



(-----

Hotel
, LLC)

----- **Way**
----- **Alabama**-----

Inspection #8

----- **Credit Union**

Engagement Agreement Date: -----

Contractor Draw: 7

Inspection Date: -----

Report Date: -----

Contact: ryan.jones@usainspect.com

Commercial Loan Officer
----- Credit Union



Dear -----,

At the request of ----- we have completed
the Inspection Report for the ----- Hotel (-----, LLC) project in
accordance with our engagement agreement 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 blue ink, appearing to read "Ryan Jones", with a long horizontal line extending to the right.

Ryan Jones | Manager
USA Construction Consultants

Email Distribution:

----- via email: -----

Attachments:

EXHIBIT A: Photographs

EXHIBIT B: Application for Payment No. 7

USA Construction Consultants | Nationwide

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EXECUTIVE SUMMARY

DRAW FUNDING RECOMMENDATION

As a result of our inspection, we found the line items represented in Application No. **7** to be generally representative of the work completed and materials stored on site. Therefore, we can recommend full funding of the requested payment totaling **\$630,285.00**, 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 **\$4,420,666.00**.

HARD COST SUMMARY

APPLICATION #:	7
DRAW PERIOD:	October 21, 2024
CURRENT PAYMENT DUE:	\$630,285.00
RETAINAGE:	\$0.00
RETAINAGE %:	0.00%
ORIGINAL HARD COSTS:	\$10,492,000.00
CHANGE ORDERS:	(\$100,000.00)
CURRENT HARD COSTS:	\$10,392,000.00
COMPLETED TO DATE:	\$5,971,334.00
% COMPLETED:	57.46%
CONTINGENCY:	\$0.00 / \$0.00

INSPECTION OVERVIEW

INSPECTION DATE:	October 23, 2024
TIME OF INSPECTION:	07:00 AM
WEATHER CONDITIONS	Clear, Warm
SCH COMPLETION DATE	April 25, 2025
EST COMPLETION DATE	May 16, 2025
EST % COMPLETED:	51%
FOUNDATIONS COMPLETED:	Yes
OCCUPANCY STARTED:	No

PROJECT DETAILS

SITE ACREAGE:	2.15
FINISHED SQUARE FOOTAGE:	40,487
UNFINISHED SQUARE FOOTAGE:	0

NAME:	Hotel
ADDRESS:	Way, ,
DEVELOPER:	, LLC
GENERAL CONTRACTOR:	, LLC
ARCHITECT:	
PROJECT TYPE:	Hospitality - Hotel
PROJECT CLASSIFICATION:	Commercial
PROJECT SCOPE:	New Construction
NO. OF BUILDINGS:	1
NO. OF STORIES	4

PROJECT DESCRIPTION

GENERAL OVERVIEW

Your client proposes the new construction of a 4-story hotel located in . The hotel will include 73 guestrooms and other amenities and is to total 40,487 square feet. The project site is bound to the north by Lane, to the west by Way, and to the south by Road. Access to the site is to be provided via a proposed entrance on Way.

EXISTING CONDITIONS

The project site is noted to be 2.15 acres, and disturbance of 3.4 acres is estimated as part of the site development activities. No wetlands or state waters are shown to exist on site. The plans do not specify the flood zone designation for the site. The site includes an existing storm sewer line that will remain and be protected during construction. Existing on-site signage will be removed, and portions of the existing pavement and curb will be sawcut along Way for the proposed entrance and sidewalk.

PROPOSED SITE CLEARING & GRADING

No earthwork quantities are noted on the grading and drainage plans, but we assume the Contractor will perform at their best ability to balance the site with import/export material.

