



ASTM E2018-08
Property Condition Report

MKA Zoning

**123 Main Street
Vail, CO**

Site Reference: Sample Hotel Resort

MKA Project #: 2121-15-2532

Report Completion Date: November 3, 2015

Prepared For: Sample Client, Inc.

**Property Condition Assessment
Hotel Resort
Any Street
Vail, Colorado**

**MKA Project No.: 2121-12-2532
EFI Project No. 9470**

November 3, 2011

Prepared for:

**Sample Client, Inc.
Gainesville, Virginia 20155
(Voice) 703-754-0000
(Fax) 703-754-0001**

Provided by:



Prepared by:



Lloyd Morris P.E.

Kevin Baumgartner, P.E.

Robert S. Hird, P.G., C.P.G. Field

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EXECUTIVE SUMMARY

MKAssociates, Inc. (MKA) in joint venture with EFI Global, Inc. (EFI) have performed a Property Condition Assessment (PCA) on the Hotel Resort property, located at Any Street in Vail, Colorado (the "Property"). The PCA was performed in accordance with PPM Finance Guidelines and ASTM E2018-08 "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process" and is subject to the limitations and scope considerations contained within the Standard. This PCA was authorized by Client on October 12, 2011.

The Property is known as Hotel Resort and is located on the east side of Vail Road approximately fifty (50) feet south of the intersection of Any Street and Any Drive. Information obtained from the Eagle County Assessor's office indicated that the tax assessment parcel number for the Property is 2101-082-80-001. The legal description of the property is: Lot: 1 Block: 5-E .

The Property totals approximately 1.963 acres (85,508 SF) and is improved with one residential building with a full basement, totaling approximately 141,826 SF. The front western portion of the Property is improved with a concrete paver drives leading to an underground parking garage managed by the hotel. The building was constructed in 1992 and the north wing was added in 2005. The building is of concrete and steel-frame construction and is finished on the exterior with stucco. The Property building has a concrete tile roof with copper roofing on select gable sections and EPDM membrane roofing at flat roof mechanical recesses. The Property is heated via natural gas-fired boilers in the basement, with heating/cooling coils and fan units in each room. Supplemental heat for select rooms is available from gas fired fireplaces. Two chillers mounted in the basement and on the roof provide cooling water to the building coil fan units. Internal tile floors in the guestrooms and in common areas of the hotel and restaurants are heated by radiant heating. The ground level driveways of Property are radiant heated to prevent snow buildup. Sections of the roof have radiant heat and/or electric heat tape installed to prevent snow buildup. The ground surface at the Property slopes gently to the south to Gore Creek. Ground cover consists primarily of native grasses. The Property can be accessed from the west from Any Street via a concrete paver paved driveway. The Property is zoned Public Accommodation Zoning District. The area surrounding the Property is primarily a mix of commercial and multi-family residential accommodations. The development of the Town of Vail, Colorado began in 1962. The Property was vacant land until 1970 when the a Lodge was built, which was a residential accommodations use. Mr. America purchase the Lodge in 1986 and operated the same business until clearing the land and building the first phase of the Hotel Resort in 1992/93. The building was located on the south side of the Property, while the vacant area on the north side of the Property was used for surface parking. The building was added onto in 2005 and the parking garage constructed for guest parking via valet service, only. The developed use of the Property has always been for residential accommodations and the use is unchanged to the current time.

A summary of the Property improvements is provided in the following table.

PROPERTY INFORMATION	
Property Name:	Sample Hotel
Street Address:	Any Street

PROPERTY INFORMATION Continued	
City:	Vail
State:	CO
Reported Site Acreage:	1.963
Flood Zone:	X Unshaded; Outside the 100-year flood plain
Seismic Zone:	1
On-Site Parking Spaces:	34
On-Site Handicap-Designated Spaces:	0
Number of Swimming Pools/Spas:	2
Number of Tennis Courts:	0
BUILDING INFORMATION	
Number of Buildings:	1
Year Constructed and Age:	1993 AND 2005
Total Building Area (Square Feet):	141,826
Number of Floors/Stories:	5
Number of Guestrooms Units:	127
Superstructure:	Steel-framed
Foundation Type:	Basement
Exterior Facade(s):	Painted stucco
Roof(s):	Concrete tile, copper and EPDM
Parking Garage/Carports:	Cellar level under building
MECHANICAL INFORMATION	
Heating:	Central Hydronic system with natural gas-fired boiler and air handlers
Air-conditioning:	Roof top package units (RTUs) with direct expansion (DX) cooling
Hot Water:	Central gas-fired water heater system
Electrical Wiring:	Copper
Plumbing:	Copper and Cast Iron
Elevators:	5 hydraulic
Fire Sprinkler:	100% wet system

General Condition and Cost Opinion

Based on observation of the Property and improvements, the Property appears to be in overall good condition. The observed or reported condition of the reviewed systems, any recommended actions and the associated cost estimates for repair or replacement are presented in the following Sections of this report, with tabulated opinions of cost presented in the Appendices. The cost estimates for Immediate Costs and Replacement Reserves are summarized in the following table.

	Terms (Yrs)	Uninflated Costs	Inflated Costs	Uninflated \$/Guest Room/Year	Inflated \$/Guest Room/Year
Immediate Repair Costs Estimate	0	\$0	N/A	N/A	N/A
Short Term Repair Costs Estimate	1	\$0	N/A	N/A	N/A
Replacement Reserve Costs Estimate	1-12	\$1,080,500	\$1,242,854	\$709	\$816

Recommendations

MKA and EFI has generated an opinion of immediate costs in accordance with ASTM E2018-08 "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process" (the "Standard"). Immediate costs are defined by the Standard as those items that are:

- Existing or potentially unsafe (health & safety) conditions;
- Obvious material building code violations; or,
- A condition that has the potential to result in, or contribute to, the failure of a critical element or system failure within one year, or, a significant escalation in repair costs if left uncorrected.

No Deficiencies that are considered significant and require immediate repair were identified and include the following:

MKA and EFI have generated an opinion of Short Term costs in accordance with ASTM E2018-08 "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process" (the "Standard"). Short Term costs are defined by the Standard as those items that are:

- Physical deficiencies, such as deferred maintenance, that may not warrant immediate attention, but require repairs or replacements that should be undertaken on a priority basis in addition to routine preventive maintenance.
- Such opinions of probable cost may include costs for testing, exploratory probing, and further analysis should this be deemed warranted by the inspector.
- Generally the time frame for such repairs is within one to two years.

No Costs have been included in Table 1 under Short Term Needs.

Capital needs over the term of this report will be required for items such as exterior caulk, parking garage re-striping, common area finishes, HVAC replacements and domestic hot water heater replacement. These items are identified in Table 2.

Property Expected Remaining Useful Life

Based on the general condition of the Property reported above, it is EFI's professional opinion that the Remaining Useful Life (RUL) of the subject Property is estimated to be not less than 40 years barring any natural disasters. This opinion is based on its current condition and maintenance status, assuming any recommended Immediate Repairs or Replacement Reserves are completed and appropriate routine maintenance and replacement items are performed on an annual or as-needed basis. MKA and EFI can make no comment on the marketability of the Property's useful life.

1.0 INTRODUCTION

MKAssociates, Inc. (MKA) and EFI Global Inc. (EFI) were retained by ABC Sample, Inc. (Client) to perform a Property Condition Assessment (PCA) of Hotel Resort located at Any Street in Vail, Colorado (the "Property"). This PCA was performed in accordance with the Professional Services Agreement between MKA and Client, authorized on October 12, 2011.

