



**East Bannister Road Commercial Buildings
8202 - 8500 East Bannister Road
Kansas City, Jackson County, Missouri 64134**

PROPERTY CONDITION ASSESSMENT



FINAL REPORT

REAL ESTATE ADVISORY, LLC

PROJECT 1914095

Prepared For:

Mr. Chris Davidson

Prepared By:

**Thomas J. Bond
Real Estate Advisory, LLC
121 Fairfield Way, Suite 230
Bloomington, Illinois 60108**

July 26, 2019,



**East Bannister Road Commercial Buildings
8202 - 8500 East Bannister Road
Kansas City, Jackson County, Missouri 64134**

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**East Bannister Road Commercial Buildings
8202 - 8500 East Bannister Road
Kansas City, Jackson County, Missouri 64134**

“AT A GLANCE” SUMMARY OF FINDINGS

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EXECUTIVE SUMMARY

Real Estate Advisory, L.L.C. (REA) was retained to conduct a Property Condition Assessment of the following Property:

PROPERTY NAME: East Bannister Road Commercial Buildings
PROPERTY ADDRESS: 8202 - 8500 East Bannister Road
Kansas City, Jackson County, Missouri 64134

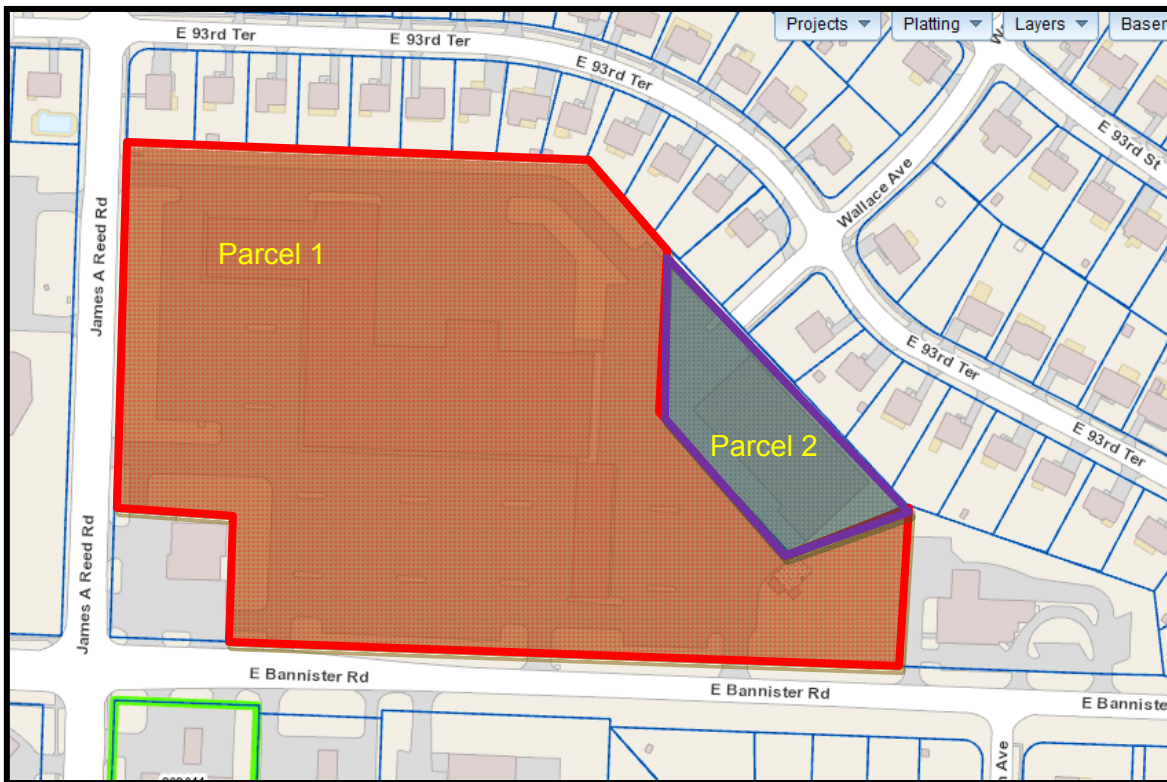
On July 3, 2019, Thom Bond, Project Manager for Real Estate Advisory, L.L.C. ("REA"), performed a Property Condition Assessment of the East Bannister Road Commercial Buildings.

SCOPE OF WORK

The purpose of the assessment was to develop a general property description, identify existing building components, and develop estimates for repairs and for projected expenditures over a 10-year loan plus two years (12-years total). The assessment identifies the current condition of the Property, repairs needed, and maintenance items that should be accounted for in the Replacement Reserve Worksheet. Furthermore, the assessment was conducted in accordance with ASTM guidelines.

The Property was operating as a multi-tenant shopping center and stand-alone office building at the time of the inspection.

The location and boundaries of the Property are shown the Jackson County GIS Parcel Map as shown on the following page.



According to Jackson County real estate records the Property features two parcels of land totaling ±11.733 acres.

- Parcel 1: County APN #: JA50410183300000000; 10.544 acres, and
- Parcel 2 County APN # , JA50410183200000000; 1.189 acres.

The Property is currently Zoned “B3-2 Commercial”.

The Property is owned by KC Equities, LLC.

Parcel 1 of the Property was developed into its current configuration between 1966 and 1967 and developed as multi-tenant retail building.

At the time of the site inspection, the Parcel 1 Building featured a total of 27 individual tenant suites of which 20 were vacant. REA was provided access to 13 (seven occupied and six vacant) of the 27 suites.

Parcel 2 of the Property was initially developed between 1975 and 1980 as an indoor roller-skating facility and later converted into a furniture retail store (circa 1986) then converted into offices roughly around 2000 (based on available historic city directories). At the time of the site inspection, the Parcel 2 Building was vacant. REA was provided access to this building. *OF NOTE: REA noted that all of the entry doors to the building were either un-locked or broken so that they did no close properly, the building was not secured.*

The balance of the Property parcels is developed with an asphalt surface parking lots and minimal landscaping.





Current Tenants occupied the Parcel 1 Building at the time of the site inspection:

- The Wash House (Suite 8202),
- KC Beauty Supply (Suite 8234),
- Flawless Beauty (Suite 8310),
- Halal Market (Suite 8320-30),
- Pay Day Loans (Suite 8340),
- VIP Barber and Beauty Salon (Suite 8350),
- Up in Smoke (Suite 8360), and
- Dig Construction (Basement Suite 8450).

The Parcel 2 Property Building was completely vacant at the time of the site inspection.

The Property is located in an area characterized by commercial (retail, restaurant) residential (single-family) and community (church) development.

GENERAL PROPERTY DESCRIPTION

• Property Address:	East Bannister Road Commercial Buildings 8202 - 8500 East Bannister Road Kansas City, Jackson County, Missouri 64134
• Setting:	The Property is located in an area characterized by: North: Single-family residential development, East: Single-family residential development and commercial development (bank), South: Public toad followed by commercial development; retail auto sales, self-serve car wash, and gas station, and West: Public road followed by community development (church) and residential development (single-family)
• Total Acreage:	Parcel 1: 10.544 Acres. County APN # JA50410183300000000 Parcel 2: 1.189 Acres County APN #: JA50410183200000000 TOTAL ACRES: 11.689 (Source: Jackson County Assessor)
• Property Improvements:	<ul style="list-style-type: none">• One single -story with partial basemen multi-tenant commercial retail building featuring twenty-seven Suites: Eight active tenants• One single-story commercial stand-alone building: vacant• Asphalt-paved parking surfaces (±360 spaces)• Limited landscaped street frontages



• Construction Date:	Parcel 1 Building: Reported construction 1967-1969 Parcel 2 Building: Reported construction 1978
• Net Rentable Square Feet:	Parcel 1 Building: ± 106,750 square feet Parcel 2 Building: ± 18,750 Square feet TOTAL Square Feet: 125,500 (Source: Property Management)
• Zoning:	Zoned B3-2 General Commercial The use of the Property is consistent with this zoning. (Source: Jackson County Assessor)
• Seismic:	Peak Ground Acceleration (PGA) – 0.017193096 g



TENANT MIX

SUITE NUMBER	TENANT	SQ. FT.	STATUS	COMMENTS
8202	<i>The Wash House</i>	<i>2,400</i>	<i>Occupied</i>	<i>No concerns noted.</i>
8204	former Cell Spot	900	Vacant	No Access*
8206	NA	915	Vacant	No Access*
8208	former: Designer Men's and Women's Fashion	930	Vacant	No Access*
8210-12	former Learn N Care Center	2,000	Vacant	No Access
8214	NA	2,680	Vacant	No Access
8216-18	NA	5,500	Vacant	No Access
8220	Former Party Stop	1,600	Vacant	No Access
8222	Former: Eddie's	1,600	Vacant	Holes in ceiling, damaged walls and flooring; mold present; complete renovation needed prior to renting
8224	Former: Truitt Supply Company	3,200	Vacant	No Access*
82226	NA	2,000	Vacant	No Access
8228-32	Former: Robandee Market	30,373	Vacant	No Access*
8234	Former: U-Haul	6,777	Vacant	Damage to ceiling tiles, walls, and flooring. Mold throughout; renovation needed prior to renting.
8236	<i>KC Beauty Supply</i>	<i>5,000</i>	<i>Occupied</i>	<i>No concerns noted.</i>
8238	Former: Kwanzaa Martial Arts Academy	5,000	Vacant	No Access
8240-42	Former: Karate Studio	5,000	Vacant	No Access
8310	<i>Flawless Braiding</i>	<i>1,570</i>	<i>Occupied</i>	<i>No concerns noted</i>
8320-30	<i>Halal Market</i>	<i>2,220</i>	<i>Occupied</i>	<i>Leak from roof top AC unit – damage to ceiling tile</i>
8340	<i>Pay Day Loans</i>	<i>1,000</i>	<i>Occupied</i>	<i>No concerns noted</i>
8350	<i>VIP Beauty Salon</i>	<i>1,440</i>	<i>Occupied</i>	<i>No concerns noted</i>
8360	<i>Up in Smoke</i>	<i>1,120</i>	<i>Occupied</i>	<i>No concerns noted</i>
8370	NA	2,000	Vacant	No Access
8380	NA	4,000	Vacant	No Access
8400	NA	3,750	Vacant	No Access



SUITE NUMBER	TENANT	SQ. FT.	STATUS	COMMENTS
8450	<i>Dig Construction</i>	10,000	<i>Occupied</i>	<i>Tenant did not allow REA access. Tenant space in only basement area on the Property; southeast corner of Property building.</i>
8450A	NA	1,250	Vacant	No Access
8490	NA	2,550	Vacant	No Access
8500	NA	18,725	Vacant	Interior drop ceiling damage, molds present throughout, wall and floor damage; complete renovation needed prior to renting

Note: *No Access** indicates REA was able to observe sections of the inaccessible unit from the street level front window.

