

IN THE SUPREME COURT OF THE STATE OF NEVADA

FEDERAL HOUSING FINANCE
AGENCY, in its capacity as Conservator for
the Federal National Mortgage Association,
and FEDERAL NATIONAL MORTGAGE
ASSOCIATION,

Appellants,

vs.

WESTLAND LIBERTY VILLAGE, LLC,
a Nevada Limited Liability Company; and
WESTLAND VILLAGE SQUARE, LLC a
Nevada Limited Liability Company,

Respondents.

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Dec 07 2021 04:52 p.m.
Elizabeth A. Brown
Clerk of Supreme Court
Case No. 83695

APPEAL

From the Eighth Judicial District Court
The Honorable Kerry Earley and Mark Denton, District Court Judges
Case No. A-20-819412-C

APPELLANTS' APPENDIX VOLUME XII

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DATED: December 7, 2021

FENNEMORE CRAIG, P.C.

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**Pro hac vice application to be submitted*

*Attorneys for Petitioner
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Federal National Mortgage Association*

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CERTIFICATE OF SERVICE

I, the undersigned, declare under penalty of perjury, that I am over the age of eighteen (18) years, and I am not a party to, nor interested in, this action. On December 7, 2021, I caused to be served a true and correct copy of the foregoing **APPELLANTS' APPENDIX VOLUME XII** upon the following by the method indicated:

- ☐ **BY E-MAIL:** by transmitting via e-mail the document(s) listed above to the e-mail addresses set forth below and/or included on the Court's Service List for the above-referenced case.
- ☒ **BY ELECTRONIC SUBMISSION:** submitted to the above-entitled Court for electronic filing and service upon the Court's Service List for the above-referenced case.
- ☐ **BY U.S. MAIL:** by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at Las Vegas, Nevada addressed as set forth below:

/s/ Maricris Williams

An Employee of SNELL & WILMER L.L.P.



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Covered common breezeways present?	No
Roof Type	Pitched
Roof Type Description	Concrete Tile
Multifamily Building Construction Type	Wood Frame
Multifamily Building Construction Type Description	Reinforced Masonry
Walkway Construction Type	Wood Frame
Walkway Construction Type Description	None
Energy Compliance and Reporting?	No
Units inspected selected by PCA Consultant?	Yes
No. of Units Inspected	49
Percent of Units Inspected	6.81%
Estimated Annual Unit Turnover	Not Reported



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1.1 Property Description

The Property is located on the west side of North Lamont Street in Las Vegas (Sunrise Manor), Nevada. Adjacent properties include undeveloped land to the north; East Colton Avenue followed by a large commercial facility occupied by DHL to the south; North Lamont Street followed by mixed use to the east; and undeveloped land followed by Marion Drive and single family residential to the west. The Property consists of 90 two story residential buildings containing 720 one, two and three bedroom apartment units. There is also a separate leasing office building, four laundry buildings, and a former fitness center (currently not operational) on the Property. The site is located on a main thoroughfare with good street visibility, and the main entrances from North Lamont Street and East Colton Street are easily identified. The Property is relatively flat and is moderately landscaped with mature trees, shrubs, lava rock, and lawn areas. The buildings were constructed in one phase between 1986 and 1987 according to the Clark County Assessor's records. Construction is typical light wood framing with slab on grade foundations, pitched concrete tile roofs, and painted stucco exteriors.

Our survey of the Property was conducted by Jeff Roden on March 04, 2021 & March 5, 2021. The weather at the time of our survey was sunny and 70 degrees. At the Property, we met with Asset Manager Ruth Garcia. Ms. Garcia escorted us through the vacant dwelling units and the common areas. Ms. Garcia has been with the Property for approximately 5+ years and had a thorough knowledge of the history of the physical asset. Due to current health concerns (COVID-19 Virus) f3, inc. observed vacant and/or down units, and common areas. Occupied units were not inspected. f3, inc. enacts all the rules of social distancing per the guidelines implemented by the CDC. No additional limitations or constraints prevented the PCA Consultant from performing the entire required scope of the PCA as set forth in the instructions.



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1.1.1 Overall Condition Assessment

Of note, management has completed a significant amount of interior and exterior renovations since f3, inc. conducted a Property Condition Assessment for the Property on September 9-11, 2019. The following repairs were recommended at that time followed by the current percentage of completion:

1. Sidewalk Repair - 100% complete
2. Stairways/Landings/Patios/Balconies - 90% complete
3. Smoke & CO Detectors - 100% complete
4. Roof Repairs - 100% complete
5. Swimming Pool Repairs - 50% complete
6. Laundry Facility Renovation - 0% complete
7. Fitness Center Renovation - 0% complete
8. Moisture Management Plan - 0% complete
9. Pest Management - 100% complete
10. Vacant and Down Apartment Renovation/Repair - 90% complete
11. Carport Repair - 100% complete
12. Building Cladding - 95% complete
13. Sport Court Repair - 100% complete

f3 inspected the interiors of all 48 vacant units, 6 of which are in rent ready condition and 7 of which are "down" (unleasable). A complete listing of all units inspected and estimated repair/replacement costs required to return the 42 vacant/down units to rent ready condition (\$97,835) is attached to this report.

Buildings 3426 and 3517, containing a total of 16 units (2216, 1216, 2213, 1213, 2215, 1215, 2214, 1214, 2169, 2172, 1169, 1172, 2170, 1170, 2171, & 1171) were previously damaged by fire, have been renovated, and are completely occupied. Clark County performed fire damage assessment reports in 2018; however, the fees for these inspections (\$330) were never paid and subsequently two ACET-Liens have been imposed against the Property.

Additional corrective deferred maintenance is required to improve and maintain the overall quality of the asset.



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Overall the Property is in acceptable condition, and is equivalent when compared to properties of similar age and construction type. It is our opinion that the estimated useful life of the Property, in its current use, is at least an additional 30 years, if the repairs described in the report are made, the physical improvements receive continuing maintenance and if the various components and/or systems are replaced or repaired on a timely basis as needed.



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1.3 Cost Estimates

The summary of the opinion of probable costs for life safety, critical and deferred items, as well as a 12-year capital expenditure estimate is as follows

Summary of Recommended Repairs and Replacement Cost Estimates		
	Cost	Reference
Immediate Repairs: Life Safety Items (may impact health or safety)	\$ -	Section 2.4
Immediate Repairs: Critical Items (Recommend Completion within 6 months)	\$ 187,835	Section 2.4
Immediate Repairs: Deferred Maintenance (Recommended Completion with 12 months)	\$ 5,150	Section 2.4
Total of Immediate Repairs	\$ 192,985	Section 2.4
Replacement of Capital Items (Uninflated per unit / per annum)	\$ 359	Section 2.5
Replacement of Capital Items (Inflated per unit/ per annum)	\$ 422	Section 2.5
Inflation Rate:	3.0%	

The cost estimates for the repair or replacement of all systems or components are based on parts and equipment that meet the most stringent of either minimum specifications mandated by applicable federal, state and local building codes and regulations for renovations or the minimum guidelines established by the Environmental Protection Agency (EPA). No contingency factors are included in our cost estimates, since it is assumed that contingency amounts will be added by the Property owner and/or lender. The reserve replacements in Section 2.5 include the approximate total costs to complete the anticipated repairs and replacements over the loan term; It is the opinion of f3, inc., that a general contractor will not be required to complete the repairs outlined in our replacement reserve schedule.

A more detailed breakdown of the estimated costs is provided in the Cost Estimate Schedule located in Section 2:

- Section 2.4 Cost Estimate Schedules - Immediate Repairs and Replacement of Capital Items
- Section 2.5 Replacement of Capital Items Schedule



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1.4 Known Problematic Building Materials

Item	Identified (Yes / No)	Action Recommended (Yes / No)	Section Reference
KPBM Action Recommended		No	
Fire Retardant Treated Plywood (FRTD)	No	No	3.2.3
Compressed Wood or Composite Board Siding	No	No	3.2.4
Exterior Insulation and Finishing (EIFS)	No	No	3.2.4
Problem Drywall (aka "Chinese Drywall")	No	No	3.4.4
Unit electrical capacity less than 60 amps	No	No	3.3.5
Aluminum Branch Wiring	No	No	3.3.5
Electrical Overload Protection - Fused Subpanels	No	No	3.3.5
Federal Pacific Electric Stab-Lok panels	No	No	3.3.5
Ground Fault Circuit Interrupter (GFCI) in wet / exterior locations	Yes	No	3.3.5
Polybutylene Water Distribution Lines	No	No	3.3.1
Galvanized Steel Water Distribution Lines	No	No	3.3.1
Recalled fire sprinkler heads (Central, Omega, Gem, Star)	No	No	3.3.6
ABS Sanitary Piping	No	No	3.3.2
Recalled Cadet Brand Electric in-Wall Heaters	No	No	3.3.3
Recalled General Electric / Hotpoint dishwashers	No	No	3.4.6
Microbial Growth	No	No	4.1
Wood Destroying Organisms	No	No	4.2
Other	No	No	
KPBM Other Description	No Other KPBM Present		



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1.5 Project Team

The project team consisted of the following individuals:

Field Observer and PCA writer:

Jeff Roden, f3, inc.

