

COMMERCIAL INSPECTION REPORT



1234 Main Street, Los Angeles, ,

Prepared For: John Smith

Inspector: Garrett Martell CMI

Date of Inspection: 8/17/2023



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INSPECTION
PROS**

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Introduction

INTRODUCTION:

We appreciate the opportunity to conduct this inspection for you! Please carefully read your entire Inspection Report. Call us after you have reviewed your report, so we can go over any questions you may have. Remember, when the inspection is completed and the report is delivered, we are still available to you for any questions you may have, throughout the entire closing process.

Properties being inspected do not "Pass" or "Fail." - The following report is based on an inspection of the visible portion of the structure; inspection may be limited by vegetation and possessions. Depending upon the age of the property, some items like GFCI outlets may not be installed; this report will focus on safety and function, not current code. This report identifies specific non-code, non-cosmetic concerns that the inspector feels may need further investigation or repair. When codes are referred to, it is with the intent to improve safety

For your safety and liability purposes, we recommend that licensed contractors evaluate and repair any critical concerns and defects. Note that this report is a snapshot in time. We recommend that you or your representative carry out a final walk-through inspection immediately before closing to check the condition of the property, using this report as a guide.

Please note - the items in **bold** are summary items and these are also included in the summary section at the end of the report.

Summary items are items of significance noted by the inspector. These may be deficiencies, damaged or safety related items. It is the responsibility of the Client to determine what is significant and take measures to correct or replace these items.

We are available after the inspection for consultation to answer questions regarding the report.

Building Characteristics

Commercial property inspections are a crucial component of due diligence for real estate transactions and ongoing property management. These inspections encompass a wide range of building types and structures, each requiring a unique set of considerations. During a commercial property inspection, various building types are typically assessed, including:

Office Buildings: These inspections focus on the functionality of office spaces, HVAC systems, electrical wiring, and overall safety.

Retail Spaces: Inspections of retail properties concentrate on factors such as storefronts, signage, customer access, and compliance with commercial codes and regulations.

Industrial Facilities: Industrial inspections prioritize machinery, equipment, and safety standards in manufacturing and distribution facilities.

Warehouses: Warehouse inspections evaluate factors like loading docks, storage capacity, and fire safety measures.

Multifamily Properties: Inspections for apartment buildings and complexes encompass unit condition, common areas, and amenities.

Hospitality Properties: In hotels and restaurants, inspections include guest rooms, dining areas, kitchens, and compliance with health and safety regulations.

Healthcare Facilities: These inspections involve a close examination of patient rooms, specialized medical equipment, and compliance with healthcare industry standards.

Special Purpose Buildings: Some commercial properties are unique, such as theaters, schools, and religious institutions. Inspections consider the specific needs of these structures.

Each type of building inspection is tailored to the characteristics and requirements of the property, ensuring that potential issues are identified and addressed, and that the property is safe, functional, and compliant with relevant regulations.

The building being inspected is a Strip Mall building

The two buildings being inspected are only part of the total space on this property.

:

Strip Malls have multiple tenants which are responsible for the HVAC, plumbing and electrical inside their spaces. These are looked at during an inspection for the purposes and safety of the building and other tenants.

Commercial property inspections are comprehensive assessments that delve into various building characteristics, ensuring that the property meets safety standards, complies with regulations, and functions optimally. During these inspections, a range of critical building characteristics are closely examined, including:

Structural Integrity: Inspectors evaluate the building's foundation, load-bearing components, and overall structural stability to identify any signs of damage or wear.

Electrical Systems: The safety and functionality of electrical systems, including wiring, panels, and outlets, are inspected to prevent fire hazards and ensure reliable power distribution.

Plumbing and Water Systems: The inspection covers plumbing fixtures, water supply, drainage, and sewage systems to detect leaks, water pressure issues, and compliance with plumbing codes.

HVAC Systems: Heating, ventilation, and air conditioning systems are assessed for efficiency, air quality, and compliance with energy and environmental regulations.

Roof and Exterior: The condition of the roof, exterior walls, windows, and doors is inspected to identify leaks, insulation issues, and potential security concerns.

Safety and Accessibility: Building safety features, such as fire alarms, sprinkler systems, and accessibility for individuals with disabilities, are examined to ensure compliance with relevant regulations.

Environmental Concerns: Potential environmental hazards, like asbestos, mold, or lead paint, are investigated to protect occupants and comply with environmental regulations.

Zoning and Code Compliance: Inspectors verify that the property adheres to local zoning laws and building codes, preventing legal complications and potential fines.

Maintenance and Upkeep: The general condition of the property, including interior finishes, fixtures, and common areas, is assessed to identify needed maintenance or renovations.

These building characteristics are evaluated during a commercial property inspection to provide a comprehensive understanding of the property's condition and potential issues, helping buyers, sellers, and property managers make informed decisions and maintain a safe, functional, and compliant commercial space.

Inspection Details

It was clear at the time of the inspection

This is a commercial building - strip mall

There is one story

The utilities were on at the time of the inspection.