1.1 Purpose

The purpose of the PCA was to observe and document readily-visible materials and building system defects which might significantly affect the value of the Property, and determine if conditions exist which may have a significant impact on the continued operation of the facility during the evaluation period. MKA and EFI understand that the findings of this property condition report will be used to evaluate the Property as collateral to secure a loan.

1.2 Scope of Work

The PCA was performed in general accordance with ASTM E2018-08 "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process" and is subject to the limitations and scope considerations contained within the Standard. The PCA findings are based on the visual, non-intrusive and non-destructive evaluation of various external and internal building components as noted during a site walk-through survey conducted by EFI representatives. In addition, interviews of Property ownership, management and tenants were conducted, as available and allowed. Inquiries and/or interviews of representatives of municipal entities that may have knowledge or information relating to building and fire code violations were also conducted.

1.2.1 Walk-Through Survey

A walk-through survey of the Property was performed on October 20, 2011 by EFI. The site visit was performed by Lloyd Morris, who was escorted by Ms. America, with the facility engineering department. Weather at the time of the survey was sunny and mild. EFI observed the physical setting of the Property, accessed the roofs and observed the building facades from various ground levels. In addition, observations were also made of mechanical rooms, common areas and the interiors of approximately 11 percent of the tenant spaces (#202, #210, #214, #301, #336, #401, #402, #411, #421, #426, #428, #516, #526, #542). To the extent that they were visible and safely accessible, EFI assessed the site development, building structure, building exterior and interior areas; mechanical, electrical, and plumbing systems, conveyance systems, and life safety/fire protection. General conditions of the Property were recorded via photographs. Representative photographs are included within this report.

1.2.2 Interviews

EFI interviewed, or attempted to interview, representatives of Property ownership or management and readily-available tenants. In addition, local municipal building and fire officials were contacted to request code violation information. The following people or organizations were interviewed by EFI during the site visit or report preparation:

- Mr. America, Owner & Manager, (970) 123-4567
- Ms. America, Engineering supervisor, (970) 123-8971

- Mr. Warren Campbell, Chief of Planning, Town of Vail, (970) 479-2148
- Ms. Lynne Campbell, Office Manager, Town of Vail, (970) 479-2150
- Mr. Mike Vaughan, Fire Marshall, Vail Fire Department, (970) 479-2252
- Mr. Bill Carlson, Environmental Program Director, Vail Department of Environmental Health, (970) 479-2333
- Mr. Bill Rogers, Rocky Mountain HVAC, service contractor, (970) 355-0601.

1.2.3 Document Reviews

The following written documents were provided for review:

- Summary Appraisal Report dated September 24, 2010 by HREC Assessment, (303) 267-0057
- Building floor layout
- Company brochures

A pre-survey questionnaire was submitted to Mr. America, Owner & Manager. A copy of the completed questionnaire is included in Appendix C. Pertinent information from the questionnaire is discussed throughout the applicable sections of this report. The information obtained from these materials is included in the appropriate Sections of the PCR. If available, copies of reviewed materials are included in the Appendices.

1.3 Reliance

All reports, both verbal and written, are for the benefit of Client, its Successors and/or affiliates. This report has no other purpose and may not be relied upon by any other person or entity without written consent agreed upon by MKA, EFI, and Client. Either verbally or in writing, third parties may come into possession of this report or all or part of the information generated as a result of this work. In the absence of a written agreement granting such rights, no third parties shall have rights of recourse or recovery whatsoever under any course of action against MKA or EFI, their officers, employees, vendors, successors or assigns. Reliance is provided in accordance with the Proposal and General Conditions executed by Client on October 12, 2011.

2.0 SYSTEM DESCRIPTION AND OBSERVATION

2.1 Overall General Description

The Property is a hospitality complex comprised of one building, which houses 127 guest rooms (115 suites and 12 standard rooms), three restaurants, nearly 5,900 square feet of meeting and function space an indoor/outdoor swimming pool and a full-service spa. The Phase I of the Property building was originally constructed in 1992 after demolition of the previous Lodge on the same site. The building is a five-story structure that is irregular-shaped in plain view.

The Property is situated on an irregular-shaped land parcel of approximately 1.963 acres. The Property is located at the southeast corner of Any Street and Any Drive Drive (a pedestrian street). Parking for the Property is provided by an underground garage. The balance of the site consists of pedestrian walkways, landscaping, one swimming pool and hot tub. The building frame consists primarily of steel columns and girder construction supporting each floor and the roofing system. The upper-level framing system consists of structural steel beams and joists supporting corrugated metal floor decking with a lightweight concrete topping. The roof framing system consists of structural steel beams and purlins supporting corrugated metal roof decking.

The building foundation appears to consist of continuous perimeter reinforced concrete spread footings supporting a reinforced concrete slab-on-grade and interior isolated spread footings supporting steel columns. The building floor is constructed as concrete slab-on-grade with control joints around each column, at column lines, and at intermittent locations between column lines and perimeter walls. No crawl spaces were reported or observed.

2.2 Site Improvements

2.2.1 Topography

Description:

The Property slopes moderately downward from north to the south across the site. No abnormal features such as ground fractures, settlement areas, or areas of ponding water were observed that were considered to be significant.

Observations/Comments:

No observed or reported deficiencies were noted.

2.2.2 Storm Water Drainage

Description:

Water runs off the Property by way of sheet flow across landscaped areas to Gore Creek. Water is drained from the roofing surfaces to landscaped areas. Secondary roof drains empty into landscaped areas at the building perimeter. The pavement and open areas slope slightly away from the building. The storm water is directed into Gore Creek.

Observations/Comments:

No evidence of erosion or chronically-standing water that requires correction were observed. Overall, Property drainage appeared to be good and the drainage infrastructure components appeared to be in good condition. No drainage deficiencies were reported.

2.2.3 Site Access and Traffic Flow

Description:

There is one entrance and one exit drive into and out of the Property and they are located on the west side along Any Street. The entrance drives are constructed with concrete pavers. No signalization is provided.

Observations/Comments:

Site access drives were observed to be in good condition with no significant deficiencies. The entrance drives appeared to be adequate in terms of location and accessibility.

2.2.4 Paving Type/Age

Description:

Parking is provided by concrete pavement at a below-grade parking garage located in the northern portion of the site. Paving was installed during the 2005 Phase II construction.

Observations/Comments:

The concrete pavement appeared to be generally in good condition with minor shrinkage cracking observed at the eastern portion of the parking area. No vertical or horizontal displacement was observed in the cracking. The parking space markings appeared to be in good condition with striping clearly visible observed throughout the parking garage. Based on the condition and EUL of the concrete pavement, EFI anticipates that only routine maintenance will be required over term.

2.2.5 Curbing/Wheel Stops

Description:

The paved areas are bordered by cast-in-place concrete curbing.

Observations/Comments:

The curbing appeared to be in good condition throughout the parking area.

2.2.6 Pavement Striping

Description:

No pavement striping exists to delineate the parking spaces of the Property.

Observations/Comments:

None

2.2.7 Parking

Description:

Parking is provided by a one-level below-grade concrete parking structure accommodating 134 automobiles. Sixteen of the 133 spaces are reserved for the American condominium development that adjoins to the east, and 34 spaces are reserved for use by Bridge hotel (at the extreme east adjoining property) that is managed by the Hotel Resort. A copy of the official parking garage agreement is included in the Appendix C. The parking structure's one access and exit ramp opens to the interior paved courtyard. A roll-up metal garage door is located at the entrance to the garage. Parking spaces are not marked. All parking is by valet.

