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DRAFT

,

Subject: Freddie Mac Small Balance Loan Physical Risk Report

,
AEI Project No.

Dear :

AEI Consultants, Inc. (AEI) is pleased to provide this Freddie Mac Small Balance Loan Physical Risk Report (SBLPRR) of the above-referenced Property. The assessment was performed in accordance with the Freddie Mac Guide Chapters 60-69 Physical Risk Report Requirements for the Small Balance Loan Purchase Product.

We appreciate the opportunity to provide services to you. If you have any questions concerning this report, or if we can assist you in any other matter, please contact Unknown User at or .

Sincerely,

DRAFT
Unknown User

AEI Consultants



Section I: General Information, Documentation and Certification

Mortgage and Property Information

Freddie Mac loan number	Report date	Property name
Seller/Service name		Address
Seller/Service number		City, State, Zip

Consultant Information

Firm name AEI Consultants			Inspector's name and title		
Address 2500 Camino Daiblo			Report writer's name and title Unknown User,		
City Walnut Creek	State CA	Zip 94597	Environmental reviewer's name and title		
Telephone number 720-289-9952	Extension	Date of visit	Date of engagement		

Site Statistics

Year(s) of construction	Year last renovated (with amount) \$0.00	Construction type	Acreage
Topography		Flood zone	Peak ground acceleration 0.200 g
Amenities			
Number of: Units		Apartment buildings	Other buildings
Ground floor units		Elevators	Floors
Number of parking spaces: Surface		Garage	Carports
Other:			

Discuss other features:

--

List of Parties Present

Provide a listing of parties involved in the site visit (including the consultants).

Documentation

Indicate if the below are attached or not attached. If they are not attached, then additional information should be provided in the comments field

Document	Status
The intended purpose of this report	
Limiting conditions	
Site plan	
Renovation scope of work and budgets	

Information provided by borrower (specified in appendix)	<input type="text"/>
Building and health code violations	<input type="text"/>
Environmental transaction screen	<input type="text"/>
Test and study results (e.g., structural, civil, asbestos, etc. - specified in appendix)	<input type="text"/>
Other records and data reviewed (specified in appendix)	<input type="text"/>
Resume of inspector	<input type="text"/>
Resume of report writer/reviewer (if different from the inspector)	<input type="text"/>
Resume of environmental reviewer (if different from the inspector and/or report reviewer)	<input type="text"/>
Identification of any deviations from the Guide requirements and the most recent versions of the ASTM standards E2018 and E1528 as well as applicable environmental regulations established by the Environmental Protection Agency	<input type="text"/>

Additional comments:

Data Collection and Records Inquiry

Was information pertaining to the maintenance, repair and replacement of major building components or systems reviewed?	<input type="text"/>
Were all significant maintenance reports, repair receipts and replacement items completed within the past 12 months, as well as elevator, boiler and safety inspection records and certificates reviewed?	<input type="text"/>
Was all available information related to planned capital improvements, inclusive of renovation/rehabilitation scope or work, and/or such work in progress reviewed?	<input type="text"/>
Was evidence of completed capital expenditures or construction costs reviewed?	<input type="text"/>
Were there any records of violations of any federal, State or local laws, ordinances or codes that remain open for the Property, including any violations related to zoning, subdivision and use, building and housing accessibility (including the Americans with Disabilities and Fair Housing Acts), health matters, fire safety or energy-related requirements?	<input type="text"/>

Reliance

This report is for the use and benefit of, and may be relied upon by

(a)

the Seller/Servicer, Freddie Mac and any successors and assigns (“Lender”);

(b)

independent auditors, accountants, attorneys and other professionals acting on behalf of Lender;

(c)

governmental agencies having regulatory authority over Lender;

(d)

designated persons pursuant to an order or legal process of any court or governmental agency;

(e)

prospective purchasers of the Mortgage; and

(f)

with respect to any debt (or portion thereof) and/or securities secured, directly or indirectly, by the Property which is the subject of this report, the following parties and their respective successors and assigns:

•

any placement agent or broker/dealer and any of their respective affiliates, agents and advisors;

•

any initial purchaser or subsequent holder of such debt and/or securities;

•

any Servicer or other agent acting on behalf of the holders of such debt and/or securities;

•

any indenture trustee;

•

any rating agency; and

•

any institutional provider from time to time of any liquidity facility or credit support for such financings.