OBSERVATIONS

REA observed sections of both Property buildings to be in need of significant repair. Overall, the Property is in poor to fair condition. The physical condition of the Property is conducive to an aggressive leasing program. With renovations and debris removal and under normal maintenance conditions, the Property has an expected remaining useful life of 30 years or more.

RECOMMENDATIONS

IMMEDIATE NEEDS REPAIR

REA noted the following areas in need of repair:

CRITICAL REPAIRS: Critical Repairs include repairs and replacements that significantly impact habitability, value, income or marketability and that must be corrected before proceeding with the transaction. REA identified the following items in need of Critical Repairs.

CRITICAL REPAIRS

ITEM	DESCRIPTION	COST
1.	Repair interior finishes of twenty suites in Parcel 1 Building and the total interior finishes of the Parcel 2 Building to include: removal of damaged ceiling tiles, interior walls, mold abatement, removal of flooring finishes; repair / replacement of plumbing piping, installing new walls, drop ceilings, flooring, repair windows and doors. Estimated 100,750 square feet (based on current rent roll) estimated cost repair of \$ 5 per square foot.	\$ 503,750
2	Repair of the damage building roof. Majority of damage isolated to western 3/4 of the building; approximately 56,000 square feet.	\$ 224,000
	TOTAL	\$727,750



1. Example of damaged windows



2. Example of damaged interior finishes



3. Example of damaged interior finishes



4. Example of mold growth.



5. Example of damaged roof



6. Example of damaged roof

	
7. Example of hole in roof	8. Example of damaged roof.

PR-90 REPAIRS: PR-90 Repairs are corrective actions that must be completed in 90 days and are limited to imminent life safety hazards and ongoing substantive damage to the Property.

The following areas were identified as PR-90 Repairs at the Property.

PR 90 REPAIRS

ITEM	DESCRIPTION	COST
1.	Repair support pillar located proximate to Unit 3220.	\$ 1,000
2	Replace damaged or missing HVAC equipment components from roof top units. Estimated 20 affected units. Identified as a PR-90 repair due to condition of roof.	\$200,000
	TOTAL	\$ 201,000



1. Example of damaged pillar



2. Example of damaged HVAC Unit

PRIORITY REPAIRS: Priority Repairs include repairs and replacements that are significant which must be addressed as soon as possible. All life safety hazards, code violations, material deficiencies and significant deferred maintenance items are considered Priority Repairs.

REA identified the following Priority Repair needs during the site inspection.

PRIORITY REPAIRS

ITEM	DESCRIPTION	COST
1.	Repair damaged (cracked) concrete walkways proximate to Suites: 8208, 8216-18, 8226, and 8228-32. Estimate repair average \$750 / walkway	\$ 3,000
	TOTAL	\$ 3,000



1. Example of damaged walkway



2. Example of damaged walkway

OPERATIONAL REPAIRS: Operational Repairs include repairs and replacements that consist of minor deficiencies and minor deferred maintenance that are expected to be completed by the Borrower as a part of repairs and maintenance budget and that cannot be reasonably resolved by routine maintenance.

REA identified the following as Operational Repair needs:

OPERATIONAL REPAIRS

ITEM	DESCRIPTION	COST
1.	Repair damaged parking surfaces throughout: repair cracks / potholes, remove vegetation. Estimated affected area 50,000 square feet	\$ 50,000
2.	Repair building exterior finish. Repair damaged finish concrete skim coat and remove peeling paint / repaint.:	\$ 10,000
3.	Remove overgrown vegetation proximate to buildings.	\$ 5,000
4.	Install 15 designated ADA parking spaces completed with signage	\$ 3,000
	TOTAL	\$ 68,000



1. Example of damaged parking lot



2. Example of damaged parking lot



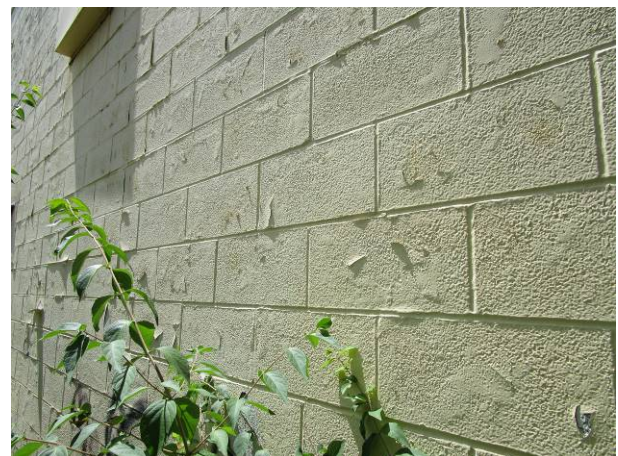
3. Example of damaged parking lot



4. Example of damaged parking lot.



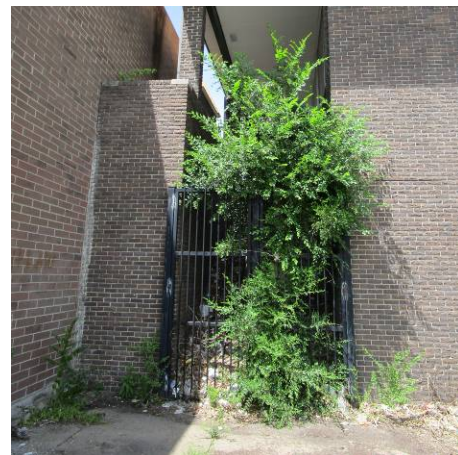
5. Example of damaged exterior finish



6. Example of peeling paint



7. Example of vegetation overgrowth



8. Example of vegetation overgrowth



RECOMMENDATIONS

Based upon the findings of our inspection, REA did identify significant immediate repair items for the Property as previously listed.

The total inflated 12-Year Replacement Reserve for the Property is \$392,149 (see page xvii). The cost per square foot over the term of the loan plus two years is \$3.12 or an average annual cost of \$0.26 per square foot. The projections include maintenance of the exterior building envelope and exterior site improvements.

LIMITATIONS

No physical assessment can completely eliminate the uncertainty regarding the presence of defects in building components or in the operation of building systems. A physical assessment contains subjective opinions regarding issues such as workmanship, quality, remaining useful life and remedies. These opinions are formed under time and budget constraints without the aid of testing, exploratory probing, demolition, removal of components, engineering calculations or design.

The physical assessment is intended to provide only a general physical evaluation with budgetary estimates and is not intended to be a complete structural analysis or to be used as a maintenance schedule, life safety review or code compliance audit.

The physical assessment was performed in support of an application for a mortgage and is intended to provide information concerning the suitability of the Property as security. REA's opinion is based on information provided by the client, representatives of the Property, third parties and governmental agencies and on a visual inspection that is not supported by intrusive testing or the operation of building systems.

This PCA was performed to identify physical deficiencies associated with the Property's improvements. The term *physical deficiencies* means the presence of conspicuous defects or material deferred maintenance of a Property's material systems, components, or equipment as observed during a walk-through visual survey of representative areas of the Property. The term *physical deficiencies* excludes deficiencies that may be remedied with routine maintenance, miscellaneous repairs and normal operating maintenance and excludes de minimus conditions.

During the assessment, REA was only provided with entry to thirteen of the total twenty-seven suites of the Parcel 1 Building (seven vacant and six occupied). REA avoided areas of the vacant units deemed to be un-safe due to debris, mold, or concerns due to visible holes in the roof. Observations of the non-accessible suites were made from the suite windows where possible.



Additionally, due to the observed holes on the Parcel 1 Building roof, REA did not walk on the roof for safety concerns. A visual inspection was performed of the roof from the side of the building where accessible via a ladder.

REA did not have access to the roof of the Parcel 2 building.

Weather conditions were sunny with temperatures in the high 80°s. REA did not encounter limitations due to weather conditions during the site inspection.

PHYSICAL NEEDS OVER THE TERM

July 26, 2019

East Bannister Commercial Buildings
Kansas City, Missouri
REA Project 1914095

No. of Buildings: 2
Net Rentable Area (SF): 125,500
Age (years): 52

Beyond the Term																	
Property's Age					53	54	55	56	57	58	59	60	61	62	63	64	TOTAL
Year					1	2	3	4	5	6	7	8	9	10	11	12	COST
ITEM	Quantity	Unit	Cost	EUL													
Exterior																	
Building Exteriors - Paint / Maintain	Net	Net	\$ 20,000	7		20,000								20,000			\$ 40,000
Roof - Replace / Repair ¹	70,000	SF	\$ 3.50	15-20				122,500	122,500								\$ 245,000
Asphalt Seal Coat / Striping ²	450,000	SF	\$ 0.12	5		18,000					18,000					18,000	\$ 54,000
Mechanical/Electrical³																	
Roof Top Packaged Units		Net	\$ 10,000	10	-												\$ -
Interior Finishes⁴																	
TOTAL					\$ -	\$ 18,000	\$ 20,000	\$ -	\$ 122,500	\$ 122,500	\$ 18,000	\$ -	\$ -	\$ 20,000	\$ -	\$ 18,000	\$ 339,000
Inflation Factor (3.0%)					1.00	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	
Total Inflated					-	18,540	21,218	-	137,875	142,011	21,493	-	-	26,095	-	24,916	\$ 392,149
Cost per SF					-	0.15	0.17	-	1.10	1.13	0.17	-	-	0.21	-	0.20	3.12
Average Cost per SF/Year																	\$ 0.26

This summary does not include Immediate Repairs

EUL = Estimated Useful Life

Notes:

1. 56,000 square feet of the Parcel 1 Building has been identified as needing immediate repair. REA anticipated routine replacement of the remaining balance of the Property building roofs (approximately 70,000 square feet) interim.
2. REA has identified approximate 50,000 square feet of asphalt parking surface as needing immediate repair. The balance of the 150,000 square feet of asphalt parking surface will require routine seal / stripe during the term
3. Property management reported that HVAC units of vacant tenant suites are in need of replacement; REA has identified this replacement as an immediate need prior to renting. Existing tenants are responsible for HVAC equipment.



