Premier Property Inspection & Consulting

This exclusive report was prepared for: Perfecto Sanchez / Webb County

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PROPERTY INSPECTION REPORT

Prepared For: Perfecto Sanchez / Webb County (Name of Client) Concerning: 127 Ranch Rd, Laredo, TX (Address or Other Identification of Inspected Property) Bv: Efrain Alvarado, Lic #10373 07/21/2014 (Name and License Number of Inspector) (Date) (Name, License Number of Sponsoring Inspector)

PURPOSE, LIMITATIONS AND INSPECTOR / CLIENT RESPONSIBILITIES

This property inspection report may include an inspection agreement (contract), addenda, and other information related to property conditions. If any item or comment is unclear, you should ask the inspector to clarify the findings. It is important that you carefully read ALL of this information.

This inspection is subject to the rules ("Rules") of the Texas Real Estate Commission ("TREC"), which can be found at www.trec.texas.gov.

The TREC Standards of Practice (Sections 535.227-535.233 of the Rules) are the minimum standards for inspections by TREClicensed inspectors. An inspection addresses only those components and conditions that are present, visible, and accessible at the time of the inspection. While there may be other parts, components or systems present, only those items specifically noted as being inspected were inspected. The inspector is NOT required to turn on decommissioned equipment, systems, utility services or apply an open flame or light a pilot to operate any appliance. The inspector is NOT required to climb over obstacles, move furnishings or stored items. The inspection report may address issues that are code-based or may refer to a particular code; however, this is NOT a code compliance inspection and does NOT verify compliance with manufacturer's installation instructions. The inspection does NOT imply insurability or warrantability of the structure or its components. Although some safety issues may be addressed in this report, this inspection is NOT a safety/code inspection, and the inspector is NOT required to identify all potential hazards.

In this report, the inspector shall indicate, by checking the appropriate boxes on the form, whether each item was inspected, not inspected, not present or deficient and explain the findings in the corresponding section in the body of the report form. The inspector must check the Deficient (D) box if a condition exists that adversely and materially affects the performance of a system or component or constitutes a hazard to life, limb or property as specified by the TREC Standards of Practice. General deficiencies include inoperability, material distress, water penetration, damage, deterioration, missing components, and unsuitable installation. Comments may be provided by the inspector whether or not an item is deemed deficient. The inspector is not required to prioritize or emphasize the importance of one deficiency over another.

Some items reported may be considered life-safety upgrades to the property. For more information, refer to Texas Real Estate Consumer Notice Concerning Recognized Hazards or Deficiencies below.

THIS PROPERTY INSPECTION IS NOT A TECHNICALLY EXHAUSTIVE INSPECTION OF THE STRUCTURE, SYSTEMS OR COMPONENTS. The inspection may not reveal all deficiencies. A real estate inspection helps to reduce some of the risk involved in purchasing a home, but it cannot eliminate these risks, nor can the inspection anticipate future events or changes in performance due to changes in use or occupancy. It is recommended that you obtain as much information as is

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available about this property, including any seller's disclosures, previous inspection reports, engineering reports, building/remodeling permits, and reports performed for or by relocation companies, municipal inspection departments, lenders, insurers, and appraisers. You should also attempt to determine whether repairs, renovation, remodeling, additions, or other such activities have taken place at this property. It is not the inspector's responsibility to confirm that information obtained from these sources is complete or accurate or that this inspection is consistent with the opinions expressed in previous or future reports.

ITEMS IDENTIFIED IN THE REPORT DO NOT OBLIGATE ANY PARTY TO MAKE REPAIRS OR TAKE OTHER ACTIONS, NOR IS THE PURCHASER REQUIRED TO REQUEST THAT THE SELLER TAKE ANY ACTION. When a deficiency is reported, it is the client's responsibility to obtain further evaluations and/or cost estimates from qualified service professionals. Any such follow-up should take place prior to the expiration of any time limitations such as option periods. Evaluations by qualified tradesmen may lead to the discovery of additional deficiencies which may involve additional repair costs. Failure to address deficiencies or comments noted in this report may lead to further damage of the structure or systems and add to the original repair costs. The inspector is not required to provide follow-up services to verify that proper repairs have been made.

