

Pre-Construction Cost & Document Review

----- Bank

Engagement Agreement Date: -----, 2024

-----, LLC

Report Date: ----- 2024

Contact: daniella.glover@usainspect.com

Credit CRE Loan Admin -----
----- Bank



Dear ----- ,

At your request, we have completed our Pre-Construction Cost and Document Review of the ----- project in accordance with our proposal dated ----- .

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 that reads "Daniella Glover".

Daniella Glover | Construction Consultant

USA Construction Consultants

Email Distribution:

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

Attachments:

EXHIBIT A: Hard Cost Schedule of Values

EXHIBIT B: Sources and Uses Budget

USA Construction Consultants | Nationwide

770-237-5955 (Office)

510-910-7285 (Mobile)

daniella.glover@usainspect.com

usaconstructionconsultants.com



PROJECT DETAILS

SITE ACREAGE:	6.25
FINISHED SQUARE FOOTAGE:	42,167
UNFINISHED SQUARE FOOTAGE:	0

NAME:	-----
ADDRESS:	----- USA
DEVELOPER:	----- , LLC
GENERAL CONTRACTOR:	----- Inc
ARCHITECT:	----- , Inc

PROJECT TYPE:	Retail – Free Standing Store
PROJECT CLASSIFICATION:	Commercial
PROJECT SCOPE:	New Construction
NO. OF BUILDINGS:	1
NO. OF STORIES	2

PROJECT DESCRIPTION

GENERAL OVERVIEW

Your client proposes the new construction of a 42,167-square-foot ----- facility on a 6.25-acre site. The site is located west of ----- Road and north of ----- in ----- . The site will be accessed via a single entrance connecting to the parking lot of the adjacent commercial development.

EXISTING CONDITIONS

According to the documents provided, the property does not lie within a flood hazard area as shown on F.I.R.M. Community Panel No. 1----- dated July 3, 2012. The site does not appear to contain any wetlands or state waters. Existing storm sewer lines are shown along western and northern borders of the site.

PROPOSED SITE CLEARING & GRADING

We assume that the Contractor will perform at the best of their ability to balance the site with import/export material. Site development for the current scope of work will disturb approximately 4.23 acres.



PROPOSED SITE PIPEWORK/UTILITIES

The existing storm drainage line will be extended along the southern and eastern areas of the parking lot. The existing yard inlets will be replaced with drop inlets and raised to match the finished grade. The storm sewer lines will discharge runoff into an existing detention pond located west of the project site.

Water service will be installed by tying to an existing 8-inch water main stubbed to the northern border of the site. A 3-inch PVC domestic service line and an 8-inch PVC fire line will be installed to the south elevation of the building. Sanitary sewer service will be obtained by installing a 6-inch PVC sewer line to the building from an existing manhole located on site. A 1,500-gallon grease interceptor will also be installed.

SITE PARKING & AMENITIES

Concrete curb will be installed around the parking lot area. The parking lot will be constructed with heavy duty asphalt and heavy duty concrete pavement. Parking will be provided for 24 cars, 62 trucks, and 12 tractor trailers. Concrete sidewalks shall be installed for access to the building.

BUILDING EXTERIOR

The building foundation will consist of a 6-inch to 8-inch thick reinforced concrete slab-on-grade equipped with column and perimeter footings. The warehouse building structure will be a pre-engineered metal building including metal roofing. Exterior veneer will consist of split face concrete block and exterior metal panels. Aluminum storefront, hollow metal exterior doors, and overhead doors will be installed. A metal canopy will be installed over the main entrance.

LAYOUT

The first floor layout will generally consist of service waiting, service write-up, parts entrance, showroom, sales offices, manager offices, restrooms, customer lounge, parts counter, shipping receiving, staging, warehouse, and the shop. The second floor area will include a parts mezzanine, staging, file room, training conference, tech break room, storage, and an area for future use.

BUILDING INTERIOR

The warehouse, staging, closets, and shop areas shall have exposed ceilings. The remaining areas will include acoustical ceilings. Flooring in the training, customer lounge, and sales offices will be carpet tile. The remaining areas will include polished concrete. Painted gypsum wallboard walls are to be installed.

MECHANICAL, ELECTRICAL, PLUMBING, FIRE SPRINKLER

The building will be conditioned by 11 packaged rooftop units. Typical plumbing distribution and waste systems will be installed. Electrical service shall be provided by a pad-mounted electrical transformer and a 1,200-Amp main distribution panel.



