

## 4. Office Building Water and Mold Damage

### Background

An outpatient rehabilitation clinic experienced moisture- and mold-related problems within their leased space. Examples included water leaking into the premises; water damage to walls, carpet, and equipment; and disruption in the use of the leased premises due to barrier installation.

Additional space was leased, insurance claims were filed, and repairs were made. At one point facility conditions required cancellation of patient appointments. Two environmental reports assessed the presence of mold and contamination of the property. Both reports identified areas affected by water infiltration and mold growth. The clinic had generated revenues of \$650,000+ in its first full year of operations, with substantial increases in the second and third years.

However, revenues dropped significantly in the fifth year, after the moisture and mold damage occurred. Consideration of other factors than the mold and moisture damage was insufficient to explain the drop in revenue.

### Issues

The clinic roof was not maintained according to the commercial standard of care, and subsequent water problems were not addressed according to commercial building maintenance standards.

### Outcome

Dr. Musil's analysis concluded that indoor air quality issues, the disruptive appearance, and the presence of moisture and mold presented the clinic's premises as a hazardous and undesirable environment. The case settled.

Note: Dr. Musil holds the professional designation of Certified Valuation Analyst (CVA) [*link to CVA description below*] from the National Association of Certified Valuators and Analysts [*link to NACVA home: <http://www.nacva.com>*].



According to NACVA, Certified Valuation Analyst (CVA)—The National Association of Certified Valuators and Analysts™ (NACVA®) trains and certifies CVAs to perform business valuations as a service to both the consulting community and the users of their services. Through training and rigorous testing, CVAs demonstrate they are qualified to provide capable and professionally executed valuation services. NACVA recommends specific training as a prerequisite to certification to assure that practitioners have the knowledge and understanding necessary to perform competent services, and to assure a level of consistency and continuity in their work product. Users of valuation services benefit by having greater confidence that the service they receive is professional in quality, adheres to industry standards of practice, and meets a level of expertise the Association deems credible and worthy of one of its certified members.