BUILDING INSPECTION REPORT

by

NATIONAL INSPECTION SERVICES

Residential

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INSPECTION ADDRESS:	**914 Cherry Street Fort Collins, Colorado**
CUSTOMER:	**Madson Holdings, LLC**
INSPECTION DATE:	**July 7, 2010**

THIS REPORT CONTAINS OUR OPINION AND WE CAUTION YOU THAT YOU MAY AND WILL LIKELY RECEIVE VARYING OPINIONS FROM DIFFERENT INSPECTORS, APPRAISERS, ARCHITECTS, LAWYERS, EXPERTS, RELATIVES, ENGINEERS, INSURANCE ADJUSTERS, REMODELING AND REPAIR CONTRACTORS, PRIVATE OR PUBLIC PERSONNEL, TRADES PEOPLE OR OTHER PARTIES WHOSE INTERESTS ARE DIFFERENT FROM OURS. THIS REPORT IS THE WORK PRODUCT OF A COLORADO CORPORATION, UNDER WHOSE AUTHORITY NATIONAL INSPECTION SERVICES OPERATES.

BUILDING INSPECTION REPORT

NATIONAL INSPECTION SERVICES

Residential

FORT COLLINS, COLORADO

It is our intent to supply you with an unbiased report and to observe that which the average prospective real estate purchaser may overlook. This report is based on a visual inspection only, at your request, in easily accessible areas, using normal operating controls and without the use of tools or testing devices, therefore, we cannot and do not guarantee that defects, whether structural, mechanical, or otherwise do not exist. This report constitutes a condition survey only, is not intended to be exhaustive, and is not a warranty. Any attached documents or addenda, whether printed or written, whether contractual or informational, shall be considered a part of this report. It is recommended that any deficiencies and the components/systems related to these deficiencies noted in the report be evaluated/inspected and repaired as needed by licensed contractors/professionals PRIOR TO THE CLOSE OF ESCROW. Further evaluation PRIOR to the close of escrow is recommended so a properly licensed professional can evaluate our concerns further and inspect the remainder of the system or component for additional concerns that may be outside our area of expertise or the scope of our inspection. Performance standards are based solely on the knowledge and experience of the inspector and therefore are not legally binding and are specifically excluded as being covered in our agreement to perform this inspection. Only those items discussed in this document were inspected and NONE OTHER. This report is written to meet or exceed our understanding of the minimum requirements of the ASHI Standards of Practice. Please call our office for any clarifications of further questions.

GENERAL INFORMATION:

DESCRIPTION OF THE STRUCTURE:

Structure Type:	Detached single family residence, 1-story Ranch
Approximate Year Built:	1945
Foundation Type:	Cellar with partial crawlspace

Inspection Information:

Report number:	N3492
Time started / finished:	12:00 14:00
Present during inspection:	Tenant
For reference, front of house faces:	South
Ground condition:	Damp
Weather:	Raining with mild temperatures

THE SCOPE OF THE INSPECTION

The Inspection was a limited visual examination of certain readily accessible systems and components using normal operating controls and opening readily openable access panels. The purpose of the Inspection was to provide the Customer with information about the condition of certain systems and components of the property at the time of the Inspection. The Inspection was performed in accordance with the Standards of Practice of the American Society of Home Inspectors (ASHI), a copy of which is available from us upon written request and was available for review by you prior to accepting our services. The ASHI standards are hereby incorporated by reference in their entirety and are hereby made a part of this Agreement. All terms used herein and not otherwise defined have the meaning set forth in the ASHI standards.

The inspector is a generalist and is not a licensed engineer or expert in any specific craft or trade. If the inspector recommends further action, including (but not limited to) consulting with a specialized expert(s), you must do so at your expense or otherwise assume all risks associated with failure to do so. The inspection was not technically exhaustive. The fee charged for this inspection was substantially less than that of a technically exhaustive inspection.

This written inspection Report describes the following systems and components: foundation, heating, electrical, plumbing, air conditioning, living areas, architectural features, bedrooms, kitchen, fireplace, bathrooms and laundry room, attic, exterior, grading, roofing, roof drainage, chimneys and garage. Should we, as a courtesy, exceed any particular requirement set forth herein in one area, we shall not be obligated to exceed the requirements of other areas.

FOUNDATION:

Evidence of water within ✓ cellar:	Yes – see Remark #1
Method of inspection:	Area entered
✓ Cellar floor construction:	Concrete
Insulation in unfinished areas:	No
Ventilation means:	None
Vapor barrier, interior:	No
✓ Cellar condition:	Fair
Foundation Type:	Poured concrete and block
Foundation Condition:	Fair – inspection limited by access to crawlspace
Main floor structure:	**Joists size:** 2” x 6” **Spacing:** 20” o.c.
Sills:	Not visible
Main carrying beams or walls:	**Size:** 4” x 6” **Material:** Wood beams
Support under beams or walls:	Wood posts and foundation wall

Remarks:

1. Active water penetration, southeast cellar. Improvement to roof drainage and grading is recommended (see Remark #29 and Remark #30) with continued monitoring.

2. Support columns should be well secured to footings and to beams above. In this instance, wood posts were not secured to their respective wood beams above, creating poor connections. Differential movement between the beam and support post can result in catastrophic failure. Metal straps are recommended to secure these joints.

3. A partial crawlspace was present but was unable to be inspected because the entrance hatches were sealed and could not be accessed without destructive measures, making this area inaccessible at the time of the inspection. Pursuant to the Authorization in regards to the Scope of the Inspection; the inspector used reasonable efforts to visually inspect those exposed areas with readily openable access panels without dismantling, using tools or destructive measures, or risking property. The customer should note that this inaccessible area may contain concealed damage or structural issues.