The building is occupied

The Client was present for part of the inspection

The buyer's agent was present

It is typical when a building is remodeled or repairs are undertaken that additional problems surface that were not noted on the inspection report. This is to be expected as walls, floors and ceilings are opened up during the work to reveal areas that were not accessible during the inspection. Any remodeling work undertaken on a property should be expected to reveal some of these problems and it is recommended that additional sums be set aside for this purpose.

During this inspection there may be items discovered that require further inspection and/or subsequent repairs. Where further inspection by a specialty trade is advised, this is meant to be done in a timely fashion

Plumbing System

While some plumbing observation may be code related, this inspection does not determine if the system complies with code. Supply and waste lines are inspected only where they are accessible and while operating accessible fixtures and drains. Performance of the water flow can vary during different times of the day and performance of the drains during actual usage is undetermined. Drain blockage is common in vacant property.

It is advised to have any underground drain/sewer lines examined by a specialist with a camera to determine their actual condition. The following are not included; inaccessible supply or waste lines, leaks in inaccessible areas such as walls, underground or the crawl space, the interior of pipes for mineral or corrosive clogging, water hammering, solar equipment or water temperature, and the condition of shower pans or if a shower will leak when used. No water testing of any type is performed. The type of copper, whether it is M, L, or K, is not part of this inspection and will not be determined.

The gas system is not tested for leaks and any underground or hidden gas lines are specifically excluded from this report. Determining the operation of sewer ejection systems is excluded from this inspection and it should be examined by a specialist. The angle stops under sinks and other plumbing valves, such as the main shut off valve, are not turned or tested. The finish fixtures as toilets, sinks and faucets etc are covered in the Kitchen and Bathroom section of this report.

The main water shutoff is at the front of the buildings

Copper piping is viewed coming out of the ground by the building and as the main line runs underground from the street to the building, this appears to be the main water line.

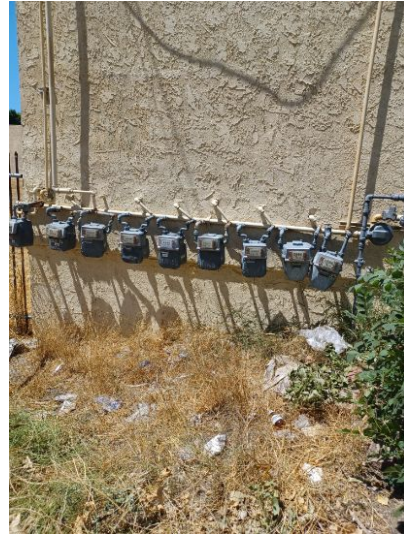


Serviceable

Serviceable

The piping that takes the waste water to the sewer system is a combination of different materials where visible

The gas meters are located at the back of the building



There are areas of rusty and deteriorated gas piping on the property. Recommend paint seal



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Sewer Line

This inspection focuses on the main sewer line which is the pipe exterior to the structure and extends from the building to the city sewer connection. This is the last point where the drain lines connect, usually just outside the building, and the waste water is carried through to the street. Specifically this is the main sewer line which is viewed by the camera during the course of the inspection. Though portions of the building drain line may be accessed and commented on, this section of the report focuses primarily on the actual sewer line. The findings of this inspection are based on the opinions and observations of the inspector and reflect the conditions discovered during the course of the inspection.

There are two sections of the sewer line, with an access to each, in the small planter area between the two buildings.

The clean out access is made of **ABS**.

The sewer line is a mix of different materials.

The cast iron running to the right side building, and the section out the rear are corroded. The front section of the cast iron has some pooling water where it appears the piping has sagged a bit over time.

The rear section was not seen far due to the amount of water sitting in this section of the piping.

The clay piping going to the rear building appears serviceable as far as could be seen.

The distance to the main utility sewer line connection is too far for only one clean out. A clean out should be located every 100 feet or less to properly access and/or service the sewer line on this property.

The sewer line out the rear of the building needs to be fully cleaned followed by a re-inspection. This is most often done by hydro jetting the sewer line though there are other methods that may work as well.

Observations:

<https://youtu.be/ABHPZjkPHkQ> - sewer line out the rear

<https://youtu.be/Kxv-mD-zlvo> - sewer line at the front

Electrical System

Electrical features are operated with normal controls. The general wiring, switches, outlets and fixtures are randomly checked in accessible areas. Wiring in the main box is inspected by removing the cover if accessible. While some observations may be code related, this inspection does not determine if the system complies with code. The inspection does not determine electrical capacity, determine over current capacity for any item including appliances, compare circuit breaker capacity to installed appliance rating. Also excluded are interior or exterior low voltage wiring or fixtures, telephone, security, intercom, stereo, cable or satellite TV, remote controls or timers. The exterior lighting, landscape lighting or any lighting outside the footprint of the building is not inspected. Light bulbs are not removed or changed during an inspection. This inspection does not certify or warrant the system to be free of risk of fire, electrocution or personal injury or death.

