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Service Overview

Property Condition Assessments (PCA) are often required as part of pre-purchase, owner- commissioned, or refinance transactions. Nova services include a site visit to evaluate the general condition and maintenance history of the property and to assess the overall design and construction of structures. All available on-site project and construction documentation is reviewed, and interviews with property managers, tenants, and local officials are conducted. Nova's Property Condition Report offers a complete narrative on the condition and adequacy of all site and building improvements and includes all required forms and information, including items of deferred maintenance, estimates of immediate and annual replacement reserves, and comments on the buildings' conformance with code, ADA, unfinished work, and FHA compliance.

Experience

Nova field professionals and team leaders have extensive experience performing and managing high-quality, thorough, and timely Property Condition Reports. Its staff includes Registered Architects, Professional Engineers, and construction specialists. Employees have a strong understanding of facility operating systems, architectural finishes, structural systems, life safety systems, and ADA surveys. Nova provides real estate investors with a solid understanding of a building's current physical condition and code compliance status, as well as recommended repair and replacement costs. Staff with specific areas of expertise are available to advise as needed.

**RAY HUTCHISON****Senior Vice President, Capital Markets Group**

(201) 391-0520

ray.hutchison@novagroupgbc.com

LinkedIn



CASE STUDY

Summary

Nova's Capital Markets Group was commissioned to provide PCAs on a portfolio of high-rise office and multifamily properties for a major life insurance company. Included within the mix of assets was the McGuire Apartments, a \$32MM, 25-story, mixed-use development constructed in 2001, within the Belltown neighborhood of downtown Seattle.

Highlights

Preliminary research conducted by Nova called for multiple investigations into alleged construction defects, including premature corrosion of slab tendons, spalled concrete floor slabs, and irregularities with the placement of steel within the floor slabs. Nova immediately advised the client of these past construction issues.

The lender, upon review of Nova's findings, delayed funding the loan application until a scope and cost for the mitigation of defects could be determined. In March 2010, the borrower's engineer determined that the cost to mitigate (as high as \$80MM) exceeded the cost of construction. Residents and tenants were asked to move from the building, and in April of 2011, the McGuire Apartments building was demolished, just ten years after construction.

By commissioning a Property Condition Assessment from Nova, the lender avoided funding a large loan secured by a high-rise asset that was demolished within two years of the proposed closing.