Property conditions change with time and use. For example, mechanical devices can fail at any time, plumbing gaskets and seals may crack if the appliance or plumbing fixture is not used often, roof leaks can occur at any time regardless of the apparent condition of the roof, and the performance of the structure and the systems may change due to changes in use or occupancy, effects of weather, etc. These changes or repairs made to the structure after the inspection may render information contained herein obsolete or invalid. This report is provided for the specific benefit of the client named above and is based on observations at the time of the inspection. If you did not hire the inspector yourself, reliance on this report may provide incomplete or outdated information. Repairs, professional opinions or additional inspection reports may affect the meaning of the information in this report. It is recommended that you hire a licensed inspector to perform an inspection to meet your specific needs and to provide you with current information concerning this property.

TEXAS REAL ESTATE CONSUMER NOTICE CONCERNING HAZARDS OR DEFICIENCIES

Each year, Texans sustain property damage and are injured by accidents in the home. While some accidents may not be avoidable, many other accidents, injuries, and deaths may be avoided through the identification and repair of certain hazardous conditions. Examples of such hazards include:

- malfunctioning, improperly installed or missing ground fault circuit protection (GFCI) devices for electrical receptacles in garages, bathroom, kitchens, and exterior areas;
- · malfunctioning arc fault protection (AFCI) devices;
- ordinary glass in locations where modern construction techniques call for safety glass;
- malfunctioning or lack of fire safety features such as, smoke alarms, fire-rated doors in certain locations, and functional emergency escape and rescue openings in bedrooms;
- malfunctioning carbon monoxide alarms;
- excessive spacing between balusters on stairways and porches;
- improperly installed appliances;
- · improperly installed or defective safety devices; and
- lack of electrical bonding and grounding.

To ensure that consumers are informed of hazards such as these, the Texas Real Estate Commission (TREC) has adopted Standards of Practice requiring licensed inspectors to report these conditions as "Deficient" when performing an inspection for a buyer or seller, if they can be reasonably determined.

These conditions may not have violated building codes or common practices at the time of the construction of the home, or they may have been "grandfathered" because they were present prior to the adoption of codes prohibiting such conditions. While the TREC Standards of Practice do not require inspectors to perform a code compliance inspection, TREC considers the potential for injury or property loss from the hazards addressed in the Standards of Practice to be significant enough to warrant this notice.

Contract forms developed by TREC for use by its real estate licensees also inform the buyer of the right to have the home inspected and can provide an option clause permitting the buyer to terminate the contract within a specified time. Neither the Standards of Practice nor the TREC contract forms requires a seller to remedy conditions revealed by an inspection. The

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decision to correct a hazard or any defi or purchase of the home.	ciency identified	in an inspection	report is left to th	e parties to the contra	act for the sale

ADDITIONAL INFORMATION PROVIDED BY INSPECTOR

By accepting this Inspection Report you are accepting the following conditions.

INTRODUCTION

We appreciate the opportunity to conduct this inspection for you! Please carefully read your entire Inspection Report. Call us after you have reviewed your emailed report, so we can go over any questions you may have. Remember, when the inspection is completed and the report is delivered, we are still available to you for any questions you may have, throughout the entire closing process. Properties being inspected do not "Pass" or "Fail." - The following report is based on an inspection of the visible portion of the structure; inspection may be limited by vegetation and possessions. Depending upon the age of the property, some items like GFI outlets may not be installed; this report will focus on safety and function, not current code. This report identifies specific non-code, noncosmetic concerns that the inspector feels may need further investigation or repair. For your safety and liability purposes, we recommend that licensed contractors evaluate and repair any critical concerns and defects. Note that this report is a snapshot in time. We recommend that you or your representative carry out a final walk-through inspection immediately before closing to check the condition of the property, using this report as a guide.