PCA Reviewer:

Chris Davis, f3, inc.

A handwritten signature in black ink, appearing to read 'JR', followed by a long horizontal flourish.

Jeff Roden
Project Manager

A handwritten signature in black ink, appearing to read 'CD', followed by a long horizontal flourish.

Chris Davis
Principal, f3, inc.
Construction Management



SECTION 2 - LIFE SAFETY, CRITICAL, DEFERRED MAINTENANCE AND REPLACEMENT

Life Safety, Critical and Deferred Maintenance listings are discussed in this section. Following the sections pertaining to each specific type of recommended repair is the Immediate Repairs schedule which lists each of the designated immediate repairs, required remediation related to the presence of moisture, microbial growth, and pests; and/or repairs necessary for the Property to comply with all federal, state or local retro-commissioning, energy audit and reporting, or other energy-related compliance requirements as well as the estimated cost for completion.

2.1 Immediate Repair / Life Safety Issues

Life Safety concerns are items that have the potential to impact the health or safety of individuals living at, working at, or visiting the Property. Estimated costs for these items are included in the Immediate Repairs Table in Section 2.4.

No Life Safety items were noted during our survey.



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2.2 Immediate Repair / Critical Repair Items

Critical repair items are issues that f3, inc. recommends be addressed within the next six (6) months to prevent additional substantial deterioration to a particular system, to address an immediate need observed, or to extend the life of a system critical to the operation of the Property. Estimated costs for these items are included in the Immediate Repairs Table in Section 2.4.

Balconies and Patios

Condition/Cause	Immediate Needs
Twenty (20) of the patios and balconies at the vacant apartments inspected have indoor/outdoor carpet installed that has been damaged by pigeon droppings and exposure to the elements. (Photos 18-20)	f3 recommends damaged carpet be removed from patios and balconies and the areas be cleaned and waterproofed as needed.

Swimming Pool

Condition/Cause	Immediate Needs
Four in-ground swimming pools are located at the Property. The pool located near the center of the Property has been drained and the plaster is cracked and damaged. In addition, there are large cracks in the concrete deck surrounding the pool due to a lack of timely repairs. (Photos 26-27)	f3 recommends the central swimming pool and concrete deck be repaired as needed and returned to service.

Laundry Facilities

Condition/Cause	Immediate Needs
There are four (4) laundry buildings located on the Property. The laundry room on the southwest side of the Property has been damaged by vandals and is missing all of the laundry equipment. In addition, the walls, ceiling, and flooring are damaged and the water heater has been disconnected. (Photo 29)	f3 recommends the laundry building at the southwest side of the Property be refurbished, the vendor be contacted to replace the equipment, install a water heater, and the facility be returned to service.



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Fitness Center

Condition/Cause	Immediate Needs
The fitness center is located in a stand-alone building adjacent to the swimming pool in the center of the Property. There are four small sets of equipment in the building; however, it is not in service. (Photo 31)	f3 recommends the fitness center be refurbished, the missing fitness equipment be replaced, and the center returned to service.

Vacant and Down Units

Condition/Cause	Immediate Needs
f3 inspected the interiors of all 48 vacant units, 6 of which are in rent ready condition and 7 of which are "down" (unleasable). Thirty-five (35) vacant units have missing/damaged appliances, missing/damaged floor coverings, and require cleaning and painting. The 7 "down" units have missing/damaged appliances, floor coverings, HVAC systems, cabinets/countertops, and/or drywall walls and ceilings, and require cleaning and painting. These conditions are due to a lack of timely maintenance. (Photos 53-60)	f3 recommends 42 vacant/down units be renovated as needed and returned to rent ready condition. Renovation activities will include all or some of the following: repair/replacement of appliances, floor coverings, HVAC systems, cabinets/countertops, drywall repairs, cleaning and painting. A complete listing of units inspected and estimated repair/replacement costs required to return each unit to rent ready condition is attached to this report (total estimated cost is \$97,835).



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2.3 Immediate Repair / Deferred Maintenance Items

Deferred maintenance items are typically major non-recurring capital items f3, inc. recommends to be addressed within the next 12 months to prevent failure or substantial deterioration of a particular system, to address an issue management has identified as a major non-recurring capital expense that f3, inc. agrees must be completed, or to extend the life of a system critical to the operation of the Property. Estimated costs for these items are included in the Immediate Repairs Table in Section 2.4.

Building Cladding

Condition/Cause	Immediate Needs
Building cladding consists of painted concrete stucco. There are small areas of damaged stucco at select locations throughout the Property due to poor stucco preparation prior to the previous painting activities. (Photo 14)	f3 recommends the damaged stucco be repaired and the paint on the buildings be touched up with matching paint.

Moisture Management Plan

Condition/Cause	Immediate Needs
Microbial growth was not observed at common areas or dwelling units; however, suspect mold was observed in three dwelling units and one laundry room during f3's 2019 investigation.	Based on evidence of past water intrusion/plumbing leaks and mold, a Moisture Management Plan should be developed and implemented. At a minimum, the MMP must contain provision for (i) staff training, (ii) information to be provided to tenants, (iii) documentation of the plan, (iv) the appropriate protocol for incident response and remediation and (v) routine, scheduled inspections of common space and unit interiors.



REAL PROPERTY CONSULTANTS

4/29/2021

Section 2.4: Immediate Repairs

Assessment Date:	3/4/2021
Year Built:	1986-1987
Age:	35
Total Net Rentable SF:	684,216
No. Dwelling Units:	720
Inflation Rate	3.00%
Estimated Annual Unit Turnover:	Not Reported

Life Safety: Items that may impact the health or safety of residents, employees or visitors

Item	Quantity	Unit	Unit Cost	Total Cost	Brief Description	Section
None				\$0		
Subtotal: Life Safety				\$ -		

Critical Repair: Items recommended for completion within the next six months.

Item	Quantity	Unit	Unit Cost	Total Cost	Brief Description	Section
Balconies and Patios	20	EA	\$1,000.00	\$20,000	Twenty (20) of the patios and balconies at the vacant apartments inspected have indoor/outdoor carpet installed that has been damaged by pigeon droppings and exposure to the elements. (Photos 18-20) f3 recommends damaged carpet be removed from patios and balconies and the areas be cleaned and waterproofed as needed.	3.2.7
Swimming Pool	1	Allow	\$20,000.00	\$20,000	Four in-ground swimming pools are located at the Property. The pool located near the center of the Property has been drained and the plaster is cracked and damaged. In addition, there are large cracks in the concrete deck surrounding the pool due to a lack of timely repairs. (Photos 26-27) f3 recommends the central swimming pool and concrete deck be repaired as needed and returned to service.	3.2.9
Laundry Facilities	1	EA	\$10,000.00	\$10,000	There are four (4) laundry buildings located on the Property. The laundry room on the southwest side of the Property has been damaged by vandals and is missing all of the laundry equipment. In addition, the walls, ceiling, and flooring are damaged and the water heater has been disconnected. (Photo 29) f3 recommends the laundry building at the southwest side of the Property be refurbished, the vendor be contacted to replace the equipment, install a water heater, and the facility be returned to service.	3.2.9
Fitness Center	1	Allow	\$40,000.00	\$40,000	The fitness center is located in a stand-alone building adjacent to the swimming pool in the center of the Property. There are four small sets of equipment in the building; however, it is not in service. (Photo 31) f3 recommends the fitness center be refurbished, the missing fitness equipment be replaced, and the center returned to service.	3.2.9



4/29/2021

REAL PROPERTY CONSULTANTS

Vacant and Down Units	1	Allow	\$97,835.00	\$97,835	f3 inspected the interiors of all 48 vacant units, 6 of which are in rent ready condition and 7 of which are "down" (unleasable). Thirty-five (35) vacant units have missing/damaged appliances, missing/damaged floor coverings, and require cleaning and painting. The 7 "down" units have missing/damaged appliances, floor coverings, HVAC systems, cabinets/countertops, and/or drywall walls and ceilings, and require cleaning and painting. These conditions are due to a lack of timely maintenance. (Photos 53-60) f3 recommends 42 vacant/down units be renovated as needed and returned to rent ready condition. Renovation activities will include all or some of the following: repair/replacement of appliances, floor coverings, HVAC systems, cabinets/countertops, drywall repairs, cleaning and painting. A complete listing of units inspected and estimated repair/replacement costs required to return each unit to rent ready condition is attached to this report (total estimated cost is \$97,835).	3.4.3
Subtotal: Critical Repair				\$ 187,835		
Deferred Maintenance: Non-recurring capital items typically recommended for completion within 12 months.						
Item	Quantity	Unit	Unit Cost	Total Cost	Brief Description	Section
Building Cladding	1	Allow	\$4,500.00	\$4,500	Building cladding consists of painted concrete stucco. There are small areas of damaged stucco at select locations throughout the Property due to poor stucco preparation prior to the previous painting activities. (Photo 14) f3 recommends the damaged stucco be repaired and the paint on the buildings be touched up with matching paint.	3.2.4
Moisture Management Plan	1	Allow	\$650.00	\$650	Microbial growth was not observed at common areas or dwelling units; however, suspect mold was observed in three dwelling units and one laundry room during f3's 2019 investigation. Based on evidence of past water intrusion/plumbing leaks and mold, a Moisture Management Plan should be developed and implemented. At a minimum, the MMP must contain provision for (i) staff training, (ii) information to be provided to tenants, (iii) documentation of the plan, (iv) the appropriate protocol for incident response and remediation and (v) routine, scheduled inspections of common space and unit interiors.	4.1
Subtotal: Deferred Maintenance				\$ 5,150		
Total Immediate Repairs				\$ 192,985		



