



## **SAMPLE Scope of Work:**

### PHYSICAL ASSESSMENT AND DUE DILIGENCE REVIEW FOR AN INSTITUTIONAL INVESTOR

The following is a request for proposal for a physical assessment and due diligence review of the property described in the attachment. The successful bidder will be engaged under a mutually acceptable professional services agreement to be supplied by the solicitor of the requested services.

#### I. WORK CONDITIONS

The successful bidder will perform the requested services in anticipation of the acquisition of the property described in the attachment. All aspects of this proposed transaction must be treated as strictly confidential.

#### II. PROPOSAL/WORKSCOPE SCHEDULE

Written proposals must be received as soon as possible following receipt of this Request for Proposal. Once notice to proceed is delivered, all assessment services shall be performed within one week and a preliminary report issued within one week thereafter. A draft of the final report shall be issued within two weeks of the site assessment. Please indicate your achievable delivery dates in your proposal.

#### III. PROPOSAL FORMAT

Your proposal should include:

1. A description of how you will specifically address the scope of work outlined in this RFP;
2. Your firm's qualifications;
3. Qualifications of all outside consultants you will engage as part of this project;
4. Qualifications of team members at your firm who will be part of this project;
5. A fee for the project, broken down by professional fees and expenses reimbursed without mark-up;
6. The project schedule;
7. An insurance certificate summarizing your firm's coverage, including Errors and Omissions, Employer's Liability, Automobile Liability, General Liability, and Umbrella; and,
8. A sample due diligence report for a similar property.

#### IV. TEAM QUALIFICATIONS



The team performing the assessments, reviews, and subsequent reports must be composed of (at a minimum) a licensed structural engineer, a licensed mechanical/electrical engineer and a licensed architect with experience in evaluating real estate of this type. Your proposal must show how members of the team are qualified to perform the scope of work. Depending on the characteristics of the property and the qualifications of your team, additional team members (roof consultants, asphalt consultants, curtain wall consultants, elevator consultants, parking consultants, geotechnical engineers, etc.) may be required, in addition to the minimum team requirements, in order to successfully complete the work.

#### V. SAMPLE SCOPE OF WORK

In general, you must inspect the site, its improvements and the various building systems; interview building staff, tenants, etc.; review construction documents, available surveys, maintenance records, previous reports, building codes, etc.; interview local building, zoning and fire department officials, etc.; in order to evaluate the physical integrity of the property, its improvements, and all building systems, and to determine the level of compliance with building codes, zoning ordinances, the Americans with Disabilities Act, etc. The scope of work specifically excludes all environmental issues. Your investigation should include at a minimum the following components:

1. Roofing and Insulation (include discussion of existing warranties, remaining useful life, etc.). Provide for roof cores of built-up roofs (membrane and tar-based roof flashing) if no longer under warranty, and retain a sample to send to our environmental consultant.
2. Telecommunication Equipment or Infrastructure: Inspect building to confirm existence of any Telecom infrastructure (dedicated Telecom rooms, typically in basement), telecom riser and supplemental equipment (typically in telephone closets), and any rooftop antennae equipment. Draft and final reports should include a summary description of general Telecom infrastructure in the building, as well as a list of Telecom providers that have equipment in the building.
3. Exterior Wall Surfaces and Insulation.
4. Window and Curtain Wall Systems.
5. Parking and Exterior Paved Areas (include physical count of existing parking spaces and discussion of remaining useful life of paved areas).
6. Sidewalks and Plazas.
7. Site Drainage/Flood Conditions (including identification of designated flood hazard zones, and flood elevation certificates for Flood Zones A & V).
8. Landscaping and Irrigation.
9. Other Site Features (Walls, Fences, Signs, etc.).
10. Easements
11. Utilities
12. Entrances, Lobby Areas, Corridors, Toilet Rooms, and other common areas.
13. Inspect 100% of office buildings including general office area occupied by building management (built-out tenant spaces in office buildings not inspected with regard to finishes). All warehouse and/or retail areas (tenant improvements not included). Inspect a minimum of 10% of guestrooms (hotels only), including fixtures and equipment, but excluding soft goods, or a minimum of 10% of residential units (multi-family only). For larger hotels or apartment complexes, this may be reduced on a case-by-case basis.



