



Apartment Complex (----- OWNER, LLC)

----- Lane
-----, Virginia -----

Inspection #21

----- Bank

Engagement Agreement Date: April -----

Development Draw: 24

Contractor Draw: 24

Inspection Date: November 4, 2024

Report Date: November 14, 2024

Contact: david.mcmahon@usainspect.com

Senior -----
----- Bank



Dear -----,

At your request, we have completed the Inspection Report for the **Apartment Complex (----- OWNER, LLC)** project in accordance with our engagement agreement dated **April -----**.

Thank you for choosing our firm to monitor this project on your behalf. Please carefully review this report, and feel free to call should you have any questions or need clarification in any way.

Sincerely,

A handwritten signature in black ink, appearing to read "D. McMahon", with a stylized flourish at the end.

David McMahon | Construction Consultant
USA Construction Consultants

Email Distribution:

----- via email: ----- bank.com

Attachments:

- EXHIBIT A: Photographs
- EXHIBIT B: Development Draw No. 24
- EXHIBIT C: Application for Payment No. 24

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EXECUTIVE SUMMARY

DRAW FUNDING RECOMMENDATION

As a result of our inspection, we found the line items represented in Application No. **24** to be generally representative of the work completed and materials stored on site. Therefore, we can recommend full funding of the requested payment totaling **\$1,859,112.03**, provided that all loan conditions, such as equity requirements, have been satisfied.

REMAINING HARD COSTS

We ask that you confirm that sufficient loan and/or equity proceeds remain to fund the anticipated remaining hard costs, including retainage, of **\$8,186,142.75**.

HARD COST SUMMARY

APPLICATION #:	24
DRAW PERIOD:	October 31, 2024
CURRENT PAYMENT DUE:	\$1,859,112.03
RETAINAGE:	\$3,098,183.24
RETAINAGE %:	6.18%
ORIGINAL HARD COSTS:	\$56,100,000.00
CHANGE ORDERS:	(\$884,687.00)
CURRENT HARD COSTS:	\$55,215,313.00
COMPLETED TO DATE:	\$50,127,353.49
% COMPLETED:	90.79%
CONTINGENCY:	\$118,781.00 / \$1,419,970.00

INSPECTION OVERVIEW

INSPECTION DATE:	November 4, 2024
TIME OF INSPECTION:	08:00 AM
WEATHER CONDITIONS	Clear
SCH COMPLETION DATE	December 24, 2024
EST COMPLETION DATE	December 24, 2024
EST % COMPLETED:	92%
FOUNDATIONS COMPLETED:	Yes
OCCUPANCY STARTED:	Yes

PROJECT DETAILS

SITE ACREAGE:	31.77
FINISHED SQUARE FOOTAGE:	399,192
UNFINISHED SQUARE FOOTAGE:	0

NAME:	Apartment Complex ----- OWNER, LLC)
ADDRESS:	----- Lane, ----- , USA
DEVELOPER:	----- , LLC
GENERAL CONTRACTOR:	----- , LLC
ARCHITECT:	----- , Inc.
PROJECT TYPE:	Multifamily – Low Rise / Garden (1-3 Stories)
PROJECT CLASSIFICATION:	Commercial
PROJECT SCOPE:	New Construction
NO. OF BUILDINGS:	15
NO. OF STORIES	1 – 4

PROJECT DESCRIPTION

GENERAL OVERVIEW

Your client proposes the new construction of a residential apartment building complex in ----- that will include 7, 3- to 4-story, garden-style apartment buildings, and 4 carriage apartment buildings. The development will also include the construction of a Clubhouse/Leasing building, garages, car wash/maintenance building, and a trash compactor. The overall gross square footage shall total 399,192 gross square feet. Access to the site will be provided by a main entrance located off ----- and by extending the existing -----.

The development will include various floor plans for each building type that will include a mixture of living units and individual parking garages. The overall living units provided will be 294 units.

EXISTING CONDITIONS

The existing conditions plan sheet does not appear to indicate any existing structures on the property. The plan sheet does indicate an existing sewer easement crossing the site in a northerly/southerly direction, as well as other various drainage and utility easements noted around the site. According to the provided Civil drawings, the property is not located within a Special Flood Hazard Area as designated by the Secretary of Housing and Urban Development per FEMA panel Nos. -----, dated December 18, 2012.