REAL PROPERTY CONSULTANTS

4/29/2021

Section 2.5 Replacement of Capital Items Schedule

Assessment Date:	3/4/2021
Year Built:	1986-1987
Age:	35
Total Net Rentable SF:	684,216
No. Dwelling Units:	720
Refill Rate:	3.00%
Estimated Annual Unit Turnover:	Not Reported

Location Factor:	1.08
Annual Cost Per Unit/Year (uninflated)	\$359
Annual Cost Per Unit / Year (inflated)	\$422

Section No.	Item	Capital Expend. Category	Average PIA, (yr.)	Effective Age (yr.)	R/O (yr.)	Quantity	Unit of Measure	Unit Cost	Total Cost over Est. Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
1.1	Site																				
	Rebuild Top Coat and Strips	Site Components	8	8	2	60,375	sq	\$0.20	\$12,075											\$44,625	\$44,625
	Severing Fuel Lines/Refueling System		8	8	2+	3	Allow	\$20,000.00	\$40,000											\$20,000	
1.2	Structural Frame and Building Envelope (Architectural Components)																				
	Exterior Walls - Paint/Finish/Power Wash	Structural Frame and Building Envelope (Architectural Components)	10	6	4	720	SA	\$500.00	\$360,000							\$360,000					
1.3	Mechanical / Electrical / Plumbing Systems																				
	Gas Water Heaters - Individual	Mechanical, Electrical and Plumbing Systems	15	1+	1+	540	EA	\$450.00	\$243,000	\$20,250	\$20,250	\$20,250	\$20,250	\$20,250	\$20,250	\$20,250	\$20,250	\$20,250	\$20,250	\$20,250	\$20,250
	Pool / Roof Mounted Condenser	Mechanical, Electrical and Plumbing Systems	20	1+	1+	960	EA	\$900.00	\$864,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000
	Gas Forced Air Units (Furn.) - Replacement	Mechanical, Electrical and Plumbing Systems	20	1+	1+	860	EA	\$260.00	\$223,600	\$15,750	\$15,750	\$15,750	\$15,750	\$15,750	\$15,750	\$15,750	\$15,750	\$15,750	\$15,750	\$15,750	\$15,750
1.4	Interior Elements (Dwelling Units / Common Area)																				
	Carpets	Interior Elements (Dwelling Units and Common Areas)	7	1+	1+	1,008	sqm	\$850.00	\$866,880	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400
	Vinyl Flooring	Interior Elements (Dwelling Units and Common Areas)	10	1+	1+	720	sqm	\$200.00	\$144,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
	Refrigerator	Interior Elements (Dwelling Units and Common Areas)	65	1+	1+	686	EA	\$260.00	\$178,360	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000
	Range / Oven Gas	Interior Elements (Dwelling Units and Common Areas)	15	1+	1+	420	EA	\$400.00	\$168,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
	Dishwasher	Interior Elements (Dwelling Units and Common Areas)	20	1+	1+	720	EA	\$211.00	\$151,920	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900
	Miscellaneous/Other																				
	None	Other Capital Items																			
	Total Uninflated								\$3,106,470	\$214,800	\$179,625	\$174,900	\$174,900	\$174,900	\$174,900	\$174,900	\$174,900	\$174,900	\$174,900	\$174,900	\$174,900
	Total, Inflated (Annual Inflation Factor @3%)								\$324,900	\$287,451	\$277,351	\$267,333	\$261,327	\$249,432	\$239,120	\$229,262	\$221,460	\$209,709	\$199,001	\$190,413	\$182,413
	Cumulative Total								\$714,900	\$505,594	\$728,844	\$1,350,497	\$1,597,851	\$1,846,128	\$2,105,298	\$2,418,833	\$2,690,520	\$2,946,039	\$3,286,038	\$3,603,491	\$3,903,491
	Annual Cost Per Unit / Year (uninflated)									\$359											
	Annual Cost Per Unit / Year (inflated)									\$422											



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RATING CATEGORY AND DESCRIPTION OF PROPERTY SYSTEM/COMPONENT	
PCR 1: No concerns observed. No further action required.	
Summary	Excellent condition; typically newer property or property with recent major rehab/significant investment
Life Safety	No Life Safety issues observed
Deferred Maintenance	No observed or reported Deferred Maintenance issues
Routine Maintenance	Superior Routine Maintenance practices that are extending the RUL of systems and components
Capital Needs	Capital needs are addressed; major components and systems are like new, in excellent condition and high probability they will significantly exceed the loan term
RUL	The specified system or component has an Effective Age that is significantly less than the actual age due to quality materials and/or superior Property maintenance practices. The RUL and the Effective Age may exceed the actual age and/or the average EUL.
PCR 2: Some minor issues noted. Limited follow-up required.	
Summary	Very Good/Good condition with isolated and relatively minor issues that are unlikely to negatively impact operations and can be addressed in-house
Life Safety	No/minor Life Safety issues observed
Deferred Maintenance	Isolated or minor Deferred Maintenance can be addressed in-house and/or at limited expense
Routine Maintenance	Proactive Routine Maintenance practices ensuring good overall system performance and functionality
Capital Needs	Majority of capital needs are being addressed, property performance does not appear to be impacted; components and systems in good condition and very likely will exceed the loan term
RUL	The specified system or component is expected to have an Effective Age that is less than or equal to the actual age due to quality materials and/or adequate Property maintenance practices. The RUL and the Effective Age may exceed or equal the actual age and/or the average EUL.



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PCR 3: Overall declining condition or isolated deterioration. Documented follow-up required.	
Summary	Average to Fair condition; requiring investment
Life Safety	Some Life Safety issues observed requiring immediate attention; but no capital expenditure
Deferred Maintenance	Deferred Maintenance of heightened concern; likely not addressed in-house
Routine Maintenance	Some reactive Routine Maintenance practices impacting a limited number of components requiring attention
Capital Needs	Critical capital needs are being addressed as needed, but additional capital required to maintain asset quality and system functionality; RUL of major systems/components may not meet or exceed the loan term
RUL	The specified system or component is anticipated to have a lower RUL due to the quality of materials and or maintenance and may have a greater Effective Age than the actual age. Generally, the quality of materials and/or maintenance practices is below average.
PCR 4: Substantial issues noted. Documented follow-up with possible action plan required.	
Summary	Deteriorated overall conditions, substandard materials and practices, or major issues have not been addressed since prior inspection; requiring significant investment
Life Safety	Life Safety issues observed that require immediate attention and possible capital expenditure
Deferred Maintenance	Substantial Deferred Maintenance affecting major/several property areas/systems, requiring significant investment
Routine Maintenance	Reactive Routine Maintenance practices that do not address concerns in a timely manner
Capital Needs	Some critical capital needs are not being addressed, and property performance may be negatively impacted; very likely that the RUL of major systems/components will not meet or exceed the loan term
RUL	The RUL of the system or component is less than 3 years and/or the Effective Age is greater than the actual age. Generally, the quality of materials is substandard, the system or component has exceeded its Estimated Useful Life, and/or materials are poorly maintained.



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PCR 5: Severe Deferred Maintenance observed. Follow-up and substantial action plan required.	
Summary	Unacceptable overall conditions. Widespread neglect or casualty event; condition materially impacts marketability. Functionality of systems and components is compromised.
Life Safety	Significant Life Safety issues requiring capital expenditure
Deferred Maintenance	Excessive Deferred Maintenance affecting multiple areas/property systems, requiring significant investment; impacting collateral value
Routine Maintenance	Inadequate Routine Maintenance practices that do not ensure reasonable functionality of the property systems and components and may impact collateral value
Capital Needs	Major and pervasive issues with major components and systems; critical capital needs are not being addressed, property performance is being impacted and RUL of major systems/components has been exceeded
RUL	The RUL of the system or component has been exceeded or, based on the quality of materials and/or inferior maintenance practices, may have an Effective Age that exceeds the actual age and requires immediate capital expenditures. Generally, the quality of original materials is poor, the system has exceeded its EUL by a significant margin, and maintenance is poor.

