

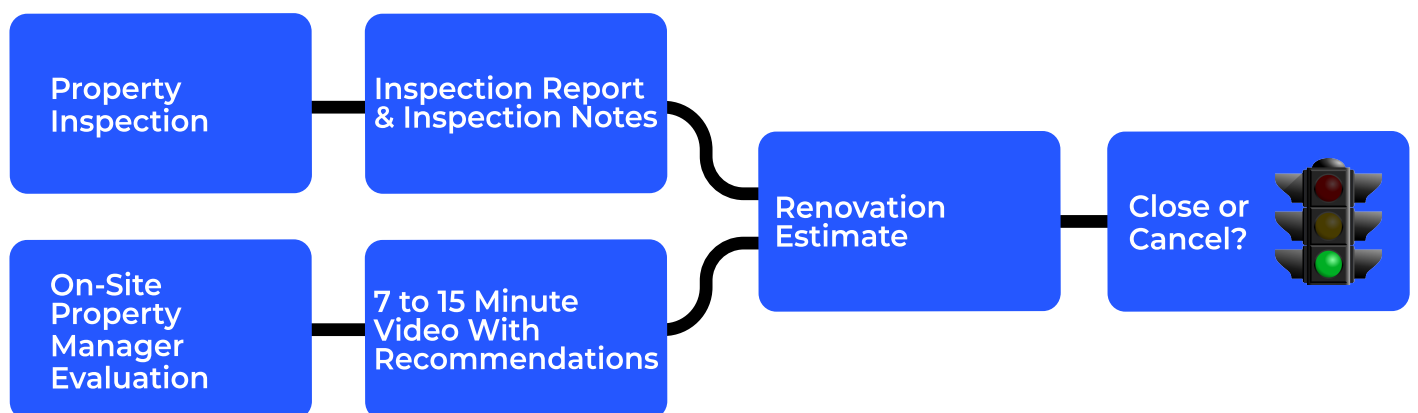
XXXXXXX - Address - Inspection Notes

Due Diligence Purpose

During the due diligence period, we collect a variety of information so you can make an informed decision to either proceed to close or cancel the contract and look for another property. The information we collect include:

- **Property Inspection** - The property inspector evaluates the property and provides a written report on the condition of the property's systems like HVAC, roof, plumbing, etc. The property inspector does not evaluate cosmetics. Also, depending on the property inspector's findings, additional inspections may be required.
- **Our Property Notes** - We review the inspection report and divide the items into three categories listed below.
 - **Informational Items** - These are items from the property inspection report that are just informational or in our opinion, do not need repair at this time.
 - **Buyer Paid Items** - Items that, in our opinion, should be corrected during renovation. We work with appropriate vendors to obtain quotes for all items.
 - **Request Seller to Repair Items** - Items we propose asking the seller to repair before the close of escrow.
- **Property Manager Walk Through** -The property manager, a member of our team, and the renovation company evaluate cosmetic aspects of the property. The result is a 7 to 15-minute video and a list of recommended renovation items.
- **Renovation Quote** - Based on the relevant items from the property inspection, the property manager walk through, and the renovation estimate, we obtain quotes for all work. Quotes are usually available in 2 to 3 business days after the inspections.

Based on the renovation cost and other information, you can then decide with confidence whether to complete or cancel the purchase before the end of due diligence. See the process diagram below. If the purchase is canceled during the due diligence period, your earnest money deposit will be returned.



Inspection Report Notes

Below are our comments on the items listed in the property inspection report within brackets ([]). Know that our comments are subjective; another person may evaluate the items differently; evaluating any property is not science. And, even if a device functions normally during the inspection, it could fail a week later. Lastly, additional repair items will be discovered during the renovation. Rarely have these additional repair costs exceeded \$500.

This set of inspection notes contains the following sections

- **Informational Items** - These are items from the property inspection report that are just informational or do not need to be addressed at this time.
- **Buyer Paid Items** - Items that in our opinion should be corrected during renovation.
- **Request Seller to Repair Items** - Items we propose asking the seller to repair before close of escrow or provide a credit to your closing costs in lieu of making the repairs.

