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PHASE I ENVIRONMENTAL SITE ASSESSMENT

ASTM E 1527-97 FORMAT

SUBJECT SITE:

**APPROXIMATELY 2 ACRES
BEVERLY EDGE PROPERTY
RICHARD AVENUE AT WEST DRIVE
GAINESVILLE, HALL COUNTY, GEORGIA**



Prepared For:
**Gainesville Bank and Trust and
FASCO, Inc.**

Completion Date:
April 3, 1998

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2.1 EXECUTIVE SUMMARY

The subject site of this Phase I Environmental Site Assessment is an approximately 2 acre site referred to as the Beverly Edge Property at the intersection of Richard Avenue and West Drive. Originally, this acreage was platted as individual residential lots. Georgia Foam, Inc. operated a warehouse and distribution building that distributed styrafoam products, primarily as insulation for the building and chicken farm industries. The building burned down. The site is the current location of miscellaneous feed mill equipment, assorted scrap steel, and old automobile and truck tires.

Based on collective evaluation of the facts as described in this report, our investigation did not uncover an obvious potential for an environmental liability in association with the current or past use of the property under investigation. This was learned from historical research of the subject, and visual site inspection which revealed that the subject site does not appear to pose a health hazard to the public or the environment under the current guidelines of the Environmental Protection Agency (EPA). Our findings did not disclose a significant "recognized environmental condition" or restriction concerning the use of the subject property.

2.2 PURPOSE

A Phase I Environmental Site Assessment was requested and performed on the subject site as referenced. The purpose of this Phase I Environmental Assessment is to determine the past and current use of the property in an effort to disclose any environmental liabilities associated with this site, including the presence of any hazardous wastes, underground storage tanks (USTs), PCBs or any other hazardous contaminants within the scope of Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), and petroleum products or violation of any Federal, State or local environmental laws or regulations. Primarily, this is to permit a user (the party or parties for whom this report has been prepared) to satisfy one of the requirements to qualify for the "innocent landowner defense" to CERCLA liability.

The methodology in compiling this investigation and report included a visual inspection of the subject site in an effort to determine the presence of any of the above mentioned environmental pollutants which occur on the Environmental Protection Agency's (EPA) list of priority pollutants. In addition, a visual site inspection was conducted on adjoining properties to the subject site in an effort to determine if the subject property is being impacted by the presence of any hazardous wastes or run-off being generated on these adjoining sites which may contaminate the subject site. Interviews with people familiar with the site were conducted, as well as available historical use information and physical setting sources were researched.

2.3 SPECIAL TERMS AND CONDITIONS

The purpose of defining a standard of good commercial and customary practice for conducting an environmental site assessment of a parcel of property is the goal of the processes established by this practice to identify recognized environmental conditions, meaning the presence or likely presence of any hazardous substance or petroleum products on a property under conditions that indicate an existing release, past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, ground water or surface water of the property.

2.4 LIMITATIONS AND EXCEPTIONS OF ASSESSMENT

The term "recognized environmental conditions" is not intended to include conditions that generally do not present a material risk of harm to public health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies.

This practice does not address whether requirements, in addition to appropriate inquiry (that inquiry constituting all appropriate inquiry into the previous ownership and uses of the property consistent with good commercial or customary practices), have been met in order to qualify for CERCLA's "innocent landowner defense". Users of this assessment are cautioned that Federal, State and local laws may impose environmental assessment obligations that are beyond the scope of this practice. Users should also be aware that there are likely to be other legal obligations with regard to hazardous substance or petroleum products discovered on property that are not addressed in this practice, and that may pose risks of civil or criminal sanctions for non-compliance.

According to Section 5, User's Responsibilities of the ASTM E 1527-97 designation, it is the responsibility of the user to check title records for environmental liens and that any identified lien should be reported to the environmental professional conducting a Phase I Environmental Site Assessment.

2.5 LIMITING CONDITIONS AND METHODOLOGY USED

The use of this practice is strictly limited to the scope set forth in this section. Some substances may be present on a property in quantities and under conditions that may lead to contamination of the property or nearby properties but are not included in CERCLA's definition of hazardous substances or do not otherwise present potential CERCLA liability. In any case, they are beyond the scope of this practice and include asbestos-containing materials (ACM), radon, lead-based paint, lead in drinking water, and wetlands. No implication is intended as to the relative importance of inquiry into such non-scope considerations, and this list of non-scope considerations is not intended to be all inclusive.