PURPOSE AND SCOPE

This Inspection Report is supplemental to the Property Disclosure Statement. This document was prepared as a report of all visual defects noted at the time and date of the inspection. It is not necessarily an all-inclusive summary, as additional testing or inspection information/processes and analysis may be pending. It should be noted that a standard prepurchase inspection is a visual assessment of the condition of the structure at the time of inspection and is subject to day-to-day changes. The inspection and inspection report are offered as an opinion only, of items observed on the day of the inspection. Although every reasonable effort is made to discover and correctly interpret indications of previous or ongoing defects that may be present, it must be understood that no guarantee is expressed nor implied nor responsibility assumed by the inspector or inspection company for the actual condition of the building or property being examined. This firm endeavors to perform all inspections in substantial compliance with the International Standards of Practice for Inspecting Commercial Properties (www.nachi.org/comsop). The scope of the inspection is outlined in the Inspection Agreement, agreed to and signed by the Client. Our inspectors inspect the readily accessible and installed components and systems of a property as follows: This report contains observations of those systems and components that are, in the professional opinion of the inspector authoring this report, significantly deficient in the areas of safety or function. When systems or components designated for inspection in the Standards are present but are not inspected, the reason the item was not inspected may be reported as well. This report summarizes our inspection conducted on this date at the above address.

EXCLUSIONS AND LIMITATIONS

The inspection is supplemental to the Property Disclosure Statement. It is the responsibility of the Client to obtain any and all disclosure forms relative to this real estate transaction. The client should understand that this report is the assessment of a Property Inspection Consultant, not a professional engineer, and that, despite all efforts, there is no way we can provide any guaranty that the foundation, structure, and structural elements of the unit are sound. We suggest that if the client is at all uncomfortable with this condition or our assessment, a

professional engineer be consulted to independently evaluate the condition, prior to making a final purchase decision. This inspection is limited to any structure, exterior, landscape, roof, plumbing, electrical, heating, foundation, bathrooms, kitchen, bedrooms, hallway, and attic sections of the structure as requested, where sections are clearly accessible, and where components are clearly visible. Inspection of these components is limited, and is also affected by the conditions apparent at the time of the inspection, and which may, in the sole opinion of the inspector, be hazardous to examine for reasons of personal or property safety. This inspection will exclude insulation ratings, hazardous materials, retaining walls, hidden defects, buried tanks of any type, areas not accessible or viewable. As all buildings contain some level of mold, inspecting for the presence of mold on surfaces and in the air is not a part of the actual inspection, but is a value added service to help you, the client, minimize the risks and liabilities associated with Indoor Air Quality. The International Standards of Practice for Inspecting Commercial Properties are applicable to all commercial properties. They are not technically exhaustive and do not identify concealed conditions or latent defects. Inspectors are not required to determine the condition of any system or component that is not readily accessible; the remaining service life of any system or component; determination of correct sizing of any system or component; the strength, adequacy, effectiveness or efficiency of any system or component; causes of any condition or deficiency; methods, materials or cost of corrections; future conditions including but not limited to failure of systems and components; the suitability of the property for any specialized use; compliance with regulatory codes, regulations, laws or ordinances; the market value of the property or its marketability; the advisability of the purchase of the property; the presence of potentially hazardous plants or animals including but not limited to wood destroying organisms or diseases harmful to humans; mold; mildew; the presence of any environmental hazards including, but not limited to toxins, carcinogens, noise, and contaminants in soil, water or air; the effectiveness of any system installed or methods utilized to control or remove suspected hazardous substances; the operating costs of any systems or components and the acoustical properties of any systems or components.

Inspectors are not required to operate any system or component that is shut down or otherwise inoperable; any system or component which does not respond to normal operating controls or any shut off valves or switches. Inspectors are not required to offer or perform any act or service contrary to law; offer or perform engineering services or work in any trade or professional service. We do not offer or provide warranties or guarantees of any kind or for any purpose. Inspectors are not required to inspect, evaluate, or comment on any and all underground items including, but not limited to, septic or underground storage tanks or other underground indications of their presence, whether abandoned or active; systems or components that are not installed; decorative items; systems or components that are in areas not entered in accordance with the International Standards of Practice for Inspecting Commercial Properties; detached structures; common elements or common areas in multi-unit housing, such as condominium properties or cooperative housing. Inspectors are not required to enter into or onto any area or surface, or perform any procedure or operation which will, in the sole opinion of the inspector, likely be dangerous to the inspector or others or damage the property, its systems or components; nor are they required to move suspended ceiling tiles, personal property, furniture, equipment, plants, soil, snow, ice or debris or dismantle any system or component, or venture into confined spaces. Our inspectors are not required to enter crawlspaces or attics that are not readily accessible nor any area which has less than 36" clearance or a permanently installed walkway or which will, in the sole opinion of the inspector, likely to be dangerous, inaccessible, or partially inaccessible to the inspector or other persons, or where entry could possibly cause damage to the property or its systems or

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components. Inspector wants the Client to know that he is not a licensed Professional Engineer or Architect, and does not engage in the unlicensed practice of either discipline. Opinions contained herein are just that.