PROPOSED SITE PIPEWORK/UTILITIES

Storm water management for the site will be accomplished by installing new high-density polyethylene (HDPE) storm drainage pipes connecting drop inlets and roof drains. An existing storm detention pond east of the property will be expanded to the north to accommodate site run-off. The on-site storm lines will tie to the detention pond. A storm line will also be installed beneath the proposed entrance and tie to an existing storm line located along ----- Road. Sanitary sewer service to the building shall be provided by tying to an existing sanitary sewer located along ----- Road, south of the site border. A 6-inch PVC sewer lateral will extend to the building. Water service will be obtained by performing a jack-and-bore to tie to an existing water line located across ----- Road. An 8-inch combined domestic water and fire service line will extend on site.

SITE PARKING & AMENITIES

The site will include concrete curbing and concrete sidewalks. The site will include 88 parking spaces, which includes 4 handicap spaces. An outdoor pool and pool deck will be constructed east of the building, and a patio will be constructed at the west elevation of the building. A porte-cochère will be installed at the front entrance of the building with decorative pavement. Landscaping is also proposed around the project site.

BUILDING EXTERIOR

According to the Structural drawings provided, the hotel structure shall be constructed with a shallow foundation system that will include a continuous strip footing system and spread footings and a 4-inch concrete slab-on-grade. The 2nd through 4th floors will include ¾-inch gypcrete over floor decking. The building shall be wood framed. The roof shall also be constructed of a TPO membrane. The exterior veneer shall consist of an EIFS system and stone with an aluminum storefront system.

LAYOUT

The interior layout of the 1st floor shall consist of an entrance vestibule, lobby, business center, fitness, meeting, mechanical, breakfast, reception, prep kitchen, bar, work room office, linen, restrooms, elevator equipment, pool equipment, and guestrooms. The 2nd, 3rd, and 4th floors shall consist of guest laundry, linen, storage, and guestrooms.

BUILDING INTERIOR

Ceiling finishes generally consist of painted gypsum wall board with acoustical ceilings in some guestroom hallways. Flooring finishes will include carpet, luxury vinyl tile, ceramic tile, and vinyl composition tile.

MECHANICAL, ELECTRICAL, PLUMBING, FIRE SPRINKLER

Heating and cooling to the common areas will be provided by split systems, and PTAC units will be installed for each guestroom. Typical supply, waste, and vent piping are to be installed. The hotel building will include a 1,600-Amp main distribution panel with subpanels ranging from 200-Amp to 400-Amp. Exit lights and emergency exit lighting shall be installed in the corridors of the hotel building. LED fixtures are noted to be installed.

PROJECT MEETINGS

The General Contractor was met on site. Persons in attendance were -----

Our firm is not aware of ongoing monthly Owner, Architect, Contractor (OAC) meetings held for this project.

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.

- Building Permit

PERMIT NUMBER: -----

ISSUED BY: City of -----

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

📅 October 23, 2024

Since our last site visit, we noted stabilization work in progress including some straw matting. Several pallets of sod were also on site yet not installed.

As previously reported for the site, the utilities are installed. This includes sanitary, sewer, and the water main as well as the electrical transformer and storm drainage outfalls to the detention pond. The parking area has base installed, and the concrete site lighting pole bases have been installed. The dumpster pad and enclosure have been poured.

BUILDING

Current inspection

 October 23, 2024

For the overall building exterior, the exterior stone work was now approaching completion and estimated at 97% complete. Exterior windows and doors are installed, except those left out for material delivery into the building. Exterior siding installations are in progress with material stored on site. Exterior Insulation Finish System (EIFS) work is complete at the porte cochere and trim band at the main building.

At the interior of the building, MEP work remains in progress. Rough plumbing, electrical, HVAC duct work/exhaust fans, and fire sprinkler work were generally noted on all floors. The water heaters and the main electrical gear remain to be installed in the first floor mechanical area. No wall insulation or sheetrock work have commenced.

COMPLIANCE

PLANS

Plans were provided for compliance review with a latest revision date of **May 5, 2023**.

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

- Work shall commence within 3 months of the Owner acquiring the real estate.
- The Contractor shall achieve substantial completion within 456 days.
- Substantial completion shall be determined by the issuance of the Occupancy Permit for the property.