CERTIFICATIONS

- To the best of our knowledge and belief, the statements of fact contained herein, on which our observations, opinions, and conclusions were based, are true and correct.
- The information in this report is from sources deemed to be reliable; however, no representation or warranty is made as to the accuracy of information obtained from third parties.
- The reported observations and conclusions are limited only by the reported assumptions and limiting conditions described in this report and represent our unbiased and professional analysis, opinions, and conclusions.
- Real Estate Advisory, L.L.C. ("REA"), its officers, and its employees have no present or future interest in the Property. Our employment and compensation for preparing this report are not contingent upon our observations or conclusions.
- REA warrants that this report was prepared in a manner consistent with the level of care, skill, practice and judgment exercised by other professional consultants in performing services of a similar nature under similar circumstances in the same or similar locality.
- This report is for the use and benefit of, and may be relied upon by (a) CLIENT and any successors and assigns ("Lender"); (b) Independent auditors, accountants, attorneys and other professionals acting on behalf of Lender; (c) governmental agencies having regulatory authority over Lender; (d) designated persons pursuant to an order or legal process of any court or governmental agency; (e) prospective purchasers of the Mortgage; and (f) with respect to any debt (or portion thereof) and/or securities secured, directly or indirectly, by the Property which is the subject of this report; the following parties and their respective successors and assigns: any placement agent or broker/dealer and any of their respective affiliates, agents and advisors; any initial purchaser or subsequent holder of such debt and/or securities; any Servicer or other agent acting on behalf of the holders of such debt and/or securities; any indenture trustee; any rating agency; and any institutional provider from time to time of any liquidity facility or credit support for such financings. In addition, this report, or a reference to this report, may be included or quoted in any offering circular, information circular, offering memorandum, registration statement, private placement memorandum, prospectus or sales brochure (in either electronic or hard copy format) in connection with a securitization or transaction involving such debt (or portion thereof) and/or securities.
- REA's interim drafts, memoranda and reports may not be presented to any third parties by Client except in the form delivered. Any conclusions reported will not be used in any context other than that identified within the full report.
- The opinions in this report characterize the physical condition of the Property on date of the site inspection. To ensure continuing validity, this report must be updated with the passage of time and should not be relied upon after six months of its date.
- The Property was personally inspected by Thom Bond of Real Estate Advisory, L.L.C. To ensure quality, the report was reviewed by Kevin A. Mueller.

REAL ESTATE ADVISORY, L.L.C.

A handwritten signature in blue ink, appearing to read "Thom Bond", is written over a horizontal line.

Thomas J. Bond
Project Engineer

A handwritten signature in blue ink, appearing to read "K.A. Mueller", is written over a horizontal line.

Kevin A. Mueller, P.E.
Vice President



1.0 GENERAL PROPERTY INFORMATION

1.1 BACKGROUND

On July 3, 2019, Thom Bond, Project Manager for Real Estate Advisory, L.L.C. ("REA"), performed a Property Condition Assessment of the East Bannister Road Commercial Buildings.

REA conducted a visual inspection of the common grounds, building, driveways, parking lots and occupied and vacant suites (REA inspected all of the interior tenant spaces) to determine the existing condition of the Property and building. A cost estimate for maintenance, repairs, replacements, or major maintenance items that are anticipated was also prepared as part of this assessment.

1.2 GENERAL PROPERTY DESCRIPTION

• Property Address:	East Bannister Road Commercial Buildings 8202 - 8500 East Bannister Road Kansas City, Jackson County, Missouri 64134
• Setting:	The Property is located in an area characterized by: North: Single-family residential development, East: Single-family residential development and commercial development (bank), South: Public toad followed by commercial development; retail auto sales, self-serve car wash, and gas station, and West: Public road followed by community development (church) and residential development (single-family)
• Total Acreage:	Parcel 1: 10.544 Acres. County APN # JA50410183300000000 Parcel 2: 1.189 Acres County APN #: JA50410183200000000 TOTAL ACRES: 11.689 (Source: Jackson County Assessor)
• Property Improvements:	<ul style="list-style-type: none">• One single -story with partial basemen multi-tenant commercial retail building featuring twenty-seven Suites: Eight active tenants• One single-story commercial stand-alone building: vacant• Asphalt-paved parking surfaces (±360 spaces)• Limited landscaped street frontages
• Construction Date:	Parcel 1 Building: Reported construction 1967-1969 Parcel 2 Building: Reported constriction 1978



GENERAL PROPERTY DESCRIPTION (continued)

<ul style="list-style-type: none">• Net Rentable Square Feet:	Parcel 1 Building: ± 106,750 square feet Parcel 2 Building: ± 18,750 Square feet TOTAL Square Feet: 125,500 (Source: Property Management)
<ul style="list-style-type: none">• Zoning:	Zoned B3-2 General Commercial The use of the Property is consistent with this zoning. (Source: Jackson County Assessor)
<ul style="list-style-type: none">• Seismic:	Peak Ground Acceleration (PGA) – 0.017193096 g

1.3 UTILITIES

The Property receives its electricity, gas, water, sanitary, and solid waste services from the following sources:

- **Electricity:** Kansas City Power & Light (KCPL)
- **Natural Gas:** Spire
- **Domestic Water:** KCMO Water Service
- **Sewer:** KCMO Water Service
- **Solid Waste:** Stewart (Private vendor)

Property personnel reported no concerns, issues or deficiencies with utility service at the Property.

1.4 CURRENT USE OF NEIGHBORING PROPERTIES

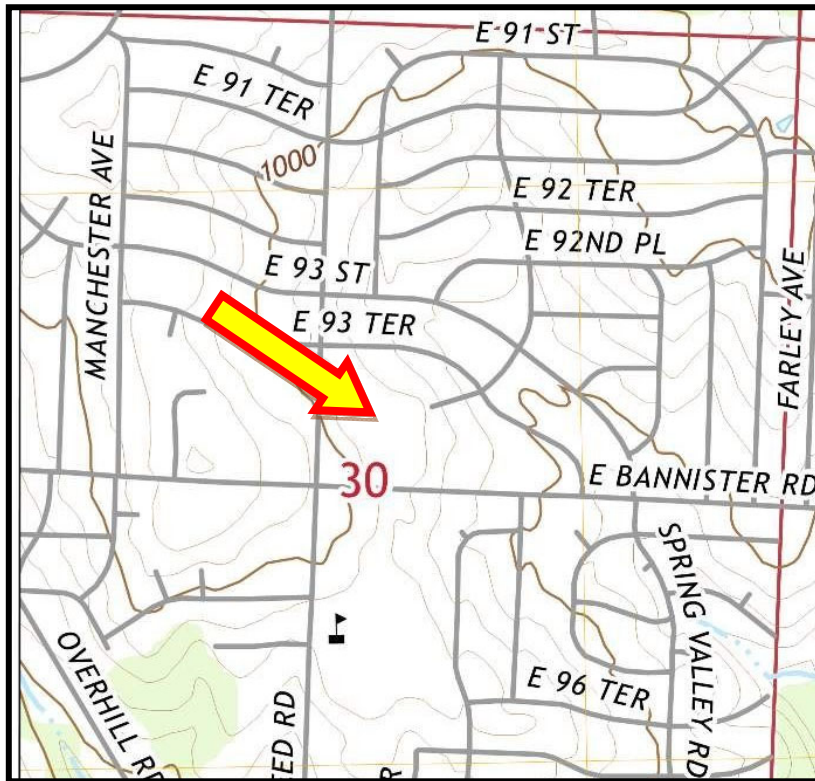
The current use of the neighboring properties includes:

- **North:** Single-family residential development
- **East:** Single-family residential development and commercial development (bank),
- **South:** Public road followed by commercial development; retail auto sales, self-serve car wash, and gas station, and
- **West:** Public road followed by community development (church) and residential development (single-family)

1.5 AREA TOPOGRAPHY

REA reviewed the United States Department of the Interior Geological Survey Topographic Map for Lee Summit, Missouri Quadrangle (dated 2017, 1990, and 1964).

A copy of the topographic map is provided below.



The Property was located in an area of flat topography. The Property parcels are at elevation of approximately +930 feet. The Property and area appeared to slope slightly to the northeast.

No negative information concerning subsurface geological conditions was located.

Visual inspection indicates that the underlying soil types are suitable for the current development at the Property. No significant issues were noted concerning shrink, swell, permeability or other soil characteristics. Based on visual observations, it does not appear that significant fill was imported to allow construction of the improvements.

REA reviewed the USDA Natural Resources Conservation Service (NRCS) on-line Web Soil Survey (WSS). The Web Soil Survey indicates that the site-specific soils in the area of the subject property are classified primarily as depicted on the custom soil survey map below:



Jackson County, Missouri (MO095)			
Jackson County, Missouri (MO095)			
Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
10032	Higginsville-Urban land complex, 5 to 9 percent slopes	10.8	100.0%
Totals for Area of Interest		10.8	100.0%



Based on visual inspection and review of the National Wetlands Inventory Mapper website, none of the developed areas on the Property appeared to be designated as wetlands.

Based on the surface topography, REA anticipates that the ground water beneath the Property would move toward the northeast. Based on the distance to and elevation of surface water bodies, depth to groundwater is estimated to be greater than 20 feet below ground surface. No evidence of groundwater monitoring or remediation was found on or near the Property.

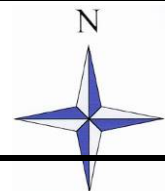
According to the Federal Emergency Management Agency Flood Insurance Rate Map (Panel 29095 C 0403 G dated January 20, 2017), the Property is not located in a flood hazard area.

1.6 PROPERTY LOCATION MAP

The following map depicts the Property and surrounding sites:



PROPERTY LOCATION MAP
8202-8500 East Bannister Road
Kansas City, MO 64134
Project Number 1914095



2.0 BUILDING OVERVIEW

The Property was operating as a multi-tenant retail center and office building at the time of the site inspection

The Property is developed on two parcels; Parcel 1, located on the west side of the Property is developed with one single story building with one basement section (northeast corner of the building). This building features twenty-seven individual tenant suites. At the time of the site inspection twenty of the suites were vacant; REA was provided access to the seven occupied suites and six of the twenty vacant suites.