Active water penetration in cellar

Support post is not properly secured to beam

HEATING:

Heating Fuel:		Natural gas	
Type:		Forced hot air	
Distribution:		Metal ducts	
Main fuel shut-off location:		On supply line	
Condition of ✓ furnace		Fair – see Remark #4	
Operating Controls:		Yes	
Automatic safety controls:		Yes	
Humidifier:	**Condition:**	No	Not Applicable (N/A)
Apparent carbon monoxide leaks:		No	
Apparent fuel gas leaks:		No	
Approximated age of system:		18 years (based on its Serial Number: 5892K02331) Manufacturer: Lennox Manufactured date: none given on the data plate	
Manufacturer's recommended heat rise:		40°- 70° F	
Actual furnace heat rise:		66.8° F = within the manufacturer's stated parameters	
Maximum air temperature per manufacturer's data plate:		170° F	
Actual furnace maximum air temperature:		134.2° F = within the manufacturer's stated parameters	
Furnace requires normal servicing:		No	

Remarks:

4. The furnace appeared serviceable; however, there was evidence of rust inside the heat exchanger. Rust inside the heat exchanger may lead to cracks or holes that allow combustion products, including carbon monoxide, to enter the house air. This would create a life safety issue. Limited by the Scope of the inspection, a comprehensive intrusive evaluation of the heat exchanger was not perform; however, due to this unit's approximated age and stated conditions, this unit appears to be nearing or at the end of its service life. I recommend a comprehensive system evaluation by a qualified HVAC contractor. Further evaluation by this specialist may result in recommendations for corrective measures or furnace replacement.

ELECTRICAL:

Electrical service:	**Location:** Underground **Amperage:** 100 **Conductor material:** Aluminum **Voltage:** 120/240
Main service disconnect location:	At exterior service equipment cabinet
Ground cable	Yes
Type of overload protection:	Circuit breakers
Number of Circuits	10
Condition of main panel or primary panelboard:	Fair
Location of main panel or primary panelboard:	North exterior wall
Accessibility of main panel:	Fair – hampered by vines
Main panel rating:	Satisfactory
Compatibility of overload protection with conductor size:	Suspect – see Remark #5
Wiring methods:	Non- metallic sheathed cable
Branch conductor materials:	Copper & Aluminum
Solid conductor aluminum wiring:	No
Polarized and grounded receptacles:	Yes
Locations of protected circuits: *If "NO" see remark below.*	**Bath** – yes **Kitchen** – yes **Garage** – N/A **Exterior** – N/A **AFCI** – None
Representative number of switches, fixtures, and receptacles operated:	Yes
Smoke Detectors present and performed a non-invasive, audible test only:	Yes; however, see Remark #6
Carbon Monoxide Detector(s) present but did not performed a non-invasive, audible test:	None – see Remark #7
Other built-in electrical equipment:	None
Sub-panel or secondary panelboard condition:	No sub-panel present

Remarks:

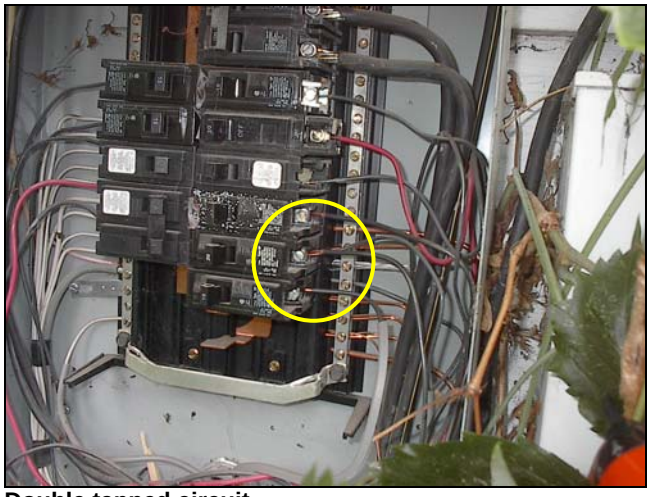
5. A double tapped circuit is evident at main distribution panel. Attaching two wires to a single breaker creates the risk of a poor connection, may overload the breaker and is generally considered a poor practice. This main panel requires further system evaluation by a qualified electrician.

6. Not all of the existing smoke detectors, when tested per industry guidelines, operate as intended. I recommend replacing defective smoke detectors and existing smoke detectors more than ten years old. Also, I recommend installing additional smoke detectors per manufacturer specifications and those recommendations of the National Fire Protection Association, www.nfpa.org.

7. I recommend installing carbon monoxide detectors per manufacturer specifications and as required by law. FYI: Colorado law now requires carbon monoxide detectors for certain dwellings. For more information, go to http://www.national-inspection.com/hr091091.html .

Electrical section continues on next page …

PHOTO PAGE: ELECTRICAL



Double tapped circuit

Breakers at panel require complete and accurate labeling

PLUMBING:

Type of water supply lines:	Galvanized main water supply pipe with galvanized and copper distribution piping (see Remarks #8 and #9)
Water pressure and functional flow:	Fair – see related comments in Remark #8
Type of waste/vent lines within the house:	Plastic, galvanized and cast iron – see Remark #10
Fixtures/faucets:	Fair
Main water shut-off valve condition:	Fair
Main water shut-off location:	Near water heater in cellar
Overall condition of plumbing:	Fair
Hot water energy source:	Natural gas
Apparent carbon monoxide leaks:	No
Overall condition of water heater:	Fair – see Remark #11
Water heater main fuel shut-off location:	On supply line
Water heater size:	40 gallon
Approximated age of water heater:	14 years (based on its Serial Number: 0596A04063) Manufacturer: Rheem Manufactured date: none given on the data plate

Remarks:

8. Galvanized iron supply piping is particularly prone to build-up of rust and mineral deposits that can reduce the flow of water to fixtures and will eventually cause leaks as rust creates holes in the pipe walls. Galvanized steel supply piping, which typically will last 40 to 60 years and hasn't been used in homes since the early 1950's, is also considered to be at the end of its service life. In this instance, the supply and some distribution piping is galvanized. This piping will require continued monitoring or replacement.

