyance systems, life safety/fire protection, and general ADA issues.

This Report does not confirm the presence or absence of items such as mold, asbestos, environmental conditions or hazardous substances on this property.

### C. Personnel Interviewed

In conjunction with our on-site visit and while attempting to gather pertinent information on this property, the following personnel were interviewed or have provided information, which we have relied upon in the assembly of this Report. These individuals were designated as knowledgeable about the site and related improvements.

Name	Title	Telephone
Ms. Monica Galvan	Property Manager	(713) 776-8900
Mr. Mucio Salto	Maintenance	(713) 776-8900

### D. Documentation

Terracon was provided with the following documentation for this property, which we have relied upon in the assembly of this Report.

Documentation	Source
Site Plan, Floor Plans, Units Mix, Certificates of Occupancy	The Carlingford Apartments
Flood Plain Determination	American Flood Research, Inc.

**E. Reported Compliance with Code and Regulations**

<b>Item</b>	<b>Comment</b>
<b>Zoning Dept. code violations</b>	There are no zoning ordinances in the City of Houston.
<b>Certificate of Occupancy</b>	Provided
<b>Fire Code Violations</b>	Requested, pending information from the Houston Fire Department.
<b>Frequency of Inspections</b>	Requested, pending information from the Houston Fire Department.
<b>Zoning Classification</b>	Not applicable.
<b>Occupancy</b>	Multi-family apartments.
<b>Flood Zone</b>	<i>Zone X</i> : - Areas determined to be outside of the 500-year flood plain. Community Panel Number 48201C-0835L dated June 18, 2007.
<b>Seismic Zone</b>	Zone 0, defined as an area of very low probability of damaging ground motion.

**F. Reliance**

The report may be relied upon by you as a description of the current physical conditions of the building and site improvements, as of the date of this report, and with the knowledge that there are certain limitations and exceptions within the report that are reflective of the scope of services.

This report is for the use and benefit of, and may be relied upon by Greystar Real Estate Partners, or any of its affiliates and the agents and advisors, initial and subsequent holders from time to time of any debt and/or debt or other securities secured, directly and indirectly, by any interest in any such debt, and indenture trustee, servicer or other agent acting on behalf of such holders of such debt and/or debt or other securities; any rating agencies; and the institutional provider(s) from time to time of any liquidity facility or credit support for such financings, and their respective successors and assigns.

In addition, this report or a reference to this report, may be included or quoted in any offering circular, registration statement, prospectus or sales brochure (in either electronic or hard copy format) in connection with a securitization or transaction involving such debt and/or debt or other securities.

This report will speak only as of its date.

**III. DESCRIPTION AND CONDITION**

<b>A. Site Improvements</b>			
<b>Item</b>	<b>Descriptions</b>		
<b>Site Utilities</b>	The following is a list of the utility providers for the project:		
	Sanitary Sewer:	City of Houston	
	Domestic Water:	City of Houston	
	Storm Sewer:	City of Houston	
	Gas Service:	Center Point	
	Electric Service:	Reliant Energy	
	Phone:	AT&T	
	Trash:	Waste Management	
<b>Sanitary Sewer Service</b>	Wastewater drainage is provided by gravity flow through subsurface piping to the municipal sewer main. The type of piping used for the sanitary sewer was not known by the site contact and is considered to be a hidden condition.		
<b>Water Service</b>	City water is provided to the site. The type of piping used for the water distribution system was not known by the site contact and is considered to be a hidden condition.		
<b>Site Drainage (Storm Sewer)</b>	Sheet flow to municipal system via area drains in the parking lots and landscaped areas. The site does not utilize a retention/detention basin for storm water control.		
<b>Site Gas Service</b>	Gas service is provided to the property for hot water heating.		
<b>Site Electrical</b>	Electrical power from on-site pad-mounted transformers, then underground to the buildings.		
<b>Site Lighting</b>	Exterior lights are building-mounted fluorescent fixtures, high intensity discharge (HID) light fixtures, and pole-mounted HID. Fluorescent light fixtures are located at the unit entrances.		
<b>Paving</b>	The site paving is concrete.		
<b>Driveways</b>	The driveways are concrete pavement.		
<b>Curbs</b>	Concrete curbs.		
<b>Parking Type</b>	Surface parking.		
<b>Parking Spaces</b>	Surface Parking Spaces	1,135	
	Accessible Parking Spaces	16	
	<b>Total Parking Spaces</b>	<b>1,151</b>	Counted spaces
<b>Sidewalks</b>	Broom-finished concrete or exposed aggregate sidewalks from parking lots to entrances.		
	There are cast-in-place concrete steps in locations where changes in grade occur.		

<b>A. Site Improvements</b>	
<b>Item</b>	<b>Descriptions</b>
<b>Landscaping</b>	The landscaping consists of mature trees, shrubs, and grass. Landscape planters with mature trees are located throughout the property.
<b>Irrigation</b>	Not provided.
<b>Fences</b>	Perimeter fencing consists of painted wrought iron fence and gates with brick pilaster columns located on the west side and portions of the north and south side of the property. Chain link fencing is installed on the east side of the property. The swimming pool area has painted wrought iron fence and gates with safety latches. Wood picket fencing encloses the first floor patios.
<b>Signage</b>	Property identification signage is provided by monument signs at the main entrances on the west side of the property adjacent to South Gessner Road. Building and apartment numbers are indicated by wall-mounted building signs.
<b>Retaining Walls</b>	Brick and mortar planter beds were observed throughout.
<b>Dumpster Areas</b>	Dumpsters generally rest directly on concrete pavement in parking areas and are not enclosed.

**Site Improvements Conditions & Recommendations**

The site components appear to be in generally poor condition.

Deteriorating landscape planters with overgrown trees were observed in various locations requiring removal of the planter and tree.

Numerous wall-mounted and pole-mounted light fixtures were observed damaged and/or missing requiring to be replaced during the evaluation period.