According to Jackson County real estate records Parcel 1 of the Property encompasses 10.544 acres and includes the Property building and asphalt covered parking area.

The Owner of the Property is listed as KC Equities, LLC.

The Parcel 1 Building was constructed between 1967 and 1969.

The building features slab on grade foundation construction, concrete masonry unit (CMU) exterior walls, a brick veneer, and a flat roof constructed of corrugated metal supported by metal framing and featuring a Modified Bitumen overlay.

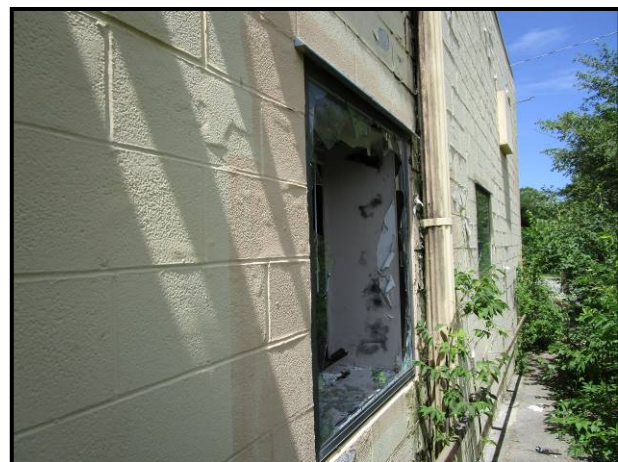
The building features eight-foot soffits over the concrete walkway providing access to the tenant suites. The soffit is constructed of plywood supported by a wood frame. The individual suites feature plate glass in metal frames and glass in metal frame doors.



The Parcel 2 Building was constructed in 1978.

The building features slab on grade foundation construction, concrete masonry unit (CMU) exterior walls, brick veneer accents, and a flat roof constructed of corrugated metal supported by metal framing and featuring a Modified Bitumen overlay.

As part of this assessment REA interviewed Mr. Bob Lawler of the City of Kansas City Building and Codes Department.





REA was referred to the KCMO.org website to review current and former Code Cases.

The site identified 36 entries associated with Parcel 1, of which only one was open.

The one open listed Code Case #14-0451531-501170 listed as open as of 11-13-2014 identified as the non-permitted parking of semi-trucks in the Property parking lot. REA noted semi-trucks parked in the east side of the Property parking lot during the site inspection.

Additional information reviewed were the 121 permits issued to the Property between 1986 and 2017; (no concerns noted) and the following complaints to the City's 311 Service Center:

- Window damage: broken glass present
- Soffit damage
- Exterior finish damage
- Parking lot damage and missing inlet grate
- Trash located in rear of building (limited at time of site inspection), and
- Un-permitted semi-trailing truck parking.

Inspection of code information associated with Parcel 2 indicated four Code Cases of which one was open. The open case # 0416886-464788 was initiated on 8/5/2009. There is no additional information listed associated with this case number. REA requested additional information from Mr. Bob Lawler, information is pending.

Additional information was reviewed, there have been 48 permits issued between 1988 and 2018; no concerns noted, and the following complaints to the City's 311 Service Center:

- Disabled vehicle (observed by REA during the site inspection)
- Peeling paint,
- Trash located in rear of building (limited at time of site inspection), and
- Un-permitted semi-trailing truck parking.

Mr. Lawler reported that 311 calls are calls from local residents who report issues or concerns proximate to residential properties.

There were no additional unresolved building code violations on file for the Property.

As part of this assessment REA interviewed Mr. Don Stein from the Kansas City Fire Prevention Department who reported that there were no open code violations currently on record for the Property.

The Property is zoned B3-2 Commercial Development; there are no current or unresolved zoning code violations on file for the Property.

2.1 STRUCTURAL

Foundations:

REA did not observe evidence of foundation deficiencies with either of the Property buildings. REA did note a significant amount of debris (damaged ceiling tiles, insulation and trash accumulated on the floors of the vacant units accessed which and therefore did not have complete access to perform a visual inspection.

In the occupied inspected, no significant evidence of concrete slab or foundation settling was noted.



Foundation systems for the commercial retail buildings at the Property consist of reinforced concrete footings with concrete slabs at grade.

Property personnel reported no foundation concerns. In addition, REA did not observe evidence of foundation movement, such as perimeter foundation cracking, brick veneer façade cracking and / or concrete masonry units (CMUs) façade cracking.

Based on the scope of work performed, REA is of the opinion that foundations throughout the Property appear to be properly designed for the soil conditions and respective structures at the Property. Soil amendments were likely required for stabilization of soils during building pad and pavement construction. During the term considered, REA does not anticipate substantial capital expenditures regarding foundations.

Framing:

REA noted potential deficiencies with respect to structural systems at the Property; significant expenditures are anticipated over the term.

In both Property buildings, framing above the foundations are CMUs and steel with metal and metal and wood framing observed for interior walls and soffits. Steel columns are spaced throughout the building's interior. The steel columns support steel trusses and steel roof decking for the flat / low slope roofs.

Due to the holes observed in the roof of the Parcel 1 Building, REA was able to see rusted areas on the metal support framing for the roof. REA also observed water stain marks on the wood framing observed through holes in the soffits. REA anticipated repair / replacement of the metal / wood framing in these areas. Associated costs for this work are found in the Immediate Repair Needs Table.



REA noted the observed sections of metal framing in the Parcel 2 Building to be in good condition. REA anticipates isolated repair / replacement of the framing components in this building prior rent

Associated costs for this work are found in the Immediate Repair Needs Table.

No indications of termite damage were noted during the assessment, and no termite concerns were reported by Property Management.

Property management reported that at the time of the assessment, a pest control service was not contracted by the Property. It was reported that the individual tenants are responsible for their own pest management contractors. No issues were noted or reported from interviews with the tenants at the Property.

2.2 ELEVATORS, STAIRWAYS, LANDINGS and BALCONIES

REA did not observe significant damage or deficiencies pertaining to flatwork, stairways or landings. The Property does not feature patios, balconies or elevators.

Concrete sidewalks and landings provide access to each tenant space. Each tenant space has an individual entry; there are no common breezeways or interior common halls.

The Parcel 1 Building features a covered front elevation sidewalk with painted wood soffits that protects the individual entrances of the tenant spaces. REA observed isolated damaged areas of concrete sides walk proximate to Suites 8208, 8216-18, 8226, and 8228-32.

REA has identified these areas as Priority Repair needs due to potential trip hazards; associated repair costs are found in the Immediate Repair Needs Table.

During the term considered, REA does not anticipate additional substantial capital expenditures beyond identified repairs associated with the landings.



2.3 INSULATION

REA noted significant deficiencies regarding insulation. Due to damage in the roof of Parcel Building 1, REA noted to lack of insulation above the drop ceiling in accessible units. REA noted a significant amount of the batt insulation in Parcel 2 Building to be laying on the ground. REA anticipates complete replacement of the batt insulation throughout the Property buildings necessary prior to being rentable and has identified these repairs as Operational Repairs; associated costs for this work are found in the Immediate Repair Needs Table.



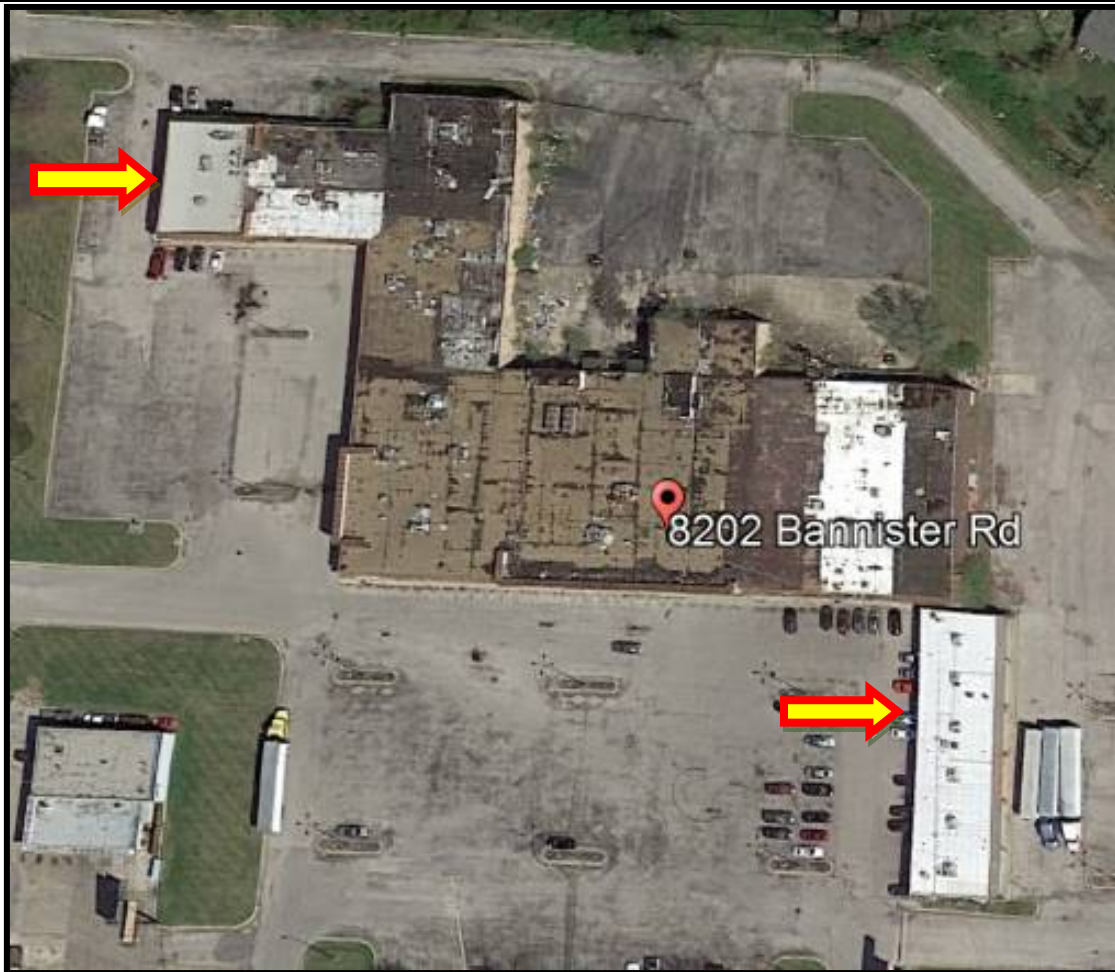
Exterior walls feature masonry block framing.