In addition, this report, or a reference to this report, may be included or quoted in any offering circular, information circular, offering memorandum, registration statement, private placement memorandum, prospectus or sales brochure (in either electronic or hard copy format) in connection with a securitization or transaction involving such debt (or portion thereof) and/or securities.

Certification

The undersigned hereby certifies that:

•

The attached physical risk report was prepared in accordance with all applicable requirements in the Freddie Mac Multifamily

•

The inspection and report was prepared in a manner consistent with generally accepted industry practices and standards

•

All information is true and correct, to the best of the undersigned's knowledge, and reflects the consultant's best professional opinion and

- No changes or additions have been made to the standard provisions of this form other than those expressly approved in writing by Freddie Mac

Signature of property inspector

Name

Date

Title

Did a separate individual write or review the report?

Yes

Signature of writer/reviewer

Name

Date

Title

Was a separate individual required to review the environmental section?

Yes

Signature of reviewer

Name

Date

Title

Unit Mix and Inspection

Complete **Table 1** for residential units only. Commercial units, both spaces that are purpose-built and dwelling units converted to commercial use will be accounted for in **Table 2**. If "Other" dwelling units have been indicated, **Table 3** will need to be completed as indicated.

Table 1 - below indicate the unit type and occupancy at the time of the visit and the number of units inspected of each type

Unit Type			Number of Units				Number of units inspected			
BR	BA	Style	Occupied	Vacant	Down	Other	Occupied	Vacant	Down	Other
Delete		Add type								

Table 2

Detail of Commercial Units

	Occupied	Vacant	Down	Total
Number of purpose built spaces				0
Number of converted residential units				0

Occupied units, including commercial space and other	0
Vacant/down units, including commercial space	0
Total number of ALL units, including commercial space	0

Uncertified or Unpermitted Units and/or Modifications

Were any uncertified or unpermitted units, and/or modifications to units identified or suspected, either via the inspection or from the building records research?

Unit Inspection Information

Indicate the type of unit, using the following abbreviations: OBR, 1BR, 2BR, etc. Give the unit number and status, using the following status codes: O =occupied, V = vacant, D = down and R = other (maintenance shop, management office, etc.). For example, an occupied one-bedroom unit numbered 101 should be listed as 1BR/101/O.

Were there any problems with gaining access to the required number of units?

Section III: Property Condition Assessment

Problematic Materials & Conditions

- | | | | |
|---|---|--|---|
| <input type="checkbox"/> Galvanized water pipe | <input type="checkbox"/> Aluminum branch wiring | <input type="checkbox"/> Recalls | <input type="checkbox"/> Fiberboard exterior siding |
| <input type="checkbox"/> Polybutylene water pipe | <input type="checkbox"/> Edison base/T-type fuses | <input type="checkbox"/> Stab-lok breakers | <input type="checkbox"/> T1-11 siding |
| <input type="checkbox"/> EIFS (exterior foam insulation system) | | | <input type="checkbox"/> None |
| <input type="checkbox"/> Other _____ | | | |

Description:

What is the general condition of this component?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

Safety & Security Devices

- | | | |
|--|--|---|
| <input type="checkbox"/> Smoke detectors | <input type="checkbox"/> Carbon monoxide detectors | <input type="checkbox"/> Fire extinguishers |
| <input type="checkbox"/> Sprinklers | <input type="checkbox"/> Emergency lights & exit signs | <input type="checkbox"/> Fire alarms |
| <input type="checkbox"/> Intercom | <input type="checkbox"/> Security cameras | <input type="checkbox"/> Secured entrance doors |
| <input type="checkbox"/> Other: _____ | | <input type="checkbox"/> None |

Description:

What is the general condition of this component?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

Property Grounds, Building Exteriors and Systems

Provide a brief description, including materials and finishes used, of the components pertaining to the Property grounds, building exterior and systems.

