



PROPERTY INSPECTION PROFESSIONALS

May 5, 2010

Client
Client Address

Re: Inspection Address, Chicago, Illinois

Dear Mr. Client,

On May 4, 2010, Tomacor completed a property inspection of the above referenced premises with the intention of discovering significant construction deficiencies that should be corrected as soon as possible. Tom Corbett completed the inspection with Client. In addition, Mr. Seller the seller of the property along with several employees were present for portions of the inspection. Multiple construction deficiencies were observed that need to be corrected as soon as possible. Please refer to the following areas of this report when completing the repairs.

General Conditions

1. This commercial property requires a Phase I Environmental Risk Assessment which is needed immediately. Risk assessments generally have a 6 month life expectancy after which they should be fully. This assessment must be completed by the buyer. Several specific observations were made.
2. During the course of the inspection the inspector noted what appears to be Transite piping in the heating system. This piping sits below the concrete floor and appears to be original. In addition much of the office space appears to be covered with Vinyl Asbestos Tile (VAT). This tile is a known environmental hazard and it is broken and loose in multiple locations of the property. Finally a tar or oil smell was noted at the south side of the property. See photo section.
3. The building's windows are original and should be replaced as soon as possible. Several of the windows are damaged or broken requiring immediate attention while other windows are energy inefficient and will cause any buyer a tremendous amount of heat loss during the winter months. Replace the windows as soon as possible as required for an energy savings. See photo section.
4. A heating and air conditioning system designed to heat the primary office sits on the roof top. It appears to be in relatively good shape yet supplemental electrical, in duct, heat has been added for the primary office space at the buildings first floor. This secondary heat is

electric resistance heat which is the most expensive heat in the industry. Tomacor also noted an absence of air being pulled back to the heating equipment along the floor level or cold air return. Further investigation discovered that the return ductwork was open in the warehouse. Tomacor also recommends that all heating supply ductwork must be fully insulated for energy efficiency and all ductwork should be sealed with an approved material before the ducts are insulated, this will hold pressure. Tomacor believes it is in the building buyer's best interest to install insulation above all ceilings panels and drop ceilings wherever possible in the building. Complete as soon as possible. See photo section.

5. Steel bar trusses have been fabricated to support the flat roof above. These bar trusses are in good condition overall yet multiple roof leaks were discovered.
6. The purchaser of the property represented to the inspector that he has a desire to add more bathrooms.
7. Tomacor recommends that you contact the City of Chicago in order to determine if there are any outstanding code violations which need remedy. This may require someone walking to City Hall and checking the records on the 10th or 11th floor.
8. The fire sprinkler system was not tested and does not appear to be fully operational.
9. It is Tomacor's opinion that the existing heating and cooling system is not adequate for the main office. The system may perform better once the cold air return is sealed in the warehouse. Make sure to have all of the primary duct work cleaned before taking possession of the property. Finally, it is important for the environmental inspector to check the duct work for asbestos.

Exterior

1. The asphalt parking lot is badly broken up in multiple areas requiring immediate repairs. In addition the central storm sewer in the middle of the parking lot has collapsed into the ground requiring that it be lifted and re-bricked during the asphalt paving process. Tomacor recommends a budget of \$25,000 to remove the old and broken asphalt and install a new layer of asphalt and stripes. In addition the driveway adjacent to the west side of the building will also need removal and replacement with this process. Finally the connected alley which services Inspection Address needs to be completely resurfaced after the old damaged asphalt is removed. Tomacor recommends an additional budget of \$20,000 to complete sections or area 2 of the asphalt replacement project. This fee includes the lifting and repair of the storm sewer or drain. See photo section.
2. The inspection of the buildings south elevation revealed open and damaged mortar joints throughout the masonry wall. In addition the wall is taking water and sending it to the buildings interior where it is collecting on the floor and window stools. It is critical to the long term life of the property that the south elevation wall be fully tuckpointed once the head and bed joints of all bricks are ground out and brushed clean. Budget \$25,000 for this repair as soon as possible. See photo section.

Further investigation revealed that one section of the south side parapet wall has begun to collapse into the flat roof. It appears as if the building has been struck by a truck during a delivery. Budget \$10,000 to remove the damaged section of the brick wall and to rebuild it. See photo section.