2.4 ROOFING

Access to the roof of the Parcel 1 and 2 Buildings was provided by a portable ladder. Due to the apparent condition of the Parcel 1 Building roof, i.e. observed holes while inspecting vacant tenant units, REA determined the roof to be un-safe to walk upon. Additionally, based on the general overall appearance of the Parcel 2 Building (lack of maintenance) REA did not walk in the building roof for safety concerns. All roof observations were made from the sides of the building standing on a ladder and from the interior spaces looking up.

The Parcel 1 Building features a flat roof supported by metal framing. The base platform is a corrugated metal decking. The exterior layer of the roof appears to be a Modified Bitumen overlay in some areas with a pea-gravel ballast. The majority of the roof appears to be in poor condition, REA has identified the repair of approximately 56,000 square feet of the roof as a Critical Repair need; associated costs for this work are found in the Immediate Needs Repair Table.

REA noted that the roof of the 8202-tenant suite appeared to be in good condition as did the roof above Suites 8310 -8360 (located on the eastern section of the building). REA anticipates routine repair / replacement of these roof sections during the term; associated costs for this work are found in the Replacement Reserve Worksheet.



The Parcel 2 Building features a flat roof supported by metal framing. The base platform is a corrugated metal decking. The exterior layer of the roof appears to be a Modified Bitumen overlay (painted white). The majority of the roof appears to be in average condition with indication of wear / weathering to the overlay.

REA also anticipated routine roof replacement of the Parcel 2 Building roof during the term; associated costs for this works are also found in the Replacement Reserve Worksheet.

On both Property buildings, aluminum gutters direct stormwater to downspouts at the rear of the Property. No evidence of fire-retardant roof sheathing was observed or reported at the Property.



2.5 BUILDING EXTERIOR

The Property buildings each feature a brick veneer or stone veneer or CMU exterior finish on the front and sides of the buildings and or a painted CMU finish on the sides and rear of the buildings.



REA noted the brick veneer and stone veneer to be in good condition throughout. REA also noted that on the Parcel 1 Building the finish on the rear of the building; the finish of the CMU, was pitted and delaminating in isolated sections throughout. The painted finish on the Parcel 2 Building was observed to be peeling and worn. REA has identified the repair / repaint of the building exteriors as Operational Repair needs and associated costs for this work are found in the Immediate Repair Needs Table.

REA also anticipates routine maintenance of the building exteriors during the term; associated costs for this work are found in the Replacement Reserve Worksheet.

The buildings feature the following exterior components:

Doors:	Parcel 1 and 2 Buildings: Front Glass doors in metal frames Rear: Insulated Metal Doors in Metal Frames
Windows:	Double Pane Glass Aluminum Frames
Facade:	Brick Veneer, Stone Veneer, Painted Concrete Masonry Units (CMUs)
Fascia and Soffits:	Painted Wood Fascias and Soffits at Front Elevation Covered Walkway of Parcel 1 Building and Entry of Parcel 2 Building
Roofing:	Parcel 1 and 2 Buildings: Modified Bitumen
Skylights:	N/A

2.6 INTERIOR BUILDING FINISHES

REA was permitted access to six of the eight occupied tenant suites (no access was granted to the basement unit 8450 or Suit 8340 (Pay Day Loans). The tenant spaces were all commercial spaces either retail or office. REA observed the spaces to be in average to good condition.



Property personnel reported that tenants are responsible for interior build out and finishes.

Each tenant space generally features a bathroom(s) for tenant and / or public use.

As the tenants are responsible for the build out of interior finishes, no costs have been included in the Replacement Reserve Worksheet for maintenance of the occupied suites in the term.

REA also had access to seven of the vacant units. REA noted the interior finishes to be in poor condition in all vacant units accessed or visually inspected from the unit front windows. REA observed water damage to the drop ceiling tiles, water damage to the walls and floor finishes, holes in the walls, and debris throughout.

REA also had access to the Parcel 2 Building and noted the following conditions: broken doors (unable to close), broken or missing windows, water damage to ceiling tiles, walls, and floor finishes, holes in walls.



Due to the extensive damage observed within the vacant tenant spaces, REA has identified the repair / replacement of basic interior finishes; drop ceilings, walls and floor finishes as a Critical Repair need as defined:

“Critical Repairs include repairs and replacements that significantly impact habitability, value, income or marketability and that must be corrected before proceeding with the transaction”.

Associated repair / replacement costs are found in the Immediate Repair Needs Table.

Mold:

Mold was observed throughout the inspected vacant units. REA believes the mold is a result of moisture with from the holes in the building roof or broken windows. REA did not observe mold in the occupied units.

Mitigation of the affected areas is part of the repair / replacement costs associated with the Critical Repairs identified above.

No evidence of substantial or sustained water infiltration or leaks was noted in the occupied units of the Property buildings.



Imported Drywall:

The potential for use of Chinese drywall at the Property was evaluated. Chinese drywall was manufactured in China and imported to the United States starting in 2001. Significant amounts of Chinese drywall were imported from 2004 to 2006, when the building boom and hurricane repairs created a domestic shortage, especially in the southeast United States. This drywall has concentrations of sulfur, strontium and other substances and poses a potential health and safety issue due the presence of these chemicals which may emit sulfurous gases under certain conditions. These gas emissions, which have the odor of rotten eggs, typically worsen as temperature and humidity rise and can cause copper surfaces (piping, wiring, AC components, etc.) to turn black and powdery.

Although the Property location in the southeast raises the possibility of Chinese drywall usage, Property personnel reported, to the best of their knowledge, no use of Chinese drywall or evidence of related issues. In addition, REA did not observe evidence of conditions indicative of Chinese drywall in the areas inspected. Furthermore, the pre-2001 construction date minimizes concerns. No significant renovations in the mid-2000s have occurred that could have resulted in the use of imported drywall.

2.7 HEATING, VENTILATION AND AIR CONDITIONING

The Property buildings feature HVAC package units located on the building roofs. REA was unable to perform a close visual inspection of these units due to safety concerns with walking on the Building roofs. Inspections of the HVAC units were performed as best as possible using a telephoto camera lens. REA observed three HVAC units that were missing components



Based on interviews with tenants, it appears that the tenants are responsible for the maintenance of the HVAC equipment; however, if failure occurs, in general, the Property will replace the units. Estimated costs have been included in the Immediate Needs Repair Table for the repair / replacement of the HVAC units of the vacant units. REA has included these repairs as PR-90 repair due to the safety concerns associated with the Property roofs and access to the HVAC units.

2.8 DOMESTIC HOT WATER

Hot water equipment in the occupied tenant spaces was noted to be in average condition.

REA observed electric and natural gas water heaters in the tenant suites to provide hot water for domestic and restroom purposes.

As the tenants are responsible for the hot water equipment, no costs have been included in the Replacement Reserve Worksheet.

2.9 PLUMBING

REA noted no significant deficiencies regarding plumbing located in the occupied tenant spaces.

REA observed sections of missing pipe and in the vacant tenant spaces. Repair / replacement of these components are included in the Critical Repair needs section of the Immediate Needs Repair Table (included in interior renovation). Beyond the repair of the vacant tenant spaces, no significant capital expenditures are anticipated during the term.

Water supply piping and drain piping to the tenant spaces is located in the walls and floors of the building. Water supply piping is copper or chlorinated poly-vinyl chloride ("CVC") with flexible piping from the shutoff valves to the fixtures. Drain piping is PVC from the wall to the drains. REA did not observe any indication of leaking pipes or fixtures in the occupied tenant spaces of the Property buildings.

Sanitary waste is collected and directed by a gravity system to the municipal system.

No polybutylene plumbing domestic supply systems were reported by Property Management or observed by REA.

2.10 ELECTRICAL

No deficiencies were noted regarding electrical service of the occupied units at the Property. REA was unable to assess the electrical service of the vacant units.

REA anticipates capital expenditures associated with the electric components located within the vacant units of the Property. The cost of repair / replacement of these components to basic service are included in the costs found in the Critical Repair Section of the Immediate Needs Repair Table.

REA does not anticipate significant capital expenditures for the occupied tenant spaces during the term regarding the electrical service.

Electrical service enters the Property through pole-mounted electrical transformers located at the Property. Individual tenant meters and main service breakers are located on the building exteriors at the rear elevations. Circuit breaker panels are located within the respective units. Main breakers are sized to the tenants needs.

In occupied spaces, the electrical service appeared to be adequate; tenants or Property personnel did not report concerns of insufficient electrical service. Property Management reported and REA observed the electrical wiring to the outlets and switches within the tenant suites to be copper.

Ground-fault circuit interrupter ("GFCI") electrical outlets, designed to mitigate the potential for electric shock in wet areas, were observed in occupied tenant spaces proximate to water sources (i.e. restrooms).

2.11 FIRE AND LIFE SAFETY

REA did not observe significant deficiencies regarding fire or life safety systems. No significant capital expenditures are anticipated regarding fire or life safety systems during the term considered.

The Property has the following fire and life safety systems:

Smoke Detectors:	Hard Wired / Battery – As Provided in Occupied Tenant Spaces
Fire Extinguishers:	As Provided in Occupied Tenant Spaces, Vendor Maintained by Tenant Contract
Central Fire Alarm System:	NA: The Property does not feature
Fire Hydrants:	Located Throughout Property
Sprinkler System:	Observed in the Parcel 1 Building Vacant Suite 8228-32, and in Parcel 2 Building.
Security System:	NA: Property does not feature

REA observed sprinkler heads located in the Parcel 1 Building Suite 8228-32. The sprinkler head was observed through the front window (REA did not have access to the unit), and sprinkler heads were observed in the Parcel 2 Building. The working status of the sprinkler system is unknown.

The remaining tenant suites inspected did not have a sprinkler system.

