



PROPERTY INSPECTION PROFESSIONALS

December 9, 2009

Client
Client Address

Re: Inspection Avenue, Evanston, Illinois 60202

Dear Client,

On December 1, 2009 Tomacor completed a commercial property inspection at the above referenced address. It is Tomacor's understanding that the property has been recently turned over to Investor, LLC after an extended lease period. Tomacor was asked to evaluate the overall condition of the property as it may effect the terms of the lease. The Tomacor inspector did not review the lease yet completed this report with the specific understanding of evaluating the overall condition of Inspection Avenue in Evanston, Illinois. At that time a preliminary inspection of the roof was completed because the inspector did not have full access to the roof. Tomacor was accompanied by Client representing Investor LLC.

During the course of the inspection multiple, significant deficiencies were discovered which need to be corrected immediately. It is clear that some of these deficiencies are specific, hazardous conditions which could affect the health or well being of those who will inherit the existing property. In other instances, the deficiencies noted present a significant and major immediate financial outlay to complete the required repairs.

The inspection was intended to evaluate multiple aspects of the property including its physical condition with the exception of all roofing components and other specific areas which were not accessible or not visible to the naked eye. In addition, Tomacor did not test or inspect any of the installed equipment which relates to the automobile processing or repair functions of the buildings. Finally, Tomacor recommends a Phase One Environmental Assessment to be undertaken for it is clear that oils and chemicals were used and appear to remain on, around, or below the concrete floors of the properties. It is possible that the use of the property over the last 20 years has caused significant soil contamination. Environmental issues are beyond the scope of Tomacor's property inspection. It should be noted that although the heating and air conditioning thermostats were tested in both buildings and at multiple locations, only one thermostat responded at Inspection Avenue. Although the boiler began to heat it did not distribute warm air throughout the building or in specific locations as expected.

General Conditions:

1. The heating and or cooling systems as noted were generally not operational or were damaged and significantly deficient in both buildings. The properties are designed to provide heat with both gas forced air furnaces, fan coil units, and boilers. The gas forced air furnace equipment appears to be located on the roof of *** where they were not accessible. The inspector could not determine whether any air conditioning equipment was connected to this equipment. This equipment is generally referred to as roof top units (rtu).

Specific and unique components of the heating equipment at the *** location were left disassembled and were non operational. It appears as if the equipment was abandoned while being repaired. Remove and replace any of the abandoned or broken equipment with appropriate equipment which should be adequately sized to heat or cool the buildings as needed.

Tomacor's analysis, as seen from below the roof revealed that a significant amount of carbon black associated with incomplete combustion or carbon monoxide production was visible in this area. Replace the damaged heating equipment. Review the attached photographs which should help in your understanding of the deficiencies noted.

2. The Tomacor inspector did not receive full or direct access to the roof on either of the two buildings in question. Instead the roofs were evaluated from their underside during the walk through. Small sections of the *** roof were visible from Inspection Avenue. The inspection revealed multiple, significant deficiencies in the roof structure and coating in both buildings. Water infiltration through the roof membranes and into the showroom space and garage space was discovered throughout the inspection of both buildings. In addition, poor quality roof repair was seen from the ground with binoculars as the inspection progressed. In many cases, the roofs were leaking during the course of the inspection. It is due to neglect and the prolonged nature of the roof leaks that some of the interior problems of the buildings developed into multi-faceted, serious deficiencies. It is Tomacor's opinion that these roofs have been leaking for years and should have been repaired or replaced on an ongoing basis. These repairs were not undertaken.

In addition to roof leaks, it appears that a serious mold hazard has developed in the properties. Also structural problems appear to have evolved under the weight of saturated felts open walls and water migration and snow covered roofing components. Serious and significant internal problems from roof damage to ceiling and floor tile damage have occurred due to the roof leaks, the failing roof assembly, and negligence. Unfortunately, these problems will need to be addressed now as one or more bow trusses appears to be compromised in each building. This is a deficiency which could have been avoided with proper roof maintenance and repair. It is Tomacor's opinion, based upon visual evidence that both roofs will need to be stripped down to the wooden decking and replaced. Significant sections of the decking, which are rotten or compromised will then need to be removed and new roof components installed. Roof trusses will need to be repaired and reinforced as necessary when the roof is open and these areas are fully accessible. The

property should not be occupied or used commercially until required structural and roofing repairs, designed by an architect or engineer, are completed. The next available window for roof repairs, due to the need for warm weather, would be March or April of 2010. This time delay will cause additional damage to the structure, decking, and roof surfaces of both buildings.