Deteriorated concrete pavement was observed at random locations requiring to be replaced during the evaluation period. Terracon observed vertical offsets of the sidewalks throughout the property requiring to be replaced to prevent personal injuries. Vehicular damaged concrete curbs and pre-cast concrete curbs were observed requiring to be repaired during the evaluation period. Clogged pavement drains with ponding water were observed requiring to be cleaned. In addition, re-stripping of the parking spaces and directional markings will be required during the evaluation period.

The landscaping appears to be in poor condition with evidence of overgrown trees rubbing against the buildings architectural exterior finishes and roofs requiring to be trimmed. Evidence of poor site drainage, i.e., ponding water was observed throughout the property. Soil erosion and standing water was observed adjacent to the buildings foundations requiring to be repaired. Terracon recommends an allowance for the engagement of a landscape contractor to evaluate and repair the site drainage and to replace the eroded soil adjacent to the buildings.

The metal fencing appears to be in generally fair to poor condition with evidence of missing sections and/or damaged sections, damaged gates, and detached sections from the brick pilasters columns requiring to be repaired. In addition, the automatic property access gates and the related key pads are not operable and will require repair during the evaluation period. Chain link fencing is in fair condition with damaged sections requiring repair and/or replacement. Metal fencing enclosing the swimming pools was in poor condition with evidence of severe corrosion requiring replacement. Wood fencing at unit patios was generally observed to be in poor condition and is recommended for replacement.

Damaged or missing property signage was observed requiring repair.

**Site Improvements Conditions & Recommendations**

**Immediate Repairs:**

- Remove landscape planters.
- Replace damaged and/or missing exterior light fixtures.
- Repair deteriorated concrete pavement.
- Repair damaged concrete curbs & precast concrete curbs.
- Replace damaged and missing sidewalks.
- Re-striping of parking spaces and directional markings.
- Replacement of perimeter metal fence, entrance gates, personnel gates & miscellaneous equipment. Repair brick pilasters.
- Clean out all drains in concrete and landscaped areas and cap open drains in pavement.
- Repair/replace chain link fencing.
- Replace swimming pool fencing.

**Replacement Reserves:**

- Trim and/or remove overgrown trees.
- Repair deteriorated concrete pavement.
- Re-striping of parking spaces and directional markings.
- Replacement of wood fencing enclosing patios.
- Repair/replace damaged or missing property signage.
- Repair areas of soil erosion and ponding water.

<b>B. Building Exterior</b>	
<b>Item</b>	<b>Descriptions</b>
<b>Foundation</b>	The foundation system of the buildings is a post-tensioned concrete slab-on-grade with poured-in-place monolithic concrete grade beams.
<b>Superstructure</b>	The buildings structure consists of conventional wood stud framing and manufactured wood trusses.
<b>Upper Floor Framing</b>	Wood trusses supporting wood sub-flooring and a gypcrete topping.
<b>Exterior Walls</b>	The building exteriors consist of brick veneer and painted vertical lap wood or fiberboard siding. Decorative vinyl window shutters flank windows on a portion of the building exteriors.
<b>Wood Rot</b>	Evidence of rotted wood was observed at random exterior wood trim and siding.
<b>Sealants</b>	Elastomeric sealants at around window and door penetrations.
<b>Windows / Doors</b>	The dwelling unit windows consist of single-pane clear glass operable units set in anodized aluminum frames. Exterior doors are painted wood clad in wood frames, and clear glass sliding doors at the balconies.

<b>B. Building Exterior</b>	
<b>Item</b>	<b>Descriptions</b>
<b>Stairs/Steps</b>	Access to the upper floors is by steel stairs with steel railings and pre-cast concrete treads.
<b>Balconies / Patios</b>	The balconies consist of a concrete floor and painted steel railings and balusters.

**Building Exterior Conditions & Recommendations**

These building components appear to be in generally fair condition.

Terracon observed evidence of building foundation movement, i.e., horizontal cracks of the concrete window lintels, vertical cracks of brick veneer, and cracked concrete foundations. Previous work was reportedly performed on various buildings to address foundation issues. Further building foundation repair and leveling will be required during the evaluation period. In addition.

Open penetrations were observed at random locations of the buildings exterior walls requiring to be sealed. Window shutters were observed to be damaged or missing at various locations and are recommended for replacement. Rotted and/or missing wood trim and wood siding was observed throughout requiring to be replaced. Painting of the exterior walls will required during the evaluation period.

Terracon observed evidence of pest infestation inside the buildings, i.e., fire ants, bee hives, and termites. The Property Manager informed Terracon that no termite treatment has been performed at this site. Terracon recommends that a termite inspection and termite treatment be performed immediately as well as the initiation of a pest control program.

The windows and doors appear to be in generally fair condition with evidence of broken and/or missing glass, damaged window frames, and deteriorated glazing gaskets at random locations. Damaged and deteriorating door frames and doors were observed at random locations.

The stairs appear to be in generally fair condition requiring painting with exterior paint, replacement of deteriorated pre-cast treads, replacing corroded railings, and securing loose railings to the structure. Balcony concrete was observed to be deteriorated at patios and walkways that require replacement. Balcony railings appear to be in generally fair condition requiring painting with exterior paint and securing loose railings to the structure. Balcony columns were observed to be out-of-alignment at random locations and require repair.

**Random measurements of the balcony vertical picket fence revealed the picket spacing is not in compliance with the building code requirement that a 4-inch diameter sphere cannot pass through any opening.**

**Immediate Repairs:**

- Seal open penetrations in exterior walls. Repair brick veneer.
- Replace damaged pre-cast concrete stair treads. Repair/secure damaged/corroded stair railings & out-of-alignment balcony columns. Remove corroded walkway door frames.
- Replace deteriorating balcony concrete of upper floors including railings & rotted wood.