The methodology in compiling this investigation report included a visual site inspection of subject site in an effort to determine the presence of any of the contaminants within the scope of Comprehensive Environmental Response Compensation and Liability Act (CERCLA), as well as a visual site inspection of the adjoining properties. In addition, interviews were conducted with people familiar with the current use, as well as the past uses of the subject and adjoining properties. Standard environmental sources including Federal and State were referenced, as well as available historical use information.

It should not be concluded or assumed that an inquiry was not an appropriate inquiry merely because the inquiry did not identify recognized environmental conditions in conjunction with a property. Environmental site assessments must be evaluated based on the reasonableness of judgements made at the time and under the circumstances in which they are made. This practice does not include any testing or sampling of materials (e.g., soil, water, air, building materials).

2.6 SITE DESCRIPTION

The subject site of this Phase I Environmental Site Assessment is an approximately 2 acre site referred to as the Beverly Edge Property at the intersection of Richard Avenue and West Drive. Originally, this acreage was platted as individual residential lots. Georgia Foam, Inc. operated a warehouse and distribution building that distributed styrofoam products, primarily as insulation for the building and chicken farm industries. The building burned down. The site is the current location of miscellaneous feed mill equipment, assorted scrap steel, and old automobile and truck tires.

More specifically, the subject parcel of land lies approximately one mile south of the city limits of Gainesville in Hall County, Georgia, and being on Richard Avenue and West Drive, and being all of Lots #8, 9, 11, 12, 13, and 15 of the R. I. Tyner Subdivision as shown by plat made by S. C. Moon, March, 1954. A copy of said plat is recorded in Hall County plat records, Book 12, Page 152.

Accompanying this report, in the Optional Appendices, is a survey of the property dated 1/25/68, referenced as the property of Georgia Foam, Inc., as prepared by Farley-Collins Associates. A copy

of the Legal Description and the Warranty Deed is also in the Optional Appendices of this report for review. These documents were furnished to us and can only be assumed to be correct.

2.7 DESCRIPTIONS OF STRUCTURES, ROADS AND OTHER IMPROVEMENTS ON THE SITE

The subject site of this Phase I Environmental Site Assessment is an approximately two acre tract of land that, at one time, had a building which has since burned down. There remains a concrete floor slab of the building, measuring approximately 50' by 125'. The remainder of the lot has recently been graded and a gravel drive and parking area surrounding the building on two sides has been installed. There is an approximately 10' tall chain link fence which runs around the perimeter of the property with the exception of the front of the site along Richard Avenue where the fence has been torn down. Refer to color photographs in the Photo Log of this report for details of the subject site during this investigation period.

There is a septic system on site for waste disposal. Domestic water is provided to the site by the City of Gainesville, Hall County, Georgia. Electricity is available to the site, however, there was no evidence of any transformers or power poles on the site during this inspection.

2.8 INFORMATION REPORTED BY USER REGARDING ENVIRONMENTAL LIENS OR SPECIALIZED KNOWLEDGE OR EXPERIENCE

No information was reported by the current user and/or owner of the property regarding environmental liens or liabilities. Specialized knowledge gained by interviews with people familiar with this site, did not reveal environmental concerns regarding the former or current use of the property.

2.9 CURRENT USES OF THE PROPERTY

Currently, the subject site is being used for storage only of metal fabricated steel and a storage yard for feed mill equipment and some old automobile and truck tires. Mostly miscellaneous scrap steel and feed mill equipment, such as dust exhaust systems, are stored in the open on top of the old concrete floor slab. This equipment is being stored by FASCO, Inc.. FASCO, Inc. is in the feed mill equipment installation and repair business.

There are also two large steel tanks on site. One is approximately 30,000 and is fiberglass lined. The other is an unlined tank, approximately 15,000 gallons. Both of these tanks are just stored on top of the concrete slab and, at one time, were used for water tanks. Neither of these tanks have ever been buried on site. To the best of our knowledge and belief, there are no underground storage tanks buried on site. Refer to current photographs of these tanks and miscellaneous steel as discussed.

2.10 PAST USES OF THE PROPERTY

Prior to FASCO, Inc. storing feed mill equipment, the site was the location of Georgia Foam, Inc., a supplier and distributor of primarily styrofoam products for insulation used in the building and chicken mill industry. As was mentioned, the building, once constructed on the site, burned and the debris has been removed from the site. The only remaining structure is a concrete floor slab and an old chain link fence.

2.11 CURRENT AND PAST USES OF THE ADJOINING PROPERTY

Current uses of property directly adjacent to the subject, both along Richard Avenue and West Drive, in a north, south, east and west direction, are older, single-family houses in the Tyner Subdivision. This corner lot, that makes up the subject, is the only property zoned light industrial in the middle of a residential subdivision.