The systems or components are additionally identified as follows:

R&M = Repairs & Maintenance

IM = Immediate Repair

RR = Replacement Reserve

Repairs & Maintenance or "R&M" items are those that can typically be addressed by in-house maintenance staff or have a cost that should be included as a routine budget item. Immediate Repair or "IM" items require immediate attention (Life Safety, Critical Repair and Deferred Maintenance items) and are addressed in detail in Section 2 of this report. Replacement Reserve or "RR" items are those that are generally non-routine and should be anticipated to require expenditures over the term of the loan. The estimated reserve costs are presented in Table 2.



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3.1 Site Components

3.1.1 Site Configuration and Size

No. of Parcels	Site Acreage	Configuration
3	38.96	Irregular; contiguous

3.1.2 Site Utilities

Item	Utility Provider	Individually Metered
Electricity	Nevada Energy	Yes
Fuel Oil (include type)	NA	NA
Natural Gas	Southwest Gas	Yes
Gas (Propane, other)	NA	NA
Water & Sewage	City of North Las Vegas	No

3.1.3 Landscaping, Grading and Drainage

Item	Description	Category	Action*
Signage	Monument	3	R&M
Landscaping	Landscaping includes trees, shrubs, lava rock, and lawn areas	3	R&M
Irrigation System	An underground sprinkler is installed in the landscaped areas	3	R&M
Storm Water Drainage	Drains to Municipal System	3	R&M
Detention/Retention	NA	NA	--
Topography	relatively flat	NA	--
Comments			

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve

3.1.4 Site Water and Sanitary Lines

Item	Type	Description	Category	Action*
Water Lines	Copper	Management reports no problems or failures with the site water lines.	3	R&M
Sanitary Lines	Cast iron and PVC	Management reports no problems or failures with the site sanitary lines. Anticipate drain cleaning as part of routine maintenance as necessary.	3	R&M
Comments				

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.1.5 Ingress/Egress

Item	Description		
Ingress/Egress	Off North Lamont Street		
Walkable Neighborhood?	No	Sidewalks connected to neighborhood walkways?	No
Security Gate?	Yes	Security Guard?	Yes

3.1.6 Flatwork: Parking Areas and Walkways

Item	Description		Category	Action *
Pavement	<input checked="" type="checkbox"/> Asphalt <input type="checkbox"/> Brick Pavers	No of Spaces	3	RR
	<input type="checkbox"/> Concrete	1275		
	<input type="checkbox"/> Alligator cracking	<input type="checkbox"/> Surface ravelling		
	<input type="checkbox"/> Potholes	<input type="checkbox"/> Transverse Longitudinal Cracks		
	<input checked="" type="checkbox"/> Cracking - general			
Seal Coat	Approximate Age:	3 years Years	3	RR
Garages/ Carports	71 carports provide covered parking for 712 spaces.		3	R&M
Sidewalks	<input checked="" type="checkbox"/> Concrete	<input type="checkbox"/> Asphalt	3	R&M
	<input type="checkbox"/> Flagstone	<input type="checkbox"/> Brick Pavers		
	<input checked="" type="checkbox"/> Moderate cracking	<input type="checkbox"/> Severe cracking		
	<input type="checkbox"/> Trip Hazard(s)			
Patios	<input checked="" type="checkbox"/> Concrete	<input type="checkbox"/> Asphalt	3	R&M
	<input type="checkbox"/> Flagstone	<input type="checkbox"/> Brick Pavers		
	<input type="checkbox"/> Moderate cracking	<input type="checkbox"/> Severe cracking		
	<input type="checkbox"/> Trip Hazard(s)			
Pool Decks	<input checked="" type="checkbox"/> Concrete	<input type="checkbox"/> Brick Pavers	3	R&M
	<input type="checkbox"/> Moderate cracking	<input type="checkbox"/> Severe cracking		
	<input type="checkbox"/> Trip Hazard(s)			
Comments				

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve

3.1.7 Site Lighting

Item	Description		Category	Action *
Exterior	Pole and building mounted	Controls: Dusk to dawn	3	R&M
Lighting Adequacy	Appears to be appropriate for visibility and security			
Comments	light fixtures are operational; - lamp covers are free from excessive staining; - light fixtures are non-obstructed by landscaping or other material			

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.1.8 Site Fencing / Retaining Walls

Item	Description	Category	Action *
Fencing	<input checked="" type="checkbox"/> Chain link	3	R&M
	<input type="checkbox"/> Wood		
	<input type="checkbox"/> Vinyl		
Retaining Walls	<input type="checkbox"/> Wrought Iron	NA	--
	<input type="checkbox"/> Metal		
	<input type="checkbox"/> Partial perimeter		
Comments	<input checked="" type="checkbox"/> Full perimeter		
	<input type="checkbox"/> Railroad tie		
	<input type="checkbox"/> Concrete block		
	<input type="checkbox"/> Concrete		
	<input type="checkbox"/> Stone		

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.2 Architectural Components

3.2.1 Apartment Structure(s)

The buildings were constructed in one phase between 1986 and 1987 according to the Clark County Assessor's records. Construction is typical light wood framing with slab on grade foundations, pitched concrete tile roofs, and painted stucco exteriors.

The construction for all buildings is identical with roofs, exteriors, and interiors all of the same quality and design.

3.2.2 Foundations

Item	Description	Category	Action *
Construction Plans	Not available for review		
Foundation Type	Concrete spread footings with a concrete slab-on-grade		
Condition	No significant issues observed or reported	2	R&M
Moisture	No leaking or excess moisture observed		--
Crawl Space	<input type="checkbox"/> Accessible <input type="checkbox"/> Other - see below <input type="checkbox"/> Not Accessible	NA	--
Comments			

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve

3.2.3 Framing (Floors, Walls, Roof)

Item	Description	Category	Action *
Type of Structure(s)	<input checked="" type="checkbox"/> Wood frame <input type="checkbox"/> Steel frame <input type="checkbox"/> Cast-in-place concrete <input type="checkbox"/> Precast concrete <input type="checkbox"/> Concrete block <input type="checkbox"/> Tilt up concrete	2	R&M
Floors	Wood joists with wood sheathing and lightweight concrete topping	2	R&M
Roof	Pitched with prefabricated wood truss framing and plywood sheathing	2	R&M
Comments			

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.2.4 Building Cladding (Exterior Wall Finishes)

Item	Description	Category	Action *
Material	<input type="checkbox"/> Aluminum siding <input type="checkbox"/> Brick veneer <input checked="" type="checkbox"/> Stucco <input type="checkbox"/> Cement fiber siding <input type="checkbox"/> Concrete block <input type="checkbox"/> EIFS <input type="checkbox"/> Composition board <input type="checkbox"/> Vinyl siding <input type="checkbox"/> Split faced block <input type="checkbox"/> T1-11 Plywood <input type="checkbox"/> Wood clapboard <input type="checkbox"/> Wood shake <input type="checkbox"/> Stone veneer	3; See Section 2	IM/RR
Condition	No significant issues observed or reported		
Soffits	Wood	2	R&M
Fascia	Wood	2	R&M
Trim	Wood	2	R&M
Type and Age of Insulation			
Comments			

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve

3.2.5 Roof Systems

Item	Description	Category	Action *
Roof Type	<input checked="" type="checkbox"/> Pitched <input type="checkbox"/> Flat <input type="checkbox"/> Low-slope <input type="checkbox"/> Mansard <input type="checkbox"/> See Below	3	R&M
Material	Concrete tile	Color: orange	
Age, years	35	Original? Yes	
Warranty	None reported	Duration: --	
Access	Ladder	Public access?	No --
Roof Insulation	Fiberglass batt	35	3 R&M
Drains	None present	NA	--
Gutters/ Downspouts	None observed	NA	--
Ancillary Features	Parapet walls: No	Chimneys: No	NA --
	Flashing: No	Coping: No	
Green Technology	No	No	
Comments			

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.2.6 Solar PV System

Item	Description	Category	Action *
Solar PV System	None Present	NA	--

3.2.7 Appurtenances: Stairways, Patios, Balconies, Decks, Breezeways

Item	Description			Category	Action *
First Level Unit Access	Concrete sidewalks			3	R&M
Upper Level Unit Access	Exterior stairways	Steel risers with precast concrete stairs		3	R&M
Stair/Landing Railings	Wood			3	R&M
Corridors	<input type="checkbox"/> Breezeway	<input type="checkbox"/> Interior	<input type="checkbox"/> Carpeted	NA	--
	<input type="checkbox"/> Vinyl tile/sheet	<input type="checkbox"/> Concrete	<input checked="" type="checkbox"/> None present		
Balconies	Inset balcony	Deck: Wood frame	3; See Section 2	IM/R&M	
		Rail: Wood frame	3; See Section 2	IM/R&M	
Patios	All ground floor units	Type: Concrete	2; See Section 2	IM/R&M	
		Encl: Stucco	3	R&M	
Comments					