9. Mixed galvanized & copper supply piping can lead to galvanic action between the dissimilar metals. This is characterized by accelerated corrosion at the point of contact and leaking. Separation of these dissimilar metals utilizing a di-electric connector can avoid such problems. Further evaluation and adjustment by a qualified contractor is recommended.

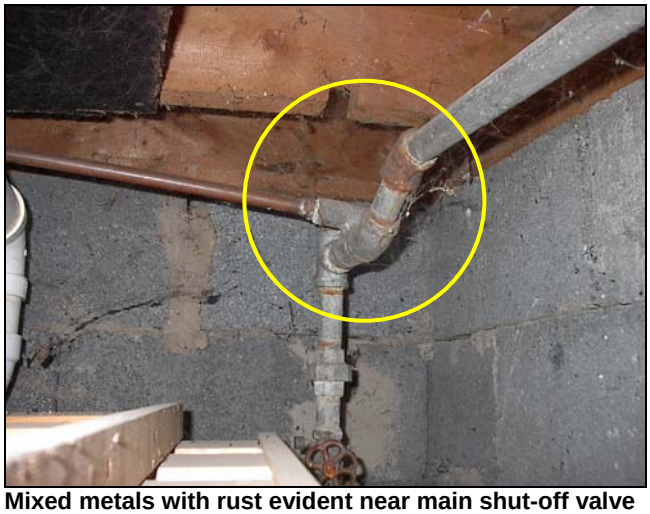
10. Houses of this age and older and in areas with expansive soils are susceptible to sewer pipes issues. These occur over time or because of other contributing factors. In this instance, this home's sewer pipes may be at risk, and they may not. As a matter of course, I recommend a documented video inspection of the underground pipes by a qualified contractor who uses a sewer camera investigative technique.

11. The water heater was functional; however, rust was evident, which is problematic in that rusting tanks are prone to leakage. Based on industry standards, water heaters of this approximated age are considered nearing or at the end of their service life. I recommend monitoring for future leaks or proactive replacement.

12. The temperature/pressure relief valve discharge tube for the water heater is absent, which is a safety issue and requires an adjustment. This valve should be piped down to a discharge point, typically 6 to 12 inches above the floor level so that people won't be scalded by hot water if the valve discharges.

Plumbing section continues on next page …

PHOTO PAGE: PLUMBING



Mixed metals with rust evident near main shut-off valve

Discharge tube for the water heater is absent

Rust is evident at water heater

AIR CONDITIONING SYSTEM:

Energy source / type:	Not Applicable – see Remark #13
Type:	Not Applicable – see Remark #13
Estimated tonnage:	Not Applicable – see Remark #13
Cooling equipment, condition:	Not Applicable – see Remark #13
Central cooling:	Not Applicable – see Remark #13
Temperature splits:	Not Applicable – see Remark #13
AC unit cooling:	Not Applicable – see Remark #13
Presence of cooling source in each habitable room:	Not Applicable – see Remark #13
Approximate age of system:	Not Applicable – see Remark #13
Operating Controls, condition:	Not Applicable – see Remark #13

Remarks:

13. No air conditioning system present.

LIVING AREAS:

Living room:	Located on the main level and in satisfactory condition
Dining area in kitchen:	Located on the main level and in satisfactory condition
Study / Office:	None
Halls:	None
Family room:	None

Remarks:

ARCHITECTURAL FEATURES:

Walls:	**Structure**: Wood	**Condition**: Satisfactory
Ceilings:	**Structure**: Wood	**Condition**: Fair
Floors:	**Structure**: Wood	**Condition**: Satisfactory
Counters and cabinets	**Condition**: Fair	
Windows:	**Type**: Single pane, wood-framed **Condition**: Fair – see Remark #15	
Doors:	**Condition**: Fair – see Remark #16	
Attached porches and balconies:	**Condition**: Satisfactory	
Decks	**Condition**: Fair – see Remark #18	
Steps:	**Condition**: Satisfactory	
Railways:	**Condition**: Satisfactory	
Stairway stability:	**Condition**: Satisfactory	
Concrete patio, walks and driveway:	**Condition**: Fair – see Remark #19	

Remarks:

14. Ceiling in kitchen displays cracking, which appears to be inconsequential and does not appear to be a chronic or degenerative condition.

15. Window (north) in Bedroom 1 did not latch; window (adjacent to exterior exit door) in Bedroom 1 did not open as intended; and window in dining area with cracked window pane. Strategy for restoration, or cure should be consistent with intended use and future expectations. For safety reasons, latch for Bedroom 1 window should be repaired.

16. Deadbolt latch bolts should extend fully when operated. In this instance, the deadbolt at the kitchen door did not extend completely due to a shallow mortise or misaligned strike plate, which is a safety issue and therefore requires an adjustment.

17. Representation about the functional condition of the primary entrance (i.e., front door) cannot be made since this door was blocked by a couch at time of the inspection, rendering this living room door non-serviceable. I recommend further evaluation measures be taken by the customer at a time when this door is made operable.