Past uses of property directly adjacent to the subject were all older, single-family residential houses in the Tyner Subdivision. Prior to the property being developed as a residential subdivision, the land was wooded and undeveloped.

2.12 RECORDS REVIEW

STANDARD ENVIRONMENTAL RECORD SOURCES, FEDERAL AND STATE

The purpose of the records review is to review records that will help identify "recognized environmental conditions" in connection with the subject site. Following are the ASTM E 1527-97 recommended lists or indexes for Federal and State, with the approximate minimum search distances in proximity to the subject site:

- **Federal National Priorities List (NPL)** - The Environmental Protection Agency's (EPA) highest priority for cleanup pursuant to the EPA's Hazard Ranking System.
Minimum Search Distance - One (1) mile
None
- **Federal Comprehensive Environmental Response, Compensation and Liability Act Index System (CERCLIS)** - The list of sites compiled by the EPA that the EPA has investigated or is currently investigating for potential hazardous substance contamination for possible inclusion on the National Priority List (NPL).
Minimum Search Distance - One half (1/2) mile
None

- **Federal Resource Conservation and Recovery Act (RCRA) Treatment, Storage and/or Disposal (TSD) Facilities List** - Those facilities on which treatment, storage, and/or disposal of hazardous wastes takes place, subject to Corrective Action under RCRA.
Minimum Search Distance - One (1) mile
None
- **Federal Resource Conservation and Recovery Act (RCRA) Generators List** - List kept by EPA of those persons or entities that generate hazardous waste as defined and regulated by RCRA.
Minimum Search Distance - Property and adjoining properties
None
- **Federal Emergency Response Notification System (ERNS)** - EPA's emergency response notification system list of reported Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) hazardous substance releases or spills in quantities greater than the reportable quantity, as maintained at the National Response Center (NRC).
Minimum Search Distance - Property only
None
- **State lists of hazardous waste sites identified for investigation or remediation (NPL and CERCLIS equivalents).**
Minimum Search Distance - One (1) mile
None
- **State Landfill and/or Solid Waste Disposal Site Lists.**
Minimum Search Distance - One half (½) mile
None
- **State Leaking Underground Storage Tank List (LUST).**
Minimum Search Distance - One half (½) mile
None
- **State Registered Underground Storage Tank (UST) Lists.**
Minimum Search Distance - Property and adjoining properties
None

2.13 PHYSICAL SETTING SOURCE

The topography of the subject site is gently sloping and has a total elevation change of approximately fifteen (15) feet. The property is included in the region referred to as the Piedmont Geologic Region, where the soils underlying the site are primarily decayed ancient igneous and metamorphic rocks. Surface soils consist of primarily clayey soils transitioning to sandy silts and silty sands with bedrock below at varying depths.

The hydrology of the subject is ground water located at approximately thirty (30) feet deep with some perched or trapped water possibly shallower and is generally flowing with the topography, or lay of the land in a westerly direction. The hydrology of the subsurface generally flows underground as a mirror reflection of the surface above. The actual direction of ground water flow may be influenced by the presence, if any, of subsurface structures such as rock or large volume withdrawal wells in the area, which is unlikely for any large withdrawal wells. References to up-gradient and down-gradient properties are based on an estimated direction of ground water with up-gradient referring to properties at a higher or greater elevation, while down-gradient properties are properties topographically located down hill, or at a lower elevation.

Our review included topographical maps provided by the United States Geological Survey (USGS), at a 7.5 minute quadrangle. These maps were dated beginning with 1954 and did not indicate any abnormalities in elevations that would be considered abnormal to possibly indicate illegal landfill operations.

2.14 SITE HISTORY

The objective of consulting historical sources is to develop a history of previous uses of the property and surrounding area to help identify the likelihood of past uses having led to "recognized environmental conditions" in conjunction with the property.

According to a United States Bankruptcy Court, Case #20228-REB, the current property owner is Beverly Edge, James Larry Tow, and Timothy Mark Tow, who apparently purchased the subject out of bankruptcy for the debt owed. This property was to be transferred by Quit Claim Deed on an "as is, where is" basis with no warranties either expressed or implied. The bankruptcy document appears in the Optional Appendices of this report for review. According to a warranty deed enclosed in the Optional Appendices of this report, the subject site was purchased by L. J. Tow on August 29, 1979 from George Thomas, Edward E. Estes, Jr., Lee A. Martin, Zach McClindon, all as Trustees under that current trust of G. Warren Thomas, Irene Thomas, Laura Estes, Sam Estes, Michael K. Martin, Donald B. Martin, Matthew J. Martin, Robin McClindon and John Scott McClindon, all of the state of Georgia, Hall County.