CONSTRUCTION SCHEDULE

We have been provided a construction schedule noting a scheduled completion date of **April 25, 2025**. Based on normal working conditions and a regular work force, we anticipate the project can be completed by **May 16, 2025**.

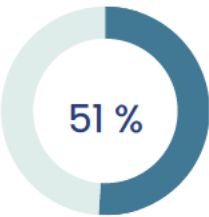
The following were noted during our most recent site visit on **October 23, 2024**:

What were the weather conditions?	Clear, Warm
How many workers were on-site?	1
Was the site secure and clean of debris?	Yes
What is the pace of construction?	Normal

Observations:

The Construction Schedule referenced is dated February 12, 2024, and indicates a Certificate of Occupancy date of April 25, 2025. The "Hand Off" date is noted to be May 23, 2025. The work to date is approximately 4 weeks behind the schedule provided. We have adjusted our anticipated completion date to May 16, 2025 (versus CO date of April 25, 2025) given recent tracking of the project to be behind schedule.

ESTIMATE OF PERCENTAGE OF PROJECT COMPLETION



As of our most recent site visit on **October 23, 2024**, we estimate the overall project to be approximately **51%** 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.

Observations:

The project is billed by the Contractor to 57.46% complete, yet we note the project to be approximately 51% complete. The difference is due to the prior billing for \$668,500 related to Furnishings. The Contractor noted that this billing is an advance/deposit request in order to begin procurement of FF&E items. See our prior report for more discussion of the prior deposit request.

DRAW REVIEW

DEVELOPMENT DRAW

A development draw was not provided for our review at this time.

CONTINGENCY

A development draw was not provided for our review. As such, we cannot verify if a contingency for hard cost overruns is included in the developer's budget.

HARD COST DRAW REQUEST

We received Application and Certificate for Payment No. 7 from -----, LLC totaling \$630,285.00 for work completed through **October 21, 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 not been provided to back-up the draw request. We reviewed the draw request on a line item percentage completion basis only.

HARD COST CERTIFICATION

The submitted draw request has not been signed and notarized by the General Contractor.

The payment application has not been certified by the Architect or another Representative of the Owner.

Observations:

The draw request has been signed by the General Contractor, but not notarized.



RETAINAGE

A **0.0%** retainage is being withheld from the payment application. Retainage is not specified in the contract provided.

STORED MATERIALS

ON-SITE

On-site stored materials were observed during the inspection but are not being billed for in the current payment request.

Observations:

Items stored on site as of the current site visit include exterior siding materials, granite counter tops, sinks, site lighting poles, and HVAC equipment.

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?	No

CONSTRUCTION COST REVIEW
SUMMARY

Our firm completed a Pre-Construction Cost and Document Review on **November 2, 2023**. 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 have not received an updated Development Draw with the most recently submitted payment application; therefore, we cannot comment on the sufficiency of the remaining budget to complete the desired work. We ask the Lender to confirm that **\$4,420,666.00** remains in loan funds and/or equity in order to complete the project. We will continue to keep the Lender apprised of any additional cost, scope, or scheduling changes as they become aware of 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. Exterior veneer progress noted on main elevation.



2. Building Permit noted on site.

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



3. Matting added for site stabilization.



4. Sod stored on site.

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



5. Siding stored on site for ongoing installations.



6. Rear elevation noting exterior veneer progress.

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



7. Exterior doors and windows generally installed, except for some leave outs for material delivery and glazing inserts at storefront.