The inspection revealed multiple sections of the drop ceilings from the buildings which were discolored from what appears to be roof leaks that were haphazardly thrown into the trash at the rear of the properties. It was clear to the inspector that multiple sections of drop ceiling tile components such as these were recently replaced. In some cases the new drop ceiling tiles were of a different color than those which were original to the drop ceiling.

Tomacor recommends a budget of \$150,000 or more for each roof to remove and replace the roofing surface while completing required repairs within the body of the roof assembly. Bids should be obtained from contractors immediately. Expect these bids to change once an architect or engineer specifies the design for the new roof. See the photo sections of the report for both properties where multiple roof deficiencies are represented.

3. Electrical systems, fixtures, and branch circuits of the buildings were examined where they were accessible. Significant electrical repairs have been made in both buildings over the last 15-20 years. It is important that architectural drawings and repair permits be presented to the building owner for the work that has been completed. There are apparent deficiencies with both the new and older wiring components.
4. Aircraft cable was noted in both buildings in what appears to be an attempt to hold each buildings' shell together. In more than one case this ½ inch or greater cable has been cut which the inspector believes will have a negative impact on the structures. It is important to have a structural engineer evaluate the need for and use of this cabling. See photo section.
5. Cold water was supplied and available to both buildings yet hot water was not available. Water heaters were located in showroom areas and basements yet they were not operational and appeared to be damaged beyond repair. Replace these damaged fixtures as soon as possible.

Evaluation of the potable plumbing system revealed poor water pressure, improperly supported piping, sloppy workmanship, and a lack of maintenance by the previous user of the buildings. Tomacor recommends that both buildings be winterized by a licensed plumber before the advent of winter and before comprehensive repairs can be made. Should this not be undertaken, anticipate significant internal damage to both buildings. See photo section.

6. The analysis of the east side fencing component of the properties discovered that the fence was broken and/or damaged in multiple places prohibiting the fence's operation. Complete required fence repair as soon as possible at the property's east side. Repairs may exceed \$10,000. See photo section.

7. There are two asphalt parking lots associated with the buildings. The south side parking lot is in the poorest condition overall yet the north side lot is in poor condition. Primary, secondary, and tertiary cracks have been discovered in the asphalt in both lots. Excavate and replace all asphalt now. The replacement of the asphalt paving material over an approved crushed stone base and appropriate storm sewer basins may exceed \$100,000. These repairs typically cannot take place until the spring of 2010 due to the winter months. See photo section.
8. The inspector attempted to activate all of the exterior lighting for the signs and parking lots. Only two of the lights turned on. Additional underground electrical wiring is needed and additional exterior electrical fixtures are needed immediately. It is anticipated that exterior electrical wiring repairs could exceed \$25,000 or more. Undertake these repairs immediately.
9. The masonry and wood covered exterior walls of the property are in very poor condition overall. Spalled masonry, loose masonry, open and failing mortar joints, leaning and collapsing parapet walls, and poorly repaired chimneys represent the more significant masonry deficiencies discovered. At virtually all elevations examined, for both buildings, evidence of water migration through the masonry walls was discovered. In most cases the observable masonry deterioration was complete and separate from the roof deterioration.

Significant internal masonry deterioration was discovered above drop ceilings in the two buildings. The deterioration was broad based and significant in its degree of damage to the masonry walls. The masonry damage was, as noted, pervasive and universally distributed to the vertical wall surfaces of the areas inspected. This consistent and pervasive damage is not a representation of roof leakage which tends to be specific and intense. In fact, when the masonry walls were examined at the building's exterior wall planes it was clear to the inspector where the walls were failing and where in other areas multiple poor quality repair attempts of recent origin were undertaken. Interior masonry wall damage was typically found behind the exterior masonry wall damage or in areas where multiple attempts for exterior masonry repairs were undertaken and completed. Based upon this information and evidence it is Tomacor's opinion that extensive masonry repair and rebuilding must be undertaken around the perimeter of both buildings and behind portions of the wooden sided structures.

