



PROPERTY INSPECTION PROFESSIONALS

May 27, 2010

ABC Group
c/o Client
*** Avenue
Chicago, Illinois 60612

Re: **** West Ogden Avenue, Chicago, Illinois 60612

Dear Mr. Client,

On May 27, 2010 Tomacor was able to complete a visual inspection of **** West Ogden, a commercial building, in Chicago, Illinois. It was the intention of this consulting inspection to discover significant deficiencies within this 100 year old rehabbed building. Until recently the property served as headquarters for the City of Chicago Department of Construction and Permits (DCAP). The City has since moved from the sight. Many significant deficiencies were discovered during the course of the inspection which require immediate attention. Whenever possible photographs have been included within this report to help explain the nature and severity of the problems observed.

Present during the inspection were Mr. Client from Origin Realty Group along with Mr. Tom Corbett of Tomacor Property Inspections. The fire sprinkler and fire control room for the property was not discovered or inspected. Tomacor recommends that you call a fire safety inspection company in order to fully evaluate the fire safety capacity of the building and to confirm whether its current design meets Chicago Municipal Ordinance. One such company is Atash. Feel free to call John at 312.842.8480. He will inspect the property. In addition, Tomacor recommends that the elevators be inspected by a licensed professional engineer in the field. Tomacor recommends Mr. John Urbikas whose phone number is 773.878.7981.

The building is a four story structure which consists of a basement level along with the first, second, and third floors. In addition, the property sits on Ogden Avenue removing it from a strict north/south, east/west grid. For our purposes, the east side of the property will be that side which runs along Ogden Avenue while the north, west, and south sides will be defined by their relationship to the east elevation. The following are some of the more important deficiencies noted during the inspection:

General Conditions

1. The entrance to the building is located on its southeast side. The east door does not work and the south side door sits approximately level with grade. Under these circumstances ice, snow, and water will collect at the building resulting in a trip and fall hazard. Repair and/or replace the entry doors to be fully operational and raise the thresholds slightly above the surrounding sidewalk so as to provide a snow and ice barrier between the outside and inside of the building.
2. Multiple window sills made of stone and brick at the east elevation need to be replaced.
3. The inspection revealed significant amounts of water migration at all four elevations of the property. The migrating water was entering the building through many open mortar joints which were poorly tuckpointed over the last 20 years and contributed to the water problem. In several cases the water infiltration was roof related. It is Tomacor's opinion that the upper three floors of the building need to be fully tuckpointed as soon as possible. The professional standard for tuckpointing requires that the head and bed mortar joints be fully ground out to a depth of approximately $\frac{3}{4}$ of an inch followed by the laying in of an approved mortar. When complete the joints should be struck brushed, and cleaned. This type of repair will be expensive. Repairs could exceed \$300,000.

This work is required due to the multiple attempts at masonry repair which have occurred over the years. These attempts have failed allowing significant amount of water to enter into the building and begin to compromise the inner Wythe of masonry. In addition, wooden lintels and other wooden structural components are beginning to rot at all elevations. Also it is important to complete the masonry repair of the poorly installed brick at the building's west side, north end. Multiple sections of the elevator tower have been bricked in and the work completed poorly. Tomacor recommends that an approved lime based mortar be used for the repair once the engineer has completed the analysis of the corner of the building. See photo section.

4. There are significant amounts of spalled brick and missing or loose brick throughout the building's masonry façade. The damaged exterior brick occurs at each floor level and it must be repaired. In addition, multiple abandoned utility doors remain in place along the exterior walls when they should have been removed and bricked over. When repairing these areas, a minimum of two layers of Wythe of masonry must be installed to complete the infilling. Interior Wythe of masonry must be structurally supported with steel lintels or approved materials. A single thickness of masonry should not be used as a repair strategy. Repairs may exceed \$70,000. See photo section.
5. The building has been retrofitted with steel lintels at its east, west, and other elevations. These lintels were not primed, flashed, or weep holed before they were installed. They must be brushed, scraped, primed, and two-coat painted once all of the rust has been removed. Do not caulk the lintels into the masonry which sit above them. It is not understood why the rehab which occurred in 1989 did not include the professionally

required flashing and weep holes. Repairs may exceed \$20,000.00 or more in this area. See photo section.