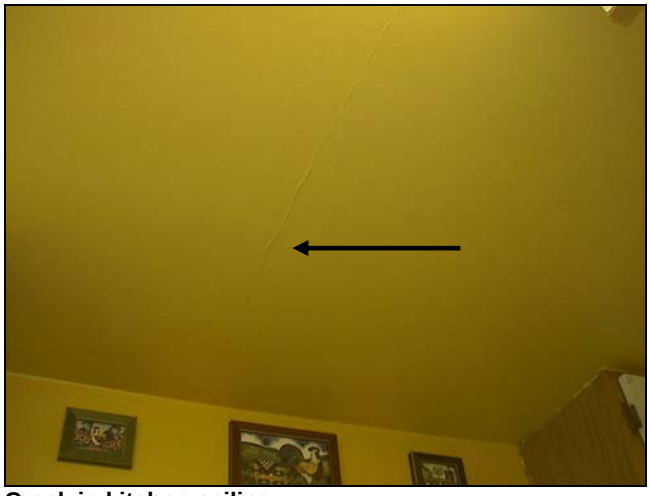
18. Wood deck support posts and handrail extend below grade or are otherwise in direct contact with the soil. Wood in contact with soil or below grade is problematic in that they historically do not experience a long life, particularly as a structural member. As a result, there are several design challenges with respect to wood piers, such as rot, termites and improper support. Adjustments are recommended.

19. Driveway displays damage with sections missing and vertical displacement; which has created possible trip hazards that require repair or section replacements.

Architectural Features section continues on next page …

*Visit our website, http://www.national-inspection.com/concreteproblems.html for our article entitled: "**Concrete Problems: Crumbling, Cracking, Settling, Heaving and Stains**" for further information about concrete issues.*

PHOTO PAGE: ARCHITECHTURAL FEATURES



Crack in kitchen ceiling

This Bedroom 1 window cannot latch without repair

Wood support posts in contact with soil

Possible trip hazard

BEDROOMS:

Bedroom 1: (NW) **Location**: Main level **Condition**: Satisfactory

Bedroom 2: (E) **Location**: Main level **Condition**: Satisfactory

Remarks:

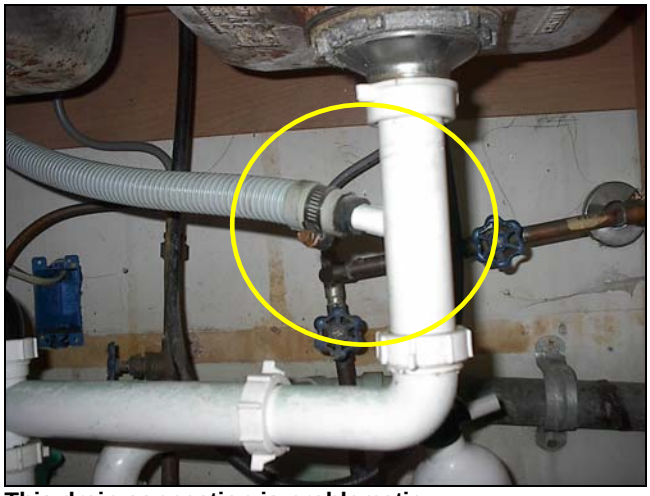
KITCHEN:

Ventilation:	Window present: Yes	
Exhaust fan:	None	
Dishwasher:	Yes	Operated and performed satisfactorily
Disposal:	Yes	Operated and performed satisfactorily
Range:	Yes	Operated and performed satisfactorily
Overall condition of kitchen:	Fair	

Remarks:

20. A water leak at or near the kitchen sink trap was evident, which requires repair by a qualified contractor.

21. In many municipalities, the drain connection from a dishwasher has to be made using an appropriate air gap to prevent backflow resulting in contamination; however, different jurisdictions will have their own rules and codes will change over time. In this instance, the drain connection is problematic. While this current configuration may be tolerable; I recommend abandoning this arrangement and installing an air gap fitting or an acceptable alternative connection to prevent contamination in the event that waste backs up through the dishwasher drain hose.



This drain connection is problematic

FIREPLACES OR STOVES:

Damper present:	Not Applicable – see Remark #22
Flue condition:	Not Applicable – see Remark #22
Fire chamber condition:	Not Applicable – see Remark #22
Location:	Not Applicable – see Remark #22
Type:	Not Applicable – see Remark #22
Apparent carbon monoxide leaks:	Not Applicable – see Remark #22
Apparent fuel gas leaks:	Not Applicable – see Remark #22
Overall fireplace condition:	Not Applicable – see Remark #22

Remarks:

22. No fireplace present.

BATHROOMS AND LAUNDRY:

Bath 1:

Type: Full **Location**: Main level

Ventilation: **Window present**: No

Exhaust fan: Yes **Vented to exterior**: Not apparent

Overall condition: Fair

Laundry:

Location: Main level

Ventilation: **Window present**: No

Exhaust fan: No **Vented to exterior**: N/A

Overall condition: Satisfactory

Remarks:

23. Slow draining sink requires chemical treatment, plunger or snaked with drain-and-trap auger by professional with further evaluation.

24. The Bath 1 tub trip lever and stopper did not perform its intended function and the bath sink stopper did not operate as intended; which require repair, adjustment, or component replacement.