Tomacor anticipates the short term continued deterioration of the roof line masonry parapet walls at their inner roof line surfaces. Repair budgets of \$100,000- \$150,000 or more, per building, should be created within the larger budget assembly in order to anticipate the repairs to the buildings. It should be noted that bow trusses such as the ones found in these two properties, that are fit with medium to high quality roofing materials **cannot** be attached to failing masonry walls without risk of serious structural failure. Masonry repairs are imminent, structural, and expensive. Tomacor recommends that the property owner obtain masonry repair proposals from multiple masonry contractors. Have an architect or engineer draw up the plans for repairing the masonry immediately. See photo section.

10. Both buildings are partially covered by ship-lap wooden siding. The siding appears to have been installed over odd cut lengths of tow-by-four and other material attached to the masonry walls at multiple elevations of the property. The siding is loose, hazardous, split and broken. It is Tomacor's opinion that this siding cannot be repaired. In its current condition it is considered hazardous and an eyesore. Budget \$65,000 to remove and replace the siding with a professionally installed siding product. A complete and thorough overhaul of the buildings at the exterior walls must be undertaken immediately. See photo section.
11. Small basements were observed beneath each building. A larger boiler was discovered in the basement of the *** property and this boiler did respond to control when the thermostat was set to call for heat. A recently installed circulating pump appears to be functioning and sending hot water to specific locations within the *** property. The inspector believes the distribution is inadequate. The boiler appears to be approximately 25 years old and should it be professionally repaired and maintained yearly. Expect 1-10 years of service. See photo section.
12. The inspector observed what appears to be a wood destroying organism's damage to some of the wooden components of the *** property. Specific damage was discovered along the south wall of the building. Given this damage and the general work habits and living conditions of wood destroying organisms Tomacor recommends that both buildings be fully evaluated for the presence of wood destroying organisms and that treatment be undertaken as soon as possible where it's needed.
13. The inspection revealed very poor conditions of the interior walls, floors, ceilings, and finishes in both buildings. In some cases, multiple layers of paint have been applied to blistering plaster and carpet has been worn through serving as a potential host for developing molds or fungus. Tomacor believes that the majority of the interior wall partitions are either wet or moldy.

It is Tomacor's opinion that the interior walls, ceilings, and in some cases floors, need to be removed in order to bring the building to a safe condition for customers and employees.

In more than one case the inspector discovered large rat droppings. Based upon the rat lanolin and chew marks along the areas below the floors of some of the offices, the rats inhabited the buildings. Under these and other circumstances the interior of the buildings need to be gutted and rebuilt to a professional standard as soon as possible.

14. In addition to the exterior spalling damage and masonry deterioration the inspector observed multiple areas of failing brick, and tuck pointing through out the interior of the buildings. In multiple cases the brickwork has been badly damaged and needs to be replaced on a brick by brick basis. Budget \$30,000 or more to complete the visible required repairs necessary in the properties. Make these repairs immediately. See photo section.
15. The overhead garage doors in the two buildings were not tested for rebounding yet the inspector believes that this function should be provided. Further investigation revealed

that sections of glass were broken in these doors while guide rails and wheels were damaged and missing. Install the required rebounding mechanisms and replace the doors as soon as possible.

Inspection Avenue

Exterior

1. There is evidence of water flowing down behind the siding at the *** address along the South elevation. Tomacor believes this problem exists behind the siding in multiple places. Complete the required repairs for the siding as outlined above. See photo section.
2. A small wooden shed has been constructed along the South side of the *** property. This shed is rotting and deteriorating and should be removed immediately. See photo section.
3. The inspector was not immediately granted access to the area below the repair room at the *** address. After a locksmith was called and the locks were removed, limited access was provided to the space. There are currently large amounts of automobile related debris in the area and the inspection revealed that the masonry walls are failing towards the inside of the building while the roof above remains delaminated, compromised and in need of immediate replacement. Tomacor believes that the photograph on page 27 entitled 'Basement Stair ***' represents the condition of the masonry walls **behind the drywall and other finished surfaces throughout the property.**
4. The exterior wall condition of the property will significantly affect the overall interior condition of the property behind the drywall. Given the condition discovered along the building's exterior and the manifestation of the exterior conditions along the interior, it is critical that further destructive investigation be undertaken. Tomacor recommends additional destructive testing which would involve the opening of the drywall surfaces in multiple locations along the interior wall surfaces where they are immediately adjacent to the exterior masonry walls. This destructive test will reveal significant and additional masonry work required throughout the building. It is possible that the earlier repair budgets created for this building could double in cost once the drywall sections along the exterior of the building are opened up. Initiate the demolition and repair immediately. See photo section.
5. As mentioned earlier the rooftop heating and cooling equipment did not respond to the call for heat. The equipment could only be partially viewed from across the street along the West side of Inspection Avenue. Replace the equipment immediately.