The electricity is supplied by an overhead line from the power pole to the building

Serviceable

The main electrical panel is located on the rear of the buildings





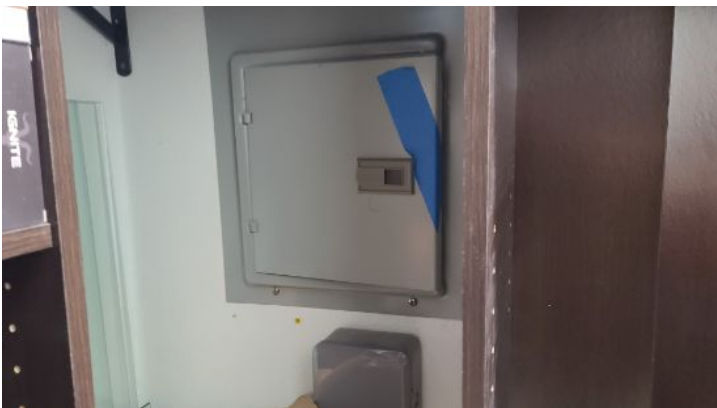
The panel cover is missing inside a few of the electrical boxes at the rear building and the live wiring and circuits are exposed when the outside cover is opened

There is one Federal Pacific panel at the rear building

This panel is an older Federal Pacific system which have been known to have breakers that fail to trip properly when compared with similar panels of the same age and considered a potential fire safety concern, further evaluation is recommended by a licensed electrician to that any repairs or replacements may be made

There are multiple sub panels in areas of the property.

Each unit has its own panel inside near the rear access door.





The wiring in the building consists of plastic coated wires

This was mostly not inspected. The interior panels and wiring is the responsibility of the tenant.

Open conduit noted on the roof.



Open conduit on the roof.

Heating and Cooling

While some observations may be code related, this inspection does not determine if the system complies with code. Weather permitting the systems are operated with normal controls. In order not to damage the system, the air conditioners are not activated if the outdoor temperature is below 55 degrees. Gas furnaces are not checked for carbon monoxide leakage or fire risks. There are carbon monoxide and fire detection devices which can be purchased and installed, which we recommend. Air ducts and registers are randomly checked for air flow. Heat exchangers are specifically excluded from the inspection. They are visually obstructed by the design of the system and a complete inspection requires special tools and disassembly, which is beyond the scope of the inspection.

The following items are beyond the scope of the inspection; balance of the air flow, capacity or velocity of the air flow, humidifiers, air duct cleanliness, the ability of the system to heat or cool evenly, the presence of toxic or hazardous material or asbestos, system refrigerant levels, cooling or heating capacity to determine if its sufficient for the building, electronic air filters, solar equipment, programmable thermostats and determining the remaining life of the system. Window A/C's are not considered to be built in units and therefore not inspected.

There are combined heating/cooling system. Most of the working parts are inside the exterior housing and they were not seen.

The heating is done by a heat pump in some areas. This is an all electric system that has a condenser that pumps the refrigerant in one direction to cool the building and it goes in reverse to heat it



1



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The heating is done by a heat pump in some areas. This is an all electric system that has a condenser that pumps the refrigerant in one direction to cool the building and it goes in reverse to heat it

Most systems are old

Serviceable

Serviceable

This is a combined heating/cooling system. Most of the working parts are inside the exterior housing and they were not seen.

There are multiple cooling systems in use in this building.

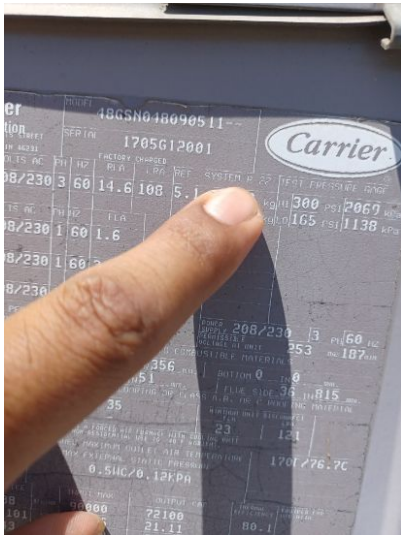
The air conditioning system is older and well into its life. It is currently working but it is not known how much longer it will last. It should have proper maintenance on a regular basis to ensure it is operating as efficiently as possible

It was noted that some of the HVAC systems installed use R22 refrigerant. R22 is being phased out due to its impact on the environment and its contribution to ozone depletion. The production of R22 has been gradually decreasing over the years. This may cause the systems to become more difficult or expensive to service. If further information is needed, a consultation with an HVAC contractor is recommended.



Damaged fins noted to units

It was noted that some of the HVAC systems installed use R22 refrigerant. R22 is being phased out due to its impact on the environment and its contribution to ozone depletion. The production of R22 has been gradually decreasing over the years. This may cause the systems to become more difficult or expensive to service. If further information is needed, a consultation with an HVAC contractor is recommended.



The condensate line is disconnected. This should be repaired.

It was noted that a few of the HVAC system had water pooling underneath the housing of the package unit. This is an indication of poor drainage of the condensation line and could lead to damage to the metal flashing pan or even leakage into the below business space. Evaluation is recommended.