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.2.8 Doors and Windows

Item	Description		Category	Action *
Building Entrance Door(s), (for buildings with interior access to units)	<input type="checkbox"/> Wood with wood frames <input type="checkbox"/> Wood with metal frames <input type="checkbox"/> Aluminum storefront	<input type="checkbox"/> Metal in wood frames <input type="checkbox"/> Metal with metal frames <input type="checkbox"/> See below	NA	--
Stairwell and Corridor Fire Doors	<input type="checkbox"/> Solid core wood with metal <input type="checkbox"/> Insulated metal with metal	<input type="checkbox"/> See below	NA	--
Common Area Doors	<input type="checkbox"/> Wood with wood frames <input type="checkbox"/> Metal in wood frames <input type="checkbox"/> Aluminum storefront <input checked="" type="checkbox"/> Metal in wood frames	<input type="checkbox"/> Metal with metal frames <input type="checkbox"/> Wood with metal frames <input type="checkbox"/> See below	NA	--
Unit Entry Doors	<input type="checkbox"/> Wood in wood frames <input type="checkbox"/> Wood in metal frames <input type="checkbox"/> Metal in metal frames	<input type="checkbox"/> Fiberglass with metal frames <input type="checkbox"/> Fiberglass with wood	3	R&M
Interior Doors	<input checked="" type="checkbox"/> Wood, flat <input type="checkbox"/> Louvered closet	<input type="checkbox"/> Wood, raised panel <input type="checkbox"/> See below	3	R&M
Patio/Balcony Doors	<input type="checkbox"/> Vinyl double pane sliding <input type="checkbox"/> Aluminum single pane <input type="checkbox"/> Metal in wood frames <input type="checkbox"/> See below	<input checked="" type="checkbox"/> Aluminum double <input type="checkbox"/> French style <input type="checkbox"/> Wood in wood frames	3	R&M
Weather-stripping Condition			3	R&M
Door Sweep Condition			3	R&M
Overhead Doors	None Present		NA	--
Common Area Windows	NA	Framing: NA	NA	--
Unit Windows	Double pane sliding	Framing: Metal	2	R&M
Comments	Hardware replacements and adjustments for doors and windows are anticipated as part of routine maintenance			

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.2.9 Common Areas and Amenities

Item	Description				Category	Action *
Leasing Office	Separate building onsite				2	R&M
Leasing Office Appliances	<input checked="" type="checkbox"/> Refrigerator	<input checked="" type="checkbox"/> Gas range	<input type="checkbox"/> Electric range		2	R&M
	<input checked="" type="checkbox"/> Dishwasher	<input type="checkbox"/> Washer	<input type="checkbox"/> Dryer			
	<input type="checkbox"/> Vent hood w/ microwave		<input type="checkbox"/> Other - See below			
Energy Star						
Watersense Rated						
Clubhouse	NA				NA	--
Mail Center(s)	Kiosks				2	R&M
Swimming Pool	Outdoor				4; See Section 2	IM/RR
Laundry Room	4	Buildings	No of Washers: 16	Owned by: Vendor	4; See Section 2	IM/R&M
			No of Dryers: 16	ENERGY STAR: No		
Fitness Room	Located in clubhouse building				4; See Section 2	IM/R&M
Tot Lot	NA				NA	--
Sports Court(s)	Two present on site				2	R&M
Bicycle Storage	None present				NA	--
Comments	One laundry room is down, and the fitness room is not operational; see Section 2.					

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.3 Mechanical / Electrical / Plumbing Components

3.3.1 Water Distribution and Hot Water System

Item	Description	Category	Action *
Water Piping	<input checked="" type="checkbox"/> Copper <input type="checkbox"/> CPVC <input type="checkbox"/> PEX tubing <input type="checkbox"/> Galvanized <input type="checkbox"/> Polybutylene	3	R&M
Fixtures	Standard Low Flow Devices <input checked="" type="checkbox"/> Kitchen <input checked="" type="checkbox"/> Bathroom Faucet <input checked="" type="checkbox"/> Toilet(s) <input checked="" type="checkbox"/> Shower(s) <input type="checkbox"/> None observed	2	R&M
Hot Water (units)	Individual water heaters in units Energy: Gas Age: 1+	3	RR
Hot Water Heater Insulation	<input checked="" type="checkbox"/> None observed <input type="checkbox"/> Observed in all units <input type="checkbox"/> Observed in some units	NA	—
Hot Water (laundry)	100 gallon Energy: Gas Age: 1+	3	RR
Comments	Management reports they have not had any significant problems with the copper water piping system to date, and no extensive patching of drywall or repairs were observed.		

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve

3.3.2 Sanitary Waste Plumbing

Item	Description	Category	Action *
Piping	<input checked="" type="checkbox"/> PVC <input checked="" type="checkbox"/> Cast iron <input type="checkbox"/> ABS	Observed: Under sinks 3	R&M
Treatment	Municipal system		
Comments	Management reported no unusual issues with the sanitary system. Anticipate drain cleaning as part of routine maintenance.		

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.3.3 Heating / Cooling / HVAC / Renewable Energy Systems

Item	Description	Category	Action *
Unit Heating	Split system	3	RR
	Location: Closet Energy: Gas		
Manufacturer(s)	various Capacity: 24,000 btu	-	-
Unit Cooling	Split system	3	RR
Manufacturer(s)	Various Capacity: 1.5 to 2 tons	-	-
Maintenance	Filter Replacement: Yes		
	Duct Cleaning: Unknown		
	Maintenance Plan: Yes		
Unit Controls	<input type="checkbox"/> Programmable Thermostat <input type="checkbox"/> Manual Thermostat <input type="checkbox"/> Pre-programmed Thermostat <input type="checkbox"/> None <input type="checkbox"/> Programmable radiator controls <input type="checkbox"/> See below <input type="checkbox"/> Manual radiator controls	2	R&M
HVAC Distribution Functioning	<input type="checkbox"/> Ducted supply and open plenum <input type="checkbox"/> Ductless <input type="checkbox"/> Ducted air with hot water terminal <input type="checkbox"/> Baseboard heat units <input type="checkbox"/> 2-pipe hot water system with fan coil terminal units <input type="checkbox"/> Other - see below <input type="checkbox"/> 4-pipe system with fan coil terminal <input checked="" type="checkbox"/> Conditioned air supplied through		
Energy Management System	None reported		
Comments			

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve

3.3.4 Ventilation Systems

Item	Description	Category	Action *
Ventilation	<input checked="" type="checkbox"/> Bath exhaust <input checked="" type="checkbox"/> Range hood <input type="checkbox"/> Inline fan <input type="checkbox"/> Int exhaust fan <input type="checkbox"/> Ext. exhaust fan <input type="checkbox"/> HRZ / ERV <input type="checkbox"/> None <input type="checkbox"/> See below	3	R&M
Ventilation Control	<input checked="" type="checkbox"/> Switch <input type="checkbox"/> Timer <input type="checkbox"/> Continuous	3	R&M
Vent Condition	<input type="checkbox"/> Clean <input type="checkbox"/> Dirt build up <input checked="" type="checkbox"/> Varies	3	R&M
Air Ducts	Appear to be sealed Condition: Clean	3	R&M
Roof Fans	None observed	NA	--
Smoking Policy	Designated smoke free areas		
Comments	The common areas are smoke free.		

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.3.5 Electrical Service

Item	Description	Category	Action *
Transformers	Pad mounted		
Branch Wiring	Copper	2	R&M
Unit Meters	Individual		
Service Amps	100-125		
Unit Panels	Circuit breakers Labeled: Yes	2	R&M
GFCI	Observed at kitchen and bath wet areas	2	R&M
Comments	No significant issues were observed or reported with the electrical distribution systems. The electrical service is adequate by today's standards to service the lighting and power needs of the Property with respect to current electrical loads.		

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve

3.3.6 Fire and Life Safety Systems

Item	Description	Category	Action *
Fire Extinguishers	<input type="checkbox"/> Units <input type="checkbox"/> Hallways <input type="checkbox"/> Laundry	2	R&M
	<input checked="" type="checkbox"/> Leasing Office <input type="checkbox"/> Common Areas		
	Inspection: None Present		R&M
Sprinkler System	None observed Inspection: NA	NA	--
Smoke Detectors	Hard wired with battery backup	2	R&M
Fire Alarm	None observed	NA	--
CO Detectors	Observed in units	2	R&M
Exit Signs	<input type="checkbox"/> Units <input type="checkbox"/> Hallways <input type="checkbox"/> Laundry	2	R&M
	<input checked="" type="checkbox"/> Leasing Office <input type="checkbox"/> Common Areas		
Emergency Lights	<input type="checkbox"/> Units <input type="checkbox"/> Hallways <input type="checkbox"/> Laundry	2	R&M
	<input checked="" type="checkbox"/> Leasing Office <input type="checkbox"/> Common Areas		
Hydrants	<input checked="" type="checkbox"/> Along public right of way <input checked="" type="checkbox"/> Located on Property		
Comments			

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.3.7 Elevators

Item	Description			Category	Action *
Type	None present	Number: --	Capacity: --	NA	--

3.3.8 Site Security

Item	Description				Category	Action *
Component	<input checked="" type="checkbox"/> Fence	<input type="checkbox"/> Alarm System	<input type="checkbox"/> Cameras	<input checked="" type="checkbox"/> Guard(s)	2	R&M
Monitoring	On site					
Comments						

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.4 Dwelling Unit Components and Observations

3.4.1 Common Area Finishes

Item	Description	Category	Action *
Leasing Office	Floors: Carpet	Walls: Drywall Ceilings: Drywall	2 R&M
Clubhouse	NA	NA	--
Interior Corridors	Floors: NA	Walls: NA Ceilings: NA	NA --
Laundry	Floors: Vinyl tile	Walls: Painted drywall Ceilings: Painted drywall	4; See Section 2 IM/R&M
Other	NA	NA	--
Comments			

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve

3.4.2 Dwelling Unit Summary

Number of buildings: 90	No. of Units: 720	Vacant: 48	No. Down: 7
Comments			

Units Inspected						
Occupied Units						
Unit number						
Unit number	Studio	1 BR	2 BR	3 BR	Other	Floor
See Attached		15	13	13		
Down Units						
Unit number	Studio	1 BR	2 BR	3 BR	Other	Floor
See Attached		5	1	1		

In accordance with the scope of work, f3 physically inspected all of the vacant units which comprise approximately 7% of the dwelling units.

