

November 21, 2011

ABC Property Investments,

Thank you for giving Metro Inspections the opportunity to inspect your real estate investment. I hope that my inspection findings provide you with clear and concise information associated with the property located at 8221 Grand Ave, Austin, TX 78668.

If you have any questions regarding the report or its contents, please contact me at (512) 318-5810 and I will be glad to clarify any items that may be in question.

Again, thank you for your business and I look forward to assisting you with future real estate inspections.

Sincerely,

A handwritten signature in blue ink that reads 'Justin A. Poague'. The signature is written in a cursive style with a small dot above the 'i' in 'Justin'.

Justin Poague

Texas Professional Real Estate Inspector # 9076

Texas Structural Pest Control Board #14072



Commercial Inspection of Property located at 8221 Grand Avenue, Austin, TX 78668

SCOPE OF INSPECTION

The scope of this report includes a visual inspection of the foundation and structure, roof, site drainage and improvements and other miscellaneous building systems and features. Operational tests of the equipment and systems have been limited to those systems active and readily accessible at time of inspection. As such, this report does not constitute a full inspection in accordance with the Standards of Practice (sections 535.227-535.233) of the Texas Real Estate Commission. Due to the nature of the property and scope of the requested inspection, the departure clause has been affected. Only those items addressed in the body of the report have been inspected. No operational testing or inspections have been made on security, telephone, or fire protection systems. Compliance with Americans with Disabilities Act, mold detection and indoor air quality concerns are beyond the scope of this inspection.

Inspectors note:

Parking lot, exterior lighting, appliances, fire suppression, security alarms, septic systems and landscape sprinklers were not inspected.

FOUNDATION, STRUCTURE, AND STRUCTURE DRAINAGE

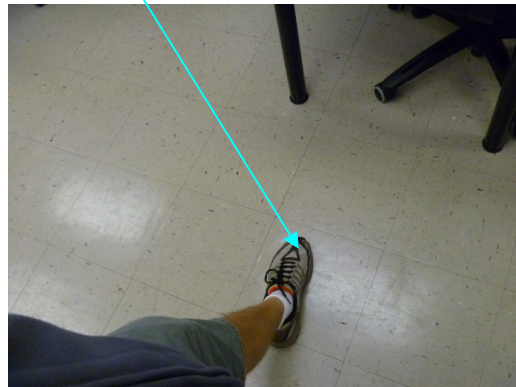
TYPE OF FOUNDATION / GRADING / DRAINAGE COMPONENTS

FOUNDATION: Concrete slab on grade

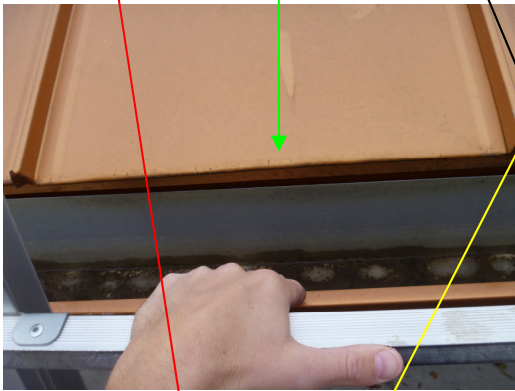
DRAINAGE: Grade and Gutters

Observations and Recommendations:

- Foundation-The slab foundation appears to be performing adequately at present time, however, there are raised areas and dips noted in center section of all 4 units. From a visual inspection, it appears to be repairs/rough installation of plumbing line tunnels from final floor layout, but the final repairs did not provide for a level floor. Recommend structural engineer review contractor blueprints and rough in tunnels to determine if any structural integrity was compromised.
- Slab edge has some rough areas and does not appear to have a parge coat applied around perimeter. Unable to determine if post tension cables were used.



- Roof mounted gutters have loose areas that need to be secured with brackets and some sections are holding leaves/debris and standing water that needs removal. Adding splash block at back downspout will help with erosion control.
- Drainage appears to be negative towards the building at the South side (Ramble Creek street). In addition, there are some soft pockets a few feet from the building on South side (1 pocket will allow water ponding and needs backfill). Monitor drainage/runoff after rains to ensure water does not pond around slab.
- Soil/mulch line is too high at back and right side locations-needs to have slab to brick joint exposed.
- Also noted slab form boards left in place that need removal as there are live termites attacking wood. Recommend termite treatment as needed by professional applicator.