As part of this assessment REA interviewed Mr. Don Stein from the Kansas City Fire Prevention Department who reported that there were no open code violations currently on record for the Property.



3.0 PROPERTY IMPROVEMENTS OVERVIEW

3.1 PROPERTY DRAINAGE

No significant deficiencies were noted regarding Property drainage. Property Representative reported no flooding of tenant suites due to insufficient drainage. REA does not anticipate significant capital expenditures during the term regarding drainage.

There are no permanent surface water bodies on the Property. Storm water on the Property is directed to curb inlets located on the boundary of the parking lot or percolates into the exposed soils. Water collected in the drop inlets is transferred to the municipal system.

3.2 RETAINING WALLS

The Property does not feature retaining walls.

3.3 DRIVEWAYS, PARKING LOTS AND SIDEWALKS

The Property features asphalt cover parking surface for 360 vehicles. REA observed the parking surface to be in poor to average condition. REA noted a significant amount of cracking, potholes, and vegetation growth throughout the parking surface.

REA estimated approximately 50,000 square feet of parking surface needing repair. REA has identified this as an Operational Repair need with associated repair costs found in the Immediate Needs Repair Table.





Property Representative did not know when the asphalt surfaces were last sealed and striped.

The Property features ± 360 open parking spaces. Property Representative did not know when the parking areas and drives were last sealed and striped. In addition to the immediate repairs identified, REA anticipates routine maintenance of the driveways and parking areas during the term. REA has accounted for the associated costs in the Replacement Reserve Worksheet.



The Property is accessible by automobile from five access points; three access points from the south via E. Bannister Road and two access points from the west via James A. Reed Road.

Curbing and sidewalks, which consisted of poured in-place concrete, was observed to be in fair condition. As previously reported in this report, the Property features concrete walkways abutting the Parcel 1 Building that provided access to the individual tenant spaces. REA observed isolated areas of damaged concrete proximate to Suites: 8208, 8216-18, 8226, and 8228-32. REA has identified these areas as Priority Repair needs due to potential trip hazards; associated repair costs are found in the Immediate Needs Repair Table.



REA does not anticipate additional significant expenditures associated with concrete walkways during the term.

3.4 FENCING

The Property features limited chain-link fencing; no concerns were noted associated with the fencing. REA does not anticipate significant expenditures associated with fencing during the term.

3.5 EXTERIOR LIGHTING

REA noted no deficiencies with respect to lighting at the Property. No significant capital expenditures are anticipated during the term regarding exterior lighting.

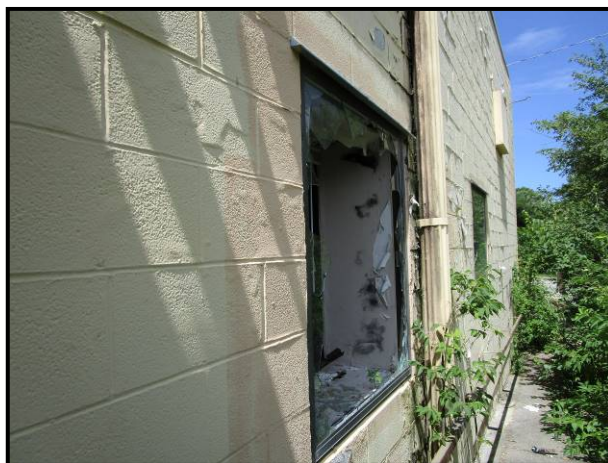
Exterior pole- and building-mounted lighting was observed throughout the Property and was noted to be in good condition. The lighting appeared to be adequate, although the lights were not observed at night.

3.6 LANDSCAPING

The Property features very limited landscaping; primarily located along the Property boundaries. At the time of the site inspection, the Property landscaping was observed to be in average condition with no significant deficiencies noted.

REA did note significant vegetation overgrowth primarily to the north and east of the Parcel 2 Building. REA has identified the removal of the vegetation overgrowth as an Operational Repair need; associated costs for this task are found in the Immediate Needs Repair Table.

No additional significant capital expenditures are anticipated during the term regarding landscaping.



3.7 RECREATIONAL FACILITIES

The Property does not feature recreational facilities.

3.8 SITE AMENITIES

The Property does not feature site amenities.

3.9 SIGNAGE

The Property features one monument sign located on the southside of the Property along E. Bannister Road. REA noted that the sign did not accurately reflect the current tenants occupying the Property. Additionally, individual tenant spaces feature signage located about the store fronts. The signs are owned and maintained by the individual tenants.



Because the individual signs are the responsibility of the tenants, REA does not anticipate significant capital expenditures over the term regarding signage.

Tenant suites are identified with signage anchored to the front building elevations. Many of the storefront windows featured signage / advertising. Tenant spaces are marked with a unit number mounted above the entry door. Signage was clearly visible and observed to be in fair condition.

4.0 AMERICANS WITH DISABILITIES ACT SCREEN

The Americans with Disabilities Act Limited Compliance Survey included a visual survey of the Property to assess whether it is accessible and usable by individuals with disabilities, in accordance with the "Americans with Disabilities Act (ADA) of 1990, Title III, Public Accommodations and Commercial Facilities". The final rules implementing Title III were published in the Federal Register on July 26, 1991 and required compliance by January 26, 1992. The provisions of Title III provide that persons with disabilities should have accommodations and access to public facilities which are equal to, or similar to, those available to the general public. Other provisions of the ADA are not included in this scope of work.

The main building of the Property was constructed in the mid 1970's which was before ADA was enacted. However, the Property appears to be generally compliant with the requirements of the ADA.

The Property was developed with a large multi-tenant retail building and a stand-alone single-tenant building. The majority of the main retail building was constructed in the late 1960's and completed prior to 1980.

4.1 ACCESSIBLE PARKING

Accessible parking spaces should be available as close to an accessible exterior route as possible. Standard accessible parking spaces should be a minimum of 96 inches wide and have an adjacent aisle with a clearance width of at least 60 inches. A minimum number standard of accessible parking spaces shall be made available as follows:

TOTAL PARKING SPACES	REQUIRED ACCESS
1-25	1
26-50	2
51-75	3
76-100	4
101-150	5
151-200	6
201-300	7
301-400	8
401-500	9
501-1,000	2% of Total



In addition to standard accessible parking, at least one in every eight standard accessible spaces is required to be van accessible. Van accessible spaces are also 96 inches wide but require wider aisles (96 inches) and higher vertical clearances (98 inches versus 80 inches) than standard accessible spaces. All accessible parking spaces are to be designated as reserved by appropriate signage.

Due to the faded condition of the striping / parking lot markings, REA was unable to determine ADA designated parking spaces. In order to meet the ADA parking requirements, REA has identified the installing 15 designated ADA parking spaces at the Property. Associated costs for this work are found in the Operational Repair Table of the Immediate Needs Repair Table.

4.2 CURB RAMPS

Wherever an accessible route crosses a curb, a curb ramp is required. The maximum slope for the curb ramp is 1:12 and its minimum clear width should be 36 inches. The surface of the curb ramp should be firm, stable, and slip resistant.

REA noted the asphalt parking surface and the concrete walkway are level, there is no need for curb ramps.

4.3 ACCESSIBLE EXTERIOR ROUTES

At least one accessible exterior route per public building to an accessible entrance is required. This route should coincide with the route intended for the general public. The minimum clear width of this route should be 36 inches. The slope of the accessible route should not exceed 1:20.

Accessible exterior routes were noted leading to tenant spaces.

4.4 BUILDING ENTRANCES/EXITS

Public entrances are defined as any entrances that are not loading or service entrances. The doors at the entrance should be automatic doors or doors that open freely without requiring any twisting or turning. The doors should have a clear opening width of at least 32 inches if the doors can open 90 degrees. If the doors cannot open 90 degrees, the clear opening should be at least 36 inches. If there are double doors at the entrance, then at least one door should be active (unlocked) and have a clearance of 32 inches if it can open 90 degrees. At least 50 percent of public entrances should be accessible to persons with disabilities. If all entrances are not accessible, the accessible entrances should be identified by appropriate signage. Where feasible, accessible entrances shall be the entrances used by the majority of people visiting or working in the building.

Threshold steps must not have a vertical edge difference greater than ½-inch. Higher thresholds should be beveled or ramped. Door handles should not be located higher than 48 inches above the floor.



Buildings shall also have accessible means of egress in the same number as required for exits by local building regulations. Buildings over 1,500 square feet are required to have at least two exits and, therefore, two accessible exits. Detailed architectural drawings were not available for review.

Building entrances / exits were noted to be accessible.

4.5 ACCESSIBLE INTERIORS

Persons with disabilities should have at least one interior accessible route to all accessible areas. The interior accessible route should be at least 36 inches wide or have passing lanes that are 60 inches wide at 200-foot intervals. The interior accessible route should not have any protruding objects. If carpets are used on the interior floors they shall be securely fastened and not have a pile longer than 1/2-inch.

The building interiors are configured to be generally accessible. Tenants are responsible for maintaining accessible interiors within their respective spaces.

4.6 ELEVATORS

The Property does not feature an elevator.

4.7 RESTROOMS

Restroom(s) which are accessible to individuals with disabilities should have a door with a minimum clearance of 32 inches. There should be a minimum of one stall which complies with the ADA requirements. Dimensional requirements for a 'standard' accessible stall include a minimum stall width of 60 inches, a minimum depth of 56 inches, and toe clearances of 9 inches on the front and one side partition. The toilet seat height should be between 17 and 19 inches above the floor. Flush controls should be a maximum of 44 inches above the floor. The toilet paper dispenser should be 19 inches above the floor and 36 inches from the rear wall. Grab bars should be 36 inches above the floor and a minimum of 40 inches in length along the side walls.

A clear space in front of the urinals should be 30 inches wide and a minimum of 48 inches deep. Urinals should be stall type or wall hung with an elongated rim at 17 inches above the floor. Flush controls should be a maximum of 44 inches above the floor.

The counter tops for the sinks should be a maximum of 34 inches above the floor. They should extend a minimum of 17 inches from the wall. The counter tops should have a minimum clearance of 29 inches from the floor to the bottom of the apron. There should be clear floor space at least 30" x 48" in front of the counter. The bottom edge of the mirror should be a maximum of 40 inches above the floor. The sinks should have one-handed controls (i.e. levers, push or electronic controls) and have a maximum depth of 6.5 inches.