PROPOSED SITE CLEARING & GRADING

The project site is noted to be 31.77 acres, and disturbance of 18.96 acres is to be completed as part of the site development activities.

The site has elevations ranging from 265.0 feet above Mean Sea Level (MSL) to below 230.0 feet above MSL. The grading plans do not indicate earthwork quantities, but we assume the Contractor will perform at their best ability to balance the site with import/export material. The building's Finished Floor Elevations (FFE) are noted to be approximately 239.25 feet above MSL to 258.25 feet above MSL. The site will be graded to accommodate the proposed FF&Es noted, and the plans also indicate that retaining walls will be constructed in some areas in order to achieve the design grade elevations.

PROPOSED SITE PIPEWORK/UTILITIES

Storm water management for the site will be accomplished by installing drop inlets, catch basins, junction boxes, and yard inlets connected by various diameters of Reinforced Concrete Pipe (RCP).

Runoff throughout the site will flow to one of several ponds proposed throughout the site. Roof drains will consist of a High Density Polyethylene Pipe (HDPE) system and connect to the storm sewer system.

Sanitary sewer for the proposed buildings will be accomplished by extending 8-inch Polyvinyl Chloride Pipe (PVC) from the buildings and connecting to a proposed manhole located near the eastern side of the site. From this point, an 8-inch Ductile Iron Pipe (DIP) system will travel through the eastern portion of the site via an easement and tie into an existing sanitary sewer manhole.

Domestic water connections are to be completed by tapping the existing water main located along ----- and the proposed extension of ----- Parkway. An 8-inch DIP/PVC line will be installed throughout the development. A 1.5-inch water meter and 2-inch domestic service line are to be installed at the residential buildings. Fire hydrant assemblies are to be installed in front of the residential buildings along with Fire Department Connections (FDCs). Meters and backflow preventers are to be installed.

SITE PARKING & AMENITIES

The site will include concrete curbing and various width concrete sidewalks. Typical standard duty asphalt pavement and heavy duty asphalt pavement are to be placed within the drives and parking spaces. A maintenance and car wash/dog wash building shall be constructed, as well as a trash enclosure with concrete pad, Clubhouse with fitness center, pool pavilion, and pool/pool hardscape area. Landscaped areas shall be constructed around the site. The site will include parking for 539 parking spaces which includes 48 garage spaces and 24 handicap spaces.

BUILDING EXTERIOR

According to the Structural drawings provided, all the structures shall be constructed with a continuous, shallow foundation system including a continuous spread footing system. The buildings shall have a post-tension slab-on-grade at least 4 inches thick. The residential buildings shall be constructed with wooden members including columns, beams, and trusses. Metal elements will also be utilized, and concrete masonry units (CMUs) will be used to construct the elevator shafts and various stairwells. The elevated floors will consist of finish flooring on top of gypcrete leveling over subfloor decking and trusses. The roof shall be constructed with a pre-engineered roof truss system covered by decking, felt, and composite shingles. The walls are to be filled with R-20 insulation. The attic will have batt insulation, and the ceiling will have R-11 insulation. The exterior veneer of the residential buildings and garages will consist of fiber cement lap siding, fiber cement panels, fiber cement trim, brick, powder coated metal railing, and pre-finished metal gutters. Balconies will be secured by the metal railing. Steel stairs with concrete treads and metal handrails will be installed. The exterior veneer of the Clubhouse/Leasing office building shall include lap siding, fiber cement paneling, and metal entrance awning. The Clubhouse/Leasing office building and garages shall be constructed in a similar manner to the residential buildings.

LAYOUT

The interior layout of the residential buildings shall include living units, stairwells, elevators (in some buildings), and tenant storage rooms on each level. The interior layout of the Clubhouse shall include a great room, business center, café, office, resident conference room, storage rooms, mechanical room, workstation, sundries room, loggia room, restrooms, exercise room, yoga room, pool equipment room, and a work/break room.

BUILDING INTERIOR

The units will consist of painted gypsum wallboard wall coverings, typical cabinetry with assumed stone countertops, appliances, and typical electrical and plumbing fixtures. Tile backsplashes shall be installed, as well as tile in the restrooms. Floor finishes depict that vinyl plank flooring and tile will be installed throughout the units, with carpet in the bedrooms and closets. Unit entry doors shall be composite doors with wooden frames.