According to this warranty deed, this is the same property conveyed by C. E. Vaughn to Elmer Chastain and Cora Bell Chastain by warranty deed dated January 1, 1968, recorded in Deed Book 361, Pages 362-363, Hall County Records.

The former property owner, L. J. Tow, owned and operated Georgia Form, Inc., and constructed the approximately 50' by 125' warehouse building and extruded and distributed primarily foam products to the building and chicken industry. Then, approximately twelve years ago, this building burned to the ground and was not used for a number of years. More recently, FASCO, Inc. started using this lot as a storage yard for feed mill equipment, as is stored on the site to date.

Originally, this property, comprising approximately two acres, was Lots #10, 9, 8, 11, 12, 13, 14 and 15 of the R. I. Tyner Subdivision. This subdivision currently surrounds the subject and is all older single-family residential houses. As is evidenced by a copy of a survey dated 1/25/68, the single-family residential lots have been platted. This was originally the land of R. I. Tyner, recorded Deed Book 12, Page 152, on April 1, 1954. A copy of this survey accompanies this report in the Optional Appendices of this report for review, as well as a copy of the warranty deed previously discussed.

The investigation as presented in this report into the history of the subject site has not raised any significant environmental liability concerns from the past use of the property that might warrant further investigation at this time. To the best of our knowledge and belief, research into the history has not raised any obvious "recognized environmental conditions" from the past property usage.

2.15 SITE RECONNAISSANCE AND INTERVIEWS

The objective of the site reconnaissance is to obtain information indicating the likelihood of identifying "recognized environmental conditions" in connection with the property. This site reconnaissance included a visit to the property, "the subject site", to visually and physically observe the property and any structures located on the property to the extent not obstructed by bodies of water, adjacent buildings or other obstacles. Visual site inspection also include those properties directly adjacent to the subject in an effort to identify any potential environmental conditions which may impact the subject.

The methodology in conducting this site reconnaissance included a complete walk-through and around the subject in an informal grid pattern to make sure that all visible features were observed. Any current uses likely to involve the use, treatment, storage, disposal or generation of hazardous substances or petroleum products were not evident.

2.16 HAZARDOUS SUBSTANCES IN CONNECTION WITH IDENTIFIED USES

In interviews conducted with people familiar with the subject property, and from a physical property inspection conducted on the subject, no hazardous substances were observed or learned about during

any of this site investigation. Site reconnaissance did not reveal petroleum stained areas on the ground nor any abnormal circumstances.

2.17 HAZARDOUS SUBSTANCE CONTAINERS AND UNIDENTIFIED SUBSTANCE CONTAINERS

When containers identified as containing hazardous substances or petroleum products are visually or physically observed on the property and are, or might be, a "recognized environmental condition", the hazardous substances or petroleum products will be identified or indicated as unidentified and the approximate quantities involved, types of containers, and storage conditions will be described in this section.

To the extent visually or physically observed, pits, pond or lagoons on the property shall be described in this section of this report, particularly if they have been used in connection with waste disposal or waste treatment.

No hazardous substance containers, unidentified substance containers, pits, ponds or lagoons were observed on the subject site.

2.18 STORAGE TANKS

Above ground storage tanks or underground storage tanks or vent pipes, fill pipes or access ways indicating underground storage tanks (USTs) will be identified in this section to the extent they are visually or physically observed during this site reconnaissance, or identified by interviews or records review.

There were two empty above ground tanks observed on the subject during the investigation. According to FASCO, Inc. personnel, these tanks were brought to the site for storage and were once used as water tanks. Refer to photographs enclosed.

2.19 INDICATIONS OF PCBs

Polychlorinated Biphenyls (PCBs) are a well known carcinogenic oil that was used in either electrical transformers or hydraulic equipment, either as heat dissipators or hydraulic fluid years ago. Electrical transformers likely to contain PCBs will be described in this report to the extent they are visually or physically observed or identified from the interviews or records reviews or site reconnaissance.

According to ASTM E 1527-97 standards, Paragraph 8.4.2.10, PCBs fluorescent light ballast likely to contain PCBs do not need to be noted.

We did not observe any older electrical transformers or hydraulic equipment that appeared to be leaking any fluids located on the subject site.

