



CONSTRUCTION LOAN MANAGEMENT, INC.

Building Consultants

CLM

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Construction Loan management, Inc. is an Atlanta-based firm providing construction evaluation and monitoring services for construction lenders, permanent lenders and developers. CLM's analyses and inspection services encompass a wide range of commercial, industrial and residential projects as well as hospitals, hotels, community developments and building renovations. Founded in 1988, CLM has earned a reputation for excellence in its field of service among its valued clients.



Preliminary services provided by CLM for typical project will include:

- * Initial site visit and investigation to assess the existing land conditions and its proposed improvements prior to the Preconstruction Analysis Report (PCA). Continual communication with all parties involved in the development process.
- * Gathering of all available data on the project as required by the lending institution (See Attachment "A").
- * The performance of the Preconstruction Analysis Report followed by field inspections and reports conducted on a monthly or semi-monthly basis or as required by CLM's client.
- * Web site posted Analysis and Inspection Reports.

CONSTRUCTION LOAN MANAGEMENT IS COMMITTED TO APPLYING THE HIGHEST PROFESSIONAL AND ETHICAL STANDARDS IN PROTECTING AND REPRESENTING THE BEST INTERESTS OF ITS CLIENTS.

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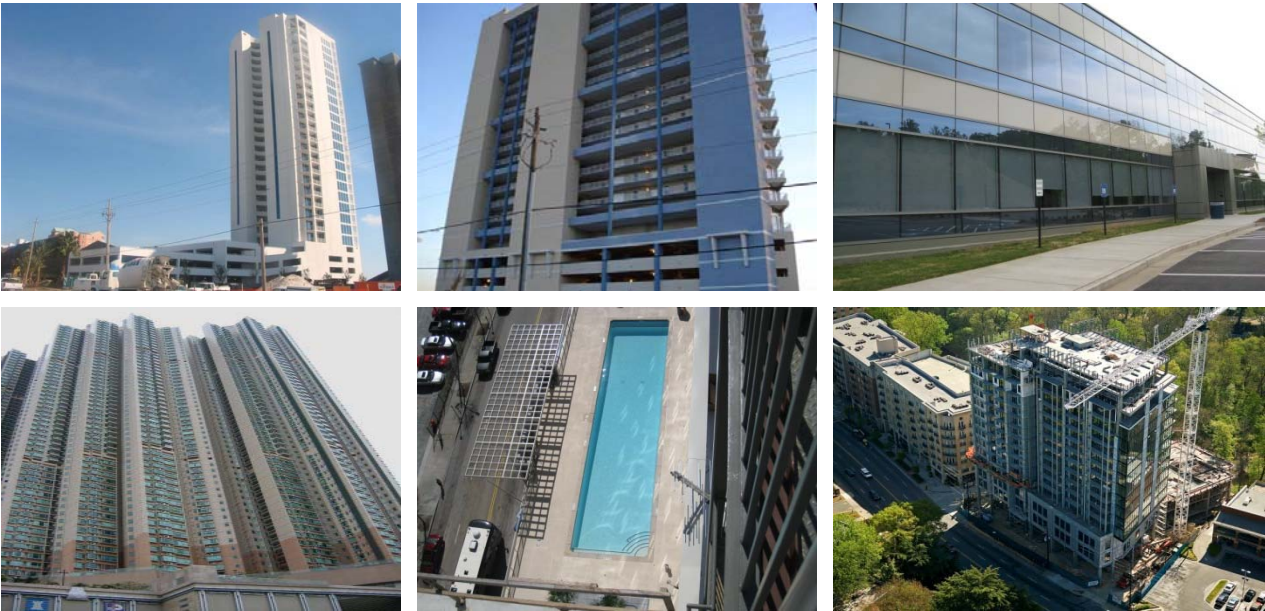
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CLM SERVICES PART I:

PRE-CONSTRUCTION ANALYSIS (PCA)

CLM Inc. Preconstruction Analysis, presented normally prior to the closing of a loan, addresses those key parameters which determine the project's constructability. The analysis provides a comprehensive review and critique of the available contract documents including the contract plans, specifications and the general contract. In addition, CLM provides, as part of its preconstruction analysis, an independent cost estimate and comparison. Typical analysis will include the following:



A. Project Description and Scope

This will be derived from the contract documents submitted and will provide a general description of the site, its size, frontage, access, utilities and its relationship to the proposed development including the number of buildings, if any, and their sizes and heights, the number of units and the gross and net leasable area's available.

B. Plans Review and Critique

All plans will be reviewed for conformity with the applicable building construction practices and codes and will be critiqued for possible omissions, errors or potential problems.

C. Specification Review and Critique

The project's specification will be reviewed and critiqued for format, choices of building materials, their suitability and the general flexibility to the contractor in terms of material substitution and the process of approval with the owner- architect teams.

D. Subsurface Investigation Review

The findings and recommendations of the geotechnical report will be reviewed to justify the need for additional soil tests if abnormal site conditions appeared on the preliminary subsurface investigation report. The need for the rock contingency or other contingencies related to potential or unanticipated earth work operations will be examined here by CLM and relayed to the lender.