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There are ducts installed on the roof. These are exposed to the weather and the waterproof coating and sealer covering them is deteriorating



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There are systems no longer operating. Removal recommended if no longer in use

Roof

The report is not intended to be conclusive regarding the life span of the roofing system, if it is leak free or how long it will remain leak free in the future. The inspection and report are based on visible and apparent condition at the time of the inspection. The inspection does not address manufacturing defects, fastener appropriateness, if the roof was installed per code, if flashing is present in all locations or the numbers of layers present. Unless a rain has fallen just prior to the inspection, it is not possible to determine if active leakage is occurring. Not all attic areas are readily accessible for inspection. Tile roofs and steeply pitched roofs are not safe to walk on and access is limited on them. Conclusions made by the inspector do not constitute a warranty, guaranty, or policy of insurance. All roofs require periodic maintenance to achieve typical life spans and should be inspected annually. Expect to make minor repairs to any roof.

While it is possible some prior repairs and leaks may be reported, it is not the intention of the inspection to identify and report all prior repairs and conditions. It is recommended to refer to the seller and sellers disclosure about the presence of any roof leaks or prior repairs. Also it should be noted that all gutters deteriorate and have a limited life span before they need to be replaced.

The roof is a combination of styles



The roof surface contains built up layers of roofing paper with tar and gravel on top of it

The roof surface visible from the parking area contains concrete tile



The roof was walked on to inspect it.

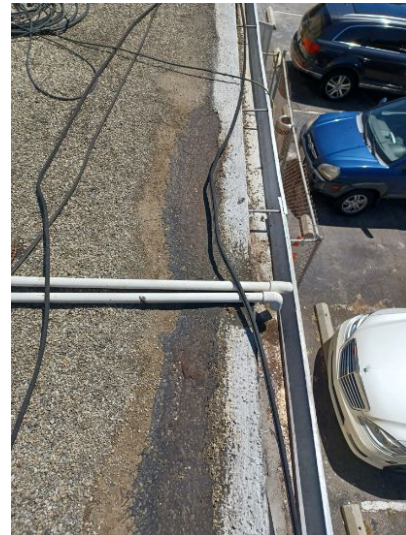
There are bubbled areas of roofing material. This could be an indication that some moisture has gotten under the material or that the sheathing installed under shingles is deteriorated or poorly installed.

The roofing material is worn out and falling apart in areas. The roof is at the end of its life is ready for replacement.

The gravel or rock covering has shifted leaving areas of underlayment exposed. This allows the sun to beat down on it causing cracks and promoting leaks. The roof covering should be serviced and corrected.

There are patches on the roof, these are a possible indication that there have been problems with the roof at some point in time. The seller could be consulted on the past of this area.

The roof covering condition appears to be nearing the end of its expected useful life. Roofs have a life span and this one is at or very close to the end of it. Replacement should be considered, and budgeting started at this time.



Starbucks Building



There are bubbled areas of roofing material. This could be an indication that some moisture has gotten under the material or that the sheathing installed under shingles is deteriorated or poorly installed.



Mexican Grill Building

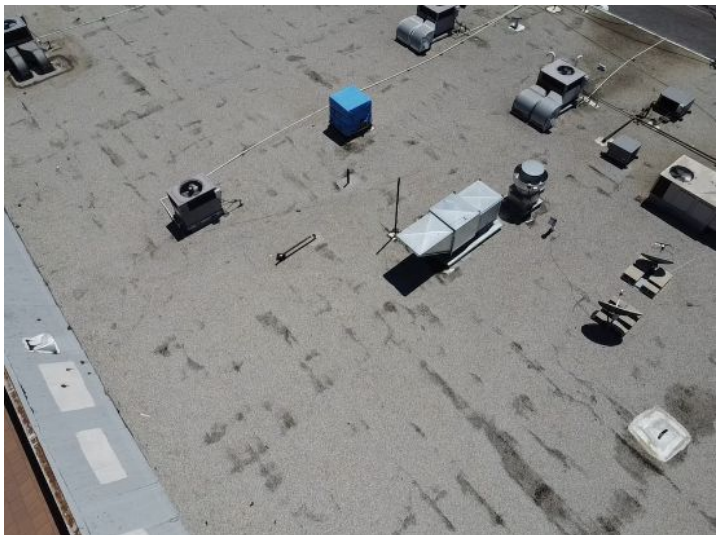


There are patches on the roof, these are a possible indication that there have been problems with the roof at some point in time. The seller could be consulted on the past of this area.



Large tarp on the Mexican grill roof





The metal flashing is rusting and corroded in areas

The flashing around the rooftop heating/cooling system is only mastic around the edges which is not a reliable long term seal. This will be a higher maintenance item.

The parapet wall flashing is in poor condition.

The flashing is not standard and may not be a reliable installation, it will require high maintenance to ensure that it remains leak free





The parapet wall flashing is in poor condition.



The parapet wall flashing is in poor condition.



The flashing around the rooftop heating/cooling system is only mastic around the edges which is not a reliable long term seal. This will be a higher maintenance item.