Observations/Comments:

Since all parking is by valet, there appears to be no issue with not having parking spaces striped. No further action is required.

2.2.8 Flatwork, Loading Docks, Exterior Stairs and Railings

Description:

No loading docks were observed at the Property. Concrete, concrete paver and grass paver pedestrian walks provide access to the building and grounds. A cinder block garbage dumpster screen wall is located at the southwest corner of the property located on the north side of the dumpster pad. The dumpster area is paved with concrete pavers. A new garbage handling station is under construction at the same location as renovations to a small section of the existing building.

There are flagstone-covered concrete walks and steps throughout the Property. The building front pedestrian walkway along Any Street consists of cast-in-place concrete construction. Additional pedestrian walkways are located along the south and east sides of the building. Cast-in-place concrete and flagstone surfaced stairs and ramps are located at various rear exit doors, that also serve as emergency exit points.

Observations/Comments:

The concrete pavement appeared to be generally in good condition with no areas of significant cracking or surface deterioration observed. The pedestrian walks appeared to be generally in good condition. The dumpster pads appeared to be in good condition. No trip hazards or other areas of damage were observed. The flatwork can be expected to last through the term with periodic repairs as part of routine maintenance.

Flatwork, stairs and railings were observed to be in good condition. Minor concrete crack sealing, if present, is considered routine maintenance. Wrought iron painting is performed as part of routine maintenance or in conjunction with exterior painting.

2.2.9 Landscaping and Appurtenances

Description:

The landscaping consists primarily of ground cover, grass turf, shrubs, flowers and trees. The Property has an irrigation system that services the landscaped areas. Balconies are fitted with flower boxes that are seasonally planted.

Observations/Comments:

There were no observed or reported deficiencies. The irrigation system was not observed in operation; no significant deficiencies were observed or reported. The landscaping components appeared to be generally in good condition with no significant deficiencies. There is no perimeter fencing on the property. There are short walls located internal to the Property that are flagstone veneer concrete walls and were observed to be in good condition.

2.2.10 Retaining Walls

Description:

Short flagstone veneered concrete retaining walls are located at the south side of the Property at the pool area retaining the bank of soil that is outside the Ludwig's glassed dining room.

Observations/Comments:

The retaining walls appeared to be generally in good condition with no significant deficiencies.

2.2.11 Utilities

Description:

No special utility systems were identified at the Property at the time of the assessment.

Observations/Comments:

All utilities are provided via underground services and appear to adequately service the Property.

Utility	Provider	Comments
Electric	Holy Cross	Service is adequate
Gas	Xcel Energy (Public Services)	Service is adequate
Potable Water	Eagle County Water & Sewer	Service is adequate

2.2.12 Site Lighting

Description:

Exterior lighting consists of building-mounted incandescent fixtures and ground-mounted landscape incandescent lights.

Observations/Comments:

No observed or reported deficiencies were noted. The survey was conducted during daylight hours and Property lighting levels could not be accurately assessed; however, the lighting layout appears to provide adequate coverage.

2.2.13 Waste Storage Area

Description:

Dumpsters and recycling bins are located at the dumpster enclosure on Any Street at the southwest corner of the building. The enclosure is constructed of eight foot high cinder block masonry on the north side to screen from pedestrian view. A trash compactor is located inside a room at this location. A cardboard compactor and recycling bins are located in the parking garage. Waste dumpsters and recycling bins are the property of the waste collection contractor, while compactors are owned and maintained by the Property.

Observations/Comments:

A masonry cinder block wall screens the dumpster/bin storage from the north viewing. The wall was observed to be in good condition. No observed or reported deficiencies were noted.

2.2.14 Site and Building Signage

Description:

The Property is identified by a large wood sign over the main entry doors of the building at the driveway portico of the Property. Two of the restaurants, the Bully Ranch and the Swiss Chalet, maintain outside entrances and signage as well as dining patios along Any Street. All guest room and common area restroom doors were marked with custom wood signage. Utility/stairwell doors are clearly marked with plastic signage. Other individual custom tenant signage for the three retail stores on the north side of the building was observed to have cantilever mountings to exterior walls. A wall-mounted directory was located on the ground floor of the lobby area. All common area lobbies and stairwells were equipped with illuminated exit signs.

Observations/Comments:

The Property and building signage is in good condition with no significant deficiencies. Repair and repainting of the signage is considered to be a part of routine maintenance.

2.2.15 Other Site Amenities/Recreational Facilities

Description:

The Property is equipped with one indoor / outdoor swimming pool connected by an opening under the exterior wall of the spa area. A private 5,000 square foot, full-service European spa features ten treatment rooms, private men's and women's changing room, private men's and women's locker room, a relaxation room, a fitness room with two treadmills, two Stairmasters, two lifecycles, and weight system, an indoor/outdoor swimming pool, an indoor Jacuzzi, and an outdoor Jacuzzi. Moreover, the spa features a large lobby area with a nine-person juice bar and an open circular fireplace. The indoor swimming pool area, fitness room and relaxation room maintain a southern exposure wall-to-ceiling atrium window that provides abundant sunlight. A flagstone deck that overlooks Gore Creek surrounds the outdoor heated swimming pool area.

The in-ground concrete swimming pool features flagstone trim and ceramic tile coping. The swimming pool decks are constructed of flagstone over concrete. The pool lining appeared to be approximately 10 years old. One Jacuzzi of similar construction to the swimming pools is located adjacent to the swimming pool. The Jacuzzi lining appeared to be approximately 10 years old. The swimming pool pump, water treatment and filtration equipment is located in a mechanical room in the basement of the hotel. The equipment appeared to be approximately 5 to 10 years old. All patios and ground level drives and interior tile floors, as well as specific rood areas, are heated by radiant heat from dedicated boilers located in basement mechanical rooms.

Observations/Comments:

EFI noted that the pool and Jacuzzi drain assemblies have one drain; however, current compliance with the Virginia Graeme Baker Pool and Spa Safety Act is achieved by a suction vacuum monitoring sensor located in the mechanical room in the basement of the facility. The pool and Jacuzzi surfaces were showing signs of aging and will require resurfacing during the evaluation period and costs are included. It was reported to EFI, the resort plans to re plaster the pool and Jacuzzi in 2012 and to modify the drains to meet the Virginia Graeme Baker Pool and Spa Safety Act requirements at that time. Pool and spa equipment was noted in good condition however based on EUL will require replacement during the evaluation period and costs are included.

Common area FF&E is addressed in Section 2.8

No observed or reported deficiencies were noted.

The concrete pavement appeared to be generally in good condition with minor amounts of shrinkage cracking or surface deterioration observed in the parking garage.

The concrete paver pavement appeared to be in good condition. In general, concrete pavement can be expected to provide approximately 30 years of useful life.

Recommendation		EUL	EFF AGE	RUL	Year	Cost
Re-Line Pool	25		19	6	6	\$5,000.00
Pool, pump	20		15	5	5	\$4,000.00
Refurbish Eiropean Spa Area	20		10	10	10	\$35,000.00
Pool resurface	15		10	5	5	\$6,000.00
Total						\$50,000.00

2.3 Structural Frame and Building Envelope

2.3.1 Substructure

Description:

As-built plans of the Property were unavailable for review to confirm the below ground components. Based on our experience with similar structures and observations, the substructures appear to be constructed of continuous perimeter reinforced concrete spread footings supporting a reinforced concrete basement level slab and interior isolated spread footings supporting steel columns. EFI observed control joints around each column, at column lines, and at intermittent locations between column lines and perimeter walls.