ATTIC:

Method of inspection:	Area entered [2]
Adequate ventilation:	Fair
Easily accessible:	No
Location of access panel:	From outside at north gable
Vapor barrier present:	No
Insulation present:	Yes
Insulation type:	Mineral wool loose fill and some fiberglass loose fill
Insulation levels:	Average levels: 6-9 inches (see Remark #25)
Framing type:	Rafters
Framing condition:	Fair (see Remark #26)
Sheathing / Decking type:	Plywood, wood planks and skipped sheathing
Sheathing / Decking condition:	Fair
Conditioned surfaces with no insulation evident:	No
Evidence of water penetration:	Yes (see Remark #27)

Remarks:

25. The purpose of insulation is to slow the rate of heat transfer. Conventional recommendation for insulation value for an attic is R-38. The approximate R-value of mineral wool loose fill is 3.1 per inch. In this instance, the estimated average insulation levels, especially for the apparent original structure, are less than recommended and an additional application of insulation is advisable to increase the attic's thermal efficacy.

26. Unconventional reinforcement to rafters is apparent and may be a compensating feature, perhaps an afterthought. These alterations appear to be unconventional, substandard workmanlike solutions that may not conform to design expectations and may be deficient in performance. Since problems with these added purlin and/or supporting strut components may develop, resulting in future structural issues; I recommend further evaluation by a qualified contractor.

27. Evidence of watermarks on sheathing/decking indicates previous and/or possible current water penetration not active at time of inspection. Monitor and repair as needed.

Unconventional reinforcements

EXTERIOR:

Exterior walls, type:	Metal
Overall condition:	Fair
Exterior vegetation affecting building:	No
Exterior bibcocks, i.e. faucets, operating:	Yes (rear) and No (front)

Remarks:

28. Peeling and/or worn paint of the siding is evident; which requires priming and re-painting. In addition, peeling and/or worn paint is evident at fascias, resulting in exposed wood; which require sanding, priming and re-painting.

Siding requires priming and re-painting

Peeling paint with exposed wood

GRADING:

Front:	Marginally adequate
Rear:	Neutral
Sides:	Neutral with negative sloping near foundation
Retaining walls present:	None

Remarks:

29. When the grading slopes toward the building, or is negative, improvements to the grading are usually necessary. If a positive slope is not apparent, grading is suspect. The implications of poor lot grading are damage to foundations, damage to siding material and water infiltration into basements, cellars and/or crawlspaces resulting in water damage. Negative and suspect grades require grading adjustments to achieve positive drainage away from the foundation. I recommend grading improvements. (See related comments in Remark #1 and Remark #30.)

ROOFING:

Roof type and material:	Gable	Asphalt composition	
Material type, Layers and Approximated age of roof:	High profile	1 layer	2+ years old
Method of inspection:	Accessed by ladder		
Flashing and joints condition:	Satisfactory		
Roof vents condition:	Satisfactory		
General condition of roof:	Satisfactory; however, debris in valley requires removed		
Soffits and fascias condition:	Fair - water stains (front eaves)		
Skylights and other roof accessories:	None		

Remarks:

Debris in valley can result in water intrusion into attic

ROOF DRAINAGE:

Drainage type:	Galvanized
Adequate number of downspouts:	Yes
Adequate extensions:	No – see Remark #30
Adequate splash blocks:	None
Overall drainage system condition:	Fair

Remarks:

30. All downspouts require extensions or alternative drainage systems to adequately distribute water runoff away from the foundation. In this instance, any extensions absent from their respective downspouts require replacements.

31. Gutters contain debris and require cleaning. Some rusting of gutters is evident, which requires continued monitoring of drainage system and repairs as needed as rusting eventually results in leaking.

A downspout extension and grading adjustment needed

CHIMNEYS:

Furnace and water heater chimney type:	Common metal insulated chimney
Furnace and water heater chimney condition:	Satisfactory
Brick chimney type:	Masonry insulated chimney
Chimney condition:	Fair

Remarks:

32. Mortar cap of brick chimney was partially absent, which requires repair. The implications of cracking or missing mortar caps are instability of top bricks, water leakage into the masonry components and deterioration of the top part of the chimney or structural components below.

33. Masonry chimney typically require a storm or rain cap. The implications of absent caps are water leakage into the masonry components and deterioration of the top part of the chimney or structural components below. Even when chimneys are abandoned, storm caps keep rain, snow, birds, and animals out of the chimney.

Mortar cap repair and a storm cap is recommended

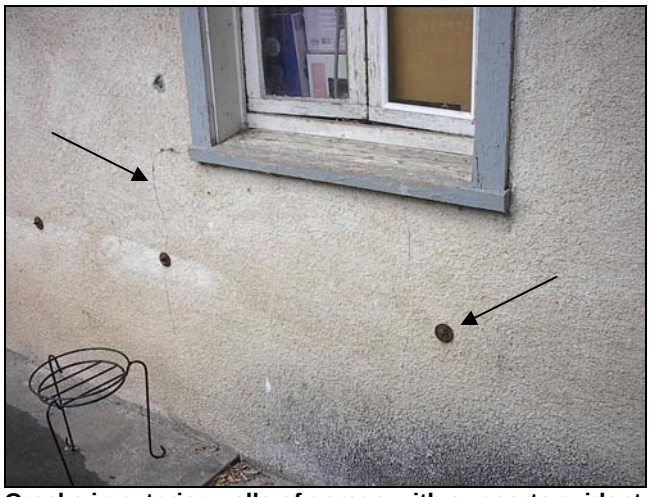
GARAGE:

Garage with continuous firewall separation to house:	N/A – detached garage
Garage type:	Detached
Garage size and door style:	1 car 1 single overhead door
Electric door opener with photoelectric eyes and auto reverse:	None – manually operated door
Overall condition of garage:	Fair

Remarks:

34. Cracking of the exterior stucco wall with supports added are evident; which suggest structural distress that does not conform to design expectations. Supports may be a compensating feature, perhaps an afterthought. This may be evidence of a component deficient in performance, and it may not. Further evaluation by a qualified engineer or contractor is recommended.