6. Wooden fencing has been installed for both the north and south side parking area. Budget \$15,000.00 to repair and secure this wooden fencing into the earth so that it will not fall and damage private property. See photo section.
7. Tomacor completed an inspection of the fixed and double hung windows throughout the building. They have been poorly installed and have been failing in great numbers along all elevations of the property. In many cases, the windows are operating so poorly that they let rain water and blowing wind into the work spaces within the areas inspected.

During the interior inspection of the property these windows were again checked and it was discovered that they are failing in many ways. In addition, multiple repair attempts have been made from the building's interior to repair the window assemblies. These attempts have not been fruitful. Repairs could exceed \$200,000. Initiate the repairs immediately. Replace all of the windows in the building. See photo section.

8. The inspection of the south side air conditioning equipment revealed that four air conditioning condensers were removed and five remain in place. Of the existing condensers, three are considered operational while two did not respond to control.
9. With the safe operation of this property it is assumed that approved exterior lighting will be added to the north and south side parking lots immediately. In addition, it is expected that exterior lights will be added for all elevations of the property.
10. The building's elevator was not inspected.
11. While inspecting the basement level a strong odor of mold and/or mildew was present in many of the offices. In addition, where the drywall was open to the foundation, the inspector noted water infiltration and wet mortar confirming that the lower level or basement was wet in multiple locations. It is important to stop the water migration into the building through the stone foundation as possible. This may require the removal of long sections of exterior walls which cover over significant foundation components. Tomacor recommends, for a short term repair strategy, that the rooms be completely dried out and dehumidified. Operable windows along the east side of the property at the basement level would aid significantly in removing humid air and collecting water from the basement level. This professional repair would involve removing the installed drywall and studs then installing a properly pitched drain tile assembly in the floor after the walls have been sealed. When complete new drywall or green board should be installed on the walls. Do not use insulation which is equipped with a vapor barrier below the sidewalk level.
12. Many rooms in the basement area are without natural or borrowed light. In addition, they are wet and smell of mold and/or mildew. Under these circumstances Tomacor does not recommend that they be used for office space until they are repaired or abated.

13. Fire exit lights are not working and the battery back up assembly required to be in place also is not working. In addition, emergency flood lighting needed in a power outage are not present in the building. Install the required exit and flood lighting immediately.
14. Confirm that the building is more than 45 feet tall then follow-up with any critical façade inspections deemed necessary by the City. In addition, add annunciator or fire safety panels and stations throughout the building as required by code.
15. The discovered two inch cold water main was not insulated at the basement level ceiling as was expected. Water stains on the ceiling and floor were observed directly below the exposed main. Remove the existing ceiling tile below the main and insulate it so as to avoid a mold and/or mildew hazard. See photo section.
16. The inspection revealed that flexible duct work had been used to provide conditioned air throughout the basement and other levels. This material is generally restricted to three times the diameter of the piping. It therefore should not have been used and requires replacement in order to avoid significant back pressure and poor volume of air within the building. Remove the flexible duct work and install rigid, insulated duct work as required per code. Make this repair immediately or expect a very cold basement and lower level space.
17. Large rodent feces were discovered above the basement ceiling tile during the course of the inspection. The building must be rodent-proofed per the Chicago Building Code and exterminated for rats and mice. Some destructive work along the west side alley and other areas will need to be undertaken to fully rodent proof the building. See photo section.
18. The heating and cooling equipment installed within this building is notable due to the severity and number of deficiencies engineered into the system during its installation. Although required to be closed, many of the mechanical rooms remain open to the wooden walls and ceilings in their areas. In addition, single or "wild cat" returns are routinely used in office spaces where they are expected to return large amounts of air in a way that manages the heating and cooling system to a minimum comfort level and an 80 temperature differential for the heating system. Finally, although the return air grills are large they are connected to duct work which appears to be undersized in their relationship to the supply duct work which usually expects an 80%-100% supply to return duct work ratio.