Observations/Comments:

Foundation and footing construction could not be verified while on-site due to hidden conditions. Observations of the exterior walls revealed no apparent signs of cracking or movement that would indicate excessive settlement or an improperly-installed foundation system. There were no observed or reported deficiencies noted.

2.3.2 Superstructure

Description:

The building frame consists primarily of structural steel frame construction. The upper-level framing system consists of structural steel beams and joists supporting corrugated steel floor decking with a lightweight concrete topping. The roof framing system consists of purlins and subpurlins supporting corrugated metal roof decking. The structural elements for the parking structure consist of a structural steel framing system with prestressed concrete double-tee joists supported the concrete floor slab above.

Observations/Comments:

No evidence of structural failure or deficiencies was noted.

2.3.3 Facades

2.3.3.1 Exterior Walls

Description:

The exterior walls of the building consist of painted stucco.

Observations/Comments:

Exterior stucco is reportedly original and appeared to be in good condition. The expected useful life (EUL) of painted stucco surfaces is 7 years. Based upon the current condition of the stucco surfaces and that painting that was done recently, capital reserves in Table 2 are allocated for caulking and repainting of the building exteriors once during the term.

Recommendation	EUL	EFF AGE	RUL	Year	Cost
Caulking and sealing	10	1	9	9	\$5,000.00
Paint exterior	7	1	6	6	\$20,500.00
Total					\$25,500.00

2.3.3.2 Windows

Description:

Windows throughout the building were observed to be a combination of wood and vinyl clad fixed-pane and single & double-glazed type. It was reported to EFI that all the windows to the guestrooms and to other significant areas of the building are imported from Germany for authenticity of the architectural style of the building.

Observations/Comments:

Caulking around the windows appeared to be in good condition. No observed or reported deficiencies were noted.

2.3.3.3 Doors/Frames

Description:

Guestrooms have an entry door consisting of a stained wood door with locking knob set and deadbolt hardware and massive sandstone trim. A double-pane glass, swing door provides access to a small balcony at the upper floor units. All guestrooms are located in aboveground floors. It was reported to EFI that all the doors to the guestrooms are imported from Germany for authenticity of the architectural style of the building. The main entry door to the building check-in lobby is a double door entry with vestibule constructed of aluminum doors with full glass panels set in metal frames. Auxiliary and emergency exit doors are constructed of painted metal in metal frames.

Observations/Comments:

Overall, the doors at the Property appeared to be generally in good condition. The doors can be expected to last through the term with periodic repairs and repainting as part of routine maintenance. No observed or reported deficiencies were noted.

2.3.4 Balconies

Description:

Balconies were observed at all sides of the building. The balcony decks are painted wood slats. The balconies are enclosed by wood railings. Small planters are hung on the outside face of all balconies for seasonal plantings.

Observations/Comments:

The balconies appeared to be generally in good condition. EFI anticipates that periodic repairs and repainting can be completed as part of routine maintenance.

2.3.5 Roofing

Description:

Roof Type

The roofing systems consist of a sloped concrete tile shingles with copper roofing over select gables and roof sections and Ethylene Propylene Diene Monomer (EPDM) with precast concrete step pads on a flat roof recessed area for HVAC chillers and an emergency generator.

The roof surface is original and it was reported that minor repairs are made as problems are discovered. The age of the Phase I & II roofs are 18 and 6 years, respectively.

Drainage

Stormwater runoff for the roof is directed to copper gutters to copper downspouts that discharge onto landscaping. Flat roof secondary drains drain via internal piping, exiting the building and discharging onto landscaping.

Warranty

According to Property management, the roof is reported to not be under warranty. No documentation was provided.

Ancillary Roof(s)

There is a glass roof to the Ludwig restaurant dining area on the south side of the building.

Flashings/Details

All flashings are copper. Plumbing related roof vent penetrations have metal counterflashing. Chimney penetrations are flashed with painted metal counterflashing.

Expansion Joints

No expansion joint were observed on the roof.

General Condition

The visual inspection revealed the building roofing to be in good and functional condition at this time.

Observations/Comments:

Based on the condition and useful life of concrete shingles the shingles should last beyond the loan term with normal maintenance. EFI, recommends funds be reserved for replacement of the EPDM section of the roof during the loan term.

The above comments are based on our limited site observations. No testing of the roofing materials was conducted. This report does not constitute a full and comprehensive roof survey, and is not to be interpreted to mean that roof leaks are not currently present. EFI recommends retaining a roofing consultant if a comprehensive report on the condition of the system is required.

COST SUMMARY

Recommendation	EUL	EFF AGE	RUL	Year	Cost
EPDM / FA-MA	20	15	5	5	\$45,000.00

2.4 Mechanical, Electrical & Plumbing

2.4.1 HVAC Systems

Description:

Each guestroom space is heated by fan coil units mounted in recessed wall pockets or closets in each room supplied with hot and chilled water by a central system. The original 1993 building is a three pipe system whereby only heated or chilled water is delivered to

the rooms of this wing at any one time. Maintenance staff must manually switch from heating to cooling for rooms to be either heated or cooled and all rooms of this wing are either heated or cooled at the same time. Each room, however, controls the amount of heating or cooling by wall mounted fan controls in each room. The 2005 addition has a separate HVAC system. It is a four pipe system of delivery whereby heated and chilled water is delivered at all times and individual rooms are heated or cooled independent of each other. Wall mounted control fan control switches are located in each room.

The building has two distinct systems based on the dates of construction.

The original 1993 construction:

- The central heating plant consists of two hot water boilers and circulating pumps located in the basement and provide domestic hot water and heated water to the guestroom coils for room heat. The boilers are natural gas-fired 4.09 million BTU Weil-McLain units that provided heated water to the guestrooms.
- One 1.904 million BTU Weil-McLain boiler unit is dedicated to heating water for the radiant heating system that warms the surface drives, flagstone patios, the Ludwig restaurant floor of the glass room and tile floors of the guestroom bathrooms on this wing.

- There is one 840,000 BTU Ajax natural gas-fired steam boiler unit for the laundry.
- Lastly, there is a 400,000 BTU Lochinvar boiler to supply hot water to the laundry.
- The age of these units is unknown and was not reported. A recommendation for replacement of these boilers follows.

The 2005 Addition construction:

- The central heating plant consists of two hot water boilers and circulating pumps located in the basement. The boilers are natural gas-fired 3.55 million BTU Weil-McLain units that provide domestic hot water and heated water to the guestroom coils for room heat.

Pool Boilers:

- Two Teledyne Lars 1.01 million BTU natural gas-fired boilers heat the swimming pool.
- One Tandy 399,000 BTU natural gas-fired boiler heats the outdoor Jacuzzi.
- One Laars 394,000 BTU natural gas-fired boiler heats the indoor Jacuzzi.

Spa Boilers:

- Two Steam Master 18 Kilowatt electric boilers provide steam to the men's and women's steam rooms.

Observations/Comments:

The fan coil units observed appeared to be generally in good condition. Funds have been allocated for replacement of a portion of fan coil units over the evaluation term.

The water circulation pumps were reportedly in good operating condition. Excessive vibration, bearing deterioration sounds, or leakage were not noted. Funds have been allocated for replacement of the pumps over the evaluation term.

According to the service contractor Bill Rogers, of Rocky Mountain HVAC, the boilers located in the old part of the building are old and are expected to systematically start to fail over the next few years. EFI recommends setting back funds each year in preparation of the need for this significant capital outlay. The boilers and chillers of the newer addition are expected to function with normal service over the term without needing to be replaced.