Note: Please pay the inspector directly. An invoice is part of the report. You can use QuickPay through Zelle or you can call the inspector and use a credit card. His contact details are: Ron Cooper, Cornerstone Home Inspections LLC, 322 Oliveiro Ct., Henderson NV 89014, 702-719-9464, Chiinspections@cox.net

Informational Items

Below are items from the inspection report that, in our opinion, do not need to be addressed at this time. Our comments are contained in the brackets.

- **2.2 WINDOWS:** The kitchen / dining window had moisture in between the panes indicating the the internal seal has failed. [Moisture between window panes is a cosmetic issue, and we rarely repair/replace the window.]
- **2.2 WINDOWS:** There were other windows downstairs that appeared to have worn rollers as they were difficult to to open and close. [We do not normally replace worn window rollers in Las Vegas. Due to the climate, windows are rarely opened, so worn rollers are not an issue. We replace the rollers only if the window is prohibitively hard to open since this could be a hazard should there be a fire.]
- **3.0 ROOF COVERINGS:** There were several areas of damaged roof tiles observed, recommend a further review by a licensed roofing contractor and repair as necessary. [We will arrange for a roof inspection.]
- **4.9 MASTER BATHROOM COMPONENTS:** There was a very high opening under the toilet in the master bathroom. [If the toilet is stable, the gap should not be a problem. This will be further investigated during renovation.]
- **6.6 STEPS, STAIRWAYS, BALCONIES AND RAILINGS Back Forward:** The spacing between some of the rails on the staircase and landing is wider than 4 inches, this is a safety concern for small children and or pets. (The current building standard is now 4 inches or less). [No action is needed at this time. When the house was built, the rails conformed to code. If the rails are replaced in the future, the replacement rails will conform to the current code.]

Buyer Paid Items

Below are items from the inspection report that should be corrected during renovation and that we can not reasonably ask the seller to repair.

- **2.0 WALL CLADDING, FLASHING AND TRIM:** There were several cracks observed in the stucco at time of inspection, there was also a past repair at the side of the home near the hose faucet. Recommend sealing

these cracks for water tightness. [These types of cracks are common. The repair on the side of the house near the faucet is not. All cracks need to be sealed.]

- 2.6 VEGETATION, GRADING, DRAINAGE, DRIVEWAYS, PATIOS, WALKWAYS AND RETAINING WALLS : There was a very deep hole at the side of the yard near this water box, recommend a further review and correct / repair as necessary. [Determine cause of hole and fill.]
- 2.7 EAVES, SOFFITS AND FASCIAS: There were areas of peeling paint and staining observed at the rear of the home up high. [Touch up areas as needed.]
- 4.3 ANTI-SIPHON VALVE: There was no anti-siphon valve located in the sprinkler system at time of inspection. Recommend having one installed for proper back flow prevention. [Install an anti-siphon valve.]
- 4.4 EXTERIOR HOSE FAUCETS: The back flow device installed on the rear yard hose faucet was inoperative, causing an erratic spray pattern. [Replace defective backflow preventer.]
- 4.8 DOWNSTAIRS HALL BATHROOM: The shower valve / cartridge and sink cartridge were tight to pull on and push off. [Replace cartridges.]
- 4.9 MASTER BATHROOM COMPONENTS: There was a crack in the vanity top of the master bathroom. [This may only be cosmetic, and the crack can be filled. This needs further investigation.]
- 4.9 MASTER BATHROOM COMPONENTS: Both sink stoppers were missing. [Install sink stoppers.]
- 4.9 MASTER BATHROOM COMPONENTS: The jacuzzi bath tub did not operate at time of inspection. [Disable the Jacuzzi tub motor and or switch. We have had several leaks with Jacuzzi tubs. The lease will advise the tenant that the jacuzzi does not function.]
- 4.10 UPSTAIRS JACK and JILL BATHROOM COMPONENTS: There were visible cracks in the in left side sink and both sink stoppers were missing. [We can likely seal the cracks and make them relatively invisible. Install sink stoppers.]
- 5.4 BRANCH CIRCUIT CONDUCTORS, OVERCURRENT DEVICES AND COMPATIBILITY OF THEIR AMPERAGE AND VOLTAGE: The top 2 breakers were a 20 amp rating and the incoming power line was a 14 gage. Corrections are advised by a licensed professional. [A 14 gauge wire is rated at a maximum of 15 amps. The two breakers to be replaced with 15 amp breakers.]
- 5.7 SMOKE DETECTORS ARE (NOT INSPECTED): Smoke detectors are not tested due to various reasons, however recommend following manufacturers instructions as to cleaning and servicing batteries, additional detectors may be needed. [Smoke detectors to be checked and replaced as needed.]
- 5.8 EXTERIOR WIRING: There was a loose outlet box at the rear side yard that was not connected to a GFCI circuit breaker. [Secure outlet box.]
- 6.2 FLOORS: There were several cracked floor tiles at the upstairs Jack & Jill bathroom location. There were also a couple of cracked tiles observed at landing of the stair case. [As part of the planned renovation, the tile will be replaced with LVP.]
- 6.3 DOORS (REPRESENTATIVE NUMBER): The back side of the downstairs bedroom door has loose panel. [Secure loose panel.]
- 6.3 DOORS (REPRESENTATIVE NUMBER): The door from garage to house did not fully self close, if it does not self close it breaches the one hour fire rating for safety. [Replace/adjust hinges.]
- 6.4 GARAGE WALLS AND CEILINGS: There were openings in the sheet rock of the garage, this breaches the one hour fire rating. Repairs are needed. [Close opening in sheetrock.]
- 6.5 KITCHEN COUNTERS AND A REPRESENTATIVE NUMBER OF CABINETS: There were a couple of broken / chipped counter top tiles observed at the kitchen location. [Part of the planned renovation is to replace the current counters with granite.]
- 6.5 KITCHEN COUNTERS AND A REPRESENTATIVE NUMBER OF CABINETS: There was also past water damage to