Site Work

Including, but not limited to: security, drainage, paving, flatwork, accessibility, lighting, landscaping, irrigation, signage, refuse containment, garages and carports, fencing and retaining walls

Description:

What is the general condition of this component?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

Roofing

Including, but not limited to: material (including condition and age), parapets, scuppers, drains, gutters and downspouts, flashing and coping, appurtenances

Description:

What is the general condition of this component?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

Building Facade

Including, but not limited to: building materials, condition, windows, doors, sealants, evidence of water infiltration

Description:

What is the general condition of this component?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

No

Structure

Including, but not limited to: foundations, framing systems, balconies and exterior stairs

Description:

What is the general condition of this component?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

No

HVAC Systems

Including, but not limited to: type, fuel source, manufacturer and capacity

Description:

What is the general condition of this component?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

No

Plumbing Systems

Including, but not limited to: fixtures, piping materials used, supply system, waste system and vent system

Description:

What is the general condition of this component?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

No

Electrical Conditions

Indicate if any of the following electrical conditions are present at the Property:

Present/Not Present	Safety/Security Device
<div>Present</div>	<div>Electrical service less than 60 amps</div> <div>Is electrical service less than 40 amps?<div>No</div></div> <div>Indicate if any of the following conditions are present in the units:</div> <div>Washing machines or clothes dryers<div>No</div></div> <div>Heating systems, stovetops, stovetop appliances, or water heaters powered by electricity<div></div></div> <div>Air conditioning units (including window units) not serviced by a separate dedicated circuit<div></div></div> <div>Atypical equipment with high electricity demands (e.g., whirlpool tubs, freezer units)<div></div></div> <div>Units over 750 square feet<div></div></div>

Electrical Systems

Including, but not limited to: capacity, fixtures, distribution system and emergency power

Description:

What is the general condition of this component?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

No

Elevators

Including, but not limited to: cab, controls and equipment and inspection certifications

Are there any elevators?

Yes

Description:

This is my regular elevator description. Yes, there are elevators here.

What is the general condition of this component?

Average

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

Yes

Critical Repairs

No

PR-90 Repairs

No

Priority Repairs

Yes

Provide a brief description:

There are 5 elevators. There is a cost here for each one. (\$60,000.00)

Cost to cure:

\$60,000.00

Do any deficiencies require an additional investigation in order to fully develop a repair scope?

No

Amenities

Including, but not limited to: pool, sports courts, playgrounds, club house, laundry room and fitness center

Are there any amenities?

Utilities

List the providers:

Electricity

Natural gas

Fuel oil

Propane

Domestic water

Storm sewer

Sanitary sewer

Cable

Internet

Telephone

Other

Other

What is the general condition of this component?

Did management report any concerns or were any deficiencies identified?

No

Water Infiltration

Were any water and/or seepage conditions identified that were not discussed previously?

Wells and Septic Systems

Are there wells or septic systems?

Dwelling Units, Commercial Units and Building Interiors

Provide a brief description, including materials and finishes used, of the components pertaining to the dwelling units and any commercial units and building interiors/common areas.

Floors, Walls & Ceilings

Including, but not limited to: carpet, vinyl, tile, wall board, plaster and any textures

Description:

What is the general condition of this component?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

Doors & Windows

Including, but not limited to: hardware, locks, treatments, screens and storm windows

Description:

What is the general condition of this component?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

Kitchens

Including, but not limited to: cabinets, countertops and appliances

Description:

What is the general condition of this component?

Is there a refrigerator of at least 2.2 cubic feet in all units?

Is there counter space with an installed sink in all units?

Is there a permanent stove-top with at least two burners in all units?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

Bathrooms

Including, but not limited to: cabinets, countertops, sinks, toilets and bathtubs/shower stalls

Description:

What is the general condition of this component?

Is there at least one bathroom in all units with a toilet, sink and tub or shower stall?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

Fireplaces

Are fireplaces located in the units?

In-Unit Washer and Dryers

Are washer/dryer units or hook-ups provided in the units?

Commercial Spaces

Are commercial spaces present?

Common Spaces

Including, but not limited to: lobbies, corridors, stairs, offices, laundry and garages

Are common spaces present?

Other

Are there any components not covered in the previous section that need to be discussed?