The Property does not feature public restrooms.



4.8 POOL FACILITIES

The Property does not feature a pool.

4.9 OTHER REQUIREMENTS

Other areas covered by the American Disabilities Act, Title III include drinking fountains, automatic teller machines and public telephones.

The Property features no automatic teller machines, public phones or drinking fountains.



5.0 COST ESTIMATES

5.1 REPAIRS

Based upon the findings of our inspection, REA did not identify immediate repair items for the Property.

IMMEDIATE NEEDS REPAIR

REA noted the following areas in need of repair:

CRITICAL REPAIRS: Critical Repairs include repairs and replacements that significantly impact habitability, value, income or marketability and that must be corrected before proceeding with the transaction. REA identified the following items in need of Critical Repairs.

CRITICAL REPAIRS

ITEM	DESCRIPTION	COST
1.	Repair interior finishes of twenty suites in Parcel 1 Building and the total interior finishes of the Parcel 2 Building to include: removal of damaged ceiling tiles, interior walls, mold abatement, removal of flooring finishes; repair / replacement of plumbing piping, installing new walls, drop ceilings, flooring, repair windows and doors. Estimated 100,750 square feet (based on current rent roll) estimated cost repair of \$ 5 per square foot.	\$ 503,750
2	Repair of the damage building roof. Majority of damage isolated to western 3/4 of the building; approximately 56,000 square feet.	\$ 224,000
	TOTAL	\$727,750

PR-90 REPAIRS: PR-90 Repairs are corrective actions that must be completed in 90 days and are limited to imminent life safety hazards and ongoing substantive damage to the Property.

The following areas were identified as PR-90 Repairs at the Property.

PR 90 REPAIRS

ITEM	DESCRIPTION	COST
1.	Repair support pillar located proximate to Unit 3220.	\$ 1,000
2	Replace damaged or missing HVAC equipment components from roof top units. Estimated 20 affected units. Identified as a PR-90 repair due to condition of roof.	\$200,000
	TOTAL	\$ 201,000



PRIORITY REPAIRS: Priority Repairs include repairs and replacements that are significant which must be addressed as soon as possible. All life safety hazards, code violations, material deficiencies and significant deferred maintenance items are considered Priority Repairs.

REA identified the following Priority Repair needs during the site inspection.

PRIORITY REPAIRS

ITEM	DESCRIPTION	COST
1.	Repair damaged (cracked) concrete walkways proximate to Suites: 8208, 8216-18, 8226, and 8228-32. Estimate repair average \$750 / walkway	\$ 3,000
	TOTAL	\$ 3,000

OPERATIONAL REPAIRS: Operational Repairs include repairs and replacements that consist of minor deficiencies and minor deferred maintenance that are expected to be completed by the Borrower as a part of repairs and maintenance budget and that cannot be reasonably resolved by routine maintenance.

REA identified the following as Operational Repair needs:

OPERATIONAL REPAIRS

ITEM	DESCRIPTION	COST
1.	Repair damaged parking surfaces throughout: repair cracks / potholes, remove vegetation. Estimated affected area 50,000 square feet	\$ 50,000
2.	Repair building exterior finish. Repair damaged finish concrete skim coat and remove peeling paint / repaint.:	\$ 10,000
3.	Remove overgrown vegetation proximate to buildings.	\$ 5,000
4.	Install 15 designated ADA parking spaces completed with signage	\$ 3,000
	TOTAL	\$ 68,000

5.2 REPLACEMENT RESERVE WORKSHEET

The total inflated 12-Year Replacement Reserve for the Property is \$392,149 (see following page). The cost per square foot over the term of the loan plus two years is \$3.12 or an average annual cost of \$0.26 per square foot. The projections include maintenance of the exterior building envelope and exterior site improvements.



Insert cost table



APPENDIX 1

SITE PHOTOGRAPHS

The following photographs were taken during the assessment of the Property to document the status of the Property.

All photographs were taken on July 3, 2019.



1. Property parking lot and Parcel 1 Building.



2. Former anchor store; currently vacant suite



3. Typical concrete walkway / unit entry.



4. Typical entry doors.



5. Typical soffit damage.



6. Typical soffit damage.



7. Typical non-glass door unit entry.



8. Typical glass store fronts.



9. Typical soffit roof configuration.



10. Typical store signage.



11. Typical vacant unit.



12. Typical vacant unit.



13. Typical damaged flooring in vacant unit



14. Typical condition of rear loading docks area of Parcel 1 Building



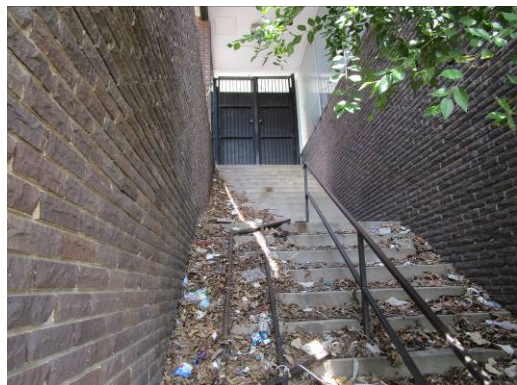
15. Typical rear of Parcel 1 Building.



16. View of rear parking lot of Parcel 1 Building.



17. East side of Parcel 1 Building showing basement level.



18. Access stairs on east side of Parcel 1 Building from basement level to grade level: Gated off.



19. Parcel 2 Building



20. Side elevation of Parcel 2 Building.



21. Back side of Parcel 2 Building.



22. Interior view of Parcel 2 Building.



23. View of roof components of Parcel 2 Building.



24. Typical office area within Parcel 2 Building.



APPENDIX 2

LIST OF TENANTS INSPECTED

Prior to the site inspection, REA requested that all down and vacant tenant spaces are available for inspection. No down tenant spaces were reported at the Property.

Mr. Bond unaccompanied during the Property and area inspections. REA thirteen of the total twenty-eight tenant space, including vacant and occupied spaces.

**East Bannister Road Commercial Buildings
8202 - 8500 East Bannister Road
Kansas City, Jackson County, Missouri 64134**



LIST OF TENANTS INSPECTED

Inspected by: Thom Bond

Inspected on July 3, 2019

SUITE NUMBER	TENANT	SQ. FT.	STATUS	COMMENTS
8202	The Wash House	2,400	Occupied	No concerns noted.
8204	former Cell Spot	900	Vacant	No Access*
8206	NA	915	Vacant	No Access*
8208	former: Designer Men's and Women's Fashion	930	Vacant	No Access*
8210-12	former Learn N Care Center	2,000	Vacant	No Access
8214	NA	2,680	Vacant	No Access
8216-18	NA	5,500	Vacant	No Access
8220	Former Party Stop	1,600	Vacant	No Access
8222	Former: Eddie's	1,600	Vacant	Holes in ceiling, damaged walls and flooring; mold present; complete renovation needed prior to renting
8224	Former: Truitt Supply Company	3,200	Vacant	No Access*
82226	NA	2,000	Vacant	No Access
8228-32	Former: Robandee Market	30,373	Vacant	No Access*
8234	Former: U-Haul	6,777	Vacant	Damage to ceiling tiles, walls, and flooring. Mold throughout; renovation needed prior to renting.
8236	KC Beauty Supply	5,000	Occupied	No concerns noted.
8238	Former: Kwanzaa Martial Arts Academy	5,000	Vacant	No Access
8240-42	Former: Karate Studio	5,000	Vacant	No Access
8310	Flawless Braiding	1,570	Occupied	No concerns noted
8320-30	Halal Market	2,220	Occupied	Leak from roof top AC unit – damage to ceiling tile
8340	Pay Day Loans	1,000	Occupied	No concerns noted
8350	VIP Beauty Salon	1,440	Occupied	No concerns noted
8360	Up in Smoke	1,120	Occupied	No concerns noted
8370	NA	2,000	Vacant	No Access
8380	NA	4,000	Vacant	No Access
8400	NA	3,750	Vacant	No Access



SUITE NUMBER	TENANT	SQ. FT.	STATUS	COMMENTS
8450	Dig Construction	10,000	Occupied	Tenant did not allow REA access. Tenant space in only basement area on the Property; southeast corner of Property building.
8450A	NA	1,250	Vacant	No Access
8490	NA	2,550	Vacant	No Access
8500	NA	18,725	Vacant	Interior drop ceiling damage, molds present throughout, wall and floor damage; complete renovation needed prior to renting

Note: No Access* indicates REA was able to observe sections of the inaccessible unit from the street level front window



APPENDIX 3

ROSTER OF INTERVIEWS

Interviews were performed before, during and after the assessment of the Property. These interviews were performed to locate any available information concerning the environmental status of the Property and area.

The following roster is a non-inclusive list of people interviewed. Only those interviews which provided relevant information are listed below.

NAME	ORGANIZATION
Mr. Chris Davidson	CMHD 917 755 5113
Notes: Property Representative (Broker): Has been associated with the Property for less than a year. Provided information on Property operations.	
Mr. Bob Lawler	Kansas City Building Department; Code Enforcement Division 816.513.1544
Notes: Directed REA to KCMO.org to obtain building information. No current or open adverse violations were noted.	
Mr. Don Stein	City of Kansas City Fire Prevention 816.513.4610
Notes: Several attempts to obtain information of possible fire code violations associated with the Property have been un-answered.	
KCMO.org	Kansas City, Missouri Property Information website
Notes: Reviewed past code case files, and 311 complaints associated with the Property. Obtained zoning information for the Property.	



APPENDIX 4

SUPPORTING DOCUMENTATION

- Site Map: NA



APPENDIX 5

PERSONNEL QUALIFICATIONS



**THOMAS J. BOND
PROJECT MANAGER**

Academic

BA Loyola University Chicago - 1985

Certifications/Training

- International Association of Certified Home Inspectors (NACHI#14010816)
- EPA/AHERA Building Inspection
- Wood-Destroying Organism Inspection
- OSHA Hazardous Waste Operations and Emergency Response Training
- OSHA Certified Safety Instructor.
- Green Building Inspector

Experience

Proficient in Property Condition Assessments, Physical Needs Assessments and Cost to Cure Estimates; 1,000+ career projects successfully completed.

