



**REPLACEMENT COST
VALUATION REPORT**
Ocean Walk on South Beach Condominium
335 Ocean Drive
Miami Beach, Florida 33139

PREPARED FOR:

Terry Grossman
Ocean Walk on South Beach Condominium Association
Miami Beach, Florida

5/15/2008



**Global Valuation
& Inspection Services**

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May 15, 2008

Terry Grossman
Ocean Walk on South Beach Condominium Association
335 Ocean Drive
Miami Beach, Florida 33139

RE: Residential Replacement Cost Valuation Report
Ocean Walk on South Beach Condominium
335 Ocean Drive
Miami Beach, Florida 33139
GVI Project No.: 6001444

Dear Mr. Grossman:

Global Valuation & Inspection Services (GVI) is pleased to present the attached *Replacement Cost Valuation* report. This report was prepared following the May 13, 2008 inspection performed at the Ocean Walk on South Beach Condominium (the site). This inspection was performed in accordance with the May 7, 2008 authorization to proceed provided by Ocean Walk on South Beach Condominium Association.

GVI appreciates the opportunity to be of service to you on this project. If you have any questions concerning the content of this report, or if GVI may be of further assistance to you, please contact us.

Sincerely,

Global Valuation & Inspection Services

A handwritten signature in blue ink that reads 'Catherine Carty'.

Catherine Carty
President
Global Valuation & Inspection Services

Distribution: Addressee – 3 (2 Hardcopies, 1 Electronic Copy)
Otto Foerster, HBA Insurance Group – 1
File – 1

Attachments: Replacement Cost Valuation Report(s)
Building Footprint Site Diagram(s)

Introduction and Background

Scope of Services

GVI performed the site inspection associated with the replacement cost valuation at the Ocean Walk on South Beach Condominium on May 13, 2008. The purpose of this inspection was to gather the site-specific data necessary to calculate the replacement cost value of the individual building(s) located on the site.

Background Information

GVI was contacted by Terry Grossman of Ocean Walk on South Beach Condominium Association who requested that GVI perform a Replacement Cost Valuation. A proposal to perform the valuation was signed by the client and returned to GVI with authorization to proceed on May 7, 2008.

Site Inspection

GVI performed the site activities associated with the Valuation Cost Estimate at the Ocean Walk on South Beach Condominium on May 13, 2008.

GVI inspected one building as part of the Valuation Cost Estimate. The following buildings and ancillary structures were inspected and subsequently valued:

Buildings	Ancillary
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Main Building

Property Summary

The Ocean Walk on South Beach Condominium is located at 335 Ocean Drive in Miami Beach, Florida.

Location



Replacement Cost Value Summary

Building Name	Replacement Cost	Exclusions	Insurable Replacement Cost
Main Building	\$2,959,657.00	\$231,001.00	\$2,728,656.00

Individual Building Summaries

Main Building

Year of Construction:	1939
Occupancy:	100% Condominium without Interior Finishes
Construction Type:	100% Joisted Masonry (ISO 2)
Gross Square Footage:	29,782
Number of Stories:	3
Condition of Structure:	Good
Distance to Tidal Water:	150 Yards
Common Area Floor Coverings:	Carpet and Tile
Exterior Wall Construction:	20% Wall Openings, 100% Stucco on Masonry
Foundation Type:	Piers
Roof Type:	100% Built-up Smooth
Roof Shape:	Flat
Roof Construction:	Wood
Total Number of Units:	78
Number of Owner-Occupied Units:	78
Square Footage of Common Area:	4,400
Number of Studio Units:	42
Approximate SF of Studio Units:	200
Number of 1 Bedroom Units:	36
Approximate SF of 1 Bedroom Units	400
Business Exposures Present in Building:	No

Main Building

Cooking Exposures Present in Building, Other Than
Std Residential Unit:

No

Other Property Liability Hazards in Building:

None Observed

Main Building

Building:

Front



Building:

Front Left



Building:

Front Right



Building:

Right Side



Building:

Left Side



Building:

Rear



Limitations & Definitions

MS/B System & Data

GVI's Replacement Cost Valuation report is based on the Building Valuation report obtained through the use of Marshall & Swift/Boeckh's (MS/B's) Commercial Building Valuation System software.