There are areas where the gutter system is filled with debris and needs to be cleaned out. This includes all accumulated roof debris on the roof itself

There are rusty areas in the gutter system

The gutter is sloped improperly and water will not fully drain out of it



The roof has conventional type framing in it

Serviceable



As noted at the interior portion of the report, there are signs of water intrusion and moisture stains inside the building. Consult the current owner for the history of the leaks and/or repairs

Foundation

Structural comments are of the conditions observed at the time of the inspection and are the opinion of the inspector and not fact. If further information or facts are needed, they can be obtained through a structural engineer or foundation expert. The inspection does not determine the potential of the structure to experience future problems, geological conditions or the potential of the underlying soils to experience movement or water flow or whether the soil is stable. If any form of prior structural movement is reported you should expect future movements and possible repairs.

The inspection does not calculate crawl space ventilation capacities, deck and balcony capacity, retaining wall conditions, construction material type, quality or capacity. It does not address the existence of prior repairs, the potential of future repairs, failure analysis, documentation of all possible movement or cracks in floor slabs covered by floor furnishings. It is typical for concrete floor slabs to have some cracks as a result of the normal drying process of the concrete plus the stress occurring by settlement and seismic activity. Crawl spaces are observed in a cursory fashion and wood probing is not done and wood damage, dryrot and termites are not part of this inspection but part of the structural pest control operators report.

The building is on a concrete slab

The concrete slab is not visible due to floor coverings, thus any cracks cannot be seen. However, all concrete has some typical cracking and it is expected that this would have them if it would be fully exposed to view.

There are no cripple walls in this type of structure

A standard property inspection cannot determine the potential of the structure to experience future problems, geological conditions or the potential of the underlying soils to experience movement or water flow or whether the soil is stable. If information is required regarding this geological conditions it is advised to retain a Geo-Technical specialist who can provide more information regarding this area.

Exterior

The exterior is viewed in a cursory fashion. Areas of the exterior that are hidden from view by vegetation or stored items cannot be judged and are not a part of this inspection. Minor cracks are typical in many exterior wall coverings and most do not represent a structural problem. Peeling and cracking exterior paint on windows, doors and trim allow water to enter and cause damage and deterioration. It is important to keep these exterior surfaces properly painted and/or sealed. All exterior grades should allow for surface and roof water to flow away from the foundation and exterior walls.

Chimney Inspection: This inspection is limited to those areas visible and readily accessible to the general inspector. Due for the potential for hidden damage within a chimney, it is advised to have any fireplace and chimney system fully examined by a qualified chimney specialist using a video camera to determine and report on the structural integrity and fire safety aspects of these systems.

The exterior surfaces of the main building are a combination of different materials.



A visual inspection of the exterior wall covering condition found it to be in a serviceable condition at time the of inspection.

Doors and Windows

Doors and windows are tested as to operation using normal operations and procedures. No representation is made regarding structural integrity or whether the door/window seals are weathertight.

In the case of newer door and window installation the mounting hardware and waterproofing seals are generally covered with finish materials. Where these items have not been covered comments made be made as necessary.

The exterior door frames are made of metal.

A visual inspection of the exterior door(s) and frame(s) condition found them to be in a serviceable condition at time the of inspection.

The windows throughout the home are made of metal.

The windows glass is a single pane type.

A visual inspection of the windows condition found them to be in a serviceable condition at time the of inspection.

Grounds

This inspection is not intended to address or include any geological conditions or site stability information. For information concerning these conditions, a geo-technical engineer should be consulted. Proper grading is important to keep water away from the foundation. If it is not raining during the inspection the course of water flowing toward the structure or off the site cannot be observed. The soil should slope away from the structure to prevent problems caused by excess water not flowing away properly. Gutter discharge should be directed away from the foundation for the same reason. Out buildings, such as storage sheds, on the property are excluded from the inspection. Fire pits, a B.B.Q. and other similar items are not inspected nor is the gas to them tested or lit.

This inspection is visual in nature and does not attempt to determine drainage performance of the site or the condition of any underground piping, including municipal water and sewer service piping or septic systems. Landscape lighting, sprinklers and their timers are not part of a general property inspection. The inspection report does not include the identification of the property boundaries.

Elements of an accessible parking stall.

The characteristics of any accessible parking stall can be broken down into 4 categories:

Location

Before you even think about buying blue asphalt paint, you must make sure that the access aisle that serves your accessible parking stall is located on an accessible route that connects to all of the accessible entrances and elements on the site. I can't tell you how many times we have seen a perfect ADA parking stall located in an inaccessible location.

Signage

Every accessible parking stall needs to be identified with a reflective parking sign with an ISA displayed. The minimum requirements between state and federal standards can vary quite a bit. Make sure the correct standard is applied to your facility. It is also a good practice to purchase regulatory signs locally rather than on the internet. A local sign company is more likely to provide you with the correct signage.

Markings

Accessible parking spaces and access aisles have specific dimensional, color and identification requirements. Much like accessible parking signage, the differences between state and federal requirements can differ. Unless you are very familiar with the applicable standards, you would be well advised to hire a licensed professional to mark your parking correctly.