the deck under the kitchen sink. [Repair/replace the sink deck.]

- 8.1 GAS/LP FIRELOGS AND FIREPLACES: The damper does not stay in a closed like position. [Adjust damper.]
- 9.2 DISTRIBUTION SYSTEMS: There appeared to be a loose electrical conduit at one of the roof top units at and both units did not have a p-trap installed in the drain line. [Secure electrical conduit and install p-traps.]
- 10.2 VENTING SYSTEMS, EXHAUST FANS : Several exhaust fans were not operational at the laundry and bathroom locations. [Replace exhaust fans as needed. Determine cause and correct attic exhaust fan.]

Request Seller to Repair

With your approval, we will send the following items and the inspection report to the seller, requesting repair before the close of escrow. Note that the seller is under no obligation to make any repairs. However, if we cannot come to a mutually acceptable resolution, we have the option to cancel the purchase.

A frequent question we receive is, “Why don’t you include all the repairs in the Repair Request?” Our experience is that if too many small items are included, the seller will refuse to make any repairs. We only include items that the seller will recognize as problems on the list to avoid this situation.

Sometimes, we do not want the seller to make the repairs, unless the repair cost is difficult to estimate. For example, we had a situation where the inspector identified a few broken tiles. The seller offered \$500 in lieu of making the repairs. We refused, and the seller agreed to have the roof repaired. There were actually about 150 broken tiles, and the repair cost was close to \$2,000.

Another example was a kitchen faucet that was non-functional. The seller agreed to replace the faucet. They replaced the faucet with one that probably cost less than \$50, which we had to replace it during renovation. There are some items where we prefer any amount of credit as opposed to the seller making the repair.

Sometimes we will add items to the list that we do not plan on repairing. We are seeking a credit that we can use for other costs. For example, repair a dishwasher, even though we planned to replace the dishwasher during renovation. If you have questions about any items, please talk to us

- Due diligence is extended until 2 business days after written response to Repair Request received.
- 4.5 HOT WATER HEATING SYSTEMS (Water heater, Flues and Combustion air).: The water heater showed signs of past leaks as there was corrosion build up observed, the over head flue pipe is also not properly supported for the length of the pipe. [The water heater is to be replaced. Note, that it is likely still under the manufacturer’s warranty.]
- 9.3 PRESENCE OF INSTALLED COOLING SOURCE IN EACH ROOM: The downstairs a/c unit did not turn on at time of inspection. Recommend a further review by a licensed HVAC contractor to repair this unit and to do a to full evaluation of both units on the roof and make repairs as necessary including the drains and termination as well as the electrical conduit connection. [HVAC to perform per manufacturer's specification.]