COST SUMMARY

Recommendation	EUL	EFF AGE	RUL	Year	Cost
	25	various	various	1	\$7,000.00
				2	\$7,000.00
				3	\$7,000.00
				4	\$7,000.00
				5	\$7,000.00
				6	\$7,000.00
				7	\$7,000.00
				8	\$7,000.00

COST SUMMARY continued

Recommendation	EUL	EFF AGE	RUL	Year	Cost
				9	\$7,000.00
				10	\$7,000.00
				11	\$7,000.00
				12	\$7,000.00
Replace water circulation pumps	25	19	6	6	\$12,000.00
Total					\$96,000.00

2.4.2 Electrical Systems

Description:

Primary electrical service is fed from an off-site pad-mounted step-down transformers that were reported to be owned and maintained by the utility provider. The transformers supply power via underground conduit to the main service panels located in the basement of each of the two parts of the building. Meters are located at the switch gear at these two locations. Due to the complexity of the switch gear of the two main power distribution locations, the amperage rating was not readily ascertainable. The electric system to the two main distribution panels of the Property is 277/480-volt, three-phase, four-wire alternating current (AC).

Two emergency generators serve the Property. The old generator is located on the roof of the original 1993 building with the chiller RTU and is diesel powered. The new generator is located on the ground beside the 2005 addition and is powered by natural gas. The generators reportedly supply emergency power to critical areas of the resort, which includes, in part, the elevators, telephones, emergency lighting and fire alarm and sprinkler systems.

Branch wiring observed was copper. No aluminum wiring was observed or reported.

Surface incandescent, fluorescent fixtures and a few LED lights provide the interior lighting. Observations/Comments:

In general, the electrical systems for the Property, including switchboards, panel boards, lighting and wiring system appear in good condition and adequately sized for the intended use of the facilities. The emergency generator was reported to be in good condition, and is test-operated on a regular basis. The POC reported the Property is phasing out the incandescent and fluorescent light fixtures on a regular basis in favor of the more efficient LED lighting fixtures.

2.4.3 Plumbing

2.4.3.1 Piping

Description:

Domestic water piping was observed to be copper in all units observed. Property management also confirmed that water piping was copper throughout the Property.

Sanitary drainage and vent piping was cast iron throughout. Site water and sewer lines appear to be in good operating condition with no visible leaks or reported problems.
Observations/Comments:

Pump replacement is performed by on-site personnel on an as-needed basis, and is considered routine maintenance. No observed or reported deficiencies were noted.

2.4.3.2 Domestic Hot Water

Description:

Domestic hot water is provided by natural gas-fired boilers located in the basement of the two parts of the building. A detailed description is include in Section 2.4.1 HVAC Systems.

Observations/Comments:

Condition and recommendations concerning the water heater boilers is discussed in Section 2.4.1 HVAC Systems.

2.5 Vertical Transportation/Conveyor Systems

2.5.1 Elevators

Description:

The Property has six hydraulic elevators that run at approximately 125 feet per minute. The specific units are identified and described as follows:

#1 Street Elevator: This is a Schindler elevator with a 2,500 pound capacity, which travels from ground level to the basement.

#2 & #3 Lobby Elevators: These are Schindler elevators with a 2,500 pound capacity, which travel from basement to the 5th floor.

#4 Spa Elevator: This is a Dover elevator and has a 1,500 pound capacity and travels from the basement to the 4th floor and is scheduled for upgrade in 2012.

#5 Kitchen (first floor) / Purchasing (basement) Elevator: This is a Dover elevator and has a 1,500 pound capacity and travels from the basement to the 1st floor.

#6 Service Elevator: This is a Schindler elevator with a 2,500 pound capacity. It travels from the basement to the 5th floor.

All elevators are hydraulic and are serviced by Otis on a quarterly basis. The account manager is Mike Ayler (303) 765-3433. The most recent municipal certificate of inspection for the elevators was in November and December of 2010.

Observations/Comments:

The elevators were observed to be in good condition with no significant deficiencies observed. The elevator machine rooms appeared to be well maintained. Based on the

observed condition and age of the equipment, it is expected that modernization of at least one of the elevators may be necessary during the evaluation term. According to Property management, Otis provides elevator service on a quarterly basis at the Property. EFI learned from the POC that the Property is planning to upgrade the Spa elevator in 2012 and recommends setting aside funds for the maintenance and upgrades to the elevators over the term.

COST SUMMARY

Recommendation	EUL	EFF AGE	RUL	Year	Cost
Elevator repairs and upgrades	25	various	various	2	\$5,000.00
				4	\$5,000.00
				6	\$5,000.00
				8	\$5,000.00
				10	\$5,000.00
				12	\$5,000.00
Total					\$30,000.00

2.5.2 Escalators

Description:

There are no escalators on the Property.

Observations/Comments:

N/A

2.6 Fire/Life Safety

2.6.1 Fire Sprinklers

Description:

The Property is fully protected by a wet fire sprinkler system. The system is comprised of a 4" fire sprinkler line from the water company with an approved reduced pressure back-flow device and tamper detection sensors. The line enters the building on the west side. Property records show that the sprinklers were last tested on November and December of 2010. Copies of the latest inspection certificates are included in the appendix supporting documents. The entire system is provided emergency back-up electrical power via either an Onan diesel powered or an Onan gas powered emergency generator.

Observations/Comments:

Fire suppression system appears to be in good condition, and is confidence tested on an annual basis. The last inspection was performed on August 3, 2011 by the Acme Alarm Company. A copy of the inspection document is included in the appendix supporting documents. No observed or reported deficiencies were noted.

2.6.2 Life Safety/Alarm Systems

Description:

The guestrooms observed have one or more individual hardwired smoke detectors and strobe alerts installed. It was reported the in-house engineering department checks the smoke detectors for defects periodically. Fire extinguishers were observed throughout the facility corridors and in specialty spaces such as the laundry facilities, equipment rooms, and kitchen areas. The fire extinguishers are inspected annually and carry current tags (December 2010). Visual strobe lights are located in conjunction with audible alarms. All public areas and stairwells are served by lighting connected to the emergency power circuit.

Observations/Comments:

No observed or reported deficiencies were noted.

2.7 Guest Rooms

2.7.1 Unit Mix

Unit Type	Number of Units	Area SF
Standard	12	350 to 420
Suite	115	490 to 1,350

2.7.2 Guest Rooms Observed

11% of the guestrooms were observed, as well as representative common areas such as lobby, corridors, ballroom/meeting rooms, dining room, kitchen, restrooms, electrical rooms, garage and mechanical rooms.

2.7.3 Guestroom Finishes

Description:

Guestrooms have carpet flooring at the living area with marble at bathrooms. Guestroom ceilings are plaster finish. Unit and bathroom walls are smooth plaster/stucco finished. Guestroom entrance doors are solid core wood in wood frames, and are equipped with electronic hardware. Guest bathroom doors are solid core wood in wood frames.

Observations/Comments:

No observed or reported deficiencies were noted. POC reported funding has been allocated for new furniture, new heat controls, entertainment system and new televisions in 60 guestrooms this year. It is recommended that a capital reserve allowance for replacement of guestroom floors.

