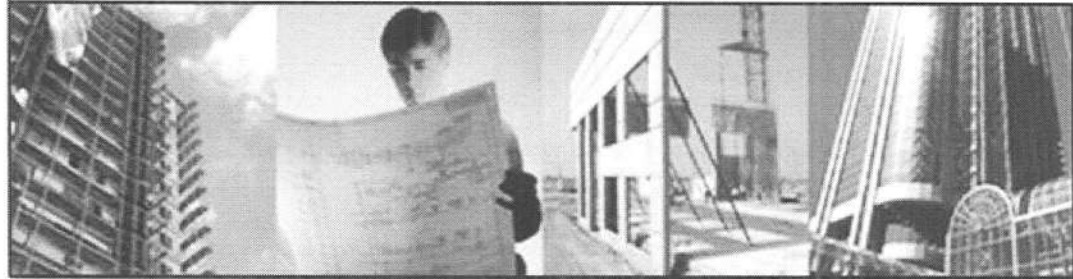


PARTNER

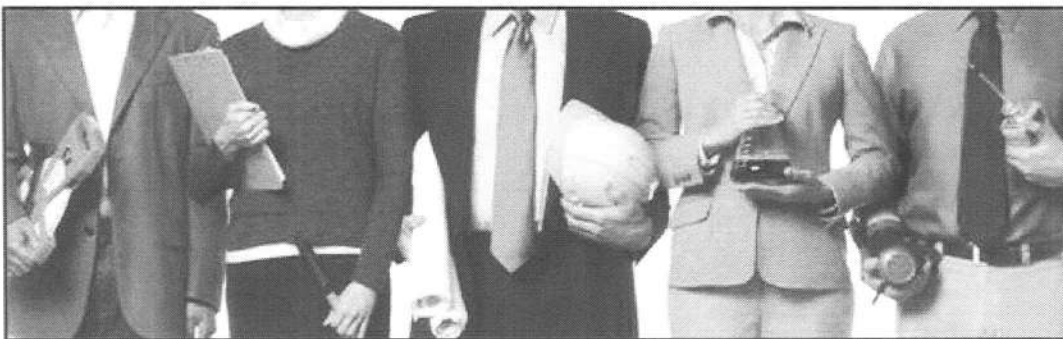
Engineering and Science, Inc.



PHASE I ENVIRONMENTAL SITE ASSESSMENT REPORT

FAIRHAVEN FUNERAL CHAPEL, INC.
1041-1047 Fulton Street
Brooklyn, New York 11238

February 5, 2010
Partner Project No. 09-65096.1



Prepared for

BNB BANK, N.A.
250 5th Avenue
New York, New York 10001

February 5, 2010

Mr. Anson Leong
BNB Bank, N.A.
250 5th Avenue
New York, New York 10001

Subject: Phase I Environmental Site Assessment
1041-1047 Fulton Street
Brooklyn, New York 11238
Partner Project No. 09-65096.1

Dear Mr. Leong:

Partner Engineering and Science, Inc. (Partner) is pleased to provide the results of the *Phase I Environmental Site Assessment* (Phase I ESA) report of the abovementioned address (the "subject property"). This assessment was performed in general conformance with the scope and limitations as detailed in the ASTM Practice E1527-05 Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process.

This assessment included a site reconnaissance as well as research and interviews with representatives of the public, property ownership, site manager, and regulatory agencies. An assessment was made, conclusions stated, and recommendations outlined.

We appreciate the opportunity to provide environmental services to BNB Bank, N.A. If you have any questions concerning this report, or if we can assist you in any other matter, please contact me at (303)-952-3050.

Sincerely,



Gary Reynolds
Relationship Manager

RELIANCE LETTER

February 5, 2010

To: BNB Bank, N.A. ("Lender")

and

U.S. Small Business Administration ("SBA")

Re: Borrower Name: Mr. Alfred Shepherd
Project Address ("Property"): 1041-1047 Fulton Street, Brooklyn, New York 11238
Environmental Investigation Report Number: 09-65096.1

Dear Lender and SBA:

Nicole TK Moore, REA ("Environmental Professional") meets the definition of an Environmental Professional as defined by 40 C.F.R. § 312.10(b) and has performed the following "Environmental Investigation(s)" (check all that apply):

A Transaction Screen of the Property dated _____, conducted in accordance with ASTM International's most recent standard (currently ASTM E1528-06);

A Phase I (or an Updated Phase I) Environmental Site Assessment of the Property dated February 5, 2010, conducted in accordance with ASTM International's most recent standard (currently ASTM E1527-05). In addition, the Environmental Professional has addressed the performance of the "additional inquiries" set forth at 40 C.F.R. § 312.22;

A Phase II Environmental Site Assessment of the Property dated _____, conducted in accordance with generally-accepted industry standards of practice and consisting of a scope of work that would be considered reasonable and sufficient to identify the presence, nature and extent of a Release.