Other deficiencies discovered in the heating system at all floors include a failure to seal the duct work where it joins other duct work and at supply and return air plenums. In other circumstances, such as in the basement partition walls have been built directly underneath registers providing a unique fire hazard and challenges to the heating and cooling system which cannot be met under these circumstances.

The inspection also revealed that nearly all of the exterior perimeter offices were supplied with duct work which barely made it into the offices. Under these circumstances it appears as if the building was remodeled to accommodate exterior offices when its

original heating design did not allow for the walls and separations needed to create the exterior office assembly. Simply stated, the duct work was designed for an open plan, not a closed office plan.

Under this design scheme the conditioned air will not be delivered in an adequate amount to the exterior walls and windows.

Under these conditions Tomacor expects that the supply and return ducting assembly would be completely reworked or removed and reinstalled using new duct work and conditioned air standards in agreement with the Chicago Building Code and industry standards. Review manual J published by the American Society of Heating Refrigeration and Air Conditioning Engineers (ASHRAE). These repairs will be expensive yet they are seen as necessary should you desire to provide a reasonably comfortable interior space for winter and summer months. See photo section.

19. The inspection of the four rooftop mounted heating and air conditioning units (rtu) revealed that they are in various degrees of repair and condition. For purposes of definition rtu 1 sits at the 12:00 position facing north, rtu 2 sits at the 9:00 position, rtu 3 at the 6:00 position, and rtu 4 sits at the 3:00 position. The following deficiencies were found with these rtu's:

- Rtu 1 has been significantly damaged by hail which appears to have compromised its air conditioning capacity. Its main electrical and disconnect box was left open to the weather by the last service man. Its make-up air filter is full of dirt and debris while the make up air scoop does not provide adequate exposure to free air to render the system effective in its attempt to draw in fresh air as required by the manufacturer. This system is more than 10 year old and awaits replacement. It has been recently labeled as 1R and is currently not working. This could be a \$15,000 replacement.
- Rtu 2 has been labeled 4R and it requires that the make up air grills be changed. The south side access panel to the equipment has been removed and left in pieces inside the equipment and on the roof. It is hail damaged and appears to be approximately 20 years old. Its critical dated tag is missing. Replace this immediately as needed.
- Rtu 3 has been installed the very limited amount of make up air for the system. In this case the make up scoop was left nearly sitting on top of the cold air return. The scoop needs access to more air than this should it be used. The equipment appears to be 10 years or older and it has been poorly maintained. Clean and service this equipment as possible immediately in an attempt to bring it back to a fully operable condition.
- Rtu 4 appears to be a few years old. It is called 2R by the installer. The equipment is currently not working and like the other Rtu's on the roof the make up air scoop has been forced directly over the cold air return limiting the amount of free air the

scoop can use during normal operation. This equipment is only a few years old and is expected that it can be modified and repaired to full operation.

All of the rtu's inspected were manufactured by Carrier Corporation out of Indianapolis, Indiana. Their repair parts are typically proprietary, sometimes requiring a long wait for parts to be shipped. Tomacor believes it is critical to obtain quality service contracts on the roof top equipment that you expect to repair. We also recommend a once a year follow up maintenance inspection by our inspectors in order to confirm that repair work has been completed to a professional standard. Anticipate replacing two of the four systems. See photo section.

20. The existing roof is a modified bitumen product which has been installed over many layers of roofing. The shear number of roofs, weight of the assembly, and condition of the poorly patched surface demands a roof tear off immediately.