Interior

1. Many of the heating components were disconnected at the interior of this building. In addition the system did not actively engage the convectors and fan coil units in the

building. The system needs to be reengineered and a new system installed as noted earlier in the report. See photo section.

2. Evidence of persistent water was discovered over the service door at the *** building. The area above and in front of the service door has been recently painted yet evidence of water remains. See photo section.
3. Multiple sections of the interior drywall and plaster surfaces here have been recently painted yet it is clear the walls are failing at their surfaces behind the fresh paint. It is important to complete the structural repairs necessary to maintain the building's integrity, then paint. In some cases this may involve the removal of sections of plaster or drywall in order to repair the problems behind. Tomacor believes that most of the showroom walls will need to come down in order to complete the required masonry repair within the property. See photo section.
4. Tomacor traced piping for the hydronic heating system in the building and noted that the piping was completely disconnected from the showroom area. This area was heated and/or possibly cooled from a roof top unit (RTU) which is sitting on the roof. Note the attached photograph that shows where the showroom hydronic water heat has been disconnected.
5. Multiple sections of the showroom floor contain standing water even though it has not rained in the recent past. Complete the necessary roof repairs as soon as possible.
6. The inspection revealed multiple areas of roof leaking at the North end of the *** property. This area used to house Budget Rental. Complete the needed roof repair immediately. See photo section.
7. During the course of the inspection in the Budget Rental office, the inspector noted many areas where the floors and walls were saturated with water. In more than one case the carpeting was wet to the touch. Mold, appears to be growing in many of the office areas of this rental space. Remove and replace all of the damaged ceiling tiles after the roof has been torn off and replaced. In addition, the interior floor surfaces should be removed and cleaned or abated for mold immediately as necessary. Finally, the north side stud walls will need to be taken down and masonry repair work initiated. Tomacor recommends an additional repair budget to be applied to the masonry behind the North walls. This budget could exceed \$10,000-20,000. See photo section.
8. Multiple sections of aircraft cabling have been installed in this masonry structure. Much of the cabling is towards the roofline where it appears to be stabilizing the masonry walls against lateral movement. One or more pieces of cable have been cut for an unknown reason. Have a licensed structural engineer evaluate the structure and the need for the cabling. Initiate repairs immediately. See photo section.
9. The original garage area at the East side of the building was heated through the use of large fans, coils and blower motors housed in a metal assembly. These systems are called fan coil units. They provide heat through out the repair room floor. This system did not respond to a call for heat. It did not turn on and was not operational. Parts for the

equipment lay in multiple areas around the units and it appears as if the units are currently being repaired or replaced. Tomacor believes that two or more units new fan coil units need to be installed in the garage area in order to provide the required heat for the workers. See photo section.

10. The overhead garage door at the *** property is damaged and broken. Repair or replace it as required. See photo section.
11. Acoustical tile which is wet to the touch was lying in the garbage dumpster at the rear of the building. It appears to have been recently removed and replaced with fresh tiles at the interior of the property. Tomacor believes the roof is still leaking at the point where these tiles were removed and replaced. See photo section.
12. As mentioned in other places within this report, many of the ceiling tiles have been recently replaced in the showroom area at this address. The repair work is poor.
13. The existing space known as the Budget Car Rental is currently empty. The electrical service panel for this rentable area is located in the garage area belonging to the owner or tenant of the primary building. Relocate the electrical panel box to serve the North side leaseable space.
14. The floors, walls and ceilings in the Budget Car Rental location are thoroughly wet, or damaged beyond repair. The walls, floors and ceiling areas should come down during any attempt at repairing or re-leasing the space. The deficiencies which prevent the leasing of the space are due to serious flaws with the building in this area which allow water into the building and a lack of maintenance on the part of the tenant. In addition, completed repairs appear to be of poor quality designed to mask or cover over the deficiencies which are evolving.
15. The inspection of the showroom area at this address revealed multiple wet spots on the carpet, yet the ceiling tiles immediately above it have been recently replaced leaving no evidence for the source of the water.
16. The inspector was unable to confirm the source of heat for the area known as the Budget Rental area. This area must be heated.
17. Recently significant sections of drywall have been added to the second floor area above the parts department and along the side of the bow truss which separates parts and storage from access above the showroom ceiling. This drywall prohibited the inspector's access to the area above the showroom.

