

DUE DILIGENCE COST ANALYSIS EXAMPLE

Real Client Assessment (Name and Address Omitted for Privacy)

PROPERTY SPECIFICATIONS

- Originally _____ Courts Assisted Living
- Developed and Constructed circa 1999-2000
- Building - Approximately 27,000 sq. ft.
 - Central Core and Reception – Approximately 7000 sq.ft.
 - Each Wing – Approximately 5000 sq.ft.
- Exterior – 3+ acres
 - Parking area and Dumpster Coral at front of building.
 - Wandering area, gardens, sitting areas, and porch in back.
- 100% memory care.
- 64 beds. 16 per wing.
- Central Common Areas and Lilac Wing Renovated 2016

IMMEDIATE NEEDS COST SUMMARY.

This inspection was to assist in determining the overall condition of the property and what extra ordinary repairs may need to be made immediately (ASAP), in 1-2 years and in 3-4 years. Those repairs are included in the accompanying spreadsheet and do not include any normal wear and tear items, typical deterioration items, any items expected to be addressed with unit turn or with standard maintenance. No testing of any kind was completed to determine areas of concern. This inspection was completed on a visual basis only, and therefore limited to what was accessible at the time of the inspection and what was readily visible during the inspection.

GENERAL

Overall interior of the building appears to be in satisfactory condition, with approximately 60% of the interior common areas in excellent condition as those areas were renovated in 2016. However, 3 residential wings, the kitchen and all 64 residential rooms have not been renovated.

Overall the exterior envelope of the building appears to be in good condition. The roofing, windows, siding, slab and other exterior building items appear sound.

Overall the areas surrounding the building are in fair to poor condition. The parking lot is failing, 1 storm water drain is failing, the dumpster area concrete is cracked, 40% of the exterior pole lighting doesn't work, the landscaping has been neglected and there are signs of soil erosion inside the back fence.

EXTERIOR ITEMS

Parking Lots: The parking spaces appear to be in good condition but the drive lanes are in poor condition.

NOTE: Areas at the center of the drive lanes are failed or failing and must be repaired. Approximately 1000 sq.ft. of asphalt should be removed and replaced asap. Crack filling (approx. 800 lin.ft.) should be done in 1-2 years. A full overlay (approx. 3500 sq.ft.) should be completed in 3-4 years

Parking Area Drainage System: There are 4 concrete drain vaults and underground piping located along the center line of the parking lot that remove water from the parking areas and the grassy areas at the front of the building. 1 of the vaults is failing and sinking and should be repaired asap. The balance of the drain vaults will need to be repaired in 3-4 years.

NOTE: There may be substantial settlement along the piping at the failing vault that could be causing water to trap in the pipes and some of the drains. This trapping does not appear to be so severe that water floods the parking lots or other areas, but a survey of the piping using a transit to determine the level of deflection is recommended

Concrete Dumpster Drive and Pad: The concrete drive and pad behind the fencing are cracked severely. The slab and drive will need replacing in 1-2 years. Epoxy crack filling is recommended asap.

Sidewalks: Sidewalks appear to be in good shape other than 2 or three blocks that need replacement.

Exterior Pole Lights: All the poles appear to be in good condition. However, approximately 40% of the lights were not working. It is assumed this problem is due to burned out light bulbs and/or a photo cell issue for those lights.

Exterior Vinyl Siding: The siding appears to be in good condition. A few vinyl shutters need to be secured, and it all should be pressure washed.

Gutters and Downspouts: The gutters and downspouts appear to be in good condition.

Roofing: The roofing is 40 yr. architectural asphalt shingles. It appears to be in good shape.

Facia and Soffit : Facia is aluminum clad wood and soffit is perforated vinyl. Both appear to be in good shape, but need cleaning.

Exterior Woodwork: The rear portico, seating, posts and doors appear to be in satisfactory condition but all is in need of reconditioning and painting.

Backyard Shed: Overall the shed appears to be in good shape, but is in need of some carpentry repairs and painting.

Exterior Perimeter Fencing: The fence appears to be in good shape, but is in need of pressure washing. Clearing a 3ft path around the exterior of the fence is recommended.