8. Main entry noting framing and rough-ins.

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



9. Electrical and low voltage wiring observed at first floor.



10. Shared water heaters remain to be installed at first floor.

EXHIBIT A: PHOTOGRAPHS (CONTINUED)

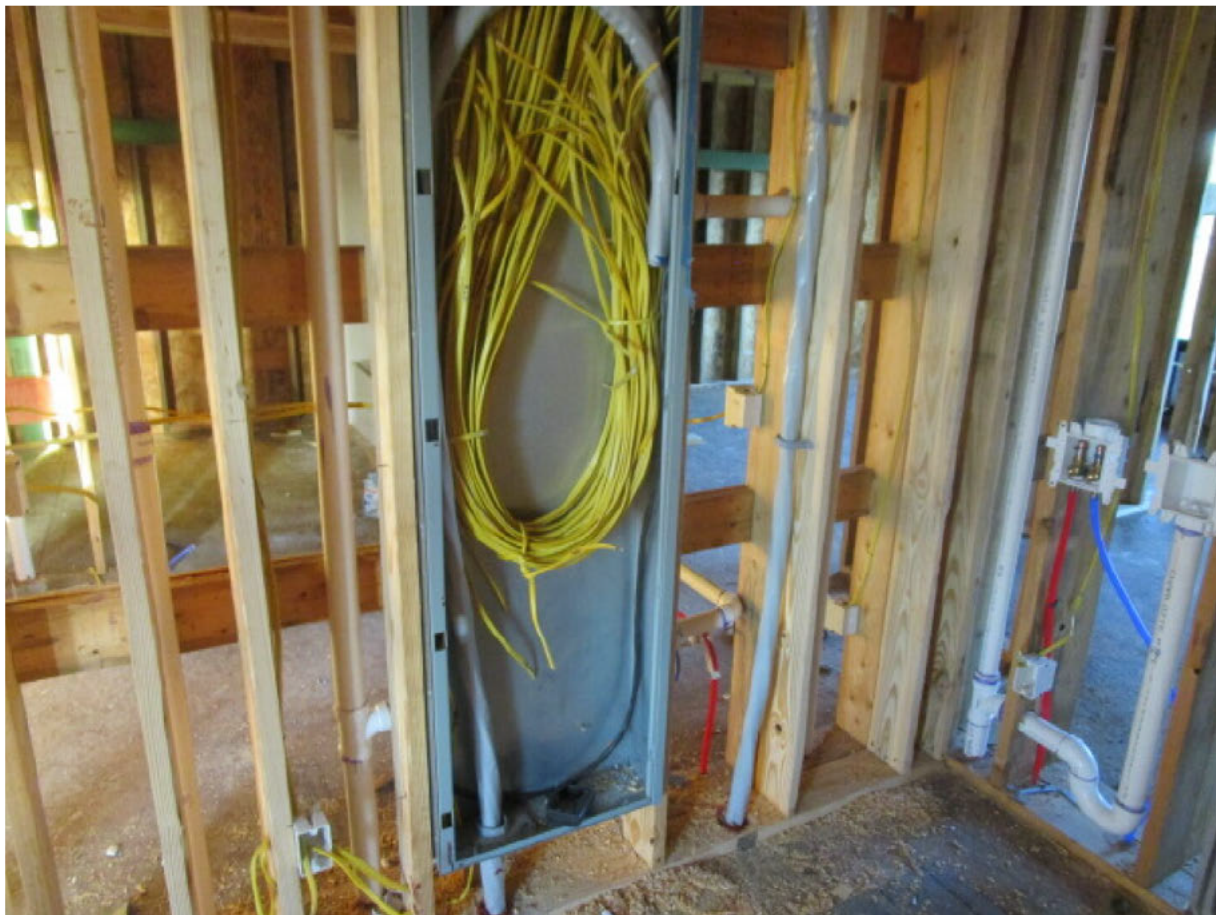


11. Typical first floor framing and rough-in progress observed.



12. View along second floor corridor.

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



13. Rough-ins observed at second floor.



14. Typical guestroom observed with rough-in work noted.

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



15. Third floor corridor.



16. Typical third floor guestroom level of completion.

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



17. Fourth floor corridor.



18. Typical fourth floor guestroom noting rough-ins.

EXHIBIT A: PHOTOGRAPHS (CONTINUED)



19. Bathroom vent fans and duct work observed.



20. Roof level noting ventilation fans installed and parapet wall coping.