MS/B's Building Valuation report and included replacement cost value are based on the cost to construct, at current prices, an exact duplicate or replica of the building, using like kind and quality materials, or equal quality and utility materials, construction standards, design, layout, and quality of workmanship. This valuation also takes into account current building codes, reuse of building components or mechanical systems below grade level, loss of economies of scale associated with new construction, extra costs due to site accessibility, higher labor costs and premium prices for materials, and extraordinary fees and other contingencies.

Unit cost information is obtained by MS/B and distributed to user via a quarterly pricing update. The cost data is obtained by MS/B's research team which monitors and collects construction related data including but not limited to: union and non-union wage rates, material and installation cost for over 30,000 line items, regulations, debris removal stipulations and license fees, and local costs concerns such as building code requirements, hillside foundation costs, architect fees, and variables for older structures.

Items included in the commercial valuations include, but are not limited to: appropriate type and adequate amount of doors and windows, architectural and engineering fees, builder's risk insurance, building permits, buildings services in accordance with energy conservation guidelines, built "slab on grade", compliance with ADA requirements, national building codes, and model energy code standards, contractors' overhead, both general and job, contractors' profit, emergency lighting, excavated soil removed from site, exterior cladding, interior finishes, and building services appropriate to specific occupancy and construction type, field supervision, foundation per climatic requirements, ideal building site (level, free of obstructions, accessible, adequate space to allow for the staging of materials and the movement of construction personnel and equipment), insulating qualities to meet model energy code standards, public liability insurance, sales tax on materials and labor, where applicable, site surveys and building layout, Social Security and Medicare, structural systems designed to meet the needs of specific occupancies in accordance with national building codes, unemployment tax, utility laterals to 10 feet outside of building perimeter, Workers' compensation and employers' liability insurance.

Items excluded in the commercial valuations include: any costs associated with the procurement and/or development of the land on which the structure is built, including but not limited to: acquisition load costs, hook-up, tap or entitlement fees, impact fees, legal fees, property taxes, real estate commissions, and right-of-way costs, appliances, balconies, canopies, central vacuum systems, clean rooms, computer room air conditioning, construction finance charges, construction management fees, conveyors, curbs and gutters, decks, demolition, dock levelers, driveway, dumbwaiters, emergency electrical generators, escalators, fences, fire protection/detection/suppression systems, fireplaces, fuel oil storage tanks, furniture, heating plant stack or chimney, land improvements of any kind, landscaping, mercantile and market fixtures and equipment, mezzanines, movable partitions, outdoor lightning or signage, overhead cranes or craneways, parking lots, patios, paving, powerfeed wiring, process piping, railroad spurs, retaining walls, septic or wastewater treatment systems, sidewalks, swimming pools, utility hook-ups beyond 10 feet from the building perimeter, wells, window treatments (draperies, shades, blinds, etc). If included in the report, these items will be added in as additional items and included in a supplement report page.

Construction Types

Frame - A building where the exterior walls, bearing walls and partitions, and the structural floors and roof and their supports are wood or light-gauge metal. This includes buildings where the wood or light-gauge metal has been combined with other materials to form composite components such as wood or metal studs with brick or stone veneer, stucco, or metal siding. Buildings classified as **ISO Class 1 - Frame** are characteristic of this type.

Masonry - A building that has the exterior walls constructed of masonry materials such as brick, hollow or solid concrete block, concrete, gypsum block, clay tile, stone, or similar materials. The structural floors and roof are wood or light-gauge metal. Buildings classified as **ISO Class 2 - Joisted Masonry** are characteristic of this type.

Pre-Engineered Metal - A building that employs a system of pre-engineered rigid steel framing members. The exterior walls are metal siding, sandwich panels, or masonry, and the roof is clad with metal roofing or sandwich panels. Buildings classified as **ISO Class 3 - Non-Combustible** are characteristic of this type.

Steel Frame - A building where the structural floors and roof are unprotected non-combustible materials such as metal decking or concrete on metal decking, and are supported by an unprotected structural steel frame, fire resistive exterior walls, or a combination of both. Buildings classified as **ISO Class 4 - Masonry Non-Combustible** are characteristic of this type.

Protected Steel Frame - A building where the structural floors, roof, and their supports are of non-combustible construction with a fire rating of not less than one hour. A building very similar to Steel Frame; however, in Protected Steel Frame the non-combustible floor, roof, and framing components are protected with sprayed-fiber fireproofing. Buildings classified as **ISO Class 5 - Modified Fire Resistive** are characteristic of this type.