Wood Damaging Insects

Were inquiries made of knowledgeable staff regarding past or current wood-damaging insects (WDI) issues?

No

Were any signs of WDIs observed during the inspection?

Were any deficiencies identified that could be categorized as a Critical, PR-90 or Priority?

No

Fair Housing

Is the Property subject to Fair Housing laws?

ADA

Is the Property subject to the Americans with Disabilities Act?

Seismic Risk

Indicate if any of the high-risk factors from Chapter 64SBL of the Freddie Mac *Multifamily Seller/Service*r Guide were identified at the Property:

Present/Not Present	Risk factor
	Any property with residential units above ground floor commercial, retail or tuck-under parking, that has either a construction date prior to 2000 as reported in the assessor's record, or a certificate of occupancy issued prior to 2000.
	Any wood framed building built prior to 1960
	Any reinforced concrete masonry (CMU) bearing wall buildings constructed prior to 2000
	Any unreinforced masonry construction, regardless of retrofit
	Any property required to complete seismic retrofit by any local or state authority

Capital Improvements

Provide a history of repairs and capital improvements for the last 12 months along with improvements planned for the next 24 months.

Section IV: Environmental Site Assessment

Environmental Summary

Summarize the results of the investigation:

Hazardous materials	<input checked="" type="checkbox"/> Acceptable	<input type="checkbox"/> O&M required	<input type="checkbox"/> Further testing required	<input type="checkbox"/> Not Acceptable
Storage tanks	<input checked="" type="checkbox"/> Acceptable	<input type="checkbox"/> O&M required	<input type="checkbox"/> Further testing required	<input type="checkbox"/> Not Acceptable
Polychlorinated Biphenyls (PCBs)	<input checked="" type="checkbox"/> Acceptable	<input type="checkbox"/> O&M required	<input type="checkbox"/> Further testing required	<input type="checkbox"/> Not Acceptable
Prior use	<input checked="" type="checkbox"/> Acceptable	<input type="checkbox"/> O&M required	<input type="checkbox"/> Further testing required	<input type="checkbox"/> Not Acceptable
Neighborhood hazardous waste activity	<input checked="" type="checkbox"/> Acceptable	<input type="checkbox"/> O&M required	<input type="checkbox"/> Further testing required	<input type="checkbox"/> Not Acceptable
Asbestos-containing materials (ACM)	<input checked="" type="checkbox"/> Acceptable	<input checked="" type="checkbox"/> O&M required	<input type="checkbox"/> Further testing required	<input type="checkbox"/> Not Acceptable
Lead-based paint (LBP)	<input checked="" type="checkbox"/> Acceptable	<input type="checkbox"/> O&M required	<input type="checkbox"/> Further testing required	<input type="checkbox"/> Not Acceptable
Drinking water quality	<input checked="" type="checkbox"/> Acceptable	<input type="checkbox"/> O&M required	<input type="checkbox"/> Further testing required	<input type="checkbox"/> Not Acceptable
Mold	<input checked="" type="checkbox"/> Acceptable	<input type="checkbox"/> MMP required		<input type="checkbox"/> Not Acceptable
Does the law of the Property Jurisdiction provide for an "environmental superlien law?"				<input type="text"/>

Discuss asbestos in the *Asbestos* section below.

Discuss lead-based paint in the *Lead-Based Paint* section below.

Discuss mold in the *Mold* section below.

E1528 Transaction Screen Questionnaire

Were any of the responses in the transaction screen or government records/historical sources answered with "Yes" or "Unknown"?

Asbestos

Were any suspect friable materials identified?

Were any suspect non-friable materials identified?

Lead-Based Paint

Was the original Certificate of Occupancy (or legal equivalent) issued prior to January 1, 1978?

Mold

Were the following tasks completed during the site investigation?

1. Search for visual or olfactory evidence or Mold issues in all areas required to be inspected as set forth in the Guide?
2. Make inquiries of the Property owner, management or other knowledgeable Property staff regarding past and current water intrusion, potentially damaging leaks or any known Mold issues?
3. Make inquiries of the Property owner, manager or other knowledgeable Property staff about whether there have been any tenant complaints regarding health problems, must odors, water intrusion or potentially damaging leaks?
4. Inspect areas where water intrusion or leaks were reported?
5. Inspect all building components or areas most typically associated with water intrusion or potentially damaging leaks?
6. Identify any defective building condition that would likely lead to future water intrusion or leaks?

Was any mold identified?

Section V: List of Repairs and Capital Needs Over the Loan Term

Summary of Repairs and Violations

List each item that can be categorized as a Critical or Priority. Provide a detailed description for each item (including location of the deficiency) and the cost to cure.

Additional Investigation(s)

Location	Description	Cost
Elevators	This is my brief elevator cost to cure description	\$10.00
TOTAL		\$10.00

Priority Repair(s)

Location	Description	Cost
Elevators	There are 5 elevators. There is a cost here for each one.	\$60,000.00
TOTAL		\$60,000.00

Repair Costs

Were any costs for repair work provided by a third-party source (other than costing manuals)?

Overall Property Condition Rating/Capital Needs Over the Loan Term

Based on the condition of the Property, determine the reserve level based on the guidance below and provide support for why this level was chosen.

☐ Excellent

The Property is new or maintained in like new condition with proactive maintenance practices, thus exhibiting no deferred maintenance or life safety/code issues.

☐ Above Average

The Property is fully functional, well maintained, exhibits minimal wear and tear and no deferred maintenance or life safety/code issues. Any identified repairs are due to recent events (e.g., a wind storm or a burst pipe) or are very limited in scope (routine maintenance). Low reserves are required.

☐ Average

The Property is fully functional and generally well maintained. It may exhibit customary wear and tear based on age and may have minimal deferred maintenance. Any life safety/code issues can be readily corrected as part of the operating budget and are isolated in nature. Moderate reserves are required.

☐ Below Average

The Property exhibits pervasive wear and tear, some limits in functionality and deferred maintenance issues. Life safety/code issues are significant and/or numerous and involve substantial cost. High reserves are required.

☐ Inferior

The Property exhibits inferior/deteriorating conditions and some limits in functionality. Deferred maintenance is pervasive and will be costly to cure. Multiple life safety/code issues are identified and involve significant cost. Extensive repairs are required.

Provide backup for why this level was chosen:

The Property is fully functional and generally well maintained. Minimal deferred maintenance items were observed. Moderate reserves are anticipated.

Component Conditions**Excellent**

The component is new or maintained in like new condition with proactive maintenance practices, thus exhibiting no deferred maintenance or life safety/code issues.

Above Average

The component is fully functional, well maintained, exhibits minimal wear and tear and no deferred maintenance or life safety/code issues. Any identified repairs are due to recent events (e.g., a wind storm or a burst pipe) or are very limited in scope (routine maintenance). Low reserves are required.

Average

The component is fully functional and generally well maintained. It may exhibit customary wear and tear based on age and may have minimal deferred maintenance. Any life/safety codes issues can be readily corrected as part of the operating budget and are isolated in nature. Moderate reserves are required.

Below Average

The component exhibits pervasive wear and tear, some limits in functionality and deferred maintenance issues. Life safety/code issues are significant and/or numerous and involve substantial cost. High reserves are required.

Inferior

The component exhibits inferior/deteriorating conditions and some limits in functionality. Deferred maintenance is pervasive and will be costly to cure. Multiple life safety/code issues are identified and involve significant cost. Extensive repairs are required.

Repair Categories**Critical Repairs**

These are repairs and replacements that significantly impact habitability, value, income or marketability and that must be corrected before Freddie Mac will proceed with the transaction.

PR-90 Repairs

These are corrective actions that must be completed within 90 days, and are limited to:

- Imminent life safety hazards
- Ongoing substantive damage to the property

Priority Repairs

These are repairs and replacements that are significant and must be addressed as soon as possible. Priority Repairs consist of:

- All non-imminent life safety hazards
- Violations of any federal, State or local law, ordinance or code relating to zoning, subdivision and use, building and housing accessibility (including the Americans with Disabilities and Fair Housing Acts), health matters or fire safety
- Material deficiencies *
- Significant deferred maintenance *

* Additional guidance can be found in Section 62.3(b) of the Freddie Mac Multifamily Seller/Service Guide