EXTERIOR / INTERIOR

TYPE OF COMPONENTS

EXTERIOR WALLS: Brick with wood and metal trim

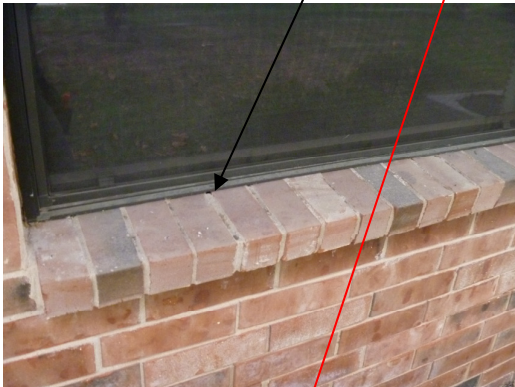
WINDOWS & DOORS: Windows are double pane, safety glass with wood doors.

FLOORS: Vinyl and carpet

INTERIOR CEILINGS & WALLS: Suspended tile ceiling with sheetrock walls

Observations and Recommendations:

- Units 202 & 203 have missing twist knobs on deadbolt locks. Most front entry doors have damaged/deteriorated threshold sweeps.
- Unit 200 has missing hinge screws on back office door.
- Unit 201 has a binding/damaged jamb on back office door and bathroom door wont stay in set position. Also noted cracked window at back office.
- General caulking needed around window frames, brick frieze, joints, etc. Large gaps noted around window frames at East end.
- Metal awning on East side has only 1 bolt securing left frame rail. Loose fascia trim noted above front of unit 200.



ROOFING STRUCTURE AND COVERING

TYPE OF ROOFING SYSTEM

ROOF STYLE: Metal standing seam-hip with truss framing

METHOD OF INSPECTION: Walked entire roof

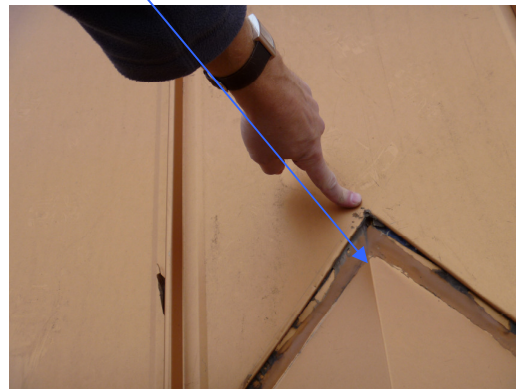
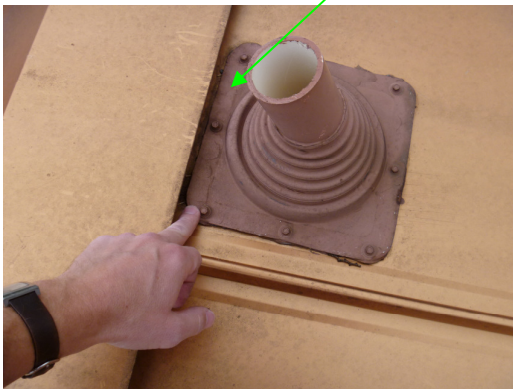
ATTIC ACCESS: Suspended drop ceiling panels in each unit

VENTILATION: Main ridge vent with soffit vents at eaves

INSULATION: Attic has fiberglass bat rolls, apprx 6-8" thick

Observations and Recommendations:

- Roof appears to be in good condition with no current leaks noted in attic. A few joints on roof surface need to be caulked.
- Fire blocking/separation divider was noted in attics.



SIDEWALKS / FLATWORK / SAFETY

Observations and Recommendations:

- Cracking/settling noted on sidewalk at unit 203 entry.
- No fire extinguishers were noted at the exterior common area for quick access.