Reliance by SBA and Lender. Environmental Professional (and Environmental Professional's firm, where applicable) understand(s) that the Property may serve as collateral for an SBA guaranteed loan, a condition for which is an Environmental Investigation of the Property by an Environmental Professional. Environmental Professional (and Environmental Professional's firm, where applicable) authorize(s) Lender and SBA to use and rely upon the Environmental Investigation. Further, Environmental Professional (and Environmental Professional's firm, where applicable) authorize(s) Lender and SBA to release a copy of the Environmental Investigation to the borrower for information purposes only. This letter is not an update or modification to the Environmental Investigation. Environmental Professional (and Environmental Professional's firm, where applicable) makes no representation or warrant,

express or implied, that the condition of the Property on the date of this letter is the same or similar to the condition of the Property described in the Environmental Investigation.

Insurance Coverage. Environmental Professional (and/or Environmental Professional's firm, where applicable) certifies that he or she or the firm is covered by errors and omissions liability insurance with a minimum coverage of \$1,000,000 per claim (or occurrence) and that evidence of this insurance is attached. As to the Lender and SBA, Environmental Professional (and Environmental Professional's firm, where applicable) specifically waive(s) any dollar amount limitations on liability up to \$1,000,000.

Waiver of Right to Indemnification. Environmental Professional and Environmental Professional's firm waive any right to indemnification from the Lender and SBA.

Impartiality. Environmental Professional certifies that (1) to the best of his or her knowledge, Environmental Professional is independent of and not a representative, nor an employee or affiliate of seller, borrower, operating company, or any person in which seller has an ownership interest; and (2) the Environmental Professional has not been unduly influenced by any person with regard to the preparation of the Environmental Investigation or the contents thereof.

Acknowledgment. The undersigned acknowledge(s) and agree(s) that intentionally falsifying or concealing any material fact with regard to the subject matter of this letter or the Environmental Investigations may, in addition to other penalties, result in prosecution under applicable laws including 18 U.S.C. § 1001.



Environmental Professional
Printed Name: Nicole TK Moore, REA
Title: Senior Author



Signature of representative of firm who is authorized to sign this letter
Printed Name & Title: Gary Reynolds; Principal
Name of Environmental Firm: Partner Engineering & Science, Inc.

Appendix D: Evidence of Insurance

PARTNER

EXECUTIVE SUMMARY

Partner Engineering and Science, Inc. (Partner) has performed a Phase I Environmental Site Assessment (ESA) in general accordance with the scope of work and limitations of ASTM Standard Practice E1527-05, the Environmental Protection Agency Standards and Practices for All Appropriate Inquiries (AAI) (40 CFR Part 312) and set forth by BNB Bank, N.A. for the property located at 1041-1047 Fulton Street in the City of New York, Borough of Brooklyn, Kings County, New York (the "subject property"). The Phase I Environmental Site Assessment is designed to provide BNB Bank, N.A. with an assessment concerning environmental conditions (limited to those issues identified in the report) as they exist at the subject property.

Property Description

The subject property is located on the north side of Fulton Street within a mixed commercial and residential area of Brooklyn, New York. Please refer to the table below for further description of the subject property:

Addresses:	1041, 1041A, 1043, 1045, 1047 Fulton Street
Assessor's Parcel Numbers (APNs):	1992-5, -6, -7, -8, and -9
Nature of Use:	Commercial/Residential
Number of Buildings:	Three (Abutting)
Number of Floors:	1041-1043 Fulton Street: Two 1045-1047 Fulton Street: Three with Basement
Type of Construction:	Brick Masonry Unit (BMU)
Building Square Footage (SF):	8,442 SF
Land Acreage (Ac):	0.14 Ac
Date of Construction:	<i>Circa</i> 1885
Current Tenants:	Fairhaven Funeral Chapel, Four Vacant Apartment Units, and a Vacant, Fire-damaged Building Shell

The subject property is currently occupied by Fairhaven Funeral Chapel, Inc. Onsite operations consist of funeral services, embalming, and general office operations. In addition to the current adjoined structures, the subject property is also improved with an asphalt-paved parking area and associated landscaping.

According to available historical sources, the subject property was developed with the current structures as early as 1887, which have been occupied by various commercial and residential tenants since that time. The current funeral chapel has been on-site since as early as 1941.

The immediately surrounding properties consist of a vacant lot to the north; a church, mixed-use building, and educational institute to the south across Fulton Street; a lawyer's office to the east; and a vacant, fire-damaged building shell to the west.

According to the United States Geological Survey's (USGS) *Groundwater Contour Map for Kings and Queens Counties* and topographic map interpretation, the depth and direction of groundwater in the vicinity of the subject property is inferred to be present at approximately 10-15 feet below ground surface (bgs) and flows toward the north.