PROJECT DOCUMENTS REVIEWED

We offer the following comments relative to the documents furnished:

CIVIL PLANS

Engineering Firm	----- Engineers
What is the date/last revision of the plans?	-----
Are the plans stamped and signed by the Engineer?	Yes
Do the plans include approval stamps from local jurisdictions?	No
What is the permitting status of the plans?	Some revisions, but no apparent approvals
Do the plans include typical design information and appear sufficient for construction?	Yes

ARCHITECTURAL PLANS

Architect	----- Group, Inc.
What is the date/last revision of the plans?	-----
Are the plans stamped and signed by the Engineer?	Yes
Do the plans include approval stamps from local jurisdictions?	No
What is the permitting status of the plans?	Marked "Released for Construction"
Do the plans include typical design information and appear sufficient for construction?	Yes



STRUCTURAL PLANS

Engineering Firm	-----, Inc.
What is the date/last revision of the plans?	-----
Are the plans stamped and signed by the Engineer?	Yes
Do the plans include approval stamps from local jurisdictions?	No
What is the permitting status of the plans?	Marked "Released for Construction"
Do the plans include typical design information and appear sufficient for construction?	Yes
Do the plans reference the Geotechnical Engineering Report?	Yes
Does the referenced report match what we have been given for review?	Yes
Is a design allowable soil bearing pressure stated in the plans?	Yes

The Structural plan notes state a design allowable bearing capacity of 3,000 PSF. A Geotechnical Engineering Report prepared by ----- Services and dated -----, is referenced, matching the report we received for review.

MECHANICAL PLANS

Engineering Firm	-----
What is the date/last revision of the plans?	-----
Are the plans stamped and signed by the Engineer?	Yes
Do the plans include approval stamps from local jurisdictions?	No
What is the permitting status of the plans?	Marked "Released for Construction"
Do the plans include typical design information and appear sufficient for construction?	Yes



ELECTRICAL PLANS

Engineering Firm	-----
What is the date/last revision of the plans?	-----
Are the plans stamped and signed by the Engineer?	Yes
Do the plans include approval stamps from local jurisdictions?	No
What is the permitting status of the plans?	Marked "Released for Construction"
Do the plans include typical design information and appear sufficient for construction?	Yes

PLUMBING PLANS

Engineering Firm	-----
What is the date/last revision of the plans?	-----
Are the plans stamped and signed by the Engineer?	Yes
Do the plans include approval stamps from local jurisdictions?	No
What is the permitting status of the plans?	Marked "Released for Construction"
Do the plans include typical design information and appear sufficient for construction?	Yes

SURVEY

Survey Firm	-----
Date	-----
Who was the survey prepared for?	-----, LLC
What type of survey has been provided?	ALTA/NSPS
Is the survey stamped and signed by Land Surveyor?	Yes

The survey includes the project site as "Tract 3". The site is shown to total 5.973, which differs from the site area stated in the Civil drawings. However, the borders of the site appear to match. Existing storm sewer lines and the sanitary sewer manhole are shown. An Access Easement is shown in the area of the proposed site entrance to -----.

CONSTRUCTION AGREEMENT

Project Name	-----
Date of Agreement	-----
Date of Commencement	N/A
Date of Substantial Completion	N/A
Contract Sum / Guaranteed Maximum Price	\$8,068,712.00
What type of Contract is used?	AIA Standard Form of Agreement where the basis of payment is a Stipulated Sum
What type of Payment is to be used?	Stipulated Sum
What retainage is to be withheld?	10%
What items are to be excluded from retainage?	None
What allowances are shown in the agreement?	Restroom wall tile (\$29,500) and carpet tile (\$8,500)
What liquidated damages and/or completion bonus are shown in the agreement?	None
What is the scope of work shown in the agreement?	Site Work and Building Construction
Was the agreement executed by both parties?	Yes
Who is the Owner listed in the agreement?	-----, LLC
Who is the Contractor listed in the agreement?	-----.
Are the project drawings enumerated?	Yes
Do the drawings enumerated in the contract match those provided for review?	Yes

Comments and observations regarding this Agreement are noted below:

- The Date of Commencement shall be within 10 days of receipt of all permits and the contract is fully executed.
- Substantial completion is to be obtained within 210 calendar days.
- Provided an application for payment is obtained by the 1st day of a month, the Owner shall make payment by the 15th day of the same month.
- Subcontractors must provide all supporting documentation with Change Order requests, and Change Order mark-up shall be limited to 15%.
- When the value of work totals 50% of the contract sum, no additional retainage shall be withheld. Retainage shall only be reduced by mutual agreement of the Contractor and the Owner and the project is on schedule.
- The contract enumerates the following exhibits:
 - Exhibit A is the Certificate of Liability Insurance.



- Exhibit B is the Schedule of Values (SOV). The SOV totals \$8,068,712, matching the contract sum.
- Exhibit C is the Scope of Work Outline. Permits and utility tap fees are to be paid by the Owner. The asphalt pavement scope of work is stated to be replaced in favor of heavy duty concrete pavement.
- Exhibit D is thhe drawing list.

Once all the plans are fully approved by the local jurisdictions, we recommend that any cost and scope changes be documented via formal Change Order to the Contract.

HARD COST BUDGET

Contractor	-----
Date	-----
Total Construction Cost	\$8,068,712.00
Does the SOV match the contract sum?	Yes
Does the SOV include a Contingency line item?	No
Are General Conditions, Overhead, and Fees shown on seperate line items in the SOV?	Yes

We received a hard cost Schedule of Values (SOV) as included as Exhibit B to the Construction Agreement. This budget will be utilized for the Cost Review section of this report.