Reinforced Concrete Frame - A building where the structural floors and roof, and their supports are of materials such as precast or poured-in-place reinforced concrete, with a fire resistive rating of not less than two hours. Buildings classified as **ISO Class 6 - Fire Resistive** are characteristic of this type.

Definitions

Architectural Fees – For the service of an architect or engineer, are included at a rate of 7%.

Balconies – Consist of any floor area above ground and supported by or attached to the building. This includes actual balconies, walkways, etc.

Building – For the purposes of this report, a building is classified as a freestanding structure, which has a foundation or slab, roof, and four support walls (whether covered or open). A covered walkway does not qualify as a building.

Additions to, or extensions of, a building that are connected by an exterior wall, an elevated and covered walkway, or a covered stairwell will be considered part of the attached building.

Additions to, or extensions of, a building that are connected to the building by a common interior wall will always be considered part of the building, and can not be valued separately.

Built-in's – As listed in the Building Valuation Report, include items such as cabinets, counters, desks, benches, shelving, stairs, and equipment that are permanently attached to the building structure and that cannot be removed without leaving evidence of removal. These items are adjusted as necessary for the occupancy code and building type, for example, a condominium without interior finishes does not include cabinets or countertops.

Canopies – A structure attached to a building, either supported by the building or by columns that contains a roof structure. Canopies cannot have enclosed sides or consist of structural wall framing.

Demolition & Debris Removal – Are included in the replacement cost valuation but do not cover any hazardous material or unusual circumstances.

Gross Floor Area – Is the total floor area of a building, including stairwells, elevator shafts, enclosed hallways, etc. Gross floor area does not include basements, mezzanines, balconies, patios, or decks.

Like-in-kind (duplicate) Buildings – Are buildings apparently constructed from the same set of building plans, utilizing the same construction techniques and materials, around the same time. All differences in size should be within normal construction tolerance and any difference in interior or exterior finish should not materially affect the value of the building.

“Older” Occupancy Code - Occupancies referred to as “older” include features and finishes that were common in older buildings. These include higher quality finishes such as lath and plaster walls and ceilings, hardwood and ceramic tile flooring, and more ornate exteriors.

Overhead & Profit – Is the general cost of operating and maintaining a business, in addition to specific costs related to a particular job, and the profit from construction activities is referred to as overhead and profit. Unless otherwise specified by the client, the overhead and profit will be calculated at 20%.

Replacement Cost – GVI’s replacement cost is the cost to replicate a building, at current prices, using the like kind and quality materials, construction standards, design/layout, and quality of workmanship.

Separate Insurance Exclusion Cost – Are used with hazard policies and exclude: site prep, foundation wall, interior foundations, and approximately 12% of plumbing

Site Preparation – Is the process of preparing a site to initiate the construction process. This includes leveling and cleaning of all obstructions such as trees, stumps, and boulders, as well as underground, and overhead utilities. An “ideal” site allows for easy access and has adequate space for the staging of materials and movement of construction personnel and equipment.

Limitations

- This report contains confidential information and was prepared by GVI for the exclusive use of Ocean Walk on South Beach Condominium Association, and it’s assigns. Use by persons, groups, or other entities without the permission of Ocean Walk on South Beach Condominium Association is not authorized. GVI assumes no liability for the inappropriate use of this information by others.
- If current building plans or blueprints were not provided to GVI for all buildings valued, GVI made assumptions as to the concealed construction components on site. The valuation specialist made these assumptions based on their experience with similar buildings in the same region.
- Portions of this report are based on information provided to GVI by the client and/or their representative. The information provided is assumed to be true and correct. GVI can assume no liability for the accuracy of this information. GVI further reserves the right to update this report should additional information become available.
- The conditions and values presented in this report are estimates based in the information provided to GVI, data obtained during GVI’s site inspection, and the calculation of MS/B’s BVS software. This information should be considered an estimate.
- Any inquiries regarding this report should be relayed to GVI within 90 days of receipt of this report. Failure to contact GVI in this timeframe will constitute acceptance of this report by the client. Any inquiries or subsequent revisions following this time period will be subject to a file review surcharge.
- The values contained in this report are based on information obtained by MS/B, and are considered to be correct and reasonable. GVI can assume no liability for any inaccuracies or errors associated with the cost data used to generate this report.
- The site diagram included within this report is considered to be an accurate representation of the overall shape and layout of the subject building. However, it should not be considered an exact replica drawn to scale.

