

We call this the \$50,000 letter. We drafted this letter for a client to request a price reduction from the bank for one of its bank-owned properties. Having a real estate broker's license enable us to be persuasive. The bank reluctantly agreed to a price reduction of \$50,000.

Rita Chio
Road * San Gabriel * CA 91775 (626) 216-6670

in Price of 361 East Sidlee Street, Thousand Oaks, CA

Dear Seller,

The buyer has done an extensive analysis of the property at 361 East Sidlee Street, Thousand Oaks, CA. To achieve this we have done the following:

1. Studied the physical structure of the property as well as the soil and geological reports for this property;
2. Used the services of two independent contractors to study the property and propose proper corrective measures and repairs;
3. Conducted interviews with the property owners on Sidlee Street ;
4. Reviewed city records relating to this property
5. Performed a market analysis of recent sales and current listings;

What follows is a discussion of each or these points.

1. Studied The Physical Structure Of The Property As Well As The Soil And Geological Reports For This Property.

Analysis of the physical structure of the house and the land reveals severe problems. On the physical structure there are the following issues: cracking of slabs, cracks in the walls, floors and ceiling and a hole in the roof over the garage. These problems are likely due to expansive soil conditions and the geological idiosyncrasies of this area that go back decades. We will cover these issues extensively in Section 4. Suffice to say here that the problems were of such a severe nature when the homes in this area were constructed, that some owners were advised not to have swimming pools. The existence of high ground water, stability problems, slope slippage, and inadequate drainage were symptomatic of the properties on Sidlee Street.

2. Used The Services Of Two Independent Contractors To Study The Property And Propose Proper Corrective Measures And Repairs.

We have had two independent structural engineers in addition to the Gorian and Associates Company analyze the structure. The engineers are Majid Safiee of Advance Construction Group and Siavash Basseri of Earthquake and Structural Engineering. They pointed out that the cost to make this property stable and safe exceeds the \$95,000 amount indicated in the report provided by the bank. Attached are copies of their estimates Siavash Basseri, one of the engineers suggested that the original compaction used to provide a level foundation was probably inadequate. In addition, the overflow

from the neighbor's sprinkler as well as the watering of the plants adjacent to the building has eroded the original compaction and caused the building to sink where the compaction was applied.

3. Conducted Interviews With The Property Owners On Sidlee Street.

We interviewed nearby neighbors and they acknowledged that they also have similar problems with cracked slabs, walls and ceilings. See the attached list of names and addresses of these neighbors.

4. Reviewed City Records Relating To This Property.

We have done a careful study of the reports and letters from the Thousand Oaks Public Works Department concerning 361 East Sidlee Street. There were over a hundred pages dating back to 1966. Here again there is a common thread running through these documents. There was serious concern about the stability of the area. We will reference a handful of these documents to illustrate the problem.

A letter from the Supervisor John Montgomery, dated June 24, 1966 references a complaint from a homeowner concerning drainage issues on her property. She was living at the corner of Sidlee Street and Columbia Road. Another letter dated July 16, 1966 to Mr. Stokes, the Assistant City Engineer of the Public Works Department also references the drainage problem on Sidlee Street.

Another revealing letter from Mr. James E. Slosson, Supervising Engineer Geologist dated July 16, 1971 withholds requests from some homeowners to install swimming pools on their properties because of the problems. We quote: " 1) lots ... already exhibit signs of failure such as broken patio slabs, garden walls and/or house slabs, 2) lots ... have high (15%) cut, fill or combination cut-fill slopes adjacent to or near the poor or addition, and 3) lots (are) located in the "areas" of the tract that have experienced stress." Another letter from the City of Thousand Oaks to Mr. Jack Rosenberg, President of the JBR Development Company points out that the Department of Building and Safety found it necessary to retain soils and geologic consultants to advise them on issues relating to the stability of the area and the advisability of issuing any other swimming pool permits in the vicinity.

In a letter from the City Attorney, Mr. Raymond C. Clayton, dated July 19, 1972 to Mr. Rosenberg stresses that the "aggravated character" of the problems with the tracts in the Sidlee Street area necessitates a joint meeting between the Engineering and Building and Safety Departments with JBR Development Company. Mr. Clayton says: "I cannot, at this point, overemphasize to you the extreme seriousness of this matter..."

On July 28, 1972 Mr. Robert O'Brien, Acting Director of the Department of Building and Safety discusses a tour of the Sidlee Street area by Mr. O'Brien and the District Supervisor of Southern California Gas Company, Mr. Marlin Benson, regarding stability problems in the area, the existence of high ground water, slope cracking, the "massive

failure of slopes... during grading,” and the effect these might have on high pressure gas lines and other distribution feeder lines in the area.

A letter from Mr. A.P. Stokes, Assistant Director of the Department of Public Works for Ventura County, dated July 29, 1966 points out the failure of the developer to provide adequate drainage at the intersection of Sidlee Street and Columbia Road.

A letter dated September 13, 1972 is signed by several residents of Sidlee and Siesta Streets. They complain about being denied permits to construct pools on their properties. They felt that the City Manager of Thousand Oaks had not provided adequate reasons for denying their permits.

Lastly, Mr. Robert O'Brien, Acting Director of the Department of Public Safety sent a letter to the City Manager of Thousand Oaks, Mr. Glenn Kendall, on October 10, 1972 concerning the swimming pool issue. In this letter he mentions the problems with the subject properties. These problems included cracks in the soil, cracks in the plaster of the house, cracks in the slab line, and indications of slope failure.

Together these letters describe an area that is problematic and prone to having cracked slabs, cracked patios as well as slippage and drainage problems.

5. Performed A Market Analysis Of Recent Sales And Current Listings.

Today's Market Analysis Report shows homes in the area have recently sold in the range from \$391,000 to \$485,000. See the attached list with comparable sales over the last six months.

Resale of this property once it is repaired and brought up to current safety standards will likely be in the low \$400,000 range. It is also relevant to point out the time and cost involved in bringing this property up to code. We estimate it will take from 3 to 6 months from the time we provide the city with detailed drawings of the changes needed, through the process of granting permits, to the repair of the foundation, walls, floors and ceilings and approval of the completed work.

It is important to mention that the bank is not paying the buyers' agent any commission for her services. Thus, the buyer must pay this cost. This is an added expense for the buyer.

Lastly, we would like to point out that the buyer has already deposited \$400,000 in escrow and is serious about purchasing this property. Based on the preceding discussion, we are asking for a reduction in the purchase price. We think that this is a reasonable request.