**Replacement Reserves:**

- Building foundation repairs & leveling.
- Exterior walls: Painting of exterior walls, including replacement of rotted wood, soffits, T1-11 & fiberboard siding & caulking of openings. Replacement of window shutters.
- Replace broken window glass & damaged window frames. Replace deteriorated vinyl gaskets

C. Roof					
Item		Descriptions			
<b>Field Of Roof</b>		The building roofs consist primarily of built up roofing (BUR) systems with mineral surface cap sheets, gravel surfaces, and aluminum coated smooth surfaces. Buildings adjacent to South Gessner Road include mansard roofs with composition shingles over plywood decking. Building 8 in each phase includes architectural (non-functional) chimneys protruding from the mansard roofs.			
<b>Flashing / Coping</b>		N/A			
<b>Expansion Joints</b>		N/A			
<b>Skylights</b>		N/A			
<b>Awnings</b>		Fabric awnings with rigid frames are located at the Leasing Office entrances and walkways.			
<b>Drainage</b>		Roof drainage is accomplished by continuous gutters and downspouts.			
<b>Reported Leaks</b>		Roof leaks were reported a numerous locations.			
<b>Attic Areas</b>		Attic ventilation is provided by turbine type vents.			
Building or Section	Roof Area (S.F.)	Roof System	Date Installed	General Condition	Estimated Remaining Service Life (in yrs)
Phase I	97,600	BUR - shingles	2003	Fair	1
Phase II	97,600	BUR – shingles	1977	Poor	0
Phase III	97,600	BUR – shingles	1977	Poor	0
<b>Warranty In Place</b>	Requested but not provided.				

### Roof Conditions and Recommendations

The buildings roofs appear to be in poor condition with evidence of open penetrations, severe deteriorated roof deck with open penetrations, severe deteriorated roof shingles, severe damaged air hawk vents and flashing, clogged gutters with vegetation growth, missing gutters and downspouts. Replacement of all buildings roofs, repair of deteriorated roof decking, and the installation of gutters and downspouts will be required during the evaluation period.

The fabric awning for the Leasing Office was observed to be deteriorating and require replacement.

Active roof leaks were reported in buildings of Phase II and III. Gutters, downspouts, splash blocks were generally missing or displaced and contributing to soil erosion at the building foundations.

#### Immediate Repairs:

- Replacement of buildings roofs, allowance for rotted roof decking, installation of gutters and downspouts at Phase II & III. Remove abandoned equipment.

#### Replacement Reserves:

- Replacement of buildings roofs, allowance for rotted roof decking, installation of gutters and downspouts at Phase I. Remove abandoned equipment.
- Replace fabric awning at Leasing Office entrance.

<b>D. Building Interior</b>		
<b>Item</b>	<b>Descriptions</b>	
<b>Dwelling units</b>	<p>Approximately 10% of the apartment units were observed in order to establish a representative sample to gain an understanding of the overall property condition. The property has a total of 810 units.</p> <p>On the date of the site visit, approximately 60% of the 810 units were reportedly occupied, and the remainder was vacant and/or down units. Terracon was informed that 7 units were down due to damage or other conditions that would prevent occupancy.</p> <p>According to the Property Manager, the vacant units (not down units) are basically complete and can be ready for move-in with minimal work necessary.</p>	
	Quantity	Unit Type
	216	A - 1 Bedroom, 1 Bath
	120	B – 1 Bedroom, 1 Bath
	108	C – 1 Bedroom, 1 Bath
	126	D – 1 Bedroom, 1 Bath
	168	E – 2 Bedroom, 2 Bath
	72	F - 2 Bedroom, 2 Bath
	<b>810</b>	Total number of Units
	<p>The following units of The Carlingford Apartments were observed:</p> <p>Phase I -2248, 1252, 1254, 1260, 1267, 1269, 2268 ,2286 ,1287 ,1273, 3359, 3342, 3341, 3345, 3347, 1360, 2307, 1302, 2299, 1320, 1316, 2315, 1318, 1329, 1338, 2238, and 1333.</p> <p>Phase II - 2240, 1126, 2126, 1133, 1137, 1140, 1144, 2147, 2163, 2153, 2159, 2166, 1166, 1181, 2175, 2176, 1201, 2194, 1192, 2186, 2208, 1218, 1215, 2210, 2223, 2220, 2243, 3219, 3226, 3233, 3234, 3235, and 3240.</p> <p>Phase III - 1080, 2078, 1053, 2053, 2052, 2044, 2026, 2015, 1107, 1114, 2115, 2122, 2098, 3120, 3109, 1100, 1064, 1070, 2069, 1086, 1096, and 2096.</p>	
<b>Apartment Living Areas</b>	Floor	Carpet, vinyl tile at units entrances
	Walls	Painted drywall
	Ceiling	Painted drywall
<b>Apartment Kitchens</b>	Floor	Vinyl tile
	Walls	Painted drywall
	Ceiling	Painted drywall
	Countertop	Plastic laminated with porcelain steel sinks
<b>Apartment Bathrooms</b>	Floor	Vinyl tile
	Walls	Painted drywall

D. Building Interior		
Item	Descriptions	
	Ceiling	Painted drywall
	Countertop	Plastic laminated
	Bathtub / Shower	Porcelain steel bathtubs
	Tub/Shower Surround	Ceramic tile
<b>Interior Doors</b>	Interior doors are typically painted hollow-core wood doors set in wood frames.	
<b>Stairs</b>	There are no interior stairs.	
<b>Appliances</b>	Refrigerator:	Yes, manufactured by <i>Hot Point, GE</i>
	Range:	Yes, manufactured by <i>GE</i>
	Dishwasher:	Yes, manufactured by <i>Hot Point, GE</i>
	Disposal:	Yes, manufactured by <i>In-Sink</i>
	Microwave:	None
	Washer / Dryer:	None
<b>Common Area Interior Spaces</b>	Common areas consist of Laundry Rooms. Interiors are described in the Amenities section below.	
<b>Leasing Office</b>	Floor	Ceramic tile, carpet
	Walls	Painted drywall
	Ceiling	Painted drywall
<b>Public Restrooms</b>	There are no public restrooms at this property.	
	Floor	NA
	Walls	NA
	Ceiling	NA
	Countertops	NA
	Toilet Partitions	NA
<b>Water Intrusion/Mold</b>	Terracon observed evidence of water intrusion and mold at those units considered as down units.	