The inoperative swimming pool and laundry room and the closed fitness center are impacting the property's marketability.



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Unit Mix - 720 Units			
Unit Type	# of Units	Unit Square Footage	Total Square Footage
1bed/1bath	280	720	201,600
2bed/2bath	296	1,035	306,360
3bed/2bath	144	1,224	176,256
Total:			684,216

3.4.3 Vacant and Down Units

f3 inspected the interiors of all 48 vacant units, 6 of which are in rent ready condition and 7 of which are "down" (unleasable). Thirty-five (35) vacant units have missing / damaged appliances, missing / damaged floor coverings, and require cleaning and painting. The 7 "down" units have missing / damaged appliances, floor coverings, HVAC systems, cabinets / countertops, and / or drywall walls and ceilings, and require cleaning and painting. These conditions are due to a lack of timely maintenance.

f3 recommends 42 vacant/down units be renovated as needed and returned to rent ready condition. Renovation activities will include all or some of the following: repair/replacement of appliances, floor coverings, HVAC systems, cabinets/countertops, drywall repairs, cleaning and painting. A complete listing of units inspected and estimated repair/replacement costs required to return each unit to rent ready condition is attached to this report (total estimated cost is \$97,835).

f3, inc. recommends management improve its unit turn practices as part of standard maintenance procedures.

3.4.4 Unit Finishes

Item	Description	Category	Action *
Walls / Ceilings	Drywall walls with drywall ceilings	4; See Section 2	IM/R&M
Flooring - Living Areas	<input type="checkbox"/> Carpet <input type="checkbox"/> Sheet Vinyl <input type="checkbox"/> Ceramic Tile	4; See Section 2	IM/RR
	<input checked="" type="checkbox"/> Vinyl Tile <input type="checkbox"/> Marble Tile <input type="checkbox"/> Hardwood		
	<input checked="" type="checkbox"/> Laminate <input type="checkbox"/> Vinyl Strip <input type="checkbox"/> Other		
Flooring - Kitchen and Bath	<input type="checkbox"/> Carpet <input type="checkbox"/> Sheet Vinyl <input type="checkbox"/> Ceramic Tile	4; See Section 2	IM/RR
	<input checked="" type="checkbox"/> Vinyl Tile <input type="checkbox"/> Marble Tile <input type="checkbox"/> Hardwood		
	<input checked="" type="checkbox"/> Laminate <input type="checkbox"/> Vinyl Strip <input type="checkbox"/> Other		
Mold	None observed	NA	--
Maintenance Practices	<input type="checkbox"/> Acceptable <input checked="" type="checkbox"/> Needs Improvement		
Unit Inspection	Performed at unit turn		
Comments			

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.4.5 Cabinets, Counters, Sinks

Item	Description	Category	Action *
Kitchen Cabinets	<input checked="" type="checkbox"/> Wood <input type="checkbox"/> Particle Board <input type="checkbox"/> Other <input type="checkbox"/> Laminated Particle Board <input type="checkbox"/> Composite Wood	4; See Section 2	IM/R&M
Kitchen Sinks	<input checked="" type="checkbox"/> Double Bowl <input type="checkbox"/> Single Bowl <input checked="" type="checkbox"/> Stainless Steel <input checked="" type="checkbox"/> Porcelain <input type="checkbox"/> Corian <input type="checkbox"/> Undermount <input type="checkbox"/> Other	4; See Section 2	IM/R&M
Kitchen Countertops	<input type="checkbox"/> Laminate <input type="checkbox"/> Granite <input checked="" type="checkbox"/> Corian <input type="checkbox"/> Concrete <input type="checkbox"/> Ceramic Tile <input type="checkbox"/> Other	4; See Section 2	IM/R&M
Comments	<p>Some of the cabinets and countertops have been replaced on an as needed basis.</p> <p>Low flow faucets were observed.</p> <p>Anticipate re-facing and repairs / replacements (door and drawer faces) as needed during unit turn over as part of routine maintenance to extend the life of the millwork.</p> <p>Anticipate moderate refurbishments as part of routine maintenance to extend the life of the sinks and counter tops.</p>		

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve

3.4.6 Appliances

Item	Description	Category	Action *
Management Provides	<input checked="" type="checkbox"/> Refrigerator <input type="checkbox"/> Electric range <input checked="" type="checkbox"/> Gas range <input type="checkbox"/> Washer/Dryer <input checked="" type="checkbox"/> Dishwasher <input type="checkbox"/> Vent hood w/ microwave <input type="checkbox"/> Other - see below	4; See Section 2	IM/RR
	<input checked="" type="checkbox"/> Vent hood <input type="checkbox"/> Microwave <input checked="" type="checkbox"/> Garbage disposal <input type="checkbox"/> Other - see below	4; See Section 2	IM/R&M
Appliance Package	Approximate age: 1+	4; See Section 2	IM/RR
Comments	<p>Or No EnergyGuide labels were observed.</p> <p>As appliances are replaced, they should be upgraded to ENERGY STAR rated units. The approximate cost for these is presented in the Reserve Cost Table.</p> <p>Anticipate replacement of vent hoods and garbage disposals during the loan term as part of normal operating expenses.</p>		

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve



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3.4.7 Bathroom Vanities, Shower/Tub and Toilet

Item	Description	Category	Action *
Bath Vanities	<input checked="" type="checkbox"/> Wood <input type="checkbox"/> Composite Wood <input type="checkbox"/> Particle Board <input type="checkbox"/> Laminated Particle Board <input type="checkbox"/> Other	4; See Section 2	IM/R&M
Bathroom Sinks	<input type="checkbox"/> Drop-in <input checked="" type="checkbox"/> Integral <input type="checkbox"/> Wall Hung <input type="checkbox"/> Pedestal <input type="checkbox"/> Undermount <input type="checkbox"/> Other	4; See Section 2	IM/R&M
Bathroom Countertops	<input type="checkbox"/> Laminate <input checked="" type="checkbox"/> Granite <input type="checkbox"/> Corian <input type="checkbox"/> Other <input type="checkbox"/> Fiberglass Reinforced Plastic <input checked="" type="checkbox"/> Cultured Marble	4; See Section 2	IM/R&M
Bathtub/Shower Surround	<input checked="" type="checkbox"/> Ceramic <input type="checkbox"/> Fiberglass <input type="checkbox"/> Plastic <input type="checkbox"/> Other	4; See Section 2	IM/R&M
Fixtures	Standard grade	3	R&M
Comments	<p>Some of the vanities and tops have been replaced on an as needed basis.</p> <p>Low flow devices such as faucets and toilets were observed.</p> <p>Anticipate re-facing and repairs / replacements (door and drawer faces) as needed during unit turn over as part of routine maintenance to extend the life of the millwork.</p> <p>Anticipate moderate refurbishments as part of routine maintenance to extend the life of the sinks and counter tops.</p>		

*R&M = Repairs & Maintenance, IM = Immediate Repair, RR = Replacement Reserve

3.4.8 Cable or Internet Availability

Item	Description	Provider
Cable Available	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other - see below	Various Providers
Internet Access	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Wired <input type="checkbox"/> Wireless <input type="checkbox"/> Broadband <input type="checkbox"/> Other - see below	Various Providers
Comments		



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SECTION 4 - MOISTURE AND MICROBIAL GROWTH AND PEST MANAGEMENT

4.1 Moisture and Microbial Growth

Microbial growth was not observed at common areas or dwelling units; however, suspect mold was observed in three dwelling units and one laundry room during f3's 2019 investigation.