COST SUMMARY

Recommendation	EUL	EFF AGE	RUL	Year	Cost
Flooring replacement	7-20	various		1	\$10,584.00
				2	\$10,584.00
				3	\$10,584.00
				4	\$10,584.00
				5	\$10,583.00
				6	\$10,583.00
				7	\$10,583.00
				8	\$10,583.00
				9	\$10,583.00
				10	\$10,583.00
				11	\$10,583.00
				12	\$10,583.00
Total					\$127,000.00

2.7.4 Guestroom FF&E

Description:

Furniture, Furnishing & Equipment (FF&E) within each guestroom typically consists of case goods and soft goods including one bed frame, headboards, mattress, casual chairs, a desk or table with chair, nightstands, a dresser, and a television set, mini-bar, bed spreads, window coverings, mirrors, light fixtures, and guest supplies (towels, soap, shampoo, etc.).

Observations/Comments:

The FF&E were observed to in generally good condition. Management reported that funds are allotted for the replacement of 60 televisions this year, as well as furniture upgrades and new entertainment systems. A capital reserve allowance is recommended for replacement of FF&E for the term.

COST SUMMARY

Recommendation	EUL	EFF AGE	RUL	Year	Cost
FF&E Repair and Replacement	various	various		1	\$15,875.00
				2	\$15,875.00
				3	\$15,875.00
				4	\$15,875.00
				5	\$15,875.00
				6	\$15,875.00
				7	\$15,875.00
				8	\$15,875.00
				9	\$15,875.00
				10	\$15,875.00
				11	\$15,875.00
				12	\$15,875.00
Total					\$190,500.00

2.7.5 Guestroom Mix

Description:

There are 115 luxury suites and 12 standard hotel rooms, 7 of which are handicap-accessible.

The standard hotel rooms consist of 2 double beds and range in size from 350-420 square feet. They feature a mini-bar, flat screen television, a bathroom with tub/shower combination, heated marble floors, Nintendo game console, humidifier and personal safe.

The suites range from "junior" suites to 1 and 2 bedroom suites. The "junior" suites have a combined bedroom/sitting room layout with 1 king bed or 2 doubles, 1 bathroom, and range from 490-570 square feet. The 1 and 2 bedroom suites come with 1 king bed and 2 doubles (or twins), and range from 700-1600 square feet.

The 2 bedroom suites include an upstairs loft, and the largest of them come with 2.5 bathrooms. These suites include features such as custom-made Bavarian furniture, a gas log fireplace, heated marble floor, mini-bar, flat screen television, Nintendo game console, and personal safe. The junior suites feature double vanities with large bath and separate shower, while the 1 and 2 bedroom suites feature additional private bath areas, a powder room, and walk-in closets. The 2-bedroom suites include a dining room area.

Observations/Comments:

No observed or reported deficiencies were noted. Cost for replacement and refurbishment of common areas over the term have been allocated.

2.8 Common and Support Areas

2.8.1 Common Areas

Description:

Common areas consist of lobby, corridors, ballroom/meeting rooms, and restrooms. The lobby is finished with carpeted floors, painted plaster/stucco walls, and painted plaster/stucco ceiling, and is equipped with chairs, and a table. The corridors are finished with carpeted floors, painted plaster/stucco walls, and painted plaster/stucco ceiling walls. Ice machines are typically located at each floor level.

The meeting rooms have carpeted floors, painted plaster/stucco walls, and painted plaster/stucco ceiling and are equipped with typical furnishings such as tables and chairs.

The three restaurants have an assortment of flagstone, wood and carpet flooring, painted plaster/stucco walls, and painted plaster/stucco ceiling and equipped with typical furnishings such as tables and chairs. The laundry is finished with bare concrete floors, painted drywall walls, and an exposed skeleton ceiling, and is equipped with four 55# and two 90# commercial washers and dryers, two large steam presses and a small steam press.

Restroom finishes include ceramic tile flooring, painted drywall walls with ceramic tile

wainscot, and painted drywall ceilings. Each restroom is provided with one handicap-accessible stall and lavatory.

Observations/Comments:

No observed or reported deficiencies were noted. EFI recommends capital reserve allowance for replacement of common area carpet and wall covering, as well as ice machines and laundry equipment, during the evaluation period.

COST SUMMARY

Recommendation	EUL	EFF AGE	RUL	Year	Cost
Ice machines	15	various	various	2	\$2,500.00
				4	\$2,500.00
				6	\$2,500.00
				8	\$2,500.00
				10	\$2,500.00
Carpet	7	4	3	4	\$12,000.00
				9	\$12,000.00
Wall covering	5	1	4	4	\$30,000.00
				9	\$30,000.00
Total					\$96,500.00

2.8.2 Support Areas

Description:

Office area finishes consist of carpeted floors, painted walls and ceilings.

In-house laundry operations are conducted using four 55-pound and two 95-pound capacity washers manufactured by Speed Queen. There are two 55-pound, two 95-pound Cissell gas-fired dryers, two 55-pound gas-fired Maytag dryers and one standard Speed Queen electric heat dryer. Finishes in the laundry area consist of epoxy non-skid treatment of the concrete floor, painted walls, and open structural ceilings.

The kitchen has quarry tile flooring, painted drywall walls, and open structure ceiling, and is equipped with a variety of commercial kitchen equipment.

Maintenance, engineering and supply areas have bare concrete floors, painted walls and open structure ceilings.

Observations/Comments:

No observed or reported deficiencies were noted. It is anticipated that new laundry and kitchen equipment will be required during the evaluation term and costs are included in the Replacement Reserves.

COST SUMMARY

Recommendation	EUL	EFF AGE	RUL	Year	Cost
Laundry Room Equipment repair/replace	various	various	various	1	\$20,000.00
				2	\$20,000.00
				3	\$20,000.00
				4	\$20,000.00
				5	\$20,000.00
				6	\$20,000.00
				7	\$20,000.00
				8	\$20,000.00
				9	\$20,000.00
				10	\$20,000.00
				11	\$20,000.00
				12	\$20,000.00
Kitchen Appliances & Repairs	various	various	various	1	\$15,000.00
				2	\$15,000.00
				3	\$15,000.00
				4	\$15,000.00
				5	\$15,000.00
				6	\$15,000.00
				7	\$15,000.00
				8	\$15,000.00
				9	\$15,000.00
				10	\$15,000.00
				11	\$15,000.00
				12	\$15,000.00
<hr/>					
Total					\$420,000.00

3.0 ADA COMPLIANCE

A general overview of the Property's common public areas was completed (of improvements considered to be "Public Accommodations") based upon the requirements of Title III of the Americans with Disabilities Act (ADA). This Act requires public accommodations to provide goods and services to persons with disabilities on an equal basis with the rest of the general public. After January 26, 1992, the ADA began requiring that architectural and communication barriers be removed in public areas of existing facilities when their removal is readily achievable. As defined under Title III of the ADA, existing facilities considered to be "public accommodations" must take steps to remove architectural and communication barriers that are deemed "readily achievable" under the retroactive requirements. A readily achievable alteration is defined as "easily accomplishable and able to be carried out without much difficulty or expense".

A Tier I assessment of ADA accessibility was completed by EFI in general accordance with ASTM E2018-08. The scope included a limited visual review of the following components: path-of-travel, parking, ADA compliant guestrooms (hotel/hospitality facilities only), public toilet rooms, and elevators. No measurements were conducted. The intent of this assessment is to identify accessibility issues and possible solutions. Significant items of non-conformance with ADA guidelines are noted without regard as to whether or not they are, by ADA definition, "readily achievable". The decision as to which actions are to be undertaken as "readily achievable" is to be determined by building ownership in consultation with its accountants, attorneys and design/construction professionals.