- GVI assumes that there are no potentially harmful conditions present on the site. As such GVI assumes no liability for including the cost to remediate such conditions, nor the obligation to determine if harmful hidden or unapparent conditions are present. GVI's building valuation technicians are not trained or licensed to evaluate asbestos, mold, hazardous waste, or any other potential contaminant present on site.
- GVI's replacement cost valuation only encompasses the buildings present on the subject site, as per the building definition included in this report. GVI will not inspect, nor make assumptions regarding the land associated with the valuated building.
- Unless specifically requested by the client, GVI does not make a determination as to the Actual Cash Value of the buildings present on the site. This includes the determination of a building's condition and its effective age, which is used to calculate the depreciation.
- Interior assumptions (including partition wall structure, finishes, heating and cooling, and mechanicals) for all buildings will be calculated based on a representative unit inspected as part of GVI's field activities. It is the responsibility of the client to ensure that the unit to which access is provided is an accurate representation of the interior of all other units within the building. GVI shall not be responsible for inaccurate information resulting from interior inspections and the representative assumptions.
- Unless specifically requested otherwise by the client, representative valuation reports, site photographs and site diagrams may be used for all like-in-kind (duplicate buildings).

**Replacement Cost
Valuation Report(s)**

Commercial Building Valuation Report

Inspector Express
Global Valuation and Inspection Services

Policy: GVI 6001444-001

5/15/2008

INSURED	Ocean Walk on South Beach Cond Lat: 25.772553 Long: -80.132345 335 Ocean Drive Miami Beach, FL 33139	Effective Date: Expiration Date: Cost as of: 03/2008
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BUILDING	Main Building 335 Ocean Drive Miami Beach, FL 33139
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SECTION 1 Main Building

Superstructure

Occupancy:	100% Condominium, w/o Interior Finishes	Story Height: 9 ft.
Construction Type:	100% Joisted Masonry (ISO 2)	Number of Stories: 3
Gross Floor Area:	29,582 sq.ft.	Gross Perimeter: 1,696 ft.
Construction Quality:	2 - Average	

Substructure

		Depth or Story Height: 7 ft.
Basement:	Unfinished	2,378 sq.ft.
Construction Type:	Fire Resistive (ISO 6)	
Other:	Crawl Space	7,393 sq.ft.

SUMMARY OF COSTS	User Specified	System Generated	Reconstruction	Exclusion
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SUPERSTRUCTURE

Site Preparation				2,768
Foundations			46,544	73,676
Foundation Wall				
Interior Foundations				
Slab On Ground				
Exterior			673,808	
Framing				
Exterior Wall	20% Wall Openings 100% Stucco on Masonry			
Structural Floor				
Roof				
Material	100% Built-up, Smooth			
Pitch	100% Flat			
Interior			576,041	
Floor Finish	15% Carpet			
Ceiling Finish	100% Drywall 15% Paint			
Partitions				
Length		4,226 ft.		
Structure		100% Studs, Girts		

MS/B costs include labor and material, normal profit and overhead as of date of report. Costs represent general estimates which are not to be considered a detailed quantity survey. These costs include generalities and assumptions that are common to the types of structures represented in the software.

Commercial Building Valuation Report

Inspector Express
Global Valuation and Inspection Services

Policy: GVI 6001444-001

5/15/2008

Finish	100% Drywall		
	15% Paint		
Mechanicals		1,097,892	101,357
Heating	15% Heat Pump		
Cooling	15% Heat Pump		
Fire Protection	100% Sprinkler System		
	100% Manual Fire Alarm		
Plumbing	390 Total Fixtures		
Electrical	100% Average		
Elevators	1 Passenger		
Built-ins		209,627	
SUBSTRUCTURE			
Basement			
Site Preparation			15,861
Foundations			18,776
Exterior Wall			
Interior Foundations			
Exterior		67,946	
Framing			
Structural Floor			
Interior			
Mechanicals		8,921	20
Fire Protection			
Plumbing			
Electrical			
Built-ins		7,131	
Crawl Space		25,660	18,543
Site Preparation			
Structural Floor			
TOTAL RC SECTION 1	Main Building	\$2,713,571	\$231,001

MS/B costs include labor and material, normal profit and overhead as of date of report. Costs represent general estimates which are not to be considered a detailed quantity survey. These costs include generalities and assumptions that are common to the types of structures represented in the software.

