

EXECUTIVE SUMMARY – ADDRESS

A Phase I Environmental Site Assessment was conducted at the above referenced site in Santa Fe, New Mexico, to generally satisfy the requirements of the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA or Superfund"), thus qualifying the purchaser for the Innocent Landowner Defense under CERCLA. The Phase I Environmental Site Assessment included an Historical Records Review back to the 1920's, and a Visual On-Site Inspection to screen the property for toxic substances, environmental hazards and petroleum products. In the professional opinion of Structural Systems, Inc. all appropriate inquiries have been made into the past ownership and uses of the property consistent with generally accepted practices and procedures in the environmental consulting industry, as established by the American Society for Testing and Materials. The Historical Records Review and On-Site Inspection reveal that the screened property passes the Phase I Environmental Site Assessment for all categories of toxic substances, environmental hazards and petroleum products, with no exceptions. The need for Phase Two radon testing is not indicated at this time.

1.0 INTRODUCTION

On DATE, CLIENT contacted (by telephone) HAWK to commission a Phase I Environmental Site Assessment for the property referenced above. Structural Systems, Inc. certifies the following:

1. That in performing the Phase I Environmental Site Assessment, Structural Systems, Inc. made all appropriate inquiry into the previous ownership and uses of the property, consistent with good commercial and customary practices and consistent with generally accepted practices and procedures in the environmental consulting industry in an effort to minimize liability under federal, state and local environmental statutes, regulations and rules;
2. That the Structural Systems, Inc. assessment was performed and the resulting report was prepared in accordance with accepted standards;
3. The report of Structural Systems, Inc. represents the product of our professional expertise and judgment in the environmental consulting industry and, that it is reasonable for the Client(s) or any lending institution to rely upon the Structural Systems, Inc. environmental assessment of the property and the Structural Systems, Inc. written report of that assessment.

The Phase I Environmental On-Site Inspection dates were in MONTH YEAR. The reference organization for the Historical Records Review was EDR. The lead person for the On-Site Inspection and research was Jeffrey Hockersmith of HAWK. The body of this report carries considerable detail and clarification necessary for a full understanding of the results of the Phase I Environmental Site Assessment. PLEASE REVIEW THE ENTIRE DOCUMENT.

Phase One Environmental Assessment for Sample Address, Santa Fe, New Mexico

2.0 FACILITY OPERATIONS AND MANAGEMENT

2.1 LEGAL DESCRIPTION

The Phase I Environmental Site Assessment property location was near Montoya Circle, Santa Fe, New Mexico 87501.

2.2 CURRENT SITE OPERATIONS

The property currently is vacant land.

2.3 SITE HISTORY

The following items indicate sources used by Structural Systems, Inc. to screen the property for the existence of environmental hazardous substances and petroleum products.

- Tax Records
- List of commercial tenants on-site
- Historical Aerial Photographs
- Property Title Searches
- Surveys
- Interview previous owners and/or Property Managers
- Site Plans/Maps
- Interviews with neighboring property owners
- Interviews with lessees
- Building Specifications
- Verification of Public Water/ Sewer
- Review with regulatory agency files

2.4 CHAIN OF TITLE OR OWNERSHIP

The property is believed to have been raw land prior to the construction of the existing building, (in progress). A small outbuilding was once present on the property. See documents attached to the Appendices.

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3.0 SURROUNDING LAND USE AND UTILITIES

3.1 SURROUNDING PROPERTIES

The screened property is located in residential area. No further title or aerial photograph search is believed to be justified at this time.

3.2 UTILITIES to SCREENED PROPERTY and SURROUNDING PROPERTIES

The utilities provided to the screened property and the area are as follows:

- Electric: Public utility provided to the area.
- Natural Gas: Public utility provided to the area.
- Water: Public utility provided to the area.
- Sewage: Public utility provided to the area.

The building in progress is a residential adobe structure.

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4.0 PHYSICAL SITE DESCRIPTION

4.1 LOT AND BUILDING DESCRIPTION

A visual on-site inspection was conducted to compare the historical records review with the present use of the property. The land has been vacant since the current owner has retained title to the property, before which time the site is also known to have been vacant land. A visual survey of the property revealed no stressed vegetation, no evidence of present or past underground storage tanks but some evidence of dumping (reportedly vehicle frames for erosion control and general debris). The presence of hazardous materials is not suspected. The owner is unaware of any hazardous dumping, etc., has taken place to his knowledge. He also stated in a telephone interview that, to his knowledge, no hazardous materials were stored or used on site.

4.2 TOPOGRAPHICAL AND GEOLOGIC OVERVIEW

The screened property is comprised of relatively undisturbed soil, level, with fine sandy loam content.

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5.0 ENVIRONMENTAL SITE ASSESSMENT SUMMARY

Below is Background Information, a Summary of Historical Records Review, the On-Site Inspection findings, Available Test Results and Comments and Recommendations for each category of environmental hazardous substances and petroleum products.

5.1 AIR POLLUTION

Background Information: Air pollution is the presence of solid, liquids or gases in the outdoor air in amounts that are uncomfortable, injurious or detrimental to man, animals, plants or property. The types of man-made air pollutants are carbon monoxide, particulates, sulfur dioxide, hydrocarbons, nitrogen oxides and lead. These are considered primary pollutants. A secondary pollutant such as smog is one that is formed in the atmosphere as a result of reaction such as hydrolysis, oxidation and photo-chemistry. Ozone is also formed by the action of sunlight on nitrogen oxides and hydrocarbons. Types of cancer-causing air pollutants are: arsenic, asbestos, benzene, beryllium, mercury, radionuclides and vinyl chloride.

Summary of Historical Records Review: The Environmental Protection Agency 40- CFR Chapter 1 shows that the screened property and surrounding property within one mile meets the National Ambient Air Quality Standards for suspended particulates, carbon dioxide, nitrogen dioxide, sulfur dioxide and ozone.

Summary of On-Site Inspection: No evidence of damage due to air pollution (i.e. stressed vegetation or building surface deterioration) was discovered.

Summary of Known Tests and Results: See Environmental Protection Agency Federal Law 40-CFR Chapter 1.

Comments and Recommendations: The screened property passes the Phase I Environmental Assessment for air pollution.

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5.2 ASBESTOS CONTAINING MATERIALS (ACMs)

Background Information: Asbestos is a mineral rock mined from the earth. It looks like "angel hair". It is made of 80% silicon, 15% iron and 5% magnesium. Asbestos has unique properties. It is fire resistant, has high tensile strength, is a poor heat and electric conductor and generally it is impervious to chemical attacks. If inhaled, asbestos fibers can cause diseases that disrupt the function of the lungs. Three specific diseases have been linked to asbestos exposure: asbestosis, mesothelioma and lung cancer. Friable asbestos containing material contains more than 1% asbestos and can be crumbled or reduced to a powder by hand pressure. Other things being equal, friable asbestos containing material is thought to release fibers into the air more readily. However, many types of non-friable asbestos containing materials can also release fibers, if disturbed or damaged. Over 3,000 household products and building materials may contain asbestos.

Summary of Historical Records Review: Vacant land.

Summary of On-Site Inspection: No suspected asbestos containing material was seen.

Summary of Known Tests and Results: No previous tests were reported.

Comments and Recommendations: The screened property passes the Phase I Environmental Assessment for asbestos.

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5.3 FORMALDEHYDE (UFFI)

Background Information: Formaldehyde is an organic compound that vaporizes at room temperature. Formaldehyde is colorless and has an irritating, pungent odor noticeable at less than 0.1 milligram per cubic meter (mg/m³). Formaldehyde is highly irritating to eyes, skin and mucous membranes. Because it is water soluble it can easily enter the blood stream. The presence of even low concentrations of formaldehyde in the air can cause burning and tearing eyes, headaches, drowsiness, nausea, vomiting, diarrhea and irritation of the nose and throat. Concentrations of more than 5 ppm can produce coughing, wheezing and chest constriction. Concentrations of 50 to 100 ppm can cause pulmonary edema, pneumonitis and death. Urea-Formaldehyde Foam Insulation (UFFI) is made by mixing Urea-Formaldehyde resin with a foaming agent and an acid catalyst under pressure to make a shaving cream-like foam. UFFI was pumped into walls and buildings where it hardens within minutes; it cures and dries within days. UFFI was used from 1974 to 1982.

Summary of Historical Records Review: No evidence of UFFI was discovered during the site inspection of this property, or in the Historical Records Review.

Summary of On-Site Inspection: No evidence of UFFI was discovered during the On-Site Inspection for this property.

Summary of Known Tests and Results: No known tests were available.

Comments and Recommendations: The screened property passes the Phase I Environmental Assessment for UFFI.

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5.4 HAZARDOUS WASTE AND PETROLEUM PRODUCTS

Background Information: The term "Hazardous Waste" means a solid waste or a combination of solid wastes, which, because of its quantity, concentration, or physical, chemical or infectious characteristics may:

A. Cause, or significantly contribute to an illness in mortality or an increase in serious, irreversible or incapacitating reversible illness; or

B. Pose a substantial present or potential hazard to human health or environment when improperly treated, stored, transported or disposed of, or otherwise managed.

All waste is regarded as hazardous if it is lethal, non-degradable, persistent in the environment, can be biologically magnified (as in food chains), or otherwise causes or tends to cause detrimental cumulative effects. The U.S. EPA publishes a list of hazardous wastes. These are called "listed" hazardous wastes. Four characteristics of hazardous wastes are also listed by the EPA: a) Ignitability at less than 140 degrees; b) Corrosivity, with a pH of less than 2 or more than 12.5; c) Reactivity (or explosiveness); and d) Toxicity, ability to cause harm.

Summary of Historical Records Review: No evidence of hazardous waste or petroleum products was discovered during the Historical Records Review for this property.

Summary of On-Site Inspection: No evidence of hazardous waste or petroleum products was discovered during the On-Site Inspection of this property.

Summary of Known Tests and Results: No known tests were available.

Comments and Recommendations: The screened property passes the Phase I Environmental Assessment for hazardous waste and petroleum products.

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5.5 LEAD

Background Information: Lead is a cumulative poison ending up in the body's bones and tissues. It may cause mental retardation, blindness, chronic kidney disease, fatigue, anemia, gastroenteritis, muscular paralysis and death. In the early 1900's lead was commonly used in paint, as a pigment, colorant and dryer. Until zinc and other opacifiers were used in the 1930's and titanium oxide in the 1940's almost all paint was manufactured with some amount of lead; the higher the quality the greater the concentration of lead. In 1980 the use of lead based paint was prohibited by law. Lead was also used in drinking water pipes. Lead water pipes are usually found in structures that were built before 1950. Lead based solder and flux are found in buildings with copper pipes or flexible copper tubing. Typical solder or flux contains over 50% lead. In 1986 Congress passed the Safe Drinking Water Act which requires the use of "lead free pipes" (i.e. no more than 0.2% lead). The legal Federal Safe Drinking Water Act limit is 15 parts per billion (ppb).

Summary of Historical Records Review: No evidence of lead was discovered during the Historical Records Review for this property.

Summary of On-Site Inspection: No evidence of lead was discovered during the On-Site Inspection of this property. Because of the recent vintage of the structure we do not suspect the presence of lead in water pipes.

Summary of Known Tests and Results: No known tests were available.

Comments and Recommendations: The screened property probably passes the Phase I Environmental Assessment for lead.

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5.6 PESTICIDES

Background Information: Pesticides are chemical compounds used to control pest organisms. They include not only chemicals that kill pests but also those that act as attractants, repellents or growth regulators. Herbicides, avicides, rodenticides, insecticides, molluscicides and fungicides are all examples of pesticides.

Summary of Historical Records Review: No evidence of pesticides was discovered during the Historical Records Review for this property.

Summary of On-Site Inspection: No evidence of pesticides was discovered during the On-Site Inspection of this property. The local vegetation is not stressed.

Summary of Known Tests and Results: No known tests were available.

Comments and Recommendations: The screened property passes the Phase I Environmental Assessment for pesticides.

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5.7 POLYCHLORINATED BIPHENYLS (PCBs)

Background Information: PCBs belong to the family of chemicals called chlorinated hydrocarbons, which are organic compounds that are non-flammable, and chemically and thermally stable. First produced in 1929, PCBs were used in the United States for almost 50 years. They were banned by the EPA in 1976. PCBs are found most commonly in electrical equipment such as transformers, capacitors, fluorescent light ballasts (starters), circuit breakers and switch gears. PCBs are highly toxic molecules. In animal studies, when ingested PCBs attach themselves to fat tissue they are carcinogenic (cancer-causing), teratogenic (causing fetal death) and mutagenic (causing mutation). PCBs extreme stability and toxicity will cause them to remain pollution problems for long periods of time. For example, junked electrical equipment in a landfill or onsite equipment could leak PCBs into the soil and groundwater, thereby contaminating water and the food chain. According to the EPA a liquid that has a PCB level less than 50 ppm is not considered PCB contaminated, a PCB level of 50 ppm or more constitutes contamination and concentrations of over 500 ppm are considered to be PCBs.

Summary of Historical Records Review: No evidence of PCBs was discovered during the Historical Records Review for this property.

Summary of On-Site Inspection: No evidence of PCBs was discovered during the On-Site Inspection of this property. No leaking electrical transformer was seen on the property.

Summary of Known Tests and Results: No known tests were available.

Comments and Recommendations: The screened property passes the Phase I Environmental Assessment for PCBs.

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5.8 RADON

Background Information: Radon is a radioactive gas which comes from the natural breakdown (radioactive decay) of uranium. Radon gas is linked to lung cancer. The EPA has established 4 picoCuries per liter (pCi/l) of air as a concentration level at or above which some form of abatement action may be indicated. With a 4 pCi/l level over a lifetime exposure your risk of lung cancer is approximately 1%. That is, out of 100 people living in the building for 70 years, between 1 to 5 can be statistically expected to die of lung cancer.

Summary of Historical Records Review: No evidence of radon was discovered during the Historical Records Review for this property.

Summary of On-Site Inspection: None performed - this is a Phase II task, if desired, when the building structure now in progress is completed.

Summary of Known Tests and Results: None known.

Comments and Recommendations: The site is a known area of higher than 4.p pCi/l concentration, according to a study conducted by the State of New Mexico Environment Department in 1987-89.

5.9 SOIL CONTAMINATION

Background Information: Soil, in its broadest sense, is made up of decayed or broken down rock containing varying amounts of organic material such as animal and plant wastes. Destruction of the rock to form soil is accomplished by water, wind, glacial ice, chemical action, plant life, freezing and thawing, heat and other forces. The typical earth formation is a layer of top soil, loam, rock fragments and solid rock. The depth of top soil is as much as 2 to 3 feet but on average is 6 to 8 inches or less. The depth of loam and rock fragments varies. Toxic chemicals and microbiological agents that get into the soil are spread in one of two ways: run off and leaching. Run off occurs when water sweeps contaminants on the ground into wells, aquifers, lakes or adjacent land. Leaching is the process by which contaminants are flushed by water through permeable soil.

Summary of Historical Records Review: No evidence of soil contamination was discovered during the Historical Records Review for this property.

Summary of On-Site Inspection: No evidence of soil contamination was discovered during the On-Site Inspection of this property.

Summary of Known Tests and Results: No known tests were available.

Comments and Recommendations: The screened property passes the Phase I Environmental Assessment for soil contamination.

5.10 WATER SUPPLY CONTAMINATION

Background Information: Water is formed by two hydrogen atoms combining with one oxygen atom to form H₂O. It is tasteless, colorless and odorless. The water we use comes either from surface water, i.e. lakes, ponds or streams, or "sub-surface" water, called groundwater. Water in, on and surrounding the earth is in constant motion. This motion can be visualized as a continuous circle called the hydrologic cycle. The zones of rock, sand or gravel below the earth's surface capable of transmitting and storing water are called aquifers. Groundwater contamination occurs when pollution overwhelms the soil's ability to cleanse itself. Types of contamination include: pathogens and nitrates from wastes; residues and metabolic by-products from fertilizers, pesticides and other agricultural chemicals; toxic heavy metals such as arsenic and cadmium; inorganic chemicals (ammonia, cyanide and synthetic organic chemicals) and volatile organic compounds (VOCs) used in industrial processes. Sources of underground contamination include: faulty septic systems; leaking underground storage tanks and pipes; leaching of above-ground storage of solids and hazardous waste materials; hazardous material spills; misuse of farm chemicals; leaching of waste pits, lagoons and ponds.

Summary of Historical Records Review: No evidence of water supply contamination was discovered during the Historical Records Review for this property.

Summary of On-Site Inspection: No evidence of water supply contamination was discovered during the On-Site Inspection of this property. The screened property does not feature a private well.

Summary of Known Tests and Results: No known tests were available.

Comments and Recommendations: The screened property passes the Phase I Environmental Assessment for water supply contamination. That is, no source of pollution was found on the subject property.

5.11 WASTE WATER AND STORM SEWER CONTAMINATION

Background Information: There are two types of waste water disposal - Public, or community waste disposal, and private sewage disposal. Public or community waste water disposal involves disposing of wastes in a publicly owned treatment facility. Private sewage disposal involves disposing of waste in a septic tank and a sub-surface absorption field. Cesspools and dry pits are sometimes found. Common causes of septic tank system failures are seasonal high groundwater, carryover of solids in to the absorption field due to the use of septic tank cleaning compounds, lack of routine cleaning of tanks, outlet baffle loss, leaking plumbing fixtures or excessive water use, connecting roof or footing drains causing a system overload and improper design and construction of the piping, distribution box or absorption field. Wetlands are lands where saturation with water is the dominant factor, determining the nature of soil development and the types of plants and animals in the soil and on its surface. The primary concern of storm water contamination is soil and surface contamination of lakes, streams, rivers and wetlands.

Summary of Historical Records Review: No evidence of waste water and storm sewer contamination was discovered during the Historical Records Review for this property.

Summary of On-Site Inspection: No evidence of storm sewer or waste water contamination was discovered during the On-Site Inspection of this property.

Summary of Known Tests and Results: No known tests were available.

Comments and Recommendations: The screened property passes the Phase I Environmental Assessment for storm sewer and waste water contamination.

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5.12 UNDERGROUND STORAGE TANKS (USTs)

Background Information: An underground storage tank is defined as a tank system, including its various pipes, that has at least 10% of its volume below ground. Thus a tank with 90% of its volume above ground would still qualify as an underground storage tank. Some kinds of tanks are not covered by UST regulations: 1) Farm and residential tanks holding 1,000 gallons or less of motor fuel used for non-commercial purposes; 2) Tanks storing heating oil used on the premises where it is stored; 3) Tanks on or above the floor of underground areas, such as basements or tunnels; 4) Septic tanks and systems for collecting waste water and storm water; 5) Flow-through process tanks; 6) Tanks holding 110 gallons or less; and 7) Emergency spill and overfill tanks.

Summary of Historical Records Review: No evidence of existing underground storage tanks was discovered on the screened property during the Historical Records Review for this property.

Summary of On-Site Inspection: No evidence of an underground oil tank was found during the On-Site Inspection of this property. No stressed vegetation or other evidence of leaks was found from above ground.

Summary of Known Tests and Results: No known tests are available.

Comments and Recommendations: The screened property passes the Phase I Environmental Assessment for underground storage tank presence.

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5.13 OTHER ENVIRONMENTAL HAZARDS

Summary of Historical Records Review: No evidence of other environmental hazard was discovered during the Historical Records Review for this property.

Summary of On-Site Inspection: No evidence of other environmental hazard was discovered during the On-Site Inspection of this property.

Summary of Known Tests and Results: No known tests were available. The screened property passes the Phase I Environmental Assessment for all other categories of environmental hazards.

Comments and Recommendations: The screened property passes the Phase I Environmental Assessment for all other categories of environmental hazards.

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6.0 REGULATORY REVIEW

6.1 FEDERAL

No reported instances of environmental hazard were reported for the screened property. No reported sites were found within a mile of the screened property.

6.2 STATE

No reported instances of environmental hazard were reported for the screened property. Within 1/2 mile of the screened property two leaking underground storage tanks were reported. 1 underground storage tank was found within 1/2 mile of the screened property.

6.3 LOCAL

The County Health Department no longer reports on known contamination in the vicinity of property.

7.0 CONCLUSIONS

In the professional opinion of Structural Systems, Inc. all appropriate inquiry has been made into the past and present ownership of the property consistent with generally accepted practices and procedures according to the ASTM and in the environmental consulting industry. The screened site passes the Phase I Environmental Site Assessment for all categories of hazardous substances.

8.0 RECOMMENDATIONS

The need for Phase II Environmental Testing is not seen at this time.

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9.0 QUALIFICATIONS and CERTIFICATE

9.1 QUALIFICATIONS

A Phase I Environmental Site Assessment was conducted at the above referenced property to generally satisfy the requirements of the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA or Superfund"), thus qualifying the purchaser for the Innocent Land Owner Defense under CERCLA. The Phase I Environmental Site Assessment included an Historical Records Review and a Visual On-Site Inspection to screen the property for toxic substances and hazardous environmental conditions. This report enumerates what toxic substances and hazardous substances were discovered, if any; however, the report did not recommend any further investigations, testing or remediation (cleanup). This report noted only the toxic substances and hazardous environmental conditions that were reasonably identified from the historical records review and reasonably observed at the time of the on-site inspection. In the event that this report is incorrect, Structural Systems, Inc. should be notified of any substantial inaccuracies within thirty (30) days from the date of the audit; then Structural Systems, Inc. sole responsibility shall be to refund all or part of the audit fee, or this matter should go to arbitration according to the rules of the American Arbitration Association.

9.2 CERTIFICATE

Structural Systems, Inc. certifies that neither this company nor the Environmental Site Auditor has any interest, present or contemplated, in this property or its improvements, and that neither the retention of this company to perform this Phase I Environmental Site Assessment nor the compensation therefor is contingent on the cost to the extent of any reported conditions.

_____ Dated SUBMISSION DATE

Jeffrey A. Hockersmith, Review Inspector
ASHI Certified Member #31418
INSPECTECH® Certified Inspector
Environmental Assessment Association CEI #10774
Former qualifying party for NM GB-98 license # 14982
Environmental Assessor, HAWK

Phase One Environmental Assessment for Sample Address, Santa Fe, New Mexico

APPENDIX A - MAP LOCATIONS of SCREENED PROPERTY

Phase One Environmental Assessment for Sample Address, Santa Fe, New Mexico

APPENDIX B - CONTRACTS

Phase One Environmental Assessment for Sample Address, Santa Fe, New Mexico

APPENDIX C - CHAIN of TITLE AND / OR LEGAL DESCRIPTION
(IF APPLICABLE)

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APPENDIX D - DATABASE INFORMATION

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APPENDIX E - INTERVIEWS