The subject building, based on the operations observed, appears to fall into the category of a "public accommodation". No ADA parking spaces are provided because, all vehicles are required to be parked by on-site valet service in the underground parking garage. All visitors that come to the resort, or any of the resort's three restaurants, are assisted from their vehicles, if needed, and no ramps are involved to enter the building. Common toilet facilities in the building appeared to be generally conforming to ADA requirements. The passenger elevators at the Property appeared to be generally conforming to ADA requirements.

4.0 REGULATORY COMPLIANCE

4.1 Building and Safety, Code Enforcement and Division of Permits

Mr. Warren Campbell, Chief of Planning for the Town of Vail, discussed the facility with EFI in length. According to Mr. Campbell, there are no current violation notices or requests to comply on file for the Property. A search of records at the Building Department for the Town of Vail did not identify any open violation notices or compliance orders. Public records research was performed in person on October 19, 2011. All files pertaining to the Property were presented for review and copying. The completeness and accuracy of information provided by others cannot be guaranteed by MKA and EFI.

4.2 Building Permits and Certificates of Occupancy

Mr. Warren Campbell, Chief of Planning for the Town of Vail, discussed the facility with EFI at length. His staff supplied all records on file for the Property. Copies of Certificates, Permits and Inspections are viewable in Appendix C of this report.

4.3 Legal Description

The Legal Description of the Property based on tax assessor records is Lot: 1 Block: 5-E .

4.4 Zoning

According to Bill Gibson for the Town of Vail, Zoning the Property is located in a Public Accommodation zoning district. Mr. Gibson stated there were no citations, notices of violations or orders for corrective work on file for the Property, and also stated that he walked the parking garage with the owner and confirmed the facility met the zoning required parking of the equivalent of 134 spaces.

4.4.1 Parking Requirements

According to historic community development documents, the Property is in compliance with current zoning requirements. According to Mr. Bill Gibson of the Zoning Department, he confirmed the parking is in compliance.

4.4.2 Landscaping

There is no requirement in the Zoning Ordinance for this Property.

4.5 Fire Department

An EFI representative spoke with the local Fire Marshall regarding the status of the Property. According to Fire Marshall Mike Vaughan, the Property has not been inspected for 3-4 years due to the lack of fire department and inspection program funding. Prior to that there was a full inspection of the entire property by the Fire Department in 2005 (month not available without a records request), which was performed in tandem with the remodeling of the North Wing. As of 10-31-11, the Property has no open fire code violations on record. The inspection program is currently being revived and the Property is scheduled to begin annual inspections in 2012, however, no specific date has been set for the Property. The Fire Marshall is aware that the sprinkler and fire alarm systems are inspected annually by a private contractor for the Property.

5.0 NATURAL CONDITIONS

5.1 Seismic Zone

According to the 1997 Uniform Building Code, the Property is located in Zone 1, which is an area of low probability of damaging ground motion.

5.2 Flood Zone

A review of the Flood Insurance Rate Maps, published by the Federal Emergency Management Agency, was performed. According to Panel 469 of 1125 Map Number 08037C0469D, dated December 4, 2007, the Property is located in Flood Zone X Unshaded. Flood Zone X Unshaded regions consist of areas outside the 100-year flood zone.

5.3 Microbial Visual/Olfactory Survey

Microbial growth (e.g., mold or fungus) may occur when excess moisture is present. Porous building materials such as gypsum board, insulation in walls and ceilings, and carpeting retain moisture and become microbial growth sites if moisture sources are not controlled or mitigated. Potential sources of moisture include rainwater intrusion, groundwater intrusion, condensation on cold surfaces, and water leaks from building systems (e.g., plumbing leaks, HVAC system leaks, overflowing drains, etc.). Inadequate ventilation of clothes dryers and shower stalls may also result in excess moisture conditions. Microbial growth may be clearly visible (e.g., ceramic tile mortar in shower stalls) or may be concealed with no visible evidence of its existence (e.g., inside wall cavities).

Mr. Faessler reported that he was not aware of mold or microbial growth at the Property and that tenant occupants have not had complaints concerning mold or microbial growth. Mr. Faessler indicated that no formal indoor air quality management plan currently exists at the Property. EFI identified no documents regarding indoor air quality or microbial concerns. Mr. Faessler was not aware of any roof leaks, water leaks or infiltration and associated damage from pipes, fixtures, or HVAC systems at the Property. No flood drain or ground water problems were reported.

EFI conducted a limited visual survey for the presence of microbial growth at the Property. Destructive sampling was not included in the scope of work for this survey. The assessment consisted of gaining entry to interior spaces, visually evaluating the accessible areas.

Visual evidence of suspect microbial growth and/or water damage was not observed by EFI in the building areas accessed during the site visit.

6.0 LIMITATIONS

This report is the intellectual property of MKA and EFI, prepared exclusively for the use and benefit of the Client in accordance with the General Conditions of the executed contract. Unless authorized in writing by MKA and EFI, reliance on or use (collectively, "Use") of this report by additional parties is strictly prohibited and shall be at the sole risk of the user, without rights of recourse or recovery from or against MKA and EFI. Any such unauthorized user shall be responsible to protect, indemnify and hold MKA, EFI, and Client and their respective officers, employees, vendors, successors and assigns harmless from any and all claims, damages, losses, liabilities, expenses (including reasonable attorneys' fees) and costs attributable to such Use. Unauthorized use of this report shall constitute acceptance of and commitment to these responsibilities, which shall be irrevocable and shall apply regardless of the cause of action or legal theory pled or asserted. Additional legal penalties, including copyright infringement, may apply.

This report is intended to be utilized by Client in order to evaluate acceptance of the Property as collateral to support a real estate-secured loan. It is not intended to provide an in-depth assessment of the Property suitable for pre-acquisition due diligence or as an instrument in purchase negotiations related to the acquisition of real property. The scope of such a report differs significantly from the scope of this assessment, and may be considerably more detailed and tailored to the specific requirements of the client. This report may not be utilized in evaluating conditions prior to acquisition of the Property.

This report has been prepared solely for use by the Client or Addressees. Use of this report by any other entity or for any other purpose is at the sole risk of the user and is without recourse to MKA and EFI. Information provided in the various sections is complementary and in some instances provides additional explanation of information concerning the assessment. The report is intended to be read in its entirety and any interpretations and conclusions drawn by reviewing portions of the report are the sole responsibility of the user.

This report represents MKA and EFI's opinions based solely upon completion of the agreed services. The supporting work was not intended to be exhaustive or to guarantee of the following:

- The identification of every possible issue of potential concern, and may not be construed as a warranty or guarantee of the present or future condition of the Property, correct installation, remaining useful life, repair or replacement cost of any improvement or system; including, without limitation, roofing, exterior walls, caulking, etc.
- Compliance with any federal, state or local statute, ordinance, rule or regulation including, but not limited to, fire and building codes, life safety codes, environmental regulations, health codes, zoning ordinances, compliance with trade/design standards, or standards developed by the insurance industry.
- Compliance of any material, equipment, or system with any certification or actuation rate program, vendor's or manufacturer's warranty provisions, or provisions established by any standards that are related to insurance industry acceptance/approval.

Any review of plans or specifications was for the sole purpose of executing the agreed scope of services. The evaluation of building code compliance, construction in accordance with plans or specifications, design criteria or the adequacy of systems and design is beyond the scope of this assessment.