Tomacor typically recommends a thick layer, approximately two inches, of polyisocyanurate foam insulation board to be used as a recovery board over the original roof sheathing. When complete a modified bitumen, thermo-plastic or EPDM Rubber Roof should be installed to maintain the water tightness of the roof assembly. This will require the replumbing and positioning of the interior drain lines set into the roofs surface. This style of repair may also allow you to abandon the internal drain lines while designing an angled roof which will send all water to the west elevation for eventual connection to the storm drains and main city sewer. A new roof with a tear off could be \$60,000 or more. Initiate this repair immediately and before tenants arrive into the third floor space.

It is typical for Tomacor clients to provide hanging tarps in the areas immediately below the roof surface when the roof is replaced. These tarps would catch gravel and roof debris before that material enters into the third floor tenant's space. In addition Tomacor recommends that a core sample be taken at the roof's surface followed by an asbestos reading of the sample. It was common to use asbestos in commercial roofing. If the material is asbestos, abatement will need to be undertaken.

Finally, it appears as if the west elevation gutters were attached to the roof in "catamaran style". The gutters have been hung from a structural arm which was mounted into the roof. Pipe strap was used to hold the gutters in place and balanced at the end of the structural arm while the opposite end was screwed into the roof surface. The structural arm assembly remained open to the wind and water at the west elevation of the property. This is a very poor install job. See photo section.

21. Tomacor observed several water heaters which appear to need replacing immediately.
22. The interior inspection revealed a significant crack in the structural wall which formed a section of the old elevator shaft. This area should be examined by a licensed structural engineer, presumably the same engineer that examines the northeast corner of the

property. These two deficiencies are outside of the full understanding of Tomacor's training.

23. The examination of the current fire extinguishers discovered that the building is out of compliance with the equipment and standard. Install new fire extinguishers as required. See photo section.
24. Tomacor was unable to examine the equipment in a locked room at the third floor level.
25. During the roof top inspection Tomacor was able to examine the old elevator equipment room. The equipment is still in place although the room is occupied by several families of pigeons. Pigeon waste is considered toxic for it sometimes carries a virus which attacks the respiratory system. Remove any abandoned equipment then clean and sanitize this area as soon as possible. Close and lock the door. See photo section.
26. The interior finishes, painting, and carpeting generally need to be removed and fully revamped before occupancy. In addition, the installed carpet is damaged in bundles together when walked. This is a tripping hazard. Paint and replace the carpet as needed. See photo section.
27. During the inspection of the Inspector General's office it was noted that the floor tile and carpeting needed to be replaced. In addition, a large percentage of the windows examined revealed that they were poorly installed, ill fitting, with compromised sills, or generally of the wrong size. Several of the windows included component parts which were falling into the offices. Replace the floor finishes, the exterior wall windows, and any "build out" as required. See photo section.

It was at this level where Tomacor discovered that most of the supply air duct work was foreshortened, improperly sealed, of inadequate volume, or disconnected overall. The cold air returns appear to be inadequately sized and poorly located. Their distribution was poor. Completely redo the heating and cooling assembly at this level as needed. Tomacor recommends a licensed mechanical engineer be retained for an analysis of the needs for the space. A local engineer that does this kind of work is Mr. Ivan Henderson who can be reached at ihenderson@sbcglobal.net.

28. During the inspection of the Inspector General's office complaints were received regarding flickering or browning of the lights. It is important to have a licensed electrical contractor evaluate the supply wiring in the panel box as well as the condition of the neutral wire to the supply assembly. Should any of these wires be loose or corroded, it could help explain the flickering of the lights while providing potential information which could help you avoid an electrical fire. Complete the follow-up investigation on this problem immediately.
29. Many of the exterior walls are covered in efflorescence in the Inspector General's office area and nearly all of the windows failed to close fully or were breaking down. Fix the walls as outlined above and replace the windows.