Commercial Building Valuation Report

Inspector Express

Global Valuation and Inspection Services

Policy: GVI 6001444-001

5/15/2008

SECTION 2	Rooftop		
Superstructure			
Occupancy:	100% Mechanical Penthouse	Story Height:	7 ft.
Construction Type:	100% Joisted Masonry (ISO 2)	Number of Stories:	1
Gross Floor Area:	200 sq.ft.	Gross Perimeter:	82 ft.
Construction Quality:	2 - Average		

SUMMARY OF COSTS	User Specified	System Generated	Reconstruction	Exclusion
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SUPERSTRUCTURE				
Site Preparation				0
Foundations				
Foundation Wall				
Interior Foundations				
Slab On Ground				
Exterior			11,846	
Framing				
Exterior Wall	5% Wall Openings			
	100% Stucco on Masonry			
Structural Floor				
Roof				
Material	100% Built-up, Smooth			
Pitch	100% Flat			
Interior			170	
Floor Finish	100% None			
Ceiling Finish	100% None			
Partitions				
Structure		100% None		
Finish		100% Paint		
Mechanicals			663	
Heating	100% None			
Cooling	100% None			
Fire Protection				
Plumbing	0 Total Fixtures			
Electrical	100% Average			
Built-ins			0	

TOTAL RC SECTION 2	Rooftop		\$12,679	\$0
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TOTAL RC BUILDING	Main Building		\$2,726,250	\$231,001
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	Reconstruction	sq.ft.	\$/sq.ft.
VALUATION SUBTOTAL (All Buildings)	\$2,726,250	32,160	\$85.00

MS/B costs include labor and material, normal profit and overhead as of date of report. Costs represent general estimates which are not to be considered a detailed quantity survey. These costs include generalities and assumptions that are common to the types of structures represented in the software.

Commercial Building Valuation Report

Inspector Express

Global Valuation and Inspection Services

Policy: GVI 6001444-001

5/15/2008

VALUATION ADDITIONS

Building Items	2,406		
VALUATION GRAND TOTAL	\$2,728,656	32,160	\$85.00

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Commercial Building Valuation Report

Inspector Express

Global Valuation and Inspection Services

Policy: GVI 6001444-001

5/15/2008

INSURED Ocean Walk on South Beach Cond
Lat: 25.772553 Long: -80.132345
335 Ocean Drive
Miami Beach, FL 33139
Effective Date:
Expiration Date:
Cost as of: 03/2008

AGENT / AGENCY Global Valuation & Inspection, LLC

BUILDING : Superstructure	Reconstruction	sq.ft.	\$/sq.ft.
Section 1: Main Building 100% Condominium, w/o Interior Finishes	\$2,603,912	29,582	\$88.02
Section 2: Rooftop 100% Mechanical Penthouse	\$12,679	200	\$63.40

BUILDING : Substructure	Reconstruction	sq.ft.	\$/sq.ft.
Section 1: 2,378 sq.ft. Basement, Unfinished 7,393 sq.ft. Crawl Space	\$109,659	9,771	\$11.22
Section 2:	\$0	0	\$0.00

Section Totals	Reconstruction	sq.ft.	\$/sq.ft.
Section 1: Main Building 100% Condominium, w/o Interior Finishes	\$2,713,571	31,960	\$84.91
Section 2: Rooftop 100% Mechanical Penthouse	\$12,679	200	\$63.40

BUILDING TOTAL, Main Building	\$2,726,250	32,160	\$84.77
Total Valuation Additions	\$2,406		
VALUATION GRAND TOTAL	\$2,728,656	32,160	\$85.00

MS/B costs include labor and material, normal profit and overhead as of date of report. Costs represent general estimates which are not to be considered a detailed quantity survey. These costs include generalities and assumptions that are common to the types of structures represented in the software.

Commercial Building Valuation Report

Inspector Express

Global Valuation and Inspection Services

Policy: GVI 6001444-001

5/15/2008

INSURED	Ocean Walk on South Beach Cond	Effective Date:	
	Lat: 25.772553 Long: -80.132345	Expiration Date:	
	335 Ocean Drive	Cost as of:	03/2008
	Miami Beach, FL 33139		