715 Inspection Avenue

Interior

1. During the interior inspection it was noted that multiple pieces of ceramic floor tile were broken in the showroom. Replace the floor tiles. See photo section.

2. The inspection revealed multiple open electrical boxes throughout the building. Retain a licensed electrical contractor to complete the required repairs. See photo section.
3. A showroom door has been damaged at the 715 location. Complete the required repairs. See photo section.
4. The inspection revealed water and moisture problems within the customer service offices at the above referenced address. Make the required repairs as soon as possible. See photo section.
5. Multiple floor joists are wet and damaged. Complete the required repairs. See photo section.
6. The inspector was able to see one or more bow trusses in the roof area that appear to be failing at their chords. It is critical that a licensed structural engineer be brought into the property to evaluate the structure and trusses. See photo section.
7. Multiple windows are compromised in the office and showroom area. Complete the required replacement of the windows. See photo section.
8. The inspector observed a cut roof joist above the ceiling. Complete the required structural repair immediately. See photo section.
9. Complete the required masonry infill at the South and West walls of this building. See photo section.
10. The inspection of the south side raised or platform office area in this building revealed that there is heating equipment in the ceiling which has not been connected. Install the heating.
11. Along the east side of the showroom in this building multiple sales offices have been erected for selling cars. There are multiple roof leaks in these areas and open electrical boxes. Complete all the required repairs in this area. This will require the gutting out and removal of these sales offices. Initiate these repairs immediately.
12. The majority of the electrical equipment was not working in the garage or repair area.
13. Along the South side of the building towards the East corner there is an internal downspout section which has rotted the truss tails adjacent to it. Make the required repairs.

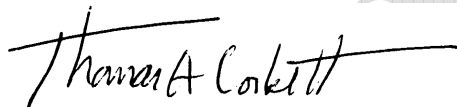
Conclusion

Tomacor spent most of the day on December 1, 2009 evaluating these two buildings. They are in very poor condition overall with significant deficiencies in the structural, electrical, heating, plumbing, roofing, interior, and exterior areas of the properties. In addition the surrounding parking lots, lighting, fencing, and all exterior components are in very poor to hazardous condition overall. The North end rental component of the building shows evidence of water on all elevations that were inspected.

It appears that most of the deficiencies associated with the buildings have been developing over several years. With this understanding it is Tomacor's opinion that many of the significantly deficient areas are deficient because they have not been professionally maintained and repaired as would be expected to keep a building of this age in reasonable condition. Many of the buildings component parts are at the end of their useful lives due to the lack of maintenance and repairs needed which should have been completed as the problems first developed. It appears as if the buildings will have to endure another Chicago winter and Tomacor remains concerned that one or more large snowfalls could cause major roofing and structural damage or lead to failure of the roofing components as specific locations. It is important to begin the renovation of both buildings in order to bring them to a modern workable standard as possible. Currently budget figures for repairs could exceed the cost of building new in one or both locations. Repairs should be undertaken immediately with an eye towards quality workmanship and materials which should take the building out 20-30 years or more before additional repairs are expected. Review the photo section and initiate the repair process immediately. Should these repairs not be undertaken to shore up the building and complete remedial action it is Tomacor's opinion that major additional expensive repairs will need to be initiated in the spring of 2010. It is with this understanding that the urgency of improvement should be underlined and action taken as soon as possible.

Thank you for working with us, we appreciate your business.

Sincerely,

A handwritten signature in black ink that reads "Thomas A. Corbett". The signature is written in a cursive style with a horizontal line above the first name.

Thomas A. Corbett, President
Tomacor Incorporated