Landscaping: It is early in the season so the landscaping may appear worse than it really is but it appears to need grooming, mulching and other attention. **The grass needs seeding, grooming and fertilizing. The “filter cloth” under the mulch and soil is exposed in many areas and must be cut back and/or covered.**

Exterior Underground Sprinkler System: **Sprinkler system does not work at all. Maybe due to pumping equipment, frozen pipes, damaged heads or all of the above.**

INTERIOR SYSTEMS

Electrical System: The electrical panels and circuit breakers are original to the building. They appear to be in good condition.

Plumbing Piping: The waterlines appear to be copper and the waste lines are PVC. Both appear to be original to the building. Both appear to be in good condition.

Hot Water Tanks: There appears to be 4 hot water tanks. They are original to the building. They seem to be in satisfactory condition for their ages.

NOTE: **Although all tanks are working, they are reaching the end of their useful lives. 2 will need to be replaced in 1-2 years, and 2 will need to be replaced in 3-4 years.**

Common Area HVAC: There are 10 common area systems. They are gas fired furnaces with electric air conditioning. **These systems are in poor condition.** 4 of the exterior condensing units have been replaced, and one has been repaired. The rest of the exterior condensing units are original and all 10 interior air handling units are original.

NOTE: **The common hvac units are reaching the end of their useful lives. Assume 2 will need to be replaced in the next year, 4 will need to be replaced in 1-2 years, and the balance in 3-4 years.**

Residential Unit HVAC: Each apartment unit has its own “through the wall” heat pump. 10 have been replaced.

NOTE: **The hvac units have reached the end of their useful lives. Assume 10 will need to be replaced in the next twelve months. 25 will need to be replaced in 1-2 years. 20 will need to be replaced in 3-4 years.**

Natural Gas: Gas lines appear to be in good condition.

Sprinkler: Sprinkler system is original black pipe “wet” system. Sprinkler appears to be in satisfactory condition.

NOTE: All your sprinkler piping is “black” pipe not galvanized. Black pipe has a life expectancy of 20 years. Wet system piping may last longer than dry system piping. I expect leaks will begin to occur more and more frequently as it ages.

Generator : The back-up generator is original to the building. It appears to be in satisfactory condition for its age. I recommend a full PM and assessment by Generator company.

Kitchen Appliances: All kitchen appliances appear to be original. All are working properly per the chef, but there has been a major repair to the refrigerator and the freezer equipment is reaching the end of its useful life. I recommend a full cleaning, PM, and assessment of all kitchen equipment from a kitchen equipment contractor.

NOTE: The main kitchen does not have a commercial dishwasher. The dishes are washed in each neighborhood

Neighborhood Kitchen Appliances: All neighborhoods have their own kitchens with refrigerators, stoves and dishwashers. The refrigerator and stoves appear to be in satisfactory condition.

NOTE: All the facility dishes are washed in the neighborhoods after meals are served. These dishwashers are original. At least one dishwasher is showing signs of malfunction. I recommend a full PM and assessment by kitchen equipment contractor. Assume 1 dishwasher replacement in 1-2 years and 2 dishwashers replaced in 3-4 years.

Neighborhood Laundry Appliances: Each neighborhood has 1 residential washer and 1 residential dryer. All residential laundry is done in these machines. All may be original.

NOTE: 3 sets appear to work well, but one Washer and Dryer is near failure and will need to be repaired asap. 2 sets will need to be replaced in 1-2 years, and 4 sets will need to be replaced in 3-4 years.

FINISHES AND INTERIORS

Common areas including but not limited to reception, offices, conference rooms, wellness centers, activities, dining, and other common areas were renovated in 2016 and in excellent shape.

The kitchen is original and has not been renovated but appears to be in good condition.

The Lilac neighborhood common areas and halls were renovated in 2016 and are in excellent shape.

NOTE: The Lilac neighborhood residential rooms and laundry room have not been renovated. They are original to the building but appear to be in satisfactory condition for their age and use.

Two of the remaining three neighborhoods are original in finish. They appear to be in satisfactory condition for their age but are very dated and need full updating and/or renovation.

NOTE: One of the remaining 3 neighborhoods has been partially renovated by staff. The workmanship by staff is very poor. Recommend staff cease renovations and turn completion of hall to a professional contractor.

COST SUMMARY FOR REPAIRS

Immediate (ASAP)	\$82,000.00
1-2 Years	\$129,000.00
3-4 Years	\$224,000.00
5-10 Years	\$249,000.00