Proficient in Phase I and II Assessments under Fannie Mae, Freddie Mac and Conduit protocols including sampling for asbestos, lead in water, lead-based paint, mold and radon. Thom has completed assessments on well over 1,000+ properties.

Thom is also proficient at Fannie Mae and Freddie Mac energy assessments.

Thirty years of experience in construction related fields: real estate due diligence, environmental assessments and hazardous material remediation, commercial systems demolition, and domestic water transfer systems and HVAC systems. Thom also has extensive experience in construction inspection and progress evaluation on new development and renovation projects with budgets ranging from \$5 to \$21 million.

Comprehensive experience in environmental and architectural evaluations: commercial office / industrial demolition and environmental clean-ups totaling over \$21 million. Extensive remedial management experience on projects involving asbestos, low level radiation, ground water and soil contaminated with PCB, lead, solvents, and hydrocarbons.

Mr. Bond was a Project Manager (fourteen years) overseeing 25+ large scale environmental remediation projects nation-wide and in Europe consisting of asbestos and contaminated soil remediation clean-up sites as well as performing environmental assessments, developing project estimates, procuring equipment and supplies prior to remediation for Fluor Daniel Engineering and Construction.

Mr. Bond was a Health and Safety Manager of Projects (two years) for Fluor Daniel Engineering and Construction and was responsible for developing and implementing the health and safety protocols for daily operations of a low-level radiation remediation project including temporary containment construction / de-construction.

Commonwealth Mechanical Contractors: Technician (two years) removing and installing domestic water transfer systems, and HVAC components; duct work and piping Installation which included modification to existing construction, repair of flooring, wall and ceiling components.

East Bannister Road Commercial Buildings

Project 1914095

**OFFICES NATIONWIDE
800-347-7807**



EQUIVALENT EXPERIENCE AND EXPERTISE CERTIFICATE

Freddie Mac Loan Number

Property Name

Street Address

City, State and Zip

Seller/Servicer

Borrower Sponsor

Proposed Loan

Consulting Firm

Consultant

E. Bannister Commercial BLDS

8202-8500 E. Bannister Road

Kansas City, MO

Real Estate Advisory, LLC

Thom Bond

This Certificate of Equivalent Experience and Expertise (this “**Certificate**”) is made as of July 24, 2019, by **Seller/Servicer**, for reliance upon by the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States of America (“**Freddie Mac**”), in connection with the Proposed Loan.

A. Seller/Servicer desires to retain the services of Consultant to (*check as applicable*):

☒ Perform a property inspection (“**Property Inspection**”) and/or prepare a property condition report (“**Property Report**”) in accordance with Chapter 14 of the Freddie Mac Multifamily Seller/Servicer Guide (the “**Guide**”) (the Property Inspection and the Property Report are collectively referred to as, the “**Property Inspection and Report**”).

☒ Perform an environmental inspection (“**Environmental Inspection**”) and/or prepare an environmental report (“**Environmental Report**”) in accordance with Chapter 13 of the Guide (the Environmental Inspection and the Environmental Report are collectively referred to as, the “**Environmental Inspection and Report**”).

B. Seller/Servicer acknowledges that Consultant does not satisfy some or all of the applicable requirements of the Guide relating to experience and expertise, as more particularly identified below.

C. Subject to the satisfaction of the terms and conditions of this Certificate, Freddie Mac will accept the Property Inspection and Report and/or the Environmental Inspection and Report prepared by Consultant, as applicable. Seller/Servicer acknowledges and agrees that Freddie Mac is relying upon the accuracy and completeness of this Certificate.

Seller/Servicer hereby certifies the following to Freddie Mac, as of the date hereof:

1. **Property Inspection and Report**

This section is applicable if Consultant is undertaking the Property Inspection and/or preparing the Property Report. Check the qualifications below that are satisfied. Select “EQUIV” for those qualifications for which the Seller/Servicer has determined that Consultant has equivalent experience.

EQUIV A degree in engineering and/or architecture from an accredited institution.

- ☒ Five or more years of experience in one or more of the following disciplines: architecture, engineering (structural, mechanical or civil) and/or construction/cost estimating.
- ☒ Three or more years of experience performing multifamily property inspections.
- ☒ Two or more years of experience conducting similar work for financial institutions.

2. Environmental Inspection and Report

This section is applicable if Consultant is undertaking the Environmental Inspection and/or preparing the Environmental Report. Check the qualifications below that are satisfied. Select "EQUIV" for those qualifications for which the Seller/Service Provider has determined that Consultant has equivalent experience.

- ☒ A minimum of three years of experience if licensed by the federal, State or local government, or a minimum of five years of experience if not licensed but holding a bachelor's or higher degree in a relevant discipline.
- ☒ A minimum 24-hour asbestos inspection course with 8-hour annual refresher courses.
- ☐ N/A If Consultant is a subsurface soil service provider, completion of the 40-hour Health and Safety Training for Hazardous Waste Operations course, with annual 8-hour refresher courses. [Mark as "N/A" if Consultant is not a subsurface soil service provider.]

3. Equivalent Experience Justification

- a. No Consultant may prepare a Property Inspection and Report or an Environmental Inspection and Report, as applicable, unless Consultant satisfies the applicable Guide requirements.
- b. If Seller/Service Provider has indicated that Consultant has equivalent experience for any of the required qualifications, Seller/Service Provider must provide written justification below as to how Seller/Service Provider has made such determination. Such justification should include consideration of criteria such as experience depth that goes beyond Freddie Mac's basic requirement and experience breadth in areas that demonstrate comprehensive knowledge in property condition or environmental analysis, as appropriate, and extensive related training. The justification must also be based on Seller/Service Provider's review of a sufficient number of reports produced by Consultant for other loans underwritten by Seller/Service Provider, or based on a review of sample reports completed for other parties accompanied by reference verifications of report quality from such parties.
- c. Price is not an acceptable justification for use of a Consultant not satisfying the applicable Guide requirements. It is expected that any Consultant and Consulting Firm retained by Seller/Service Provider will be at rates reflective of current market standards.

4. Justification

Based on the foregoing, Seller/Service Provider has determined that Consultant has satisfactory equivalent experience for all qualifications marked "EQUIV" for the following reasons:

Thom Bond is proficient in Property Inspections; has completed 500+ Property/Environmental Inspections; has 7+ years in construction management, environmental remediation & cost estimating; and has a BA from Loyola University Chicago

(1985). Thom is a Certified NACH Home Inspector (#14010816). All reports are reviewed by PE with 20+ years experience.

5. Applicability of the Guide; Freddie Mac

- a. Freddie Mac retains the right to reject any report considered substandard or unresponsive to Guide requirements.
- b. Any report prepared by a Consultant that does not meet the applicable Freddie Mac qualification requirements as set forth in the Guide that is not accompanied by this Certificate may be rejected by Freddie Mac in Freddie Mac's sole discretion.
- c. Freddie Mac's acceptance of Seller/Service's determination of equivalency is a modification only of the specific Guide requirements which address Consultant qualifications and shall not be deemed a modification of any other requirements, including those pertaining to the contents and quality of the report. This Certificate shall not be deemed to waive or modify Seller's representations and warranties under Section 5.3(b) of the Guide; provided, however, Seller's representations and warranties with respect to Consultant's experience and qualifications to perform property inspections and to prepare the Property Inspection and Report and/or Environmental Inspection and Report, as applicable, are qualified for those items marked "EQUIV" above to the extent the justifications set forth in Section 4 of this Certificate are in accordance with Section 3(a) – (c) of this Certificate.

6. Requirements

- a. This Certificate must accompany every Property Inspection and Report and Environmental Inspection and Report produced by a Consultant that does not meet the applicable Freddie Mac qualification requirements as set forth in the Guide.
- b. This Certificate must be retained in the Seller/Service's office and copies must be located in Consultant's qualification file. Such files may be reviewed or audited from time to time by Freddie Mac.

IN WITNESS WHEREOF, Seller/Service has executed this Certificate as of the date set forth above.

SELLER/SERVICER: _____

Signature

Name _____
Title _____
Date _____



**KEVIN A. MUELLER, P.E.
VICE PRESIDENT**

Academic

BS Civil Engineering, University of Illinois - 1982

Certifications / Training

- Professional Engineer (Illinois)
- EPA / AHERA Asbestos Building Inspector (Initial & Refreshers)
- EPA / AHERA Management Planner
- EPA Lead Inspector
- HUD Multi-family Accelerated Processing (MAP)
- Wood Destroying Organism

Experience

Thirty years of experience in construction and environmental consulting. Environmental experience includes Phase I and II assessments, surveys for asbestos, lead-based paint, PCBs, radon and drinking water quality. Proficient in due diligence assessments under Fannie Mae, Freddie Mac and Conduit formats. Civil construction experience includes concrete and steel structure assessment.

Kevin is a civil / structural engineer with twenty-three years of environmental and property condition assessment experience. He has performed environmental and property condition assessments at multi-family, commercial, industrial and public facilities. Project experience includes apartment complexes, hotels, shopping centers and office / warehouse buildings. In addition, Mr. Mueller has been project coordinator for several multi-site portfolios including packages of 75 and 300 facilities.

Based on his engineering and construction experience, Kevin manages Real Estate Advisory's performance of Phase I Environmental Site Assessments and Property Condition Assessments. Often in conjunction with environmental site assessments, Kevin's real estate due diligence efforts provide clients with cost-to-cure estimates for deferred and periodic maintenance. Multi-year budgets are provided for immediate repairs and projected operational expenses over periods of typically five to thirty-five years. In addition, Mr. Mueller provides oversight of the environmental assessments and input to clients on identified issues and their potential risk.

Mr. Mueller is also experienced in conducting asbestos, lead paint and radon surveys and his structural engineering background affords him a thorough working knowledge of building systems, which is especially useful. Kevin has managed asbestos services such as inspection, air sampling and analysis, project management, risk assessments, project design, preparation of abatement specifications, and development / implementation of operations and maintenance (O&M) programs. His experiences have also included environmental assessment of property to identify potential environmental liabilities associated with a given property.

Prior to joining Real Estate Advisory, L.L.C., Kevin had profit / loss responsibility for branch offices of national consulting firms. He was responsible for client management, staffing, planning and performing diverse environmental services. Kevin has also served as a structural engineer for a large, national engineering firm. His experiences included structural assessment of concrete and steel structures for field modifications at power plants.