Based on evidence of past water intrusion/plumbing leaks and mold, a Moisture Management Plan should be developed and implemented. At a minimum, the MMP must contain provision for (i) staff training, (ii) information to be provided to tenants, (iii) documentation of the plan, (iv) the appropriate protocol for incident response and remediation and (v) routine, scheduled inspections of common space and unit interiors.

f3, inc. recommends the mold be remediated immediately; see Section 2. Mold growth in buildings is recognized by the EPA to pose a potential threat to human health, however, the extent of repercussions of prolonged exposure to mold is yet to be determined. Studies have shown that toxins produced by some molds may cause health problems in some individuals. These health risks can range from minor irritation to more serious respiratory and/or nervous system problems. It is therefore recommended that management survey the unit noted above for the presence of moisture intrusion, moisture damage and/or mold growth.

All sources of moisture intrusion should be repaired and/or replaced to prevent further damage and/or future mold growth. Additionally, all dwelling units should be surveyed for mold growth upon tenant turn-over. Tenant education and disclosures should be distributed to educate tenants on conditions of mold growth and sources of water infiltration (closed windows, non-operable bathroom exhaust fans and leaks under sinks) that may result in mold growth. Unit inspections and tenant education will help eliminate the possibility of future mold growth at the Property. Moisture damaged areas and areas of mold growth should be repaired and remediated in strict compliance with EPA guidelines.

The Environmental Protection Agency (EPA) indicates that remediation of minor mold growth (less than 10 square feet at each location) can be conducted by regular building maintenance staff during routine maintenance activities. Maintenance personnel involved with mold remediation should receive adequate training on proper clean up methods, personal protection, and potential health hazards associated with mold.

This training can be performed as part of a program to comply with the requirements of the EPA and OSHA Hazard Communication Standard (29 CFR 1910.1200). Should additional information be required on clean-up methods, consultation with a Certified Industrial Hygienist (CIH) is recommended.



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4.2 Pest Management

According to property management, the Property is not part of a termite bond with a preventative maintenance program in effect.

At the time of our survey we noted no current evidence of termite or other pest infestation damage.



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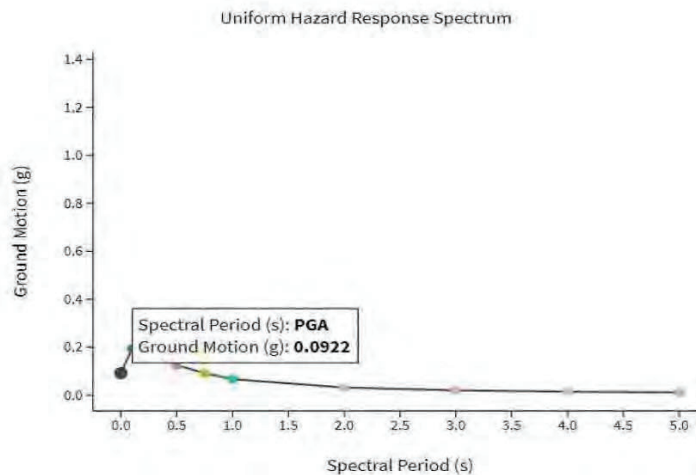
SECTION 5 - SPECIAL HAZARDS, ZONING, BUILDING CODE VIOLATIONS AND REGULATORY COMPLIANCE

Although it is assumed that the noted improvements were constructed in compliance with contemporary building codes and standard building practices at the time of construction, and while the Property remains adequate for present day use, our survey does not include a review to determine compliance with local Building Department codes, Fire Department requirements, or Planning Department ordinances. However, the following information is provided.

5.1 Special Hazard Assessment

5.1.1 Peak Ground Acceleration

According to the USGS National Seismic Hazard Maps (2008), the Property is not in an area that has a 10% or greater probability of exceeding a Peak Ground Acceleration (PGA) value of 0.15g (or greater) in 50 years. Based on the Property's location, the PGA is 0.0922g. Because of this designation, a Structural Risk Evaluation Questionnaire (Form 4099C) is not required.





5.1.2 Hazards/Geographic Conditions/Catastrophic Loss Potential

The following are geological or meteorological hazards that, if occurring or present, could affect the Property, causing a potentially significant loss.

Hazard	Risk
Tornadoes	Low
Hurricanes	Low
Expansive soils	Not Likely
Floods	Low
Sinkholes	Low
Landslides	Low
Wind	Low
Volcanic activity	Low

No detailed investigation has been made into the presence of these hazards; our conclusions are based solely on observations made during our site visit, review of available documents or interviews with others.

A Structural Risk Evaluation (SRE) Questionnaire has not been completed for the Property. According to Fannie Mae Guidelines, a seismic risk assessment is not required due to the lack of risk factors.

5.1.3 Flood Zone

A review of FEMA flood zone map 32003C2177F, dated 9/16/2011, indicates the Property buildings are in shaded Zone X, designated as an Area with Reduced Risk due to Levee.



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5.2 Zoning and Code Information

5.2.1 Building Zoning

The Property is zoned R3 Multifamily Residential by the Clark County Planning Department. The Property appears to conform to the zoning designation.

5.2.2 Building Code Violations

f3 researched online records maintained by the Clark County Building and Code Enforcement Departments. No records of open violations were found for the Property. However, Clark County performed fire damage assessment reports at Buildings 3426 and 3517 in 2018. The fees assessed for these assessments (\$330) have not been paid and two ACET-Liens have been imposed against the Property. These are administrative code enforcement liens that should prevent future permits from being issued / approved until the fees are paid and the liens removed. f3 recommends the Owner pay the fees assessed by Clark County and resolve the ACET-Liens.

5.2.3 Fire Code Violations

f3 researched online records maintained by the Clark County Fire Prevention Department. No records of open violations were found for the Property.



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5.3 Regulatory Compliance

5.3.1 Americans With Disabilities (ADA) Compliance

Because apartment projects are considered a place of residence, they typically do not fall under ADA criteria. The possible exception to this is rental offices or common area amenities (swimming pool) that are made available to the general public, not just tenants and their guests. An example of a common area amenity that may be subject to ADA criteria is a recreation center that sold memberships to the general public. A rental office may generally be considered a place of public accommodation as the public is invited into that area.

Building codes, both current and past, have included barrier free and handicapped access requirements. These requirements may or may not coincide with the precise ADA Accessibility Guidelines (ADAAG). In such cases where access features were provided according to standards other than ADAAG, barrier free access features can enable disabled access but do not necessarily provide compliance with the ADAAG.

Section 36.304 of the ADA requires a place of public accommodation to remove architectural and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable. The law defines readily achievable as meaning easily accomplishable and able to be carried out without much difficulty or expense. Readily achievable is determined on an individual basis. What the readily achievable standard will mean in any particular public accommodation will depend on the individual circumstances. No numerical formula or threshold of any kind has been set by the Justice Department. In order to determine what is readily achievable, an entity should consult with a team consisting of a lawyer and an accountant.

The obligation to engage in readily achievable barrier removal is a continuing responsibility of a public accommodation. Items that are currently not readily achievable may become so in the future. No periodic assessment or self-assessment is required by the ADA. However, the Justice Department urges public accommodations to establish procedures for an ongoing assessment of their compliance with the barrier removal requirements.



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ADA Evaluation Checklist					
No.	Building Access	Yes	No	N/A	Comments
1	Are there accessible parking space(s) available (96" wide/60" aisle) at public access areas? (i.e. leasing office)	Yes			
2	Is there at least one wheelchair accessible van parking space (96" wide/96" aisle at public access areas?	Yes			
3	Are accessible parking spaces located on the shortest accessible route of travel from an accessible building entrance?	Yes			
4	Does signage exist designating wheelchair accessible parking?	Yes			
5	Is there a ramp from parking to an accessible building entry (1:12 slope or less)?	Yes			
6	Are public use areas accessible? If not, are there alternate accessible entries?	Yes			
7	Is the accessible entry doorway at least 32" wide?	Yes			
8	Is the entry door hardware easy to open (lever/push type with no twisting required, not higher than 48" above floor)?	Yes			
9	Are entry doors other than revolving doors available?	Yes			

NO.	Building Access	Yes	No	N/A	Comments
1	Are there publicly accessible restrooms present?			N/A	
1a	Is the accessible restroom doorway of public restrooms at least 32" wide?			N/A	
1b	Does at least one stall meet the following requirements: <ul style="list-style-type: none"> • minimum stall width of 60-inches • minimum depth of 56-inches • toilet seat height between 17- and 19-inches above the floor • flush controls a maximum of 44-inches above the floor • toilet paper dispenser 19-inches above the floor and 36-inches from the rear wall • grab bars 36-inches above the floor and a minimum of 40-inches in length along the sidewalls. 			N/A	



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1c	Does the sink/vanity meet the following requirements: <ul style="list-style-type: none"> • counter tops a maximum of 34-inches above the floor • extend a minimum of 17-inches from the wall • minimum clearance of 29-inches from the floor to the bottom of the apron • clear floor space at least 30" x 48" in front of the counter • bottom edge of the mirror a maximum of 40-inches above the floor • sinks have one-handed controls (i.e. levers, push or electronic controls) 			N/A	
2	Are there elevators at the Property?		No		
2a	Are elevator controls low enough to be reached from a wheelchair (48" from approach/54" side approach)?			N/A	
2b	Are there raised elevator markings in Braille and Standard alphabet for the blind?			N/A	
2c	Are there audible/visual signals inside cars and at elevator landings indicating floor change?			N/A	
3	Does strobe lighting exist in the corridors and restrooms?			N/A	
4	If there is public access to a pool or spa, is a pool lift present?			N/A	



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5.3.2 Fair Housing Act (FHA) Compliance

The scope of this report is limited to a very general overview of the subject improvements based upon the requirements of the Fair Housing Act Accessibility Guidelines in an attempt to identify clear and unequivocal violations of the Act. It is not intended for use or reliance as an audit for purposes of determining strict compliance, but it is a tool to identify whether or not a full compliance audit may be appropriate. No physical measurements have been made as part of this survey; notations made in the table below are based on visual observations only.