3. The Seal-Tite electrical connection at the roof mounted condenser needs immediate repair. See photo section. The installation is hazardous.
4. Tomacor discovered a minor roof leak at the south east corner of the building and larger leaks along the west side axis above the warehouse. The roof inspection revealed that the roof is holding and ponding water at the west side which contributes to the multiple leaks that were discovered while walking the warehouse space. Tomacor believes that a budget of \$60,000 needs to be set aside to cut out (tear off) the west side damaged roofing and to replace it with an approved material which will direct water into the roof drains. These repairs need to take place immediately and before the winter of 2010.
5. The common area heating and air conditioning roof top unit (rtu) appears to have been manufactured in 2002. This equipment is expected to have more than a 10 year life if it is cleaned and maintained regularly. Service this rtu and change its filter immediately. See photo section. A new rtu could cost \$5,000 or more.

Interior

1. The inspection revealed multiple open electrical boxes above the drop ceilings and in other areas of the buildings interior. See photo section. These boxes should be closed up as soon as possible. It is understood that the new owner will have to reconfigure the electrical assemblies to fit his needs. Complete the electrical build out as necessary.
2. In addition to the primary electrical service discovered Tomacor also noted a 400amp/480 volt electrical service at the south side of the building.
3. The conference room was added to the building's interior at its southeast corner. The room was poorly installed and without proper insulation or heat distribution. In addition, it is not protected from the toxic fumes which are currently being produced in the plant. It is expected that this room will be torn down and the space reallocated for a professional build out.
4. The property is equipped with a "blast room". This room is designed to survive an explosion and it sits at the northwest corner of the property. The exit door assembly for this room does not function properly and is rusted to the point where the door and jambs need to be replaced. Budget \$1,500 to replace this door and jambs immediately.
5. The buyer requested that the inspector not evaluate the uni-heaters used to heat the warehouse space. Anticipate the replacement of one or more per year for five years.

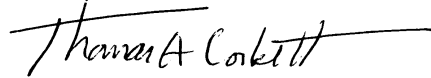
6. The fire sprinkler system appears to be in poor repair and antiquated. Tomacor recommends that you call Atash. These people professionally evaluate fire sprinkler and fire safety systems. Call David Peterson at 312.842.8480.
7. Minor electrical work is needed in the loading dock area in order to complete the construction detailing.
8. The inspector noted loose concrete block walls in the loading dock area. Complete the reinstallation of these blocks at the top of the wall. It should also be noted that the controls for these doors are not working in the office at the immediate east of the loading dock area.
9. The inspector examined the fire sprinkler head safety box which sits next to the fire sprinkler water main. Additional heads and fire sprinkler wrench are needed per code standard to complete this installation. In addition, the fire sprinkler was noted as leaking at its main. This should be repaired.
10. The inspection revealed that the gas shut off and gas meter are located at the southwest corner of the building. See photo section.
11. The inspection revealed that the primary office furnace was compromised and needed to be replaced. The furnace has been replaced with a new, high efficiency furnace.
12. The cold water main is located in the southwest corner of the building. See photo section.
13. The warehouse is fitted with a traditional three station grease trap. These should be cleaned out by a plumber as soon as possible. The environmental risk inspector should check these traps for toxic or hazardous material. See photo section.
14. The building was constructed using copper piping within the concrete slab; this deteriorates rapidly over 50 years. Anticipate some pipe replacement. In addition, it was noted that this pipe appears to be leaking at the slab surface. Repair or replace it. See photo section.
15. The water heater is currently leaking from the top of the assembly. Replace the water heater immediately. This equipment appears to be 14 years old and may be replaced with equipment that is more energy efficient.
16. The recently installed furnace above the secondary office appears to be functioning within standard with the exception of the cold air return duct which is too small for the assembly. Provide additional retuning ducting within the secondary office immediately.

Conclusion

This warehouse space appears to have been built in the mid 1960's. Overall it appears to be structurally sound and in reasonable condition. Significant repairs are required at the buildings exterior, roof, interior, electric, plumbing, and other areas. It is critical that you obtain your own Phase I Environmental Risk Assessment. They average \$1,500 or less.

Once significant repairs have been made to the property, Tomacor would give it a low "A" grade. It is currently a low "C" grade. Initiate repairs immediately and review our photographs which should help explain the deficiencies in further detail.

Sincerely,

A handwritten signature in black ink that reads "Thomas A Corbett". The signature is written in a cursive style with a horizontal line extending from the end of the name.

Thomas A. Corbett, President
Tomacor Incorporated

SAMPLE