E. Cost Estimate and Comparison

CLM will perform an independent cost estimate as well as a review and critique of any available estimates prepared by other parties. This cost estimate will include all line items provided on the application for payment as well as other important costs related to construction items identified in the contract documents (e.g., plans and specifications) but not budgeted for in the submitted cost breakdown. In addition, CLM will recommend incorporation of hard cost contingencies based on the overall analysis of project.

F. Contract Agreement Review and Critique

CLM Will examine all business terms addressed by the general contract including the scope of the work, contract sum or guaranteed maximum price (GMP), date of commencement and substantial completion, retainage and the list of the latest contract documents and all other exhibits and attachments incorporated as part of the general agreement.

G. Construction Schedule Review and Critique

CLM will examine the preconstruction as well as the construction phase schedules (as it becomes available) and will evaluate the overall constructability of the project in terms of trade and activity coordination and the responsibilities of all parties involved. CLM will identify long-lead items and/or communication gaps and overlaps, if any, to ensure consideration prior to contract commitment.

H. CLM Recommendations

Based on CLM comprehensive review and critique of the contract documents, all findings, comments and recommendations will be presented for our client's review. Additional or missing data and documents will be requested from the appropriate parties to help ensure successful completion of the construction phase. When necessary, input from the architect or engineer of record will be requested with regards to CLM's comments on important findings as a result of our study.



CLM SERVICES PART II:

INSPECTION AND APPLICATION FOR PAYMENT REVIEW

Periodic inspections will be performed on a monthly basis. Each site visit will be followed by a written report addressing the overall status of the project and CLM's disbursement recommendation.



CLM findings will be presented as follows:

A. General Project Status and Review

On a recap sheet, the general project status will be rated, in our judgment, as satisfactory or unsatisfactory.

Items addressed on this recap sheet will include job progress, safety measures, site security, the condition of stored materials, general compliance with the contract documents and if applicable, the implementation of corrective measures.

B. Construction Status and Review

All items of construction are listed and reviewed presenting their extent of completion. Up to date parentage of completion of the individual construction items could also be presented here for closer monitoring of the construction progress.

C. Construction Evaluation and Analysis

CLM will provide information and comments as to the quality of construction, workmanship and materials, comments on any technical construction problems and recommendations. Update the scheduled completion date and CLM's estimated completion date. Manpower adequacy is also examined as part of the construction evaluation and analysis.

D. Construction Loan Status and review

Here CLM will provide comments on the Application for payment (Draw Request) and in our judgment the disbursement recommendation in addition to retainage comments and our recommendation for approval or disapproval of the change orders both with regards to cost and necessity. CLM will review in detail the Application for Payment for direct construction cost (Hard Costs) including our own independent calculation on the work and its percentage of completion as compared to the percentages reflected in contractor's/developer's Draw Request. In addition, a thorough examination of subcontractor and vender invoices, stored material inventories and all relevant data will be implemented. The results of the analysis will be presented here to assist the lender in his decision to fund from the construction loan in accordance with a valid representation of the work set in place for the period covered by the Draw Request.



E. Inspection Photographs

Photographs of the project taken at the time of our inspection will be included with each inspection report showing construction progress and construction problem areas, if any.

CLM SERVICES PART III:

LAND ACQUISITION AND DEVELOPMENT

CLM extends its inspection services to residential properties and offers Pre-Construction Analysis Reports and follow-up inspections on a broad range of commercial, industrial and residential subdivisions among other developments.

CLM SERVICES PART IV:

INSPECTIONS OF EXISTING STRUCTURES

Through visual inspections, the general condition of an existing structure, whether residential or commercial, is evaluated. The structural integrity, mechanical and electrical operations and the associated site conditions are visually examined, evaluated and presented in a report which will include all findings, comments and CLM's recommendations for improvements.



ATTACHMENT "A"

To meet lender's requirements, the following documents should be submitted to Construction loan Management as applicable.

1. PRIOR TO LOAN CLOSING AND/OR COMMENCEMENT OF THE CONSTRUCTION:

- a. A full set of the contract drawings and specifications (latest revision).
- b. A copy of the certified site survey.
- c. Cost breakdown preferably on AIA form.
- d. Utility availability letters (sewer, water, power, gas and telephone).
- e. Copy of the geotechnical investigation report.
- f. A copy of an executed contract agreement.
- g. Project schedule.
- h. Copies of the development, building and D.O.T permits.
- i. Copies of the development order, zoning letters and official notice to proceed.
- J. Copies of all subcontract agreements, as applicable.
- k. Copies of the payment, performance bonds and insurance certificates.

2. DOCUMENTS TO BE SUBMITTED DURING THE CONSTRUCTION PHASE:

- a. One copy of the Application for Payment (AIA G702, G703).
- b. One set of back-up documents, including such items as subcontractor's draws, lien waivers, invoices and stored materials inventory.
- c. Copies of all inspection reports made by the design Architect of Record and Structural Engineer of Record.
- d. All soil and material test reports.
- e. Addenda, supplementary drawings and change orders.

3. DOCUMENTS TO BE SUBMITTED WITH FINAL PAYMENT REQUEST:

- a. Certificate of Occupancy.
- b. Architect's Certificate of Substantial Completion and Punch List Items.
- c. As-built Survey.
- d. Final Lien Waiver.
- e. Consent of Surety (if applicable).

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