HVAC SYSTEMS

TYPE OF HVAC SYSTEMS

EQUIPMENT: All electric split systems

SETUP: Blowers & evaporators located in attic, condensers located on South side

Observations and Recommendations:

***A/C Temperature Readings:

Unit 200: 59°F at Supply Vents/ 75°F at Return Air Filter

Unit 201: 58°F at Supply Vents/ 67°F at Return Air Filter

Unit 202: 54°F at Supply Vents/ 66°F at Return Air Filter

Unit 203: 43°F at Supply Vents/ 60°F at Return Air Filter

- Temps highlighted in red above for unit 201 & 202 are not within the recommended 15-22' drop range and may indicate a low level of freon or other cooling issues. Recommend having a complete checkout of all 4 units by licensed service company.
- All heating units exceeded 100°F in a reasonable time frame.
- Due to limited attic access thru ceiling panels, the blower/evaporator coils/drain pans/ducts were not inspected.
- A few ducts had damaged insulating wrap noted and thermostat control in unit 203 is defective.
- Condenser unit for unit 203 is leaning/sinking into mulch-needs leveling on support pad. Wiring on condensing unit 202 is exposed on top of grill.



PLUMBING SYSTEMS

DESCRIPTION OF PLUMBING SYSTEMS

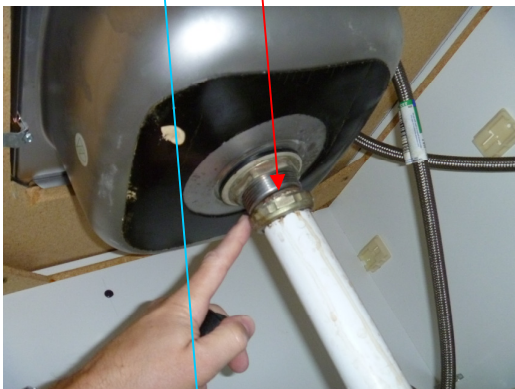
WATER METER LOCATION: Back right-SW corner

WATER HEATING EQUIPMENT: Electric-10gal in unit 202, 2.75gal in units 200 & 201, and unit 203 did not have one installed.

STATIC WATER PRESSURE: 35-40psi at right hose bib

Observations and Recommendations:

- Unit 200-Noted a clogged aerator on bathroom sink and missing aerator on kitchenette sink. Also need caulking around commode bowl floor joint.
- Unit 201-Water heater has signs of previous leak, kitchenette sink drain is loose/leaking at mounting flange and toilet tank lid is cracked.
- Unit 202/Salon-Left hair washing sink has signs of leaking at drain flange and separate supply line valve cutoffs were not present. Water heater is missing drain pan, wiring is laying on floor (not in protective conduit) and T,P&R valve drain is loose on exterior back wall.
- All Units-Bathroom sinks were loose on wall cleats and water heaters were missing drain pans, though heated water was noted at faucets for 200,201,202.
- Exterior-Hose bibs are missing backflow, anti-siphon prevention devices/vacuum breakers.
- Main meter and lines-Behind unit 202 one of the main shutoff valves appears to be damaged/possibly leaking. There was movement at main meter wheel with all valves shutoff. Recommend plumber checkout and repair any leaks as needed.
- Vents-only noted 2 wet vents on roof surface, unable to determine if this is adequate drainage per design.



ELECTRICAL SYSTEMS

DESCRIPTION OF ELECTRICAL SYSTEMS

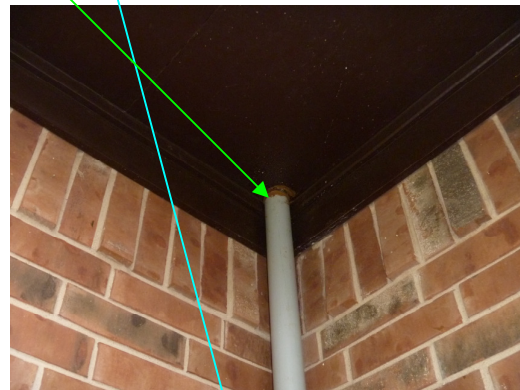
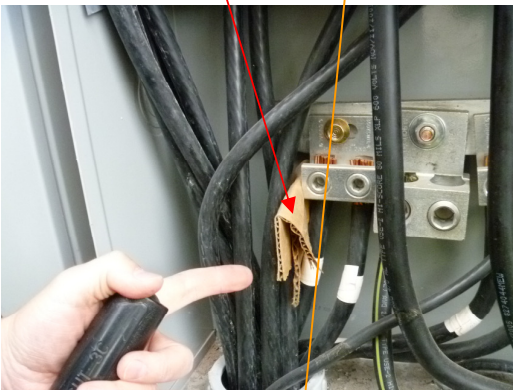
SERVICE ENTRANCE LOCATION: South East corner