### Building Interior Conditions and Recommendations

The interior finishes in the apartments observed are in generally poor condition. Terracon was informed that there approximately 7 units considered as “down” units due to fire or other damage. Property management indicated that the causes of the fires were attributed to aluminum wiring of fan coil units, candle flames, and one kitchen grease fire. Renovation of all down units including the installation of new appliances, kitchen and bathroom cabinets/countertops, kitchen and bathroom equipment and fixtures, drywall including taping/floating/painting, interior lighting, life safety equipment, interior/exterior doors, carpet and vinyl flooring will be required.

The abatement of the water stained and mold affected drywall and framing is considered an

**Building Interior Conditions and Recommendations**

environmental issue and is not part of this assessment, therefore, is not included in the cost tables.

Dwellings are typically renovated at tenant turnover. Typical renovation generally consists of floor finish cleaning or replacement, interior painting and repair or replacement of damaged items.

Generally, the kitchen cabinets, vanity cabinets and countertops are original however; they appeared to be in generally good to fair condition.

Replacement of a portion of the dwelling unit carpet and vinyl flooring is anticipated during the evaluation period based on its actual conditions.

Replacement of a portion of the refrigerators, ranges, dishwashers, and microwaves will be required during the evaluation period. Replacement of disposals is considered part of the routine maintenance; therefore, costs are not included in the costs tables.

**Immediate Repairs:**

- Renovation of all down units (7 units).

**Replacement Reserves:**

- Replacement of appliances, countertops, fixtures, carpet & vinyl tile, exterior wood doors w/ metal doors, repairs & painting.

<b>E. Elevators</b>	
<b>Elevators (General)</b>	There are three out-of-service elevators at this site, i.e., one in each Phase.
	The renovation of the out-of-service elevators in Phases I, II, & II is included in the tables.

<b>F. Mechanical / Electrical / Plumbing</b>	
<b>Item</b>	<b>Descriptions</b>
<b>Heating And Cooling</b>	Heating and cooling is provided to the apartment units by split systems with roof-mounted condensing units manufactured by various manufactures including <i>Amana, Comfort Range, Corsaire, Duroguard, Goodman, Rheem, Ruud, and Tappan</i> . The split systems utilize R-22 refrigerant and electric fan coil units mounted in the bathrooms ceilings and/or utility room ceilings. Refrigeration tonnage ranges from 1 1/2–tons to 2 1/2-tons. (See advisory notes)
<b>Ventilation</b>	Restrooms and bathrooms are provided with exhaust fans vented to the exterior.
<b>Main Electrical Distribution</b>	Electric service to each apartment is typically 100-amp, 120/240-volt, single phase, 3-wire.
<b>Transformer(s)</b>	Electric service to the buildings is by on-site pad-mounted electrical transformers.
<b>Branch Wiring</b>	Dwelling units have exterior circuit breaker panels with copper-clad aluminum, solid aluminum, and copper wiring.
<b>Interior Lighting</b>	The apartment unit light fixtures specially consist of fluorescent fixtures.

<b>F. Mechanical / Electrical / Plumbing</b>	
<b>Item</b>	<b>Descriptions</b>
	located in the kitchens and incandescent surface-mounted lighting. Fluorescent fixtures with T-12 lamps were observed in laundry rooms.
<b>Gas</b>	Gas service is provided to the property for water heating.
<b>Domestic Water Distribution</b>	Galvanized pipe within buildings per management and observations.
<b>Water Heaters</b>	Domestic hot water is provided to each dwelling unit by natural gas-fired central water boilers installed in boiler buildings throughout the property. Three boilers are provided for each phase ranging from 600,000 to 990,000-btuh and manufactured by <i>Raypak</i> , <i>RBI</i> , or <i>Teledyne Laars</i> . Hot water storage tanks are provided at all but one boiler.
<b>Sanitary Sewer</b>	PVC per management and observations.
<b>Plumbing Fixtures</b>	Appear to be commercial quality.
<b>Mechanical / Electrical / Plumbing Conditions and Recommendations</b>	

The HVAC systems were observed to be functional and generally in good to fair operating condition. The heating and cooling capacities are reported by the Property Manager to be adequate for tenant needs. The HVAC equipment is primarily original equipment and based on its estimated useful life, replacement of the condensing units and fan-coil units will be required during the evaluation period.

The electrical equipment was observed to be functional and generally in good operating condition. Terracon observed exterior circuit breaker panels and outlets with missing covers requiring replacement. It is recommended that circuits be labeled on all circuit breaker panels. Observed branch wiring was copper-clad aluminum (CCAW) and copper wiring. Although CCAW does not have the history of problems associated with aluminum wiring, it is recommended that all circuit breaker panels be infrared thermally scanned to identify any weak connections and any weak connections be repaired. Solid aluminum wiring was reported and observed supplying fan coil units. Property management reported that the causes of the fires at a portion of the damaged units were attributed to the aluminum wiring. It is recommended that the solid aluminum wiring be replaced with solid copper or equivalent when the fan coil units are replaced to reduce the potential of future incidence. Building grounding cables were observed to be cut at random locations and require replacement. No problems with system capacity or the circuit breakers were reported by the Property Manager.

Intrusion alarm panels installed in each unit were reported to be non-operational and are recommended for replacement including wiring, control panels, and associated devices.