Ground Surfaces

The ground surfaces within the parking spaces and access aisles must be level (2% max) and free of changes in elevation. A ground surface slope of 2% maximum will allow a wheelchair user to safely enter and exit their vehicle without inadvertently rolling away. It also provides enough slope to shed water and prevent puddling. The most common changes in elevation that we find in accessible parking is uplifted concrete/asphalt, significant cracking and truncated domes. Pro-tip: Truncated domes should never be installed within a parking stall or access aisle.

Common ADA Parking Violations.

Missing or Non-Compliant Signage

Incorrect Parking Stall Dimensions

Missing or Non-Compliant Access Aisle

Slope Greater Than 2%

Built Up Curb Ramps Located in the Access Aisle

Truncated Domes Installed Within the Access Aisle

Poor Accessible Parking Dispersion

Parking Not Located on an Accessible Route or The Accessible Route Passes Behind Parked Vehicles

How to improve ADA parking.

The Americans with Disabilities Act has been the law of the land for more than 30 years. If your parking lot does not already provide accessible parking, then it really should be a priority. Not only will you reduce the risk of being targeted with an ADA lawsuit risk but providing ADA compliant parking may prevent construction project delays because of Path of Travel issues.

The first step to improving disability access for parking is to hire a professional that understands the applicable standards that apply to your particular facility. If you provide parking in California, we recommend contacting one of our experienced Certified Access Specialists. A CASp inspector will provide you with impartial guidance and grant legal benefits that can mitigate exposure to a construction-related accessibility lawsuit.

There are deteriorated areas of asphalt due to wear and tear of the surface over the years.

Resealing and adding new stripping is needed now.

Repairs should be expected in a few areas.

The handicapped parking designations and signage are not correct.

Regardless of how many accessible parking spaces you must have, the first handicapped space should comply with the ADA parking requirements for van accessibility in California. This space should also be properly labeled for asphalt maintenance.

The number of ADA-compliant accessible parking spaces you must have is dependent on how many total spaces are in your parking lot:

Fewer than 100 total spaces: You must have one accessible parking space for every 25 spaces. Thus, if you have 50 total spaces, you would need two accessible parking spaces.

100 to 150 total spaces: You must have at least five accessible parking spaces.

151 to 200 total spaces: You must have at least six ADA-compliant accessible parking spaces.

201 to 300 parking spaces: You must have at least seven ADA-compliant handicapped spaces.

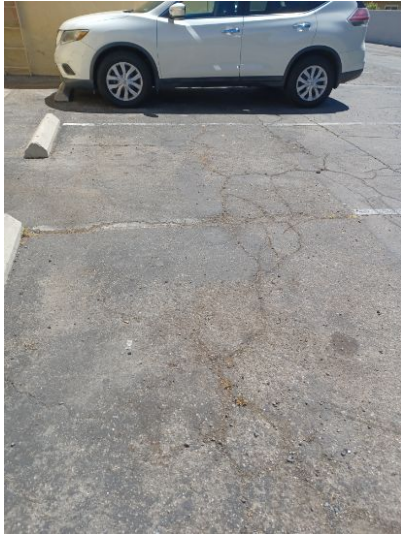
301 or more total spaces: You must have one accessible parking space for every eight spaces.

Accessible parking spaces should provide access to the building via the shortest and most direct route possible. Curbs in the path between the space and the building must have a ramp, but the ramp cannot intrude into the access aisle or parking space. You must provide clearly marked crosswalks if the route passes through a vehicular traffic path.

ADA Parking Sign Requirements in California

A sign that identifies a parking space should include the international symbol for accessibility and be mounted at least 80 inches above the ground. This requirement is put in place so the symbol can be seen even when a vehicle is parked in a space. If a parking space is van accessible, it should include a designation for this.

There should also be tow-away signs located at every entrance to the parking lot or adjacent to the accessible spaces. These signs should state that if an unauthorized vehicle is parked in a designated handicapped space, it will be towed at the owner's expense. The sign should also include the address and phone number for the location where the towed vehicle can be reclaimed.



There are significant cracks and shifted areas of the walkways.



Flat site

A visual inspection of the site drainage and slope found it to be in a serviceable condition at time the of inspection.

Opinion of Probable Cost

An Opinion of Probable Cost (OPC) is an estimate by the inspector regarding certain areas of the property that may need repair or upgrade.

These estimates are based on the knowledge by the inspector of current market conditions. The OPC should not be relied on solely for information on direct costs as market conditions and the labor force are constantly changing. The OPC is meant as a guide to help a Client understand the condition of the building that the report is written about.

Actual quotes can be obtained from a contractor regarding the needed changes or upgrades.

An Opinion of Probable Cost (OPC) is an essential component of the due diligence process for commercial property inspections. It serves as a preliminary estimate of the potential costs associated with a property, providing valuable insights to prospective buyers, owners, and investors. This document outlines the expected expenses related to the acquisition, maintenance, and potential improvements of a commercial property, helping stakeholders make informed decisions. Whether you're considering purchasing a new property or evaluating the financial viability of your existing assets, an OPC is a valuable tool for understanding the financial implications and planning for the future of your commercial real estate investments.

