

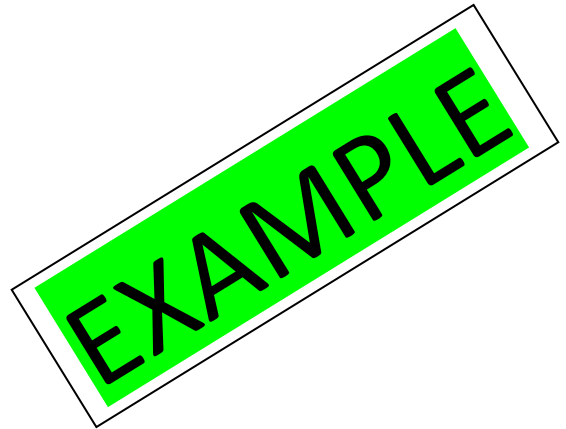
Environmental Report Review

TO: [REDACTED]
[REDACTED]

FROM: R & C Environmental Solutions

SUBJECT: [REDACTED]
[REDACTED]

DATE: [REDACTED]



The environmental reports dated [REDACTED] & [REDACTED] were prepared by [REDACTED]. According to the environmental reports, the subject property contains a 15,000 square foot body shop that is approximately four years old. The onsite operations consist of the repair and painting of automobiles and trucks.

The Phase I Environmental Site Assessment (ESA) completed on [REDACTED] stated that additional investigation was required to aid in determining conclusively whether the site has been impacted by previous and/or current activities. The environmental firm then conducted a subsurface investigation on [REDACTED] to determine if soils and groundwater had been impacted by potential environmental conditions stated in the Phase I ESA. The subsurface investigation consisted of taking two (2) soil borings and their conversion to temporary monitoring wells for sampling groundwater.

After reviewing the environmental reports, environmental concerns still exist and should be addressed by [REDACTED]. They are as follows:

- 1) The Phase I ESA conducted in [REDACTED] did not include the contaminated land-farm soil location, land farm soil sampling results, disposition of the contaminated soil, monitoring well/groundwater information and lab results, information regarding above ground storage tank, and information regarding location/usage of the insurance pool. [REDACTED] Phase I ESA does not include this crucial information.
Recommend [REDACTED] obtain the information mentioned above and reevaluate the property.
- 2) The conclusions/recommendations section of [REDACTED] Environmental Subsurface Investigation "Phase Two", states "The investigation has resulted in the detection of compounds. The extent and maximum concentrations of these compounds are unknown at this time. [REDACTED] would like to caution a potential buyer that concentration levels will vary due to migration, groundwater flow, seasonal groundwater fluctuations, natural attenuation, vertical migration, etc. These recommendations are not inclusive of "[REDACTED] Spill Reporting Guidelines". Based on the findings included in this report and the previous environmental report (pre 2000) [REDACTED] is not currently recommending any additional

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investigative activities at this time.” Although [REDACTED] does not recommend any additional investigation activities at this time, they also state that the extent and maximum concentrations of these compounds are unknown at this time. The SBA requires that an environmental professional supervise the site reconnaissance and conclude either (a) the risk of contamination at the site is so minimal that no further investigation is warranted; or (b) there is risk sufficient to warrant additional investigation. No definitive conclusions and/or recommendations were made in either the Phase I ESA or the Environmental Subsurface Investigation “Phase Two”.

Recommend [REDACTED] reevaluate the information and state either (a) the risk of contamination at the site is so minimal that no further investigation is warranted; or (b) there is risk sufficient to warrant additional investigation. If further investigation is warranted, [REDACTED] should provide a detailed description of the recommendation.

- 3) Section 5.7 of [REDACTED] Phase I ESA, states “Suspected asbestos containing materials were observed during the *Site* visit. The following is a partial list of materials/equipment that may be located in the building that may contain asbestos; floor tile and mastic, transite wallboard material, fire doors, roof materials, pipe insulation, linoleum, ceiling tiles, roofing material etc.” It also states “The building is unlikely to contain asbestos primarily due to its recent age of construction.”

Recommend [REDACTED] reevaluate the statements above and state either (a) “Suspected asbestos containing materials were observed during the *Site* visit.”; or (b) “The building is unlikely to contain asbestos primarily due to its recent age of construction.”. If suspected asbestos containing materials are present, then [REDACTED] should provide a detailed description of the recommendation to address this issue.

- 4) Section 8 of [REDACTED] Phase I ESA, states “The site currently contains paint waste, paint, thinner, antifreeze, waste oil, etc. The site currently appears to be in excellent condition and properly managed from an environmental standpoint.”

Recommend [REDACTED] provide a definitive statement concerning the hazardous materials and whether they are stored in accordance with federal, state and local regulatory guidelines. In addition, [REDACTED] should provide a definitive statement concerning the Oil/Water Separator and whether it is operated and maintained in accordance with federal, state and local regulatory guidelines.

- 5) The following words have been removed from the SBA Reliance Letter: “to identify the presence, nature and extent of a release as it impacts the Property.” The SBA Reliance Letter was established by the SBA’s legal department and cannot be modified.

Recommend [REDACTED] submit a new SBA Reliance Letter as stated in Appendix [REDACTED] of SBA SOP 50 10 5 [REDACTED] which can be found at [REDACTED]

Final Recommendation:

Prior to loan closing, ■■■■ should provide an addendum to the environmental reports and discuss the environmental concerns associated with past and current operations. The addendum should include information provided by the federal, state and local regulatory agencies and their opinion regarding potential impacts to the subject property.

Please feel free to contact me with any questions or comments concerning this review.

Stephen Reynolds

Stephen Reynolds

Environmental Engineer