Renovation Estimate Items

The items listed below are from the renovation estimate previously provided. We may have added additional items based on the property manager’s on-site evaluation. We will obtain quotes for these items as well as items from the inspection report.

Cost Items	Amount
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Bath Lights (1)	65
Cabinet/Drawer pulls (40)	480
Caulk (1)	85
Ceiling light (1)	65
Cost pad (6)	3000
Digital doorbell (1)	165
Dining room (1)	200
Dishwasher (1)	350
Dryer (1)	350
Exterior door lock (2)	200
Faucets (5)	675
Goose neck faucet (1)	220
Granite counters (1)	3500
Horizontal blind (13)	1560
Install LVP (50%)	5330
Install baseboards (100%)	1778
Install carpet (50%)	1972
Interior door (1)	145
Janitorial (1)	300
Landscape cleanup (4)	400
Make ready (1)	300
Microwave (1)	250
Nickel door knobs (10)	350
Paint all cabinets (1)	1200
Paint external door (1)	125
Paint fascia - two story (1)	1000
Paint side gate (1)	145
Power wash garage (1)	100
Professional photos (1)	100
Refrigerator (1)	900
Remove alarm w paint (1)	100

Remove carpet or laminate (50%)	533
Remove tile (50%)	2132
Satellite dish (1)	165
Stove (1)	350
Thermostat (1)	60
Toilet seat (3)	105
Tub drain ring (2)	250
Tub stopper (2)	70
Vertical blind (1)	140
Washer (1)	350
Estimated Total	29565

Notes:

- Appliances - All appliance prices are for used appliances. Used appliances typically cost about 50% of the price of new appliances. Used appliances may have minor dings and dents, which is acceptable in a rental property. Used appliances typically have a three-month warranty.
- Cabinet/Drawer pulls - Pulls make the cabinets look better and protect the cabinet surface. Pulls are especially important for painted cabinets. If people touch the painted cabinet edge to open/close the cabinet, the paint will chip and peel. If this occurs, the cabinets will need to be touched up or repainted.
- Carpet - We use a light commercial-grade nylon carpet. It is both very durable and cleans well. Plus, color consistency has been excellent, enabling us to replace areas as needed. The price also includes a carpet pad.
- Caulk - Caulk all bathrooms as needed.
- Digital doorbell - Replace existing digital doorbell with standard doorbell and install chimes. Touch up stucco as needed.
- Exterior door lock - Replace current lock and handle/knob with Kwikset SmartKey deadbolt and matching pass knob.
- Granite counters - Replace the current kitchen counters with builder-grade granite. The cost includes an under-mount sink and a goose neck faucet.
- Janitorial - Once the renovation is complete, the property will be cleaned, including interior window washing where feasible.
- LVP - Luxury Vinyl Plank - A very durable flooring we've had great success with. It has effectively replaced the use of tile because LVP is more durable.
- Landscape cleanup - One-time landscape cleanup, including tree/foliage trimming as needed. Also, verify that the irrigation is working and properly programmed and the battery replaced.
- Make ready - Replace all burnt and pigtail style bulbs, installing 4K light bulbs in all bathrooms, and replacing HVAC filters (price is subject to change depending on filter and bulb quantity)
- Nickel door knobs - Replace the current (brass/old/inconsistent) knobs with brushed nickel knobs.
- Pad for unexpected items found during the inspection and small items. This amount may be removed or adjusted once inspections are complete and we have quotes for all work.

- Paint external door - Repaint an exterior door, filling dents as needed. Painting the door is necessary when we replace the current locks because the "footprint" of the new locks will not match the existing lock "footprint".
- Professional photos - We will arrange for a real estate photographer to take the marketing photos when the renovation is complete. The cost will be \$100. The photographer will bill separately at that time; the cost is included in the total to make you aware of this expense.
- Remove Alarm and sensors - If an alarm system remains in the property, there is a potential liability and potential cost. On the liability side, if there is a burglary or other type of intrusion, the tenant may claim the cause as a defective alarm system supplied by the property owner. If the alarm does not function properly or the tenant does not know how to use it, they will call for service.
- Thermostat - Replace thermostat - Unless damaged, the most common reason to replace a thermostat is that it is remote-controlled by Nevada Power. The Nevada power thermostat can be remote controlled overriding local manual control. The result is often an emergency call for service by the tenant. Replacing these thermostats saves cost.

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