The plumbing system was observed to be functional and generally in fair to poor operating condition with evidence of water leaks at random apartment units requiring repair. The soil, waste, and vent systems within the building are reported to be in fair condition with no outstanding repairs or chronic problems. The water distribution system was also reportedly functional with ongoing repair and replacement of sections of deteriorating galvanized steel piping. Terracon observed leaking hot water piping in one boiler building that requires immediate repair. Open and obstructed sanitary sewer clean-outs were observed throughout the property that is recommended for cleaning and replacement of plumbing caps.

A portion of the central water boilers have been replaced as needed. Based on observed condition and estimated useful life, further replacement of pumps and boilers including and associated flue piping will be required during the evaluation period. The boiler pump installation in Building 12 of Phase III was observed with wiring resting on the floor and only partially protected by armored cable. It is recommended that the wiring be properly secured above the floor and routed in armored cable as required.

**Mechanical / Electrical / Plumbing Conditions and Recommendations**

**Immediate Repairs:**

- Repair active leaking domestic water galvanized plumbing piping. Inspect and repair all T&P relief Valves.
- Replace missing circuit breaker panel and outlet covers and label all circuits.
- Replace/reattach missing building ground cables.
- Allowance for infrared thermal scans all electrical panels and repairs as needed.
- Clean sanitary clean-out openings and replace missing caps
- Properly secure and route electrical wiring of hot water circulation pumps in Phase II, Building 12.
- Install GFCI's at all exterior locations.
- Building #5-Remove #10 wire in panel jumped to bus bar.

**Replacement Reserves:**

- Replacement of split system fan coil units and condensing units with R-410A equipment.
- Replacement of aluminum wiring supplying fan coil units & A/C condensing units.
- Replace intrusion alarm systems and associated devices for each unit.
- Phased replacement of galvanized domestic water pipe.
- Renovation of hydraulic passenger elevators in Phases I, II, & III.
- Replace domestic water boilers.

**G. Fire Protection/Life Safety**

Item	Descriptions
<b>Automatic Sprinkler System</b>	An automatic sprinkler system is not provided. Fire hose racks are installed at the courtyard areas of the three story buildings.
<b>Sprinkler Head Manufacturer</b>	N/A
<b>Fire Alarm Control Panel</b>	None
<b>Alarm Devices</b>	None
<b>Smoke / Heat Detectors</b>	Each apartment unit has battery powered smoke detectors.
<b>Pull Stations</b>	None
<b>Fire Extinguishers</b>	Fire extinguishers are reportedly provided in each unit.
<b>Emergency Lighting / Signs</b>	None observed.

**Fire Protection/Life Safety Conditions and Recommendations**

Fire hydrants are located throughout the property.

No testing was performed by Terracon for this assessment, however, the fire hose racks appear to be in fair condition. The fire hose racks were last inspected in September 2006 by A-1 Fire. Fire extinguishers were observed in limited areas and were last inspected in September 2006. Terracon recommends the

**Fire Protection/Life Safety Conditions and Recommendations**

engagement of a fire protection company to inspect the fire hose racks and fire extinguishers and make recommendations including replacing devices and installing additional devices as needed.

Firewalls were not observed in attic areas of the three story buildings.

**Immediate Repairs:**

- Inspect out-of-date fire protection equipment.

**Replacement Reserves:**

- None identified

<b>H. Amenities</b>	
<b>Item</b>	<b>Descriptions</b>
<b>General</b>	Amenities include swimming pools and laundry rooms.
<b>Leasing Office</b>	The Leasing Office is located in Phase II; however, there are vacant Leasing Offices in Phase I and III. Exterior finishes of the Leasing Office are similar to the apartment buildings.
<b>Laundry Rooms</b>	There are three laundry rooms are provided for the property. Phase I and III are each provided with ten coin-operated commercial washers and ten natural gas-fired commercial dryers. Phase II is provided with six washers and six dryers. The equipment is manufactured by <i>Speed Queen</i> and owned and maintained by <i>Coin-Mach</i> . The interior of the laundry rooms include vinyl tile floor, painted wood paneling, painted drywall ceilings, and single-pane clear glass set in anodized aluminum frames.
<b>Swimming Pools</b>	The property has three outdoor in-ground swimming pools, i.e. on per phase. The pools are unheated. The pool walking decks consist of concrete with exposed aggregate. The swimming pools are constructed of concrete walls with brick coping, and ceramic tile at the water line. The swimming pool areas have wrought iron fences and gates with safety latches.  Each pool utilizes a 1 1/2-HP circulating pump and sand filter.

**Amenities Conditions and Recommendations**

Terracon was informed that the swimming pools in Phase I and II were re-plastered in 2006 and 2007. All three pools are estimated to require re-plastering during the evaluation period. The Phase II pool pump and filter were reportedly replaced in 2007. The remaining pool pumps and filters are anticipated to require replacement during the evaluation period. Terracon observed open joints at the concrete walking decks and at the cultured stone coping requiring to be sealed during the evaluation period. Re-surface of the swimming pools will be required during the evaluation period.

**Immediate Repairs:**

- Swimming pool replastering and replacement of equipment in Phase III
- Seal all open joints at the swimming pools deck and coping.

**Replacement Reserves:**

- Swimming pool replastering and replacement of equipment in Phases I and II.

## I. ADA / FHAct

### Accessibility Related Issues

There are Public Accommodations at this project. This project was constructed before the January 26, 1992 ADA effective date.

**ADA Compliance:** The Americans with Disabilities Act, Public Law 101-336, enacted on July 26, 1990, provides comprehensive civil rights protections to individuals in the areas of employment, public accommodations, State and local government services, and telecommunications. The Architectural and Transportation Barriers Compliance Board (Access Board) has revised and updated its accessibility guidelines for buildings and facilities covered by the Americans with Disabilities Act of 1990 (ADA) and the Architectural Barriers Act of 1968 (ABA). These guidelines cover new construction and alterations and serve as the basis for enforceable standards issued by other Federal agencies. The ADA applies to places of public accommodation, commercial facilities, and State and local government facilities. The ABA covers facilities designed, built, altered with Federal funds or leased by Federal agencies. As a result of this revision and update, the guidelines for the ADA and ABA are consolidated in one Code of Federal Regulations part. The guidelines became effective September 21, 2004.