35. The detached garage could not be fully inspected because most areas were obstructed from view by stored boxes and other personal items. Therefore, inaccessible areas of the garage may conceal latent issues, and they may not.



Cracks in exterior walls of garage with supports evident

HIGHLIGHTS and SUMMARY:

This "Highlights and Summary" page is provided to allow the reader a brief overview of the report. This page is not encompassing, mutually exclusive and is not intended to indicate degree of importance. Reading this page alone is not a substitute for reading the report in its entirety. The entire Building Inspection Report, including the report Addendums, Scope of Inspection, limitations, and pre-inspection Authorization must be carefully read to fully assess the findings of the inspection. This list is not intended to determine which items may need to be addressed per the contractual requirement of the sale of the property.

1. Active water penetration, southeast cellar. Improvement to roof drainage and grading is recommended (see Remark #29 and Remark #30) with continued monitoring.

2. Support columns should be well secured to footings and to beams above. In this instance, wood posts were not secured to their respective wood beams above, creating poor connections. Differential movement between the beam and support post can result in catastrophic failure. Metal straps are recommended to secure these joints.

3. A partial crawlspace was present but was unable to be inspected because the entrance hatches were sealed and could not be accessed without destructive measures, making this area inaccessible at the time of the inspection. Pursuant to the Authorization in regards to the Scope of the Inspection; the inspector used reasonable efforts to visually inspect those exposed areas with readily openable access panels without dismantling, using tools or destructive measures, or risking property. The customer should note that this inaccessible area may contain concealed damage or structural issues.

4. The furnace appeared serviceable; however, there was evidence of rust inside the heat exchanger. Rust inside the heat exchanger may lead to cracks or holes that allow combustion products, including carbon monoxide, to enter the house air. This would create a life safety issue. Limited by the Scope of the inspection, a comprehensive intrusive evaluation of the heat exchanger was not perform; however, due to this unit's approximated age and stated conditions, this unit appears to be nearing or at the end of its service life. I recommend a comprehensive system evaluation by a qualified HVAC contractor. Further evaluation by this specialist may result in recommendations for corrective measures or furnace replacement.

5. A double tapped circuit is evident at main distribution panel. Attaching two wires to a single breaker creates the risk of a poor connection, may overload the breaker and is generally considered a poor practice. This main panel requires further system evaluation by a qualified electrician.

6. Not all of the existing smoke detectors, when tested per industry guidelines, operate as intended. I recommend replacing defective smoke detectors and existing smoke detectors more than ten years old. Also, I recommend installing additional smoke detectors per manufacturer specifications and those recommendations of the National Fire Protection Association, www.nfpa.org.

7. I recommend installing carbon monoxide detectors per manufacturer specifications and as required by law. FYI: Colorado law now requires carbon monoxide detectors for certain dwellings. For more information, go to http://www.national-inspection.com/hr091091.html .

8. Galvanized iron supply piping is particularly prone to build-up of rust and mineral deposits that can reduce the flow of water to fixtures and will eventually cause leaks as rust creates holes in the pipe walls. Galvanized steel supply piping, which typically will last 40 to 60 years and hasn't been used in homes since the early 1950's, is also considered to be at the end of its service life. In this instance, the supply and some distribution piping is galvanized. This piping will require continued monitoring or replacement.

9. Mixed galvanized & copper supply piping can lead to galvanic action between the dissimilar metals. This is characterized by accelerated corrosion at the point of contact and leaking. Separation of these dissimilar metals utilizing a di-electric connector can avoid such problems. Further evaluation and adjustment by a qualified contractor is recommended.

10. Houses of this age and older and in areas with expansive soils are susceptible to sewer pipes issues. These occur over time or because of other contributing factors. In this instance, this home's sewer pipes may be at risk, and they may not. As a matter of course, I recommend a documented video inspection of the underground pipes by a qualified contractor who uses a sewer camera investigative technique.

11. The water heater was functional; however, rust was evident, which is problematic in that rusting tanks are prone to leakage. Based on industry standards, water heaters of this approximated age are considered nearing or at the end of their service life. I recommend monitoring for future leaks or proactive replacement.

12. The temperature/pressure relief valve discharge tube for the water heater is absent, which is a safety issue and requires an adjustment. This valve should be piped down to a discharge point, typically 6 to 12 inches above the floor level so that people won't be scalded by hot water if the valve discharges.

13. No air conditioning system present.

14. Ceiling in kitchen displays cracking, which appears to be inconsequential and does not appear to be a chronic or degenerative condition.

15. Window (north) in Bedroom 1 did not latch; window (adjacent to exterior exit door) in Bedroom 1 did not open as intended; and window in dining area with cracked window pane. Strategy for restoration, or cure should be consistent with intended use and future expectations. For safety reasons, latch for Bedroom 1 window should be repaired.

16. Deadbolt latch bolts should extend fully when operated. In this instance, the deadbolt at the kitchen door did not extend completely due to a shallow mortise or misaligned strike plate, which is a safety issue and therefore requires an adjustment.

17. Representation about the functional condition of the primary entrance (i.e., front door) cannot be made since this door was blocked by a couch at time of the inspection, rendering this living room door non-serviceable. I recommend further evaluation measures be taken by the customer at a time when this door is made operable.

18. Wood deck support posts and handrail extend below grade or are otherwise in direct contact with the soil. Wood in contact with soil or below grade is problematic in that they historically do not experience a long life, particularly as a structural member. As a result, there are several design challenges with respect to wood piers, such as rot, termites and improper support. Adjustments are recommended.