TOTAL PROJECT BUDGET

Date	-----
Total Budget	\$10,668,712.00
Hard Costs	\$8,068,712.00
Soft Costs	\$2,600,000.00
Is a contingnecy included in the budget?	No
Total Contingency	\$0.00

This budget will be discussed in the Loan Budget section of this report.



GEOTECHNICAL REPORTING

Geotechnical Consultant	-----, LLC
Date	-----
Does the project description and map match the site?	Yes
Has a foundation recommendation been made?	Yes
Has a maximum allowable soil bearing pressure been defined in the report?	Yes
Does the report present any of the following site soil concerns?	
Rock/Partially weathered rock	No
High groundwater level"	No
Unsuitable on-site soils	No
Wet site soils/drainage	No
High plasticity soils	No
Undocumented fill soils	No
Other	N/A

The investigation included 8 soil test borings performed around the site. Beneath the topsoil, borings encountered fill soils to depths of 3.5–8.5 feet. The fill soils were noted to be free of organic materials and debris and are suitable for support of the proposed structure. Residual soils consisted of sandy silts and silty sands with varying amounts of clay. Soils were found to have a soft to stiff consistency for fine grained soils and a loose to medium density for coarse grained soils. Partially weathered rock and refusal materials were not encountered. Groundwater was encountered in 3 borings at depths of 29 to 34 feet. A conventional shallow foundation is recommended with an allowable soil bearing pressure of 3,000 PSF.

ENVIRONMENTAL REPORTING

Environmental Consultant	----- Services, LLC
Date	-----
Is the report certified to the Bank?	Yes
Is there a recognized environmental condition in the report?	No
Does the project description and map match the site?	Yes
Does the report present other concerns that need to be addressed?	No

PERMITS

We received General NPDES Permits No. GAR100001, GAR100002, and GAR100003. The permits have an effective date of August 1, 2023, with expiration dates of July 31, 2028.

DESIGN AGREEMENTS

Design Firm	-----, Inc.
Date	-----
What type of Agreement Form is used?	Proposal
What is the scope of work shown in the agreement?	Architectural, Structural, Electrical, Mechanical, and Plumbing design
Was the agreement executed by both parties?	Yes
Are Contract Administration Duties included in the agreement?	Yes

Construction administration services include shop drawing review, RFI responses, and review and approval of Change Order requests.

LOAN COMMITMENT LETTER

Who is the Lender shown on the letter?	----- Bank
Who is the Borrower shown on the letter?	----- , LLC
Date	-----
Has the letter been executed?	Yes
Do the noted loan intentions generally match the project as defined in the construction documents?	N/A
What is the loan total shown in the letter?	\$6,751,534.00
What is the total project budget shown in the letter?	N/A

The letter does not list a total project budget.

ADDITIONAL DOCUMENTS REVIEWED

We received an Appraisal Report prepared by ----- and dated ----- . The report concludes the following----- :

PROJECT DOCUMENTS NOT REVIEWED

The following requested documents were unavailable, not completed, or not furnished as of the writing of this report:

- 1. **Construction Schedule:** We have not received a construction schedule noting commencement and completion dates for the project. This document is utilized during construction to confirm that construction work is progressing in accordance with planned completion.
- 2. **Utility Availability Letters:** We have not received any utility availability letters in regard to natural gas service, telecommunications, sanitary sewer, water, and other services. Typically, utility availability letters are issued by the service providers and note if sufficient capacity exists within the existing utilities to serve the project.

LOAN BUDGET

The following table is based on information contained within the Sources and Uses Budget provided for our review.

Sources		Uses	
----- Loan	\$ 6,751,534.00	Land	\$ 2,500,000.00
----- Loan	\$ 1,250,000.00	Hard Costs	\$ 8,068,712.00
Equity	\$ 2,667,178.00	Soft Costs	\$ 100,000.00
Total Sources	\$ 10,668,712.00	Total Uses	\$ 10,668,712.00

The total funding sources and costs are noted to match totaling \$10,668,712.

The budget includes a Hard Cost Budget totaling \$8,068,712, matching the Contractor's SOV.

The budget does not include a Hard Cost Contingency. We recommend a Hard Cost Contingency equal to 5% to 7.5% of the overall project hard costs be established to cover cost overruns and/or cost increases due to unforeseen issues that may arise.

The budget also includes \$2,500,000 for the land purchase and \$100,000 for soft costs. We ask that you review and approve the soft costs items, as our review is limited to the hard cost portion of the project only.

As always, we recommend that USA Construction Consultants be engaged to monitor site progress on a regular basis, as well as to review and approve submitted payment requests from the Borrower and the Contractor. We look forward to continuing our services with your firm and will be glad to discuss any findings of this report or general questions as you deem necessary.



RELIANCE STATEMENT

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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.