The Fair Housing Act does not require any renovations to existing buildings. Its design requirements apply to new construction only – to covered multifamily dwellings that are built for first occupancy after March 13, 1991. First occupancy is defined as “a building that has never before been used for any purpose.”

The design and construction requirements of the Fair Housing Act apply to all new multifamily housing consisting of four or more dwelling units. The Fair Housing Act’s definition of “covered multifamily dwellings” distinguishes between buildings with elevators and buildings without elevators. Thus, if a building has one or more elevators all of the dwelling units in the building are covered and require compliance with the FHA. Such buildings must meet specific design requirements so public and common use spaces and facilities are accessible to people with disabilities. In addition, the interior of dwelling units covered by the Fair Housing Act must be designed so they too meet certain accessibility requirements.

Based upon the date of construction of 1986 - 1987, the Property is NOT subject to compliance with the Fair Housing Act. Therefore no further evaluation of compliance is provided.



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5.3.3 Benchmarking Disclosure, Energy Audit, Retro-Commissioning Laws and Requirements

The following are prevailing local, state or federal laws or requirements to conduct energy audits or retro-commissioning studies:

There are currently no energy auditing laws or requirements pertaining to the Property.



SECTION 6 - AREAS OF ADDITIONAL ASSESSMENT

6.1 Problematic Materials, Historical Repairs and Replacements, Work in Progress, and Planned Capital Improvements

6.1.1 Known Problematic Building Materials and Property Design Issues

None of the problematic materials listed in Section 1.4 were observed.

6.1.2 Summary of Historical Repairs and Replacements

Management has completed a significant amount of interior renovations at unit kitchens and bathrooms over the year to include new cabinets, countertops, appliance packages, sinks, fixtures, bathrooms vanities and flooring, e.g., new ceramic tile in lieu of vinyl in the majority of the apartments. Management has addressed the major interior finishes at the units, as well as major structural and mechanical systems including the roofs, exterior stairways, and sidewalks.

Although the buildings have been repaired/painted over the last two years and are comparable to neighboring sites, management has not proactively addressed one of the swimming pools and one of the laundry rooms.

6.1.3 Work in Progress

Other than routine maintenance, there are no ongoing capital repairs.

6.1.4 Planned Capital Improvements

Management did not report any planned capital improvements.



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SECTION 7 - REFERENCES AND LIMITATIONS

7.1 Fannie Guide

This report was prepared in general accordance with Fannie Mae Selling and Servicing Guide and Form 4099, Instructions for Performing a Multifamily Property Condition Assessment as well as updated Appendix C, Structural Risk Evaluation Questionnaire.

7.2 Methodology

Assessment Methodology - Property Condition Assessment

This assessment is based on the evaluator's judgment of the physical condition of the improvements and the estimated expected remaining useful life of those improvements. The conclusions presented are based on the evaluator's professional judgment. The actual performance of individual components may vary from a reasonably expected standard and may be affected by circumstances that occur after the date of the evaluation.

Assessment Activities - Property Condition Assessment

- 1) Identify repairs, replacements and significant maintenance items that should be completed immediately;
- 2) Identify repairs, replacements and significant maintenance items that are likely to occur over the next approximately -year period;
- 3) Estimate the cost to repair the above deferred maintenance items; and
- 4) Estimate the lapsed and remaining life expectancies of the Property improvements.

Cost Estimation Methodology- Property Condition Assessment

The estimated costs detailed in this report are based on a survey of representative building areas. Items of deferred maintenance and the effective ages of building components observed are projected onto the balance of the complex. Where actual cost information for specific items is not available from the Property management, industry costs are derived from our field experience and from reference material such as BNI, D4Cost, R.S. Means Co., Inc., and National Construction Estimator. General contractor overhead and profit costs, should a general contractor be required, have not been included in these estimates. General contractor fees can vary widely; an allowance of 10-15% mark-up would not be unreasonable.

When work in progress has been observed, such work is noted in the report and assumed for cost estimating purposes to be complete, unless observed to be unacceptable in quality or scope.



The purpose of the report is not to identify minor, inexpensive repairs or other maintenance items that are part of the Property owner's current operating pattern and budget, so long as these items appear to be taken care of on a regular basis. However, such items are commented on if they do not appear to be routinely addressed or are in need of immediate repair.

7.3 Limitations

This report is prepared solely for the use and benefit of the Client in accordance with Fannie Mae guidelines. Our recommendations have been prepared in accordance with customary principles and practices. This warranty is in lieu of all other warranties either expressed or implied. f3, inc., is not responsible for the independent conclusions, opinions or recommendations made by others based on the field exploration presented in this report.

Limitations - Property Condition Assessment

f3, inc., bears no control over the cost of labor, materials, equipment or services furnished by others, over contractors' methods of determining prices, or over competitive bidding and market conditions. Opinions of probable construction costs provided herein reflect adjusted industry averages and are made on the basis of f3, inc., experience and qualifications. f3, inc., cannot and does not guarantee that proposals, bids or construction costs will not vary from opinions of probable costs prepared by same. This PCA is based upon the Field Observer(s)' judgment of the physical condition of the components, their ages, and their EUL. The actual performance of individual components may vary from a reasonable expected standard and will be affected by circumstances that occur after the date of our site visit.

This survey and report pertain only to the current physical conditions of the premises and existing improvements, and relate only to those areas readily accessible and available for visual observation. No structural, seismic, invasive or destructive investigations were performed since it is beyond the scope of our Property Condition Assessment. Observations were limited to "representative" property improvements including exterior surfaces and open spaces, accessible areas of the roof, representative rooms, mechanical and common areas. Areas behind walls, inside plenums, crawl spaces or in any other area generally inaccessible or deemed unsafe by the field observer were not surveyed. No representation is made as to the status of title, legality of lots or zoning of the Property, nor is any representation made as to the advisability or inadvisability of the purchase of, investment in, or financing of the Property.



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The field observer has not conducted an asbestos survey or visibly identified there are ACMs within the building. It f3's understanding the nature of the proposed occupancy will require repairs and replacement of the building finishes, systems, etc. f3 has not budgeted for any future ACM surveys and testing, permitting, or abatement. It is possible that local municipalities and/or state agencies may include ACM testing as part of any alteration work and permit filing.

Conditions, codes, covenants and restrictions which may be part of the legal deed of title to the Property, and which may vary in description of Property boundaries, easements or dedications have not been disclosed or reviewed as part of this Assessment.

The roof observations and related comments are not to be interpreted as a full and comprehensive roof survey and should not be interpreted to mean the roof is free of leaks. Should a comprehensive report on the condition of the system be required, the services of a qualified roofing consultant should be considered.

Mechanical and electrical recommendations are subject to consultation of a licensed contractor prior to finalization of the work scopes.

f3 assumes no responsibility for the accuracy or completeness of information provided by building management, tenants, service firms interviewed, or governmental agencies. f3 is not responsible for any patent or latent defects that an owner or his agents may have withheld from f3 whether by non-disclosure, passive concealment, or by fraud.



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Exhibit A: Photo Documentation

Liberty Village Apartments, Las Vegas (Sunrise Manor), NV

Project Number: 20.0540

FANNIEMAE001601
APP3255



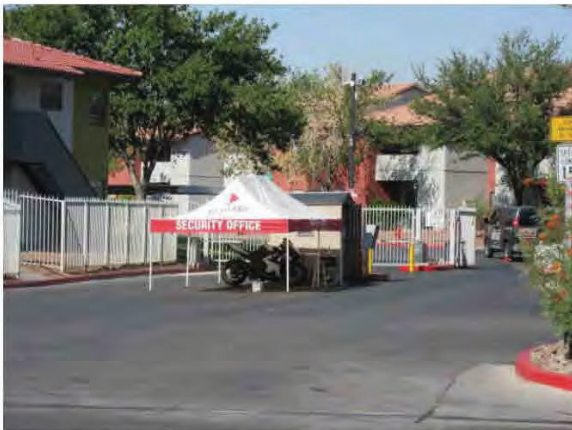
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1. View of Property signage at the entrance from North Lamont Street.



2. View of lawn areas and trees.



3. The Property is protected by 24 hour security guards. Security gates are visible in the background.



4. Driveways and parking areas are paved with asphalt.



5. View of asphalt paved driveways and parking areas.



6. Steel-framed carports are installed throughout the Property parking area.