19. Driveway displays damage with sections missing and vertical displacement; which has created possible trip hazards that require repair or section replacements.

20. A water leak at or near the kitchen sink trap was evident, which requires repair by a qualified contractor.

21. In many municipalities, the drain connection from a dishwasher has to be made using an appropriate air gap to prevent backflow resulting in contamination; however, different jurisdictions will have their own rules and codes will change over time. In this instance, the drain connection is problematic. While this current configuration may be tolerable; I recommend abandoning this arrangement and installing an air gap fitting or an acceptable alternative connection to prevent contamination in the event that waste backs up through the dishwasher drain hose.

22. No fireplace present.

23. Slow draining sink requires chemical treatment, plunger or snaked with drain-and-trap auger by professional with further evaluation.

24. The Bath 1 tub trip lever and stopper did not perform its intended function and the bath sink stopper did not operate as intended; which require repair, adjustment, or component replacement.

25. The purpose of insulation is to slow the rate of heat transfer. Conventional recommendation for insulation value for an attic is R-38. The approximate R-value of mineral wool loose fill is 3.1 per inch. In this instance, the estimated average insulation levels, especially for the apparent original structure, are less than recommended and an additional application of insulation is advisable to increase the attic's thermal efficacy.

26. Unconventional reinforcement to rafters is apparent and may be a compensating feature, perhaps an afterthought. These alterations appear to be unconventional, substandard workmanlike solutions that may not conform to design expectations and may be deficient in performance. Since problems with these added purlin and/or supporting strut components may develop, resulting in future structural issues; I recommend further evaluation by a qualified contractor.

27. Evidence of watermarks on sheathing/decking indicates previous and/or possible current water penetration not active at time of inspection. Monitor and repair as needed.

28. Peeling and/or worn paint of the siding is evident; which requires priming and re-painting. In addition, peeling and/or worn paint is evident at fascias, resulting in exposed wood; which require sanding, priming and re-painting.

29. When the grading slopes toward the building, or is negative, improvements to the grading are usually necessary. If a positive slope is not apparent, grading is suspect. The implications of poor lot grading are damage to foundations, damage to siding material and water infiltration into basements, cellars and/or crawlspaces resulting in water damage. Negative and suspect grades require grading adjustments to achieve positive drainage away from the foundation. I recommend grading improvements. (See related comments in Remark #1 and Remark #30.)

30. All downspouts require extensions or alternative drainage systems to adequately distribute water runoff away from the foundation. In this instance, any extensions absent from their respective downspouts require replacements.

31. Gutters contain debris and require cleaning. Some rusting of gutters is evident, which requires continued monitoring of drainage system and repairs as needed as rusting eventually results in leaking.

32. Mortar cap was partially absent, which requires repair. The implications of cracking or missing mortar caps are water leakage into the masonry components and deterioration of the top part of the chimney or structural components below.

33. Masonry chimney requires a storm or rain cap. The implications of absent caps are water leakage into the masonry components and deterioration of the top part of the chimney or structural components below. Even when chimneys are abandoned, storm caps keep rain, snow, birds, and animals out of the chimney.

34. Cracking of the exterior stucco wall with supports added are evident; which suggest structural distress that does not conform to design expectations. Supports may be a compensating feature, perhaps an afterthought. This may be evidence of a component deficient in performance, and it may not. Further evaluation by a qualified engineer or contractor is recommended.

35. The detached garage could not be fully inspected because most areas were obstructed from view by stored boxes and other personal items. Therefore, inaccessible areas of the garage may conceal latent issues, and they may not.

*Visit our website, **http://www.national-inspection.com/anounceofprevention.html** for our article entitled: "**An Ounce of Prevention: preventative maintenance checklist**" for information about regular preventative home maintenance as well as several other articles that provide answers to questions on all subjects pertaining to home ownership.*

How to Read this Report

*This report is organized by the property's functional areas. Report Terminology: Component marked **SATISFACOTRY** – was functional at the time of inspection or in visible working or operating order and its condition was at least sufficient for its minimum required function; **FAIR** – requires, or has a probability of requiring, monitoring, maintenance, repair, replacement, and/or other remedial work now or in the near future; **POOR** – requires immediate repair, replacement, or other remedial work, or has a high probability of requiring such work in the immediate future, or requires further evaluation.*

	**Safety Issues**	A condition in a readily accessible, installed system or component that is judged to be a significant risk of personal injury during normal, day-to-day use. The risk may be due to damage, deterioration, improper installation or a change in accepted residential construction standards. Deficiency may lead to injury or death.
	**Significantly Deficient**	A condition that has a material defect that could affect the use or function of a structural system or component and/or cause consequential damage Further evaluation by a specialized contractor may result in significant repair or replacement costs.
	**Repair / Replace**	An issue that requires repair or ongoing maintenance, is missing, or requires replacement.
	**Further Evaluation**	Examination and analysis by a qualified professional, tradesman or service technician beyond that provided by the home inspection and/or beyond the scope of the inspection as defined by National Inspection Services' Authorization and Contract for Residential Real Estate Inspection Services.
	**Monitor**	Denotes a system or component needing ongoing monitoring either by the customer or a qualified contractor, tradesman or structural engineer.
	**Comment**	Denotes a system or component that requires regular maintenance to assure safe, reliable operation or is just a comment that may be of special interest to the customer.
	**Photo**	A photograph is available or has been included with the report to help to visually identify an issue.