PANEL LOCATIONS: Sub-panels noted in each unit

DISTRIBUTION WIRING: Copper

Observations and Recommendations:

- All 4 subpanels-A/C circuits have 30amp breakers but unit tags call for 15amp max per manufacturer.
- Exterior GFCI outlet by electric meters is not working/button wont reset.
- Outlets in unit 202/salon near wet areas/wash stations are not GFCI protected.
- Main meters-conduit is loose at soffit corner entry and cardboard shim needs removal in raceway panel.
- Underground wiring is exposed at SE corner by electric meters.
- Recommend having an electrician repair items noted above as needed.



IMPORTANT AGREEMENTS AND LIMITATIONS

What we do:

- 1) We note whether each inspected item is performing the function for which it was intended, or is in need of repair or replacement.
- 2) We perform our inspections visually only meaning we can inspect and report only what we see. All other warranties are disclaimed.
- 3) If you have questions or need clarification, please contact us for further explanation.

What we do not do:

- 4) We do not make guarantees, warranties, representations, or insure the future performance of any item. If you like a warranty or insurance policy, you must obtain it from a licensed company. Please remember that all items in any property will have ordinary wear and tear.
- 5) We do not inspect any item which we cannot see visually. For example, we do not move furniture, boxes, equipment, coverings or other furnishings. Additionally, we do not uncover buried pipes or other items. Repairs or remodeling may hide evidence of prior damages or defects and we suggest asking the seller about repairs, improvements, etc.
- 6) We do not inspect for building codes, soil analysis, adequacy of design, capacity, efficiency, size, value, flood plain location, pollution or habitability. Please remember that older structures do not meet current standards, even though items in both may be performing the function for which they are intended.
- 7) We do not hold ourselves out to be specialists or engineers for any particular field; rather we are a general real estate inspection company. Also, we do not provide estimates for repair costs of any item.
- 8) No intrusive, moisture, and/or indoor air quality tests were performed as they are beyond the scope of this inspection. It should be noted that various fungi, molds, and mildew flourish in an environment provided by moist and/or water damaged conditions. A growing concern includes the adverse affect on indoor air quality and the potential for inherent health hazards with immune-compromised individuals. Professionals in this specialized field of study continue to prove the direct relation of microbial growth with conditions which are the result of damage due to interior water intrusion. After water enters the fibers of most cellulose-based building materials such as wood, drywall and fiberglass or cellulose insulation, the time frame for numerous species of microbial growth may start in as little as four hours. Proper remediation is critical for deterring microbial growth if found in the property.

What You Must Do:

- 9) If you have complaints regarding our inspection, you must notify us in writing immediately and let us re-inspect before repairing any items.
- 10) If we report that an item is not performing its intended function, needs repair or replacement, or shows evidence of damage we urge you to contact a specialist before purchasing the property.
- 11) You agree that to the extent allowed by law, any damages for breach of this contract are limited to the amount of the inspection fee.
- 12) If you take legal action regarding this inspection, but do not prevail, you agree to pay our reasonable attorney's fees.
- 13) You represent to us that (1) the inspector has not made any oral representations that are different from or in addition to what is written in this report, and (2) you agree to each provision of this report by relying on it in any way.
- 14) You must not allow anyone else to use or rely on this report without our prior written consent. Inspections are performed for the person, individual or companies named on the report, and are not transferable.

Inspected and prepared on: 11-21-11 by Justin Poague