A WORD ABOUT RODENTS, VERMIN, AND PESTS

Vermin and other pests are part of the natural habitat, but they often invade buildings. Rats and mice have collapsible rib cages and can squeeze through even the tiniest crevices. And it is not uncommon for them to establish colonies within basements, crawlspaces, attics, closets, and even the space inside walls, where they can breed and become a health-hazard. Therefore, it would be prudent to have an exterminator evaluate the structures to ensure that it is rodent-proof, and to periodically monitor those areas that are not readily accessible.

A WORD ABOUT CONTRACTORS AND 20-20 HINDSIGHT

A common source of dissatisfaction with inspectors sometimes comes as a result of off-the cuff comments made by contractors (made after-the-fact), which often differ from ours. Don't be surprised when someone says that something needed to be replaced when we said it needed to be repaired, replaced, upgraded, or monitored. Having something replaced may make more money for the contractor than just doing a repair. Contractors sometimes say, "I can't believe you had this building inspected and they didn't find this problem." There may be several reasons for these apparent oversights:

Conditions during inspection - It is difficult for clients to remember the circumstances in the subject property at the time of the inspection. Clients seldom remember that there was storage everywhere, making things inaccessible, or that the air conditioning could not be turned on because it was 60° outside. Contractors do not know what the circumstances were when the inspection was performed.

The wisdom of hindsight - When a problem occurs, it is very easy to have 20/20 hindsight. Anybody can say that the roof is leaking when it is raining outside and the roof is leaking. In the midst of a hot, dry, or windy condition, it is virtually impossible to determine if the roof will leak the next time it rains. Predicting problems is not an exact science and is not part of the inspection process. We are only documenting the condition of the property at the time of the inspection.

A destructive or invasive examination - The inspection process is non-destructive, and is generally noninvasive. It is performed in this manner because, at the time we inspected the subject property, the Client did not own, rent, or lease it. A Client cannot authorize the disassembly or destruction of what doe not belong to them. Now, if we spent half an hour under a sink, twisting valves and pulling on piping, or an hour disassembling a furnace, we may indeed find additional problems. Of course, we could possibly CAUSE some problems in the process. And, therein lies the quandary. We want to set your expectations as to what an inspection is, and what it not.

We are generalists - We are not acting as specialists in any specific trade. The heating and cooling contractor may indeed have more heating expertise than we do. This is because heating and cooling is all he's expected to know. Inspectors are expected to know heating and cooling, plumbing, electricity, foundations, carpentry, roofing, appliances, etc. That's why we're generalists. We're looking at the forest, not the individual trees.

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I=Inspected D=Deficient NI=Not Inspected NP=Not Present NI NP D I. STRUCTURAL SYSTEMS A. Foundations Type of Foundation(s): Slab Comments: Note: Foundations on clay-based soils require adequate and evenly-distributed moisture around the perimeter of the foundation to prevent excessive movement. Trees & shrubbery can cause foundation damage when growing to close. Water should not be permitted to erode the soil or to pond alongside or under any part of the foundation. Depending on the design and construction of a pier on beam foundation, periodic leveling may be required. **Inspectors Note:** ☑ Appears to be functioning properly at time of inspection. B. Grading and Drainage Comments: Note: Foundation area surface and/or subsurface drains are not inspected C. Roof Covering Materials Types of Roof Covering: Asphalt Shingles Viewed From: street Comments: Note: Not all roofs are walked on during the inspection due to height, slope of roof, type of roofing material, weather and/or other safety concerns. Weather conditions (wind, hail, extreme temperatures, etc.) affect roofing materials from day to day. Periodic observation by the homeowner is recommended. Roofs are not checked for insurability due to the fact that different insurance companies have different standards for insuring homes. D. Roof Structures and Attics Viewed From: Limited access. Head view Approximate Average Depth of Insulation: Insulation Depth Comments: E. Walls (Interior and Exterior) Comments: Note: Not all interior walls are viable/accessible as they may be obstructed by wallpaper, wall coverings, paneling, furniture, stored items, etc. \square F. Ceilings and Floors Comments:

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D=Deficient I=Inspected NI=Not Inspected NP=Not Present NI NP D Note: Not all interior floors are visible/accessible as the might be obstructed by floor coverings, furniture, stored rooms, etc. 同口口口 G. Doors (Interior and Exterior) Comments: H. Windows Comments: Note: Only accessible windows are inspected and only a representative number of those windows are checked for operation during the inspection. Defective thermal-pane windows are not always visible. Dirt, haze, cloudy says, and other weather conditions can obscure their condition. Window conditions are noted as observed at the time of the inspection and no warranty is implied. I. Stairways (Interior and Exterior) Comments: J. Fireplaces and Chimneys Comments: Inspectors Note: Gas logs are not lit or tested with this limited inspection process. K. Porches, Balconies, Decks, and Carports Comments: L. Other Comments: Π. **ELECTRICAL SYSTEMS** A. Service Entrance and Panels Comments: Note: The inspector does not determine: Service capacity amperage or voltage, or capacity of the electrical system relative to present or future use: insurability of the property; conduct voltage drop calculations or, determine the accuracy of breaker labeling. The panel box cover is not removed if home is occupied or electronics are left on (computers, etc) \square B. Branch Circuits, Connected Devices, and Fixtures Type of Wiring: Copper Comments: Note: Light and equipment activated by photocell switches were not checked. Landscape and/or exterior low-voltage ground lighting is not included in this inspection. Only a representative number of interior outlets are checked. If there is no GFCI (Ground Fault Circuit Interrupters) at wet areas it is required by my licensing agency (TREC) to note this on reports as a defect and In Need of Repair.

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_I=	=Ins	spe	ected	l		NI=Not Inspected	NP=Not Present	D=Deficient	
I	N	II.	NP	D					
] [I			III. A.	Heating Equipment Type of Systems: Energy Comments: Note: It is recommended the changed at regular intervals	Sources: at the heating system be comple c. Checking humidifiers, electroni	R CONDITIONING SY tely serviced before each heating c air filters, and proper airflow is n eat pump systems when the outsi	system. Filters should be ot included in the
✓	1 [_			В.	condensate line be flushed clogging. Cooling equipmen damage to the compressor.	with a chlorine bleach/water solu It is not checked when the outsid	ely serviced each cooling season tion every 2 months during the co e temperature is below 60 degree ot performed to configure proper to ers requirements.	oling season to prevent s F because of possible
] [<u>J</u>			C.	Duct Systems, Chases, a	and Vents		
							IV. PLUMBING S	YSTEM	
V	1 [A.	Location of water meter:	ribution Systems and Fixture Front of property supply valve: Front of prope	res	
						defects. The pipes and plum	ibing in walls, in or under concre	in enclosures or underground are te slabs, or concealed y personal ot inspected. Laundry equipment is	possessions are not
✓	1 [В.	Drains, Wastes, and Ve Comments: Note:only visible and access	ents sible waste lines are checked		
						•			
V	1 [C.	Water Heating Equipm Energy Sources: Electric Capacity: Comments:			
] [7	☑		D.	Hydro-Massage Therap Comments:	py Equipment		

NI=Not Inspected NP=Not Present D=Deficient I=Inspected NI NP D E. Other Comments: V. **APPLIANCES** A. Dishwashers Comments: B. Food Waste Disposers Comments: \square \square \square C. Range Hood and Exhaust Systems Comments: D. Ranges, Cooktops, and Ovens Comments: Note: Oven drip pans are not checked. Anti Tip mechanisms are to be installed are considered a safety hazard. We consider all free standing stoves as deficient if such device is not installed. E. Microwave Ovens Comments: Note: Microwave ovens are not checked for radiation leakage. F. Mechanical Exhaust Vents and Bathroom Heaters Comments: G. Garage Door Operators Comments: H. Dryer Exhaust Systems Comments: Note: Laundry equipment is not moved to check vents, it is recommended that the dryer duct be cleaned out on a regular basis. T. Other Comments:

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SUMMARY OF REPAIRS

V.10 SUMMARY