30. The inspector examined the air conditioning condensers at the building's exterior first floor. Any condenser installed more than 50 feet from its fan or air handler will not be able to provide adequate cooling in this environment. Check the length of the line sets (A/C pipes) for the new installation and the two that are a year old. Add traps as required. Tomacor could not determine if the new building owners were planning to add additional air conditioning condensers or not.
31. The building's exterior revealed that an earlier electrical service had been cut from the building. See photo section.

Exterior

1. Peoples Gas provides natural gas for the property yet the main gas line has not been protected with bollards as is required. Install the required bollards.
2. The inspection of the northeast corner revealed that there is a significant gap followed by movement along the northeast corner of the property. Gaps were noted at both the exterior and interior of the property in the same location. It is important that the masonry be removed and rebuilt along the vertical crack which sits several feet south of the northeast corner of the property on Ogden Avenue. Retain a licensed structural engineer to confirm the severity and design required for the repair. See photo section.
3. There are several decorative horizontal masonry bands along the east elevation of the property. Repair the loose masonry and open mortar joints in these bands. See especially along the east face of the property at the window line of the 2nd floor.
4. The southwest and northeast corner roof drains are broken and unprofessionally installed. It is important that these drains be connected to the main sewer line on Ogden Avenue in order to remove collected storm water. The original below grade drains are made of terra cotta and can be assumed to be broken at this point. Should you attempt to connect the drains into their old hubs without needed repairs anticipate significant water in the basement. See photo section.
5. The south side parking lot has received many patched areas and requires a seal coating and striping. Tomacor believes that you will need an asphalt overlay in 2012.

The north side parking lot shows primary and secondary cracks in the asphalt surface requiring immediate repairs. Overlay this parking area with 1 ½ inches of asphalt or approved immediately. When complete, follow-up with the striping of the parking area.

6. Tomacor noted the presence of trees which actually touch the building or interfere with the building components at the northeast and west sides of the building. Remove the alley side trees which are damaging the wooden fence and trim back the north side tree branches from the property. In addition, remove the ivy which is growing on the brick and adding to the water infiltration problem. See photo section.

7. There are two steel doors at the west elevation closer to the north side of the property that need to be replaced. The doors are ill fitting and will continue to allow rodents into the property. One opening in question included two steel doors while the second opening includes one steel door. Make these repairs immediately. See photo section.
8. Remove alley debris and young growing trees at the foundation line.
9. Once the vegetation has been removed from the west side of the property Tomacor recommends that the three or four inch layer of asphalt be installed here in order to shed water away from the property. Make this repair as soon as possible.

Interior

1. During the inspection of the basement level of the property the inspector discovered a two inch cold water main at the building's east side. The gas main was also located here. The two inch cold water main does not provide adequate pressure or volume to service the fire suppression system if the building catches fire. It is critical that the fire sprinkler water feed assembly be located and inspected or repaired as needed immediately. Back-flow inspections must be completed on the equipment and ruled safe by a certified back-flow inspector within the City of Chicago. One company, Devon Plumbing provides this service for many of the buildings that Tomacor has inspected. They can be reached at 773.878.6747.
2. The inspection of the basement area revealed several original rodding stations or sumps where drain tiles are currently sending water. On one or more occasions, for instance in the mechanical room at this level, the sump was open and it was filled with water. It is important to remove all standing water from the building. Tomacor recommends that the drain tiles be rodded and cleaned and sump pumps set into place to remove unnecessary rain water. Complete this repair immediately.
3. The basement area is detailed with walnut panels which appear to have been salvaged from another building site. The panels have been cut, damaged, surface nailed, and screwed into place without regard to professional carpentry finish techniques. Tomacor recommends that the final details be added to this paneling or that it be removed as required per code standard.
4. Along the basement north side wall a lavatory was discovered within a room which had been recently damaged by water. The carpet had been removed in this area and the water did not work in the lavatory. Repair the pipes above.