2.20 INDICATIONS OF SOLID WASTE DISPOSAL

To the extent visually or physically observed or identified from the interviews or records review or site reconnaissance, areas that are apparently filled or graded by non-natural causes or filled by fill of unknown origin, suggesting trash or other solid waste disposal, or mounds or depressions suggesting trash or other solid waste disposal, will be described in this section.

We did not observe any obvious significant solid waste disposed on this site.

2.21 PHYSICAL SETTING ANALYSIS, IF MIGRATING HAZARDOUS SUBSTANCES ARE AN ISSUE

Physical setting analysis has to do with the site terrain and topographical features, as well as the subsurface suspected geological conditions. If hazardous substances are an issue and have been identified either on the subject site or adjacent properties, it becomes important to note the physical characteristics of the property surrounding the area where hazardous substances may be present. Migration of hazardous substances such as the CERCLA defined contaminants and petroleum products is how these chemicals and compounds might move or migrate once they have entered to soil, and whether they may affect the groundwater where the "recognized environmental concern" has been potentially identified.

Migrating hazardous substances do not appear to be an issue on this site.

2.22 ANY OTHER CONDITIONS OF CONCERN

Possible additional items of concern are odors, stained soil or pavement, or stressed vegetation. Odors strong enough to be pungent or noxious odors may possibly indicate an adverse environmental condition, as well as stained soil or pavement and stressed vegetation. To the extent these items are visually or physically observed or identified from site reconnaissance, they will be addressed in this section.

None of these conditions on site were observed during the site reconnaissance.

2.23 FINDINGS AND CONCLUSIONS

The subject site of this Phase I Environmental Site Assessment is an approximately 2 acre site referred to as the Beverly Edge Property at the intersection of Richard Avenue and West Drive. Originally, this acreage was platted as individual residential lots. Georgia Foam, Inc. operated a warehouse and

distribution building that distributed styrafoam products, primarily as insulation for the building and chicken farm industries. The building burned down. The site is the current location of miscellaneous feed mill equipment, assorted scrap steel, and old automobile and truck tires.

We have performed a Phase I Environmental Site Assessment in conformance with the scope and limitations as set forth on the subject site with the exceptions noted. This assessment has not revealed significant evidence of "recognized environmental conditions" in conjunction with the property, either currently or in the past.

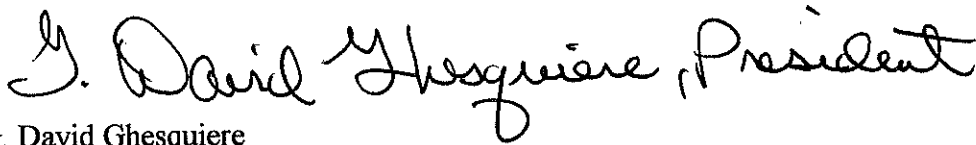
Based on collective evaluation of the facts as disclosed, our investigation did not uncover a significant potential for an environmental liability in association with the possible use and disposal of hazardous or petroleum substances. This was learned from historical research and interviews with people familiar with the subject and visual site inspection. Reasonable due diligence steps have been undertaken in this investigation as set forth in this report to reach these conclusions - that there are no known restrictions for the use of this property from an environmental liability. Refer to photographs enclosed in the appendix of this report for a view of this subject and surrounding parcels in their current state.

No matter how thoroughly a site may be investigated, the possibility always remains that a "recognized environmental condition" may go undetected. Our conclusions were reached without the benefit of any testing. We do not guarantee or warrant this site to be free of any environmental liability.

THIS REPORT AND ITS CONCLUSIONS HAVE BEEN REACHED FOR THE SOLE PURPOSE, BENEFIT AND USE BY GAINESVILLE BANK AND TRUST AND FASCO, INC. IN THIS REAL ESTATE TRANSACTION. THIS REPORT AND ITS ATTACHMENTS ARE NOT TO BE USED OR RELIED UPON BY ANY THIRD PARTY, AND WE SHALL INCUR NO LIABILITY AND DISCLAIM ANY RESPONSIBILITY FOR THE USE OR RELIANCE UPON THIS REPORT BY ANY THIRD PARTY. WE SUGGEST THAT ANY THIRD PARTY PERFORM THEIR OWN DUE DILIGENCE IN EXAMINING THE ABOVE REFERENCED PROPERTY.

Respectfully submitted,

ENVIRONMENTAL ASSESSMENTS, INC.

A handwritten signature in cursive script that reads "G. David Ghesquiere, President". The signature is written in black ink and is positioned above the typed name and title.

G. David Ghesquiere
President

GDG:ksl
Enclosures