AGENT / AGENCY Global Valuation & Inspection, LLC

EQUIPMENT, BUILDING ITEM, AND SITE IMPROVEMENT BREAKDOWN

Valuation

Building Items

Canopies

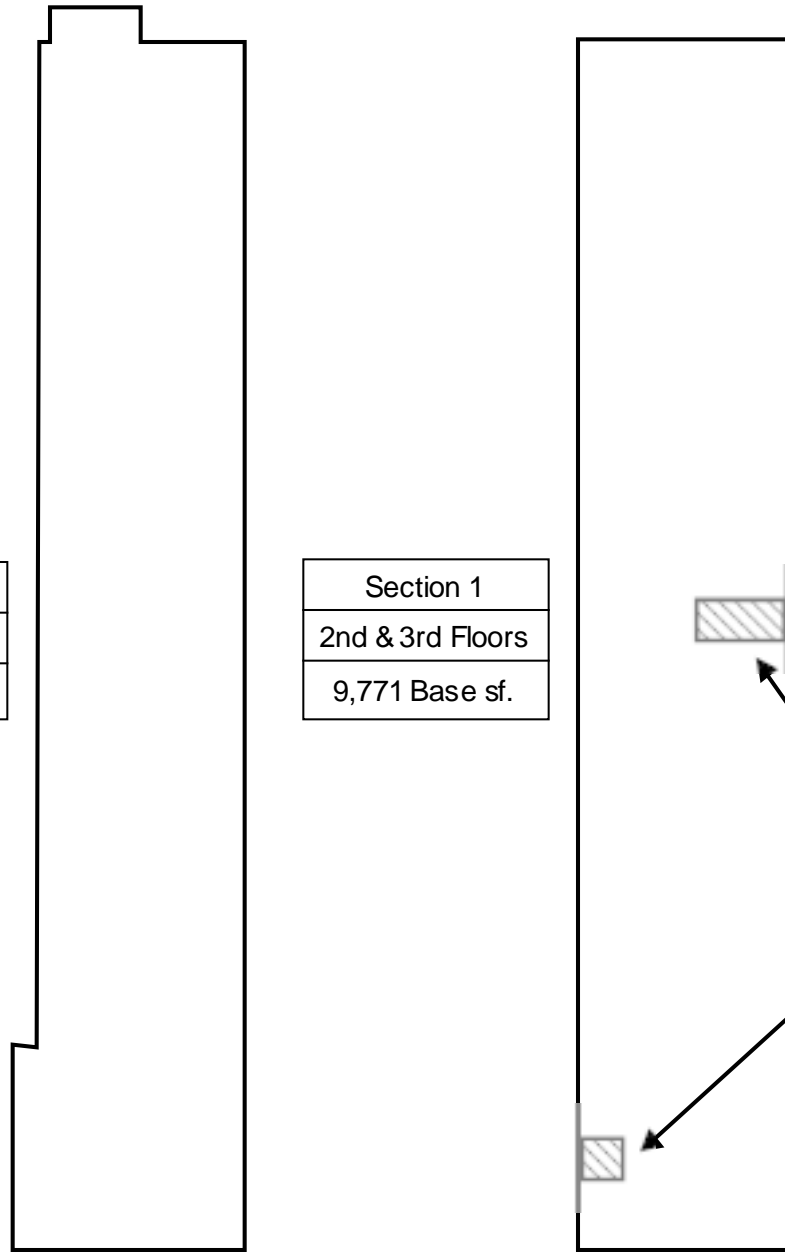
(1) Cast-in-Place Concrete w/Flat Plate Deck	551
(1) Cast-in-Place Concrete w/Flat Plate Deck	1,855

TOTAL: **\$2,406**

The contents of this building valuation report are intended for the use of Global Valuation and Inspection Services' (GVI) client and their representatives. GVI assumes no liability for the misuse of this information by others. The information included within this report is based on the results and interpretations of the data collection activities performed at the site. GVI reserves the right to update this report should additional information become available.

MS/B costs include labor and material, normal profit and overhead as of date of report. Costs represent general estimates which are not to be considered a detailed quantity survey. These costs include generalities and assumptions that are common to the types of structures represented in the software.

Site Diagram(s)



Section 1
1st Floor
10,040 Base sf.

Section 1
2nd & 3rd Floors
9,771 Base sf.

Section 2
Rooftop
200 Base sf.



4509 George Road, Tampa, Florida
 100 SW 75th Street, Suite 206, Gainesville, Florida
 7800 West Oakland Park Blvd., B-303, Sunrise, Florida
 427 Marshall Taylor Road, Wiggins, Mississippi
 1666 N. Hampton Road, Suite 103, Desoto, Texas

Site Plan Depicting Main Building

Ocean Walk on South Beach

Miami Beach, Florida

SDII Project # 6001444

Date:

Drawn By:

5/13/2008

JPS