A client's responsibility to verify pricing in an Opinion of Probable Cost is a crucial aspect of any commercial property transaction, whether buying, leasing, or selling. While an OPC provides valuable estimates of potential costs, it is, by its nature, an approximation and should be treated as such. Here are a few key reasons why it's the client's responsibility to verify pricing:

Market Fluctuations: Real estate markets are dynamic, and costs can vary over time. What might have been an accurate estimate when the OPC was prepared could change due to market fluctuations, economic conditions, or other external factors.

Property-Specific Variables: An OPC is based on general assumptions and data available at the time of preparation. However, each commercial property is unique, and specific factors like property condition, location, and individual project requirements can significantly impact costs.

Updated Information: Construction costs and industry standards evolve, and materials and labor prices can change. Therefore, clients should engage with professionals to ensure the estimates in the OPC are current and relevant to their specific project.

Customization: Commercial properties often require customization or specific modifications to meet a client's needs. These customizations may not be fully reflected in the initial OPC and need to be accounted for separately.

Risk Management: Relying solely on an OPC without verification could lead to unexpected costs and financial risks. Clients should engage experts such as contractors, engineers, or quantity surveyors to validate the estimates and assess potential risks.

Budget Planning: To make informed financial decisions, clients need accurate and up-to-date cost information. Verifying pricing in the OPC allows for more precise budgeting and financial planning, reducing the potential for costly surprises.

In summary, while an Opinion of Probable Cost is a valuable starting point, it should not replace the client's proactive role in verifying and updating pricing information. Engaging with professionals, conducting due diligence, and staying informed about market conditions are all essential steps to ensure that the financial aspects of a commercial property transaction are well-managed and aligned with the client's goals and expectations.

Using the Opinion of Probable Cost (OPC) solely for general information and budgeting purposes is a valid and practical approach for many clients in commercial property transactions. When the OPC is employed in this manner, it serves as a valuable tool for preliminary financial planning and understanding the overall cost landscape associated with the property. Here are a few advantages of using the OPC in this way:

Budgeting Guidance: The OPC provides a rough estimate of potential costs, allowing clients to create initial budgets and financial projections. This is especially helpful in the early stages of property evaluation.

Risk Awareness: Even when used for general information, an OPC can highlight areas where costs might be higher or lower than expected. This awareness helps clients anticipate potential financial challenges and opportunities.

Comparative Analysis: Clients can use the OPC to compare costs between different properties or scenarios. It aids in evaluating the financial feasibility of various options and making more informed decisions.

Negotiation Leverage: Having a ballpark figure from the OPC can provide clients with negotiation leverage when buying or selling commercial properties. It helps set realistic expectations and facilitates discussions with other parties involved.

Project Viability: For clients considering property improvements or development, the OPC can be a useful starting point for assessing the viability of their projects. It allows them to gauge if their envisioned improvements align with their budget constraints.

It's important to remember that while using the OPC for general information and budgeting is valuable, it does not replace the need for due diligence and professional advice, especially if the property transaction involves significant financial commitments. Clients should be aware that actual costs may vary, and the OPC should be considered a preliminary estimate rather than a definitive figure.

Clients can benefit from the OPC's insights, but they should remain open to further investigation, verification, and consultation with experts when making critical decisions about commercial property transactions. This approach helps strike a balance between informed budgeting and prudent risk management.

OPINION OF PROBABLE COST

Address: 1234 Main Street
 Date: 8/17/23

Definition: An Opinion of Probable Costs (OPC) is an estimate of the expected costs of repairs or replacements that are likely necessary over the next 1-5 years

PURPOSE:

The OPC is outlined for the Client and divided into categories including;
 - Immediate Repair Costs
 - 1 Year Repair Costs
 - 5 Year Repair Costs
 - Replacement Recommendations

Please review the actual report for limitations that may affect these estimates.

Description	Approx Age	Remaining Life	Immediate Repairs	1 Year	5 Years	Recommendations
1 Sewer Line	55 Years	20 Years	\$2,500		\$1,000	Inspect after cleaning. City connection was not accessed
2 Roofing	15 Years	5 Years	\$10,000	\$2,000	\$175,000 - \$195,000	The roofing is old. It has been patched in areas. Replace within the next 2-4 years.
3 Parking Area	15-20 years	2-3 years	\$4,500	\$8,000	\$120,000- \$140,000	The accessible parking areas need to be properly defined now.
10 TOTAL			\$17,000	\$10,000	\$271,000 - \$316,000	

COMMENTS;

The HVAC systems in each space is the responsibility of the tenants. The comments in this report refer mainly to overall condition.

The interior electrical and plumbing are the responsibility of the tenants

The interior FF&E in each space, including the kitchen equipment is the responsibility of the tenants.

Glossary

ABS	Acronym for acrylonitrile butadiene styrene; rigid black plastic pipe used only for drain lines.

Report Summary

The summary below consists of potentially significant findings. These findings can be a safety hazard, a deficiency requiring a major expense to correct or items I would like to draw extra attention to. The summary is not a complete listing of all the findings in the report, and reflects the opinion of the inspector. Please review all pages of the report as the summary alone does not explain all of the issues. All repairs should be done by a licensed & bonded tradesman or qualified professional. I recommend obtaining a copy of all receipts, warranties and permits for the work done.