FOOTNOTES and DISCLAIMERS

Foundation: [1] *Pursuant to inspection procedures that meet ASHI standards, the area was not entered due to circumstances, which created potentially unsafe conditions for the inspector. This limitation is addressed within our Authorization and Contract agreement.*

Heating: *This inspection does not include any evaluation of heat exchangers, which should be examined regularly by utility company personnel or a licensed heating contractor. We will not assume responsibility for any carbon monoxide leaks, which are not detected at time of inspection.*

Electrical*: Low voltage wiring and systems are not part of this inspection. We make no representations whatsoever about the characteristics of aluminum wiring. A certain amount of aluminum cable is typically found in any electrical system.*

Plumbing: *Performance of underground sprinkler systems, including cross connection devices, hot water heaters, water treatment systems, sewer lines, water lines & septic systems, and recreational facilities such as pools, saunas and spas, are not covered in this inspection and report. Also, concealed fittings, e.g., sillcocks, cannot be evaluated for latent defects.*

Living Areas: *General condition of walls and floors cannot be fully determined if they are covered by carpeting, wall hangings, paintings, wallpaper, etc., and defects are hidden.*

Architectural Features: *The intent is to inspect and operate a representative number of windows, doors, cabinetry, and other features.*

Kitchen: *Performance of household appliances is not covered in the inspection and this report.*

Bathrooms: *Moisture behind tiled surfaces may not be evident at time of inspection.*

Attic: [2] *Pursuant to inspection procedures that meet ASHI standards, attic was not walked or not walked in its entirety due to circumstances, which created potentially unsafe conditions for the inspector. This limitation is addressed within our Authorization and Contract agreement.*

Roofing: *intersections, where different roof surfaces and different materials meet, require periodical resealing and refastening. Roof features that were not inspected will not be described in this report. Inclement weather will prevent inspection of roofing. We do not certify roof longevity or the presence of "soft spots", and do not necessarily report on previous hail or weather occurrences. Skylights, if any, are susceptible to leakage and should be inspected periodically.*

Roof Drainage: *Gutter seams require periodical resealing and refastening. Gutters need to be re-sloped periodically for proper flow. Gutter rust is not evaluated.*

This report does not necessarily constitute a soils or structural evaluation as may be required by Colorado state legislation, and is not to be constructed as a report by a Licensed Professional Engineer. We do not perform the laboratory, diagnostic, or other in-depth qualitative and quantitative studies unless specifically arranged for by contract. All stucco siding issues identified in this report require additional evaluation by an EDI certified stucco inspector. This inspection is intended to report on major architectural and mechanical components of the home, and we warn you that although the premises may be in satisfactory condition when examined, the condition may change thereafter. Our inspection process does not address cosmetic defects.

Our responsibility does not necessarily entail informing you of such items as:

1. Peeling paint or wallpaper, condition of floor coverings, or other defects in décor or furnishings or cabinetry, including warping of cabinet bottoms.
2. Water stains (unless the stain was wet when inspected, it cannot be diagnosed as a current or past problem), or hidden moisture problems, including the presence of mold.
3. Plaster or drywall cracks, unless they are caused by a structural defect.
4. Broken glass or screens; condition of fencing, landscaping features, or window seals.
5. Wood destroying insects, rodents, odors or nuisances including other pests, pet problems and neighborhood noise.
6. Unpredictable soil/water conditions which may result in volumetric changes and subsequent structural damage; subsidence or subsidence potential due to underground mines or caves.
7. Presence of Radon gas or other naturally occurring hazards or soil contamination.
8. Presence of current or future discovery of toxic materials, whether intentionally or unintentionally placed, such as asbestos, methamphetamine or PCS's (either above or belowground).
9. Condition of wells, pumps, water treatment equipment, irrigation equipment, solar equipment, ponds, and security equipment pipes and tanks both above and belowground.
10. Space planning or decorating and design faults and/or features including floor squeaks.

These items are the responsibility of the buyer. Furthermore, this report does not examine building code violations or any other code violations. In the event of obvious or suspected improvements to the property, we encourage our Customers to view the permit records for this property. Also, if water supply lines are determined to be plastic, it/they may be a polybutylene material. Historically, there is a greater than average chance of failure, i.e. leaks, with polybutylene material. For further information, please research fully. The Internet offers many resources regarding polybutylene. Additionally, intermittent failures or severe, uncontrolled natural conditions, acts of god, and extreme weather are not our responsibility. Compliance with lender's evaluation criteria is not our responsibility. We do not examine agricultural buildings or structures intended for animal housing.

CUSTOMER: **Madson Holdings, LLC % Richard Duveneck**
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Aliso Vieho, CA 92656

COPIES TO: none
COST OF COPIES: no charge

THANK YOU,

Dave Tokarz

DAVID C. TOKARZ, PRESIDENT
NATIONAL INSPECTION SERVICES – *RESIDENTIAL*
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ADDENDUMS: *Acceptance of the Report shall constitute acceptance of the terms of the following:*
"Authorization and Contract for Residential Real Estate Inspection Services" enclosed: Yes ✓ No __
"Real Estate Inspection Terms and Conditions" enclosed: Yes ✓ No __
Disclaimer form entitled "Addendum to Attached Building Inspection Report" enclosed: Yes ✓ No__
Disclaimer form entitled "Limitation of Warranty of Inspector's Work Product" enclosed: Yes ✓ No__
Disclaimer form entitled "Partially Snow Covered Structural Components" enclosed: Yes ✓ No __

Date: 7/ 08/ 2010

This report has been prepared for the exclusive use of the above named customer only and any other use is unauthorized.

THE ASHI EXPERIENCE

***Certified* ASHI Inspector #212456**

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