If applicable, public accommodation areas needing to meet the requirements of Title III of the ADA would be the site itself, parking, accessibility to common usage buildings, and common areas such as clubhouse, leasing office, laundries, exercise rooms, and swimming pools. The interior routes to and through these common use areas must be accessible. The Law itself, however, as stated above, notes that, "Covered businesses must accommodate disabled patrons by changing policies and practices, providing auxiliary aids and improving physical accessibility". Only the Owner/Operator can determine this.

During our site visit, a limited visual assessment for ADA accessibility was made. Our Report defines the physical barriers observed and the estimated costs for modification to provide general compliance. Our cursory review is not considered to be a full accessibility survey, nor does it likely cover all aspects of non-compliance. A summary of our observations is provided on the following ADA Checklist(s), which defines the limited level of observations made.

A full Accessibility Compliance Survey may reveal further aspects of the facility, which are not in compliance. Since compliance can have legal consequences we recommend that the Owner consult with legal counsel prior to taking any action. Architectural and communications barriers (conditions defined by the ADA) will have to be evaluated, individually and as a group, by the property owner to determine whether removal of a barrier is "readily achievable" and not "undue burden," according to the ADA. We recommend consultation with legal counsel and, if determined necessary, the development and implementation of a plan for barrier removal that satisfies the requirements of the ADA.

### FHAct Related Issues

This property was first occupied before March 13, 1991; therefore, it is not subject to these requirements and is required to have FHAct "covered units".

**FHAct Compliance:** The Fair Housing Act Amendments of 1988 requires "covered" multi-family dwellings (buildings first occupied after the March 13, 1991; or, if the last building permit was issued on or before June 15, 1990; and, having more than four dwelling units) to be constructed in accordance with the Fair Housing Act Design and Construction Requirements outlined in the Act. At some multi-family properties, determination of application of ADA/FHAct Guidelines can be unclear. However, where the project is required to offer "covered" dwelling units, Public Accommodation spaces can also be subject to ADA Guidelines.

Our estimates represent budgeted values for items identified as non-compliant. Items or features within tenant spaces are noted; however, costs for modification are the tenant's responsibility and are not included in the ADA/FHAct Cost Table. These estimates are included in the ADA/FHAct Cost Table following the ADA/FHAct Checklist.

**ADA CHECKLIST**

Information is based on Federal Guidelines. Local requirements may vary from State to State. Inquiry should be made respecting local enforcement of accessibility regulations. Costs for identified non-compliant items under this scope of work are included in the ADA Cost Estimates Table

NO.	BUILDING HISTORY	YES	NO	N/A	COMMENTS
1.	Has the project previously completed an ADA review?		X		Per Property Manager
2.	Does an ADA compliance plan exist for the property? (i.e. Auxiliary Aids and Services)?		X		Per Property Manager
3.	Has the plan been reviewed/approved by outside agencies (architectural/engineering firms, building department, and other agencies)?			X	
4.	Have any ADA related complaints been received in the past?		X		Per Property Manager

NO.	BUILDING ACCESS	YES	NO	N/A	COMMENTS
1.	Are there an adequate number (per regulation) of wheelchair accessible parking spaces available (96"wide/60" aisle)?	X			
2.	Is there at least one wheelchair accessible van parking space (96" wide/96" aisle) for every 8 accessible spaces?		X		Install one in front of the Leasing Office
3.	Are accessible parking spaces located on the shortest accessible route of travel from an accessible building entrance?	X			
4.	Do graphics exist directing traffic to wheelchair accessible parking and an accessible building entrance?		X		See ADA Table
5.	Is there a ramp from parking to an accessible building entry (1:8 slope or less; 1:12 preferred if possible)?		X		Existing non-compliant See ADA Table
6.	If the main entry is inaccessible, are there alternate accessible entries?		X		
7.	Is the accessible entry doorway at least 32" wide?	X			
8.	Is the entry door hardware easy to open (lever/push type with, no twisting required, not higher than 48" above floor)?		X		Install lever hardware at Leasing Office
9.	Are entry doors other than revolving doors available?			X	

NO.	BUILDING CORRIDORS	YES	NO	N/A	COMMENTS
1.	Is the path of travel free of obstruction and wide enough for a wheelchair (at least 60" wide)?			X	
2.	Are floor surfaces firm, stable and slip resistant (carpets "wheelchair friendly")?	X			
3.	Do obstacles (phones, fountains, etc.) protrude more than 4" into walkways or corridors?		X		
4.	Are elevator controls low enough to be reached from a wheelchair (48" front approach/54" side approach)?			X	
5.	Are there raised elevator markings in Braille and Standard Alphabet for the blind?			X	
6.	Are there audible signals inside cars indicating floor change?			X	
7.	Do elevator lobbies have visual and audible indicators of car arrival?			X	
8.	Does elevator interior provide sufficient wheelchair turning area (51"x68" minimum)?			X	
9.	Is at least one wheelchair-accessible telephone available?		X		
10.	Are wheelchair-accessible facilities (restrooms, exits, etc.) identified with signage?			X	
11.	Are there adequate (and ADA approved) FA visual and audible alarms located throughout the facility?		X		

**ADA CHECKLIST**

Information is based on Federal Guidelines. Local requirements may vary from State to State. Inquiry should be made respecting local enforcement of accessibility regulations. Costs for identified non-compliant items under this scope of work are included in the ADA Cost Estimates Table