Page 7	Gas System Condition	There are areas of rusty and deteriorated gas piping on the property. Recommend paint seal
Page 13	Cooling System Condition	<p>The air conditioning system is older and well into its life. It is currently working but it is not known how much longer it will last. It should have proper maintenance on a regular basis to ensure it is operating as efficiently as possible</p> <p>It was noted that some of the HVAC systems installed use R22 refrigerant. R22 is being phased out due to its impact on the environment and its contribution to ozone depletion. The production of R22 has been gradually decreasing over the years. This may cause the systems to become more difficult or expensive to service. If further information is needed, a consultation with an HVAC contractor is recommended.</p>
Page 14	Condensate Drain Line	<p>The condensate line is disconnected. This should be repaired.</p> <p>It was noted that a few of the HVAC system had water pooling underneath the housing of the package unit. This is an indication of poor drainage of the condensation line and could lead to damage to the metal flashing pan or even leakage into the below business space. Evaluation is recommended.</p>
Page 15	Ducting & Grills	There are ducts installed on the roof. These are exposed to the weather and the waterproof coating and sealer covering them is deteriorating
Page 16	Evaporative Cooler.	There are systems no longer operating. Removal recommended if no longer in use

<p>Page 18</p>	<p>Roof Covering Condition</p>	<p>There are bubbled areas of roofing material. This could be an indication that some moisture has gotten under the material or that the sheathing installed under shingles is deteriorated or poorly installed.</p> <p>The roofing material is worn out and falling apart in areas. The roof is at the end of its life is ready for replacement.</p> <p>The gravel or rock covering has shifted leaving areas of underlayment exposed. This allows the sun to beat down on it causing cracks and promoting leaks. The roof covering should be serviced and corrected.</p> <p>There are patches on the roof, these are a possible indication that there have been problems with the roof at some point in time. The seller could be consulted on the past of this area.</p> <p>The roof covering condition appears to be nearing the end of its expected useful life. Roofs have a life span and this one is at or very close to the end of it. Replacement should be considered, and budgeting started at this time.</p>
<p>Page 21</p>	<p>Exposed Flashing</p>	<p>The metal flashing is rusting and corroded in areas</p> <p>The flashing around the rooftop heating/cooling system is only mastic around the edges which is not a reliable long term seal. This will be a higher maintenance item.</p> <p>The parapet wall flashing is in poor condition.</p> <p>The flashing is not standard and may not be a reliable installation, it will require high maintenance to ensure that it remains leak free</p>
<p>Page 22</p>	<p>Gutters</p>	<p>There are areas where the gutter system is filled with debris and needs to be cleaned out. This includes all accumulated roof debris on the roof itself</p> <p>There are rusty areas in the gutter system</p> <p>The gutter is sloped improperly and water will not fully drain out of it</p>
<p>Page 23</p>	<p>Comments</p>	<p>As noted at the interior portion of the report, there are signs of water intrusion and moisture stains inside the building. Consult the current owner for the history of the leaks and/or repairs</p>

<p>Page 29</p>	<p>Driveway / Parking</p>	<p>There are deteriorated areas of asphalt due to wear and tear of the surface over the years.</p> <p>Resealing and adding new stripping is needed now.</p> <p>Repairs should be expected in a few areas.</p> <p>The handicapped parking designations and signage are not correct.</p> <p>Regardless of how many accessible parking spaces you must have, the first handicapped space should comply with the ADA parking requirements for van accessibility in California. This space should also be properly labeled for asphalt maintenance.</p> <p>The number of ADA-compliant accessible parking spaces you must have is dependent on how many total spaces are in your parking lot:</p> <p>Fewer than 100 total spaces: You must have one accessible parking space for every 25 spaces. Thus, if you have 50 total spaces, you would need two accessible parking spaces.</p> <p>100 to 150 total spaces: You must have at least five accessible parking spaces.</p> <p>151 to 200 total spaces: You must have at least six ADA-compliant accessible parking spaces.</p> <p>201 to 300 parking spaces: You must have at least seven ADA-compliant handicapped spaces.</p> <p>301 or more total spaces: You must have one accessible parking space for every eight spaces.</p> <p>Accessible parking spaces should provide access to the building via the shortest and most direct route possible. Curbs in the path between the space and the building must have a ramp, but the ramp cannot intrude into the access aisle or parking space. You must provide clearly marked crosswalks if the route passes through a vehicular traffic path.</p>
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		<p>ADA Parking Sign Requirements in California</p> <p>A sign that identifies a parking space should include the international symbol for accessibility and be mounted at least 80 inches above the ground. This requirement is put in place so the symbol can be seen even when a vehicle is parked in a space. If a parking space is van accessible, it should include a designation for this.</p> <p>There should also be tow-away signs located at every entrance to the parking lot or adjacent to the accessible spaces. These signs should state that if an unauthorized vehicle is parked in a designated handicapped space, it will be towed at the owner's expense. The sign should also include the address and phone number for the location where the towed vehicle can be reclaimed.</p>
Page 30	Walkways	There are significant cracks and shifted areas of the walkways.