MECHANICAL, ELECTRICAL, PLUMBING, FIRE SPRINKLER

Heating and cooling will be provided by multiple split systems. The heat pumps are to be located on the building's exterior ground levels. Electric heaters are to be installed in the riser room. A ductless split system shall be installed for the Maintenance Building. The common corridors will not be conditioned as they are open to natural ventilation. Typical supply, waste, and vent piping are to be installed. Electric water heaters ranging in size from 40-gallon to 50-gallon shall be installed throughout the buildings. Typical plumbing fixtures are noted for the units. The buildings shall contain multiple services that will include 1,600-Amp to 2,000-Amp meter centers. The individual living units will be separately metered and appear to have 100-Amp to 125-Amp panels installed. Exit lights and emergency exit lighting shall be installed in the corridors of the residential buildings. LED fixtures are noted to be installed.

PROJECT MEETINGS

----- site visit.	were met on site during our	Our firm is not aware of ongoing monthly Owner, Architect, Contractor (OAC) meetings held for this project.
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PERMITS AND THIRD-PARTY TESTING

PERMITS

The permits listed below have been reviewed. During the inspection, permits were noted as being physically displayed on site.

- Land Disturbance Permit (LDP)

PERMIT NUMBER: -----

ISSUED BY: ----- County

DATE ISSUED: -----

INSPECTION SIGN-OFFS

While on site, we were not able to confirm inspection sign-offs by the local jurisdiction (or private inspection company) commensurate to the work completed to date.

THIRD-PARTY TESTING REPORTS

Our firm has not been provided third-party testing reports; therefore, we cannot comment on whether deficiencies are present or not.

CONSTRUCTION STATUS

SITE WORK

Current Inspection

📅 November 4, 2024

At the time of the inspection, sod and landscaping were continuing.

BUILDING

Current inspection

📅 November 4, 2024

Buildings 9 - 11: The buildings appear to be substantially complete.

Building 12: The exterior appears to be complete. The interior trim and paint appear to be ongoing. Countertops, cabinets, vanity's, and bath surrounds are installed.

Building 14: The interior trim and paint appear to be ongoing. Countertops, cabinets, vanity's, and bath surrounds are installed.

Building 15: The exterior paint appears to be complete. The MEP rough-ins appear to be complete. The drywall work appears to be ongoing.

COMPLIANCE

PLANS

Plans were provided for compliance review with a latest revision date of -----.

QUALITY

The work performed to date appears to meet an acceptable level of workmanship as compared to industry standards. There are no significant quality-related observations to report on for this site inspection.

SCOPE

The work performed to date appears to have been completed in general compliance with the drawings provided.

SCHEDULE

ORIGINAL CONTRACTUAL OBLIGATION

The Contract Time was not noted in the Agreement; however, it mentioned that the contract time shall follow the construction schedule attached to the Agreement accordingly.

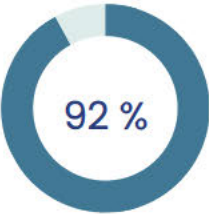
CONSTRUCTION SCHEDULE

We have been provided a construction schedule noting a scheduled completion date of **December 24, 2024**. Based on normal working conditions and a regular work force, we anticipate the project can be completed by **December 24, 2024**.

The following were noted during our most recent site visit on **November 4, 2024**:

What were the weather conditions?	Clear
How many workers were on-site?	20
Was the site secure and clean of debris?	Yes
What is the pace of construction?	Normal

ESTIMATE OF PERCENTAGE OF PROJECT COMPLETION



As of our most recent site visit on **November 4, 2024**, we estimate the overall project to be approximately **92%** complete based on the site progress to date. Our estimate includes completed work and does not take into account any undocumented off-site stored materials, deposits, or soft costs.

DRAW REVIEW

DEVELOPMENT DRAW

A development draw was provided for our review.

We received Development Draw #24 dated **October 31, 2024**, as issued by the Owner/Developer in the amount of **\$2,255,375.30**. The draw is for **Hard Costs totaling \$1,859,112.03 (General Contract) and Soft Costs totaling \$396,263.27 (Legal and Professional Fees, Desing and Engineering Fees, FF&E, and Development and Operating)**.