NO.	RESTROOMS	YES	NO	N/A	COMMENTS
1.	Are common area public restrooms located on an accessible route?			X	
2.	Are door handles push/pull or lever type?			X	
3.	Are access doors wheelchair-accessible (at least 32" wide)?			X	
4.	Are public restrooms large enough for wheelchair turnaround (60" turning diameter)?			X	
5.	Are stall doors wheelchair-accessible (at least 32" wide)?			X	
6.	Are grab bars provided in toilet stalls (33"-36" above floor)?			X	
7.	Do sinks provide clearance for a wheelchair to roll under (29" clearance)?			X	
8.	Are sink handles operable with one hand without grasping, pinching, or twisting?			X	
9.	Are exposed pipes under sinks sufficiently insulated against contact?			X	
10.	Are soap dispensers, towels, etc. reachable (48" from floor for frontal approach, 54" for side approach)?			X	
11.	Is the base of mirror no more than 40" off floor?			X	

#### IV. REPORT QUALIFICATIONS

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##### A. Limitations

The services Terracon performed were general in scope and in nature. This Report is intended to provide a general overview of the building systems and our opinion of their overall condition based solely on our visual assessment. It has been performed using that degree of skill and care normally exercised by reputable consultants performing similar work. The activities of this survey included observations of visible and readily accessible areas. The observations were performed without removing or damaging components of the existing building systems. Consequently, certain assumptions have been made regarding conditions and operating performance. Comprehensive studies to identify, document, and evaluate every existing defect or deficiency, were not conducted. In some cases, additional studies may be warranted to fully evaluate concerns noted. In addition, system checks or testing of the equipment in the operating mode is beyond the scope of this assessment. It is recommended that contractor's bids be obtained for items that may represent significant expenditures. Costs for normal maintenance activities have not been included in this Report.

The observations, findings, and conclusions within this Report are based on our professional judgment and information obtained during the course of this assessment based on the scope of work authorized. The opinions and recommendations presented herein are based on our observations, evaluation of the information provided, and interviews with personnel familiar with the property. No calculations have been performed to determine the adequacy of the facility's original design. It is possible that defects and /or deficiencies exist that were not readily accessible or visible. Problems may develop with time, which were not evident at the time of this assessment. The opinions and recommendations in this Report should not be construed in anyway to constitute a warranty or guarantee regarding the current or future performance of any system identified.

The representations regarding the status of ADA Title III compliance were determined based on visual observation and without any physical measuring and, thus, are intended to be a good faith effort to assist the Client by noting nonconforming conditions along with estimates of costs to correct and are not to be considered to be based on a detailed study.

##### B. Condition Evaluation Definitions

- Good:** Average to above-average condition for the building system or materials assessed, with consideration of its age, design, and geographical location. Generally, other than normal maintenance, no work is recommended or required.
- Fair:** Average condition for the building system evaluated. Some work is required or recommended, primarily due to normal aging and wear of the building system, to return the system to a good condition.
- Poor:** Below average condition for the building system evaluated. Significant work should be anticipated to restore the building system or material to an acceptable condition.

##### C. Definitions of Cost Type

**Immediate Repair Work (0 to 1 year)** –The Immediate Repair Cost Analysis Table is an analysis of the estimated cost for immediate repair work defined as 'one time' costs estimated for repairs or replacements; the repairs or replacements needed immediately to bring the property to a sound, safe, and fully habitable condition. The list includes i) any items which pose potential danger to the health, safety, or well-being of building occupants, visitors, or passersby such as structural deterioration and failures, inoperable fire alarm systems, significant tripping hazards, building code violations; ii) items affecting tenancy or marketability such as lack of running water, out of service units, extensive damage caused by storm, fire or

earthquake; iii) significant deferred maintenance items or non-working building systems such as HVAC systems, parking area repairs, broken windows and/or doors, leaking roofs, pest or rodent infestations; iv) building systems or system components that have far exceeded their expected useful life and require replacement or upgrade.

**Replacement Reserve (Years 1 Through Assessed Term)** – The Replacement Reserve is an analysis of the estimated cost for normally anticipated replacement for the major components of the improvements during the evaluation period. Reserve costs are typically defined as predictable and in some instances to be recurring within a specified future period. Items anticipated to be less than approximately \$3,000 to repair or replace are generally considered to be part of routine maintenance and are generally omitted from the Replacement Reserve. Unless specifically required, these costs are not intended to represent enhancements or upgrades to the existing property. The analysis is based on the physical assessment of the property, a review of maintenance logs and historical capital expenditures as well as any scheduled or in-progress capital improvement programs. The remaining life values are based on published historical performance data for comparable items with consideration for the present condition and reported service history. The cost estimates are provided in present day values. The annual costs are summed up in both present day values and the inflated amount. The actual inflation rate may vary over the length of the term.

**General Opinion of Costs** - The opinions of costs presented are for the repair/replacement of readily visible materials and building system defects identified that might significantly affect the value of the property during the evaluation period. These opinions are based on approximate quantities and values. They do not constitute a warranty that all items, which may require repair or replacement, are included. Estimated cost opinions presented in this Report are from a combination of sources. The primary sources are from Means Repair and Remodeling Cost Data and Means Facilities Maintenance and Repair Cost Data; past invoices or bid documents provided by site management; as well as Terracon's experience with costs for similar projects and city cost indexes.

Actual costs may vary significantly depending on such matters as type and design of remedy; quality of materials and installation; manufacturer of the equipment or system selected; field conditions; whether a physical deficiency is repaired or replaced in whole; phasing of the work; quality of the contractor(s); project management exercised; and the availability of time to thoroughly solicit competitive pricing. In view of these limitations, the costs presented herein should be considered "order of magnitude" and used for budgeting purposes only. Detailed design and contractor bidding is recommended to determine actual cost.

These opinions should not be interpreted as a bid or offer to perform the work. All costs are stated in present value. The recommendations and opinions of cost provided herein are based on the understanding that the facility will continue operating in its present occupancy classification and general quality level unless otherwise stated. Information furnished by site personnel or the property management, if presented, is assumed by Terracon to be reliable. A detailed inventory of quantities for cost estimating is not a part of the scope of this Report.