Site reconnaissance conducted during this assessment was limited to accessible areas. Crawl spaces, confined areas, wall cavities, plenum spaces and similar conditions have not been assessed. Unless otherwise disclosed to EFI, such areas are presumed to be in good condition. Our assessment of the physical condition of the buildings and Property represents observed conditions as of the date on which site observations were completed and is based, in part, upon information which was collected from or supplied by others. In accordance with the agreed scope of work, our assessment is based upon observation of portions of the Property believed to be representative of overall conditions. Accordingly, conditions may exist which were not identified as a result of our assessment and overall conditions may vary from those identified herein.

ASTM E 2018-08 "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process", (the "Standard"), should be reviewed carefully to assure a complete understanding of the agreed scope of services. It is especially important to understand tasks identified as "Out of Scope." Unless the expressly identified in the executed proposal for services, all tasks identified in the Standard as "Out of Scope" are excluded from this assessment.

Unless expressly identified in the report, no specialists were utilized in assessment of structural systems, roofing, facade, mechanical, electrical or any other aspect of the work.

This report is intended to reflect material physical deficiencies identified during execution of the agreed services, along with corresponding opinion of probable costs that are (i) commensurate with the complexity of the Property and (ii) not too minor or insignificant. Normal maintenance costs and repairs which are part of the Property owner's current operating budget and appear to be minor are excluded from this report. Opinions of probable costs that are either individually or in the aggregate less than a threshold amount of \$3,000 for like items are excluded from our review unless there are more than four such items which collectively total over \$10,000.

This report may include estimates of costs associated with immediate repair as well as replacement of key systems during an agreed term. Actual costs associated with this work can vary substantially depending upon factors not within our control. Estimates included herein represent our opinion of achievable costs based upon our experience as well as information obtained in execution of the agreed scope of services and do not constitute a guarantee of related costs or offer to complete the identified replacement or repair.

Unless expressly identified herein, all opinions, conclusions, and recommendations provided herein presume that the Property occupancy and use will remain as observed at the time of our site reconnaissance and that no significant renovation, subdivision, conversion to condominiums or similar change will occur.

The following additional limiting conditions and deviations apply to this report:

- The assessment of conditions which may violate Americans with Disabilities Act Title III, ADA, consisted of visual observation without physical measurement of observed conditions to identify obvious non-conforming conditions and approximate costs associated with corrective related actions; and is intended to be a good faith effort consistent with Tier 1: Visual Accessibility Survey criteria as described in the Standard and is not a guarantee of full compliance. No in-depth study or full compliance assessment has been performed.

- Units observed during our site reconnaissance were selected by the site contact. Conditions observed in the units accessed are presumed to be representative of conditions throughout the Property.
- Our assessment of the condition of wall systems and finishes is based upon observations made from the ground, and balconies, walkways and windows of other buildings, and considers information provided by the site contact and/or others; however close observation of wall systems and finishes above ground level was severely restricted and conditions are likely to exist which were not evident as a result of this assessment.

Sample Hotel Resort
 Any Street
 Vail, Colorado
 November 3, 2011
 MKA Project No.: 2121-11-2532
 EFI Project No.: 9470

Sec.	Item	Quantity	Unit	Unit Cost	Replacement Percent	Immediate Total	Short Term Total
Immediate Repairs are not required.							
Short Term Repairs are not required.							

Sample Hotel Resort
Any Street
Vail, Colorado
November 3, 2011
MKA Project No.: 2121-11-2532
EFI Project No.: 9470

Sec.	Item	EUL	EFF AGE	RUL	Quantity	Unit	Unit Cost	Cycle Replace	Replace Percent	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Total Cost	
2.2.15 OTHER SITE AMENITIES/RECREATIONAL FACILITIES																							
	Re-Line Pool	25	19	6	1	LS	\$5,000	\$5,000	100%						\$5,000							\$5,000	
	Pool, pump	20	15	5	1	EA	\$4,000	\$4,000	100%					\$4,000								\$4,000	
	Refurbish European Spa Area	20	10	10	5,000	SF	\$7.00	\$35,000	100%										\$35,000			\$35,000	
	Pool resurface	15	10	5	1	EA	\$6,000	\$6,000	100%					\$6,000								\$6,000	
2.3.3.1 EXTERIOR WALLS																							
	Caulking and sealing	10	1	9	1	LS	\$0.00	\$0	100%									\$5,000				\$5,000	
	Paint exterior	7	1	6	41,000	SF	\$0.50	\$20,500	100%						\$20,500							\$20,500	
2.3.5 ROOFING																							
	EPDM / FA-MA	20	15	5	15,000	SF	\$0.00	\$0	100%					\$45,000								\$45,000	
2.4.1 HVAC SYSTEMS																							
	Replace Boilers in original Building	25	various	various	12	EA	\$7,000	\$84,000	100%	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$84,000	
	Replace water circulation pumps	25	19	6	12	EA	\$1,000	\$12,000	100%						\$12,000							\$12,000	
2.5.1 ELEVATORS																							
	Elevator repairs and upgrades	25	various	various	6	EA	\$5,000	\$30,000	100%		\$5,000		\$5,000		\$5,000		\$5,000		\$5,000		\$5,000	\$30,000	
2.7.3 GUESTROOM FINISHES																							
	Flooring replacement	7-20	various		127	EA	\$1,000	\$127,000	100%	\$10,584	\$10,584	\$10,584	\$10,584	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$127,000
2.7.4 GUESTROOM FEE																							
	FF&E Repair and Replacement	various	various	various	127	EA	\$1,500	\$190,500	100%	\$15,875	\$15,875	\$15,875	\$15,875	\$15,875	\$15,875	\$15,875	\$15,875	\$15,875	\$15,875	\$15,875	\$15,875	\$15,875	\$190,500

Sample Hotel Resort
 Any Street
 Vail, Colorado
 November 3, 2011
 MKA Project No.: 2121-11-2532
 EFI Project No.: 9470

Sec.	Item	EUL	EFF AGE	RUL	Quantity	Unit	Unit Cost	Cycle Replace	Replace Percent	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Total Cost	
2.8.1	COMMON AREAS																						
	Ice machines	15	variou s	variou s	5	EA	\$0.00	\$0	100%		\$2,500		\$2,500		\$2,500		\$2,500		\$2,500			\$12,500	
	Carpet	7	4	3	2,000	SY	\$0.00	\$0	100%				\$12,000					\$12,000				\$24,000	
	Wall covering	5	1	4	30,000	SF	\$2.00	\$60,000	100%				\$30,000					\$30,000				\$60,000	
2.8.2	SUPPORT AREAS																						
	Laundry Room Equipment repair/replace	variou s	variou s	variou s	12	EA	\$20,000	\$240,000	100%	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$240,000
	Kitchen Appliances & Repairs	variou s	variou s	variou s	12	EA	\$15,000	\$180,000	100%	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$180,000
Total (Uninflated)										\$68,459	\$75,959	\$68,459	\$117,959	\$123,458	\$113,458	\$68,458	\$75,958	\$115,458	\$110,958	\$68,458	\$73,458	\$1,080,500	
Inflation Factor										1.000	1.025	1.051	1.077	1.104	1.131	1.160	1.189	1.218	1.249	1.280	1.312		
Total (Inflated)										\$68,459	\$77,858	\$71,925	\$127,029	\$136,275	\$128,367	\$79,390	\$90,290	\$140,674	\$138,571	\$87,632	\$96,383	\$1,242,854	
Evaluation Period							12																
# of Guest Rooms							127																
Reserve per Guest Room per year (Uninflated)							\$709																
Reserve per Guest Room per year (Inflated)							\$816																