There are no changes to the hard cost budget included in the current Development Draw.

CONTINGENCY

The development draw does not include a contingency for hard cost overruns.

HARD COST DRAW REQUEST

We received Application and Certificate for Payment No. **24** from -----, LLC totaling **\$1,859,112.03** for work completed through **October 31, 2024**.

CHANGE ORDERS

There appears to be no Change Orders associated with the current payment application.

PENDING CHANGE ORDERS

No pending Change Order log is known to our firm at this time.

ADDITIONAL INVOICING

Additional invoicing has been provided to back-up the draw request.

Observations:

We also received backup invoicing from subcontractors and vendors substantiating all or a portion of the Contractor's Application for Payment. Review and reconciliation of subcontractor and vendor invoicing is not included in the scope of this report.

HARD COST CERTIFICATION

The submitted draw request has been signed and notarized by the General Contractor.

The payment application was certified by the Architect or another Representative of the Owner on **October 28, 2024.**



RETAINAGE

A **6.2%** retainage is being withheld from the payment application. This is the contractual amount.

Observations:

Comments and observations regarding the Agreement are noted below:

- No retainage shall be withheld on the Contractors' fixed general conditions.
- The Owner shall withhold 10% retainage from the progress payments until the Project is 50% complete, then retainage shall be reduced to 5%.

Various other line items indicate "N/A" for retainage in the current Payment Application provided.

STORED MATERIALS

ON-SITE

There were no on-site stored materials observed during the inspection.

OFF-SITE

Our firm is not aware of any materials being stored off-site.

DEPOSITS

It appears that no deposits are being requested for materials in the current payment request.

LIEN WAIVERS

Did Contractor supply lien waivers equal to amount requested?	Yes
Did the subcontractors and vendors provide conditional lien waivers?	Yes

Observations:

Various subcontractor and vendor lien waiver documents were provided with the current draw request documentation. A review and reconciliation of all subcontractor and vendor lien waivers is not included in the scope of this report.

CONSTRUCTION COST REVIEW SUMMARY

Our firm completed a Pre-Construction Cost and Document Review on **September 23, 2022**. Based on the review, our firm found that the General Contractor appeared to have budgeted sufficiently to complete the building and associated site improvements.

We received Development Draw No. **24** with the most recently submitted payment application. The Development Budget as submitted appears to have sufficient remaining proceeds to fund the remaining hard costs for the current construction scope of work. We ask the Lender to confirm that the remaining loan funds and/or equity funds shown on this development budget are accurate. We will continue to keep the Lender apprised of any additional cost, scope or scheduling changes as they become aware to us.

RELIANCE STATEMENT

THE PRECEDING REPORT IS INTENDED FOR THE SOLE USE OF THE LENDER. IT IS NOT INTENDED FOR USE BY ANY THIRD PARTY AND MAY ONLY BE USED WITH THE PRIOR CONSENT AND WRITTEN PERMISSION OF USA CONSTRUCTION CONSULTANTS.

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THIS REPORT IS NOT INTENDED TO USURP THE RESPONSIBILITY OR LIMIT THE LIABILITY OF THE ARCHITECT, ENGINEER, CONTRACTOR, AND SUBCONTRACTORS, OR TESTING FIRMS OF RECORD.

THIS REPORT HAS BEEN COMPLETED IN CONFORMANCE WITH THE PROPOSAL TO THE LENDER REGARDING THIS PROJECT. PLEASE REFER TO THE PROPOSAL DOCUMENT FOR THE SPECIFIC SCOPE AND LIMITATIONS OF OUR SERVICES.

EXHIBIT A: PHOTOGRAPHS



1. View of Buildings 11, 10, 9, and 8 exterior



2. View of installed landscaping

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



3. View of installed landscaping



4. View of Buildings 10 and 11 plantings

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



5. View of Building 12 exterior



6. View of Building 12 rear exterior

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



7. View of Building 12, 1st floor interior



8. View of Building 12, 1st floor interior bathroom

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



9. View of Building 15 exterior



10. View of Building 15, 1st floor interior

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



11. View of Building 15, 1st floor bathroom



12. View of Building 14 exterior

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



13. View of Building 14, 2nd floor interior



14. View of Building 14, 2nd floor bathroom