#### **D. Advisory Notes**

The following advisory notes are provided to discuss potential issues associated with budgeting practices, presence of potential hazardous materials, constructions products that may be defective or have a shorter useful life than anticipated for similar or alternative products used for the same purpose. The list of items addressed is not intended to list all such products, but includes some that could be present at this type of development.

Hazardous Materials - This Report does not confirm or deny the presence or absence of items such as mold, asbestos, environmental conditions or hazardous substances on this property.

Water Intrusion - Presence of excessive moisture and visible evidence of suspect mold development - Limited interior areas of the buildings to which access was provided, and where building elements were readily observable, were visually observed for the presence of excessive moisture and visible evidence of suspect mold development, if included as part of the authorized scope of work. No observations were conducted within concealed locations (behind wall and ceiling finishes, and other building components

considered to be hidden conditions). No sampling or testing was performed in this assessment. In addition to our visual observation efforts, our pre-Visit questionnaire requested information from property personnel regarding their disclosure of any known excessive moisture or mold issues. The scope of this work should not be construed as a mold assessment.

Existing Roof Warranties – It is recommended that the Client investigate the transferability of any in-place roof warranties to the new Ownership prior to any property transaction.

Aluminum Wiring - Certain properties of aluminum wiring can cause deterioration of connections, possibly presenting a fire hazard after a short period of years. The hazard lies in the overheating of connections, typically after carrying a heavy electrical load, such as a hair dryer or portable heater, for a sustained period of time.

An aluminum version of type NM non-metallic sheathed cable (the common house wiring cable) was widely used through the 1960s and until around 1972. It was gradually recognized that certain properties of aluminum were causing problems with connections, and occasional electrical fires resulted from overheating of those connections. Also, greater electrical loads that are more typical today than when the systems were installed can exacerbate the problem. As electrical current flows, temperature increases, and since aluminum wiring expands more than the non-aluminum connectors, the connection becomes hotter. The expansion of the aluminum, confined under a screw terminal, generates tremendous pressure, and a gap forms between the wire and the connector. The resulting loosely-fit connection creates a higher electrical resistance at that location, which can result in arcing as well as formation of corrosion of the aluminum in the gap. Additionally, electrical fixtures that have aluminum wires terminated directly to them without typical connectors should be considered a more significant risk.

The industry recognizes the most sure and permanent solution is to rewire with copper. The use of a COPALUM crimp, which is a type of pigtail connection whereby copper is "crimped" (a full compression crimp connection) with the existing aluminum, is recommended by the National Fire Protection Association, UL and the US Consumer Products Safety Commission as the next best repair method. Two other repair methods are often recommended by electricians, (pig-tailing and the use of CO/ALR devices) but both have been proven to fail and while these repair methods are less expensive than COPALUM crimp connectors, neither of these repairs are considered acceptable by CPSC. It is our position, as stated by the CPSC that though it is believed that the use of CO/ALR approved devices can greatly reduce the most frequent failures, it is considered a less permanent repair than rewiring or the COPALUM crimp and that CO/ALR devices must be considered to be, at best, an incomplete repair and a temporary fix.

Aluminum wiring requires aggressive maintenance procedures such as checking of connections, checking main service panels, abrading the wiring at the connections and re-tightening annually. All repairs are considered to be dependant on the skill level and diligence of those conducting the work, which we cannot verify. Regardless of the method chosen for dealing with existing aluminum wiring conditions, outlets and switches, the connections in the circuit breaker panel and at all junction boxes should be checked and aggressive maintenance procedures be required by the Borrower/Owner and their Certified Electrician to assure the safety of the occupants of this facility going forward.

Refrigerant Phase-Out CFC refrigerants were found harmful to the Earth's atmospheric Ozone layer and ceased production in January 1996. Continued use of CFC-11 and CFC-12 is permitted only from reclaimed or recycled stock and storage. Current HCFC based refrigerants have also been found harmful to the Ozone layer. The United States EPA has established phase-out schedules for HCFC-22 and HCFC-123 (the typical replacement for CFC-11). In 2004, HCFC production was limited to 65% of pre-2003 levels. In 2010, HCFC production will be limited to 35% of pre-2003 levels, 10% in 2015, and total phase-out for production and service in January 2030. By EPA mandate, new air conditioning and refrigeration equipment may not use HCFC-22 and HCFC-123 as of January 1, 2010. As of late 2007, new equipment has been made available that utilizes refrigerant HFC-410A under various trade names as the industry-wide replacement for HCFC-22. New equipment is being designed and manufactured that utilize HFC refrigerants with zero Ozone Depletion Potential that also has resulted in efficiency gains that meet SEER 13 residential requirements mandated in 2005.

Pricing for HCFC-22 and HCFC-123 refrigerants for service of existing air conditioning and refrigeration equipment is expected to increase as further production limits take effect in 2010, 2015 and 2020. In-place equipment at most properties will be broadly affected due to the replacement of HCFC-22 based

equipment with HFC-410a and due to the higher efficiency requirements of equipment mandated in 2005. These requirements are anticipated to result in higher costs for replacement of HCFC-22 equipment than previously experienced. Terracon recommends that Property Owner(s) and Management Firm(s) implement an immediate maintenance plan to improve the operation of existing equipment and reduce or eliminate leakage of HCFC-22. Terracon recognizes that Property Owners, Managers, and Lenders may deal with conversion and replacement strategies differently based on building age and economics, availability of refrigerant, availability of new equipment, and the extent of a building's physical alteration costs necessary to replace existing replacement. Terracon's estimates concerning equipment age, condition, conclusions about replacement or repairs, and resultant cost opinions may be further impacted by HCFC phase-out schedules and by our perception of technical practices reasonable for a subject property at the time of our site assessments. Currently, actual costs of maintenance or replacement cannot be predicted due to manufacturers and service companies in the marketplace determining the typical technical practices for replacement and conversion in the next several years. Due to the variability of the energy costs in the marketplace, our clients should consider establishing contingency dollar estimates within their operating budgets for future increases beyond any equipment replacement and conversion cost projections.