Further inspection at this level discovered wet and damaged drywall, ceiling tiles, and wet light lenses in several areas of the ceiling. It appears to Tomacor that there are multiple leaks which may be attributed to frozen or damaged piping as well as roof leaks or water from the masonry walls. All plumbing fixtures must be pressure tested and determined to be fully operational and in sound, healthy condition before this space is leased. See photo section.

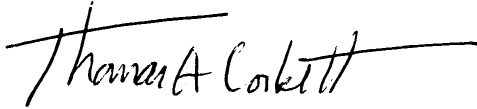
5. The building is equipped with a set of wooden exit stairs which connect all stories of the building to the basement exit area. These stairs are open and could catch fire easily. It is unacceptable in the City of Chicago to use exposed wooden stairs and the areas beneath them for storage or as a primary exit for fire code purposes. Remove and replace the stairs or provide an appropriate fire code rating as possible and defined by the City of Chicago. See photo section.
6. The inspection of the west end of the property at the basement level revealed multiple storage, electrical, mechanical rooms, and slop sink areas. These areas were typically wet, full of debris, and notable due to the amount of masonry deterioration and efflorescence. Sewage back up was discovered along this west elevation and it must be repaired immediately. Rod, clean, and repair the sewer assembly of the building as soon as possible and before leasing the space to a new tenant. There appears to be blockage in the sewer line which needs immediate attention. See photo section.
7. One air conditioning system is sending its condensate water onto the floor in the first floor west end mechanical room. Repair this immediately. See photo section.
8. The inspector observed what appears to be mold in the basement mechanical room areas. See photo section.
9. Secure the loose handrail at the first to second floor stair run.
10. Tomacor inspected two mechanical rooms at the first floor. Both rooms were equipped with schedule two furnaces which used interior combustion air. Both of the rooms violated the City and Peoples Gas standard for adequate combustion air. Provide the required combustion air from the exterior of the building as deemed necessary. Complete this repair immediately. In addition, make several simple repairs to remove single wall flues where they rest against wooden columns. Provide a six inch clearance as required for this installation. Finally, install the carbon monoxide and smoke alarms which are required in the office space and mechanical rooms. See photo section.
11. The building is provided with 1600 amps of power at 240 volts.
12. The inspection of the bathrooms revealed that they need to be remodeled for handicap access.
13. Tomacor noted that elevator repairs need to be accessed through the men's bathroom on the first floor. Relocate this door to the hallway.
14. Many of the heating and cooling supply air registers were held in place with tape. Complete the required repair.
15. Complete the installation and balancing of the ceiling fan in room 221 of the Inspector General's office.

16. The inspection revealed soft and spongy floors on the second floor, room 215 and others, at the third floor and other areas. Anticipate significant carpentry and/or concrete work with the removal of existing carpet and/or poorly installed tile.
17. During the inspection for the third floor the inspection team was met by Mr. Dennis Ronowski. During that time many of the windows were discovered as loose or broken and large amounts of water, efflorescence, or possibly mold were discovered along the building's exterior walls. Complete the tuckpointing, window replacement, and masonry replacement as soon as possible.
18. A significant roof leak was discovered in the third floor men's room. The leak appears to be coming from the roof above. Replace the roof.

Conclusion

The property is in fair condition compared to other buildings of its age that have been rehabbed 20 years ago. Structural investigation and repair need to be undertaken while heating, roofing, mechanical, plumbing, fire safety, and environmental issues need to be addressed. External repairs are also needed and internal repairs are necessary for the overall appearance of the property. Should these repairs not be undertaken the property will continue to deteriorate, requiring additional monies, time, and organization to resolve. Tomacor anticipates that the above outlined repairs will be undertaken immediately in order to preserve the life expectancy and integrity of the property. We appreciate having worked with you on this project and look forward to future opportunities.

Sincerely,



Thomas A. Corbett, President
Tomacor Incorporated