14. Elevators/Escalators/Lifts, etc. Examine and comment on recent tests, and most recent load test. Review existing elevator consultant reports, if any.
15. Stairwells/Egress Systems and any related code issues.
16. Truck Docks/Loading Areas.
17. Electrical Systems/Lighting (include discussion of useful life, capacity and distribution, including watts per s.f. available for tenant use).
18. Emergency Generator System, UPS system, etc.
19. Heating, Ventilating and Air Conditioning (include discussion of system capacity, remaining useful life, fresh air provided vs. code requirements at time of construction and current ASHRAE standards, and a discussion of CFC issues and their resolution).
20. Sprinkler System and Fire Pump. Examine and comment on results of recent flow tests.
21. Plumbing System.
22. Structural System (perform necessary calculations on typical bays and comment on design compliance with building codes and on capacity of the existing structure to carry design loads; i.e. superimposed loads, wind loads, seismic loads). Include a PML analysis if required by client.
23. Life safety considerations/Fire Alarm Systems. Examine and comment on results of recent fire alarm tests. Determine whether system can accommodate ADA upgrades.
24. Security systems.
25. Other systems.
26. Calculation of the property's Rentable Area for office, retail and industrial properties only. Use BOMA standards for office properties (from construction drawings). Calculate total areas (measured to inside wall) of each typical unit for apartment complexes and extrapolate the total area of the project.
27. Interview service contractors for major systems including elevators, chillers, fire alarm, etc. to determine maintenance history and general system condition.
28. ADA or applicable accessibility requirements.
29. For residential first occupancies after March 13, 1991, opine on safe-harbor compliance with the Fair Housing Act (FHAA), HUD Fair Housing Act Design Manual.
30. Entomological Evaluation for wood-framed structures.
31. Interview appropriate officials and review applicable records from zoning, building department, fire department, etc. to confirm and receive copies of permits, certificates of occupancy (building shell and current tenants), current violations on file, and to identify recent or pending changes in regulations. Identify building codes in effect at the time of construction and at present. For all acquisitions, the following issues must be addressed during your visit to the property and described in detail within your physical report:

a) Certificates of Occupancy for Building Shells and Tenants

- What is required by law in the specific jurisdiction?
- What specifically was obtained through your public records research, requests from property management, etc.?
- If unable to obtain all Certificates of Occupancy for the building shell and current tenants, or only partial records are available, please explain in the report which items were not available and why.



- What are the potential repercussions of not having copies of these certificates (i.e., monetary, legal, etc.)?
- Add an appendix to your report containing copies of all Certificates of Occupancy obtained with a checklist of included and missing documents. A spreadsheet format may be a simple way to replicate this effort on each project.

b) Zoning Compliance

- Along with a description of the zoning issues within your report, written evidence of zoning compliance is required for each property. A letter from the applicable zoning department must be included in the report.

c) Current Parking Tabulation

- In conjunction with reviewing site plans, an actual count of each parking space is required. Compare actual count to current required parking ordinance.
- Based on your analysis for parking, was the property in compliance at the time of construction?
- Is the property in compliance with current zoning ordinances? If not, is the property considered compliant under code requirements at the time of construction?
- What is the current parking ratio at the property (i.e., 3.5 parking spaces per 1,000 square feet of rentable space)?

VI. REPORT

In general, your report must document your observations regarding existing or anticipated (within ten years) construction deficiencies or areas of deferred maintenance, which would have a detrimental effect on the operation and anticipated useful life of the structure. Organize this discussion in a system-by-system format similar to the list of property components above. For each deficiency you must estimate the cost of repairs, maintenance, or replacement and state the estimated timing of the requirement (i.e. year 3). Categorize each of these requirements in one of five categories as follows:

- 1 - Code and Safety
- 2 - Repair and Maintenance
- 3 - Capital Expenditure
- 4 - Modernization / Improvements
- 5 - Other

In addition, your report must include the following:

1. Date of your assessment.
2. Statement of qualifications of each team member.
3. List of documents (drawings, reports, certifications, etc.) reviewed.
4. List of individuals interviewed.



5. General description of existing building systems and their operation.
6. Discussion of remaining useful life of major systems (i.e. roof, paving, HVAC systems, etc.).
7. Code review, zoning review, ADA requirements, etc. (Include discussion of Building Permits and list all Certificates of Occupancy reviewed).
8. A budget summary for all deficiencies, including ADA and code requirements.
9. Photographs of all deficiencies.

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