Findings

A *recognized environmental condition (REC)* refers to the presence or likely presence of any hazardous substance or petroleum product on a property under conditions that indicate an existing release, a 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, groundwater, or surface water of the property. The term REC includes hazardous substances and petroleum products even under conditions that might be in compliance with laws. The term is not intended to include "de minimis" conditions that do not present a threat to human health and/or the environment and that would not be subject to an enforcement action if brought to the attention of appropriate governmental agencies. The following was identified during the course of this assessment:

- The subject property parcels, all adjacent properties, and 22 sites within $\frac{1}{8}$ -mile of the subject property are identified as E Designation sites in the regulatory database report and by the New York City Department of City Planning. E Designation zones are assigned by the New York City Department of City Planning because an area was used as or is in close proximity to a gas station or some other underground fuel oil tank, is located in or contiguous to a manufacturing district, has a history of manufacturing uses, is located next to a building with a history of manufacturing uses, is located on a heavily trafficked street or highway, is located next to a railroad, or has some other environmental condition on the property or nearby that is a cause for concern. The subject property and surrounding area may be assigned the E Designation based on the fact that 70 leaking underground storage tank (LTANKS) sites are located within 1-mile of the subject property. The requirements of the subject property's specific E Designation (E-183) include window wall attenuation with alternate ventilation and underground gasoline storage tanks testing protocol. Partner has not identified any recognized environmental conditions (RECs) that would pose a significant concern to the subject property's subsurface; however, the subject property's location within an E Designation zone is a recognized environmental condition.

A *historical recognized environmental condition (HREC)* refers to an environmental condition which would have been considered a REC in the past, but which is no longer considered a REC based on subsequent assessment or regulatory closure. The following was identified during the course of this assessment:

- Partner did not identify any historical recognized environmental conditions during the course of this assessment.

An *environmental issue* refers to environmental concerns identified by Partner, which do not qualify as RECs; however, require discussion. The following was identified during the course of this assessment:

- The subject property has been occupied by a funeral home since as early as 1941. Embalming is currently conducted in a ground-floor room on the north side of the on-site funeral chapel. Embalming chemicals consist of a variety of preservatives, sanitizers, and disinfecting agents, including formaldehyde, glutaraldehyde, methanol, and ethanol. Partner observed several cardboard boxes filled with small (less than one gallon) plastic containers containing the embalming fluid, which is applied to a corpse to prevent dehydration. Based on the small quantity of embalming chemicals that are used onsite, the use of these chemicals in association with the on-site operations, and the presence of a basement level beneath the embalming room (which would serve as a buffer to any significant release within the embalming room), the current and former undertaking operations are not expected to represent a significant environmental concern.
- The two subject property basement areas are each equipped with one steel-walled, 275-gallon #2 fuel oil aboveground storage tank (AST). Staining and odor that is indicative of heating oil was noted on the dirt flooring of the basement beneath the western basement area's AST. According to the subject property owner, Mr. Al Sheppard, there was a recent overflow problem that caused a small amount of heating oil (reportedly less than five gallons) to spill onto the basement floor. The subject property was not listed in the regulatory database in association with any on-site oil spills. Although the heating oil release in the basement of the subject property appears to be superficial in nature, the dirt floor beneath the AST serves as a direct conduit to the subsurface and the spill caused by overflow represents an environmental concern.
- City directories identify 1047 Fulton Street as a dry cleaning facility (B&J Cleaners) in 1949 and 1960 and the adjacent property to the east (1047½ Fulton Street) as the same facility in 1960 and 1976. According to the current subject property owner, there was formerly a drop-off only dry cleaners located on the adjacent property to the east (1047A/1047½ Fulton Street) and no other evidence of a dry cleaning facility operating on the subject property was identified during this investigation. Additionally, a basement area beneath the subject building at 1047 Fulton Street would act as a buffer to any releases of dry cleaning chemicals on the ground floor, in the unlikely event that dry cleaning took place on-site. Based on this information and the lack of any other documentation to support the presence of dry cleaning chemicals onsite, this listing is not expected to represent a significant environmental concern.
- The subject property (identified as Fairhaven Funeral Home at 1045 Fulton Street) is listed as a Spills and Historic Spills site for the same incident. According the database, a caller that "did not sound too credible" reported dumping of an unknown fluid into the sewer at the subject property on November 6, 1998. A New York State Department of Environmental

Conservation investigator responded to the incident and granted case closure on February 13, 2003 due to the nature of the incident. According to the owner of the subject property, Mr. Sheppard, a neighbor called and reported a tenant of one of the adjoining properties dumping something in the sewer, but it was not a discharge on or from the subject property. Based on the current regulatory status and nature of this listing, this incident is not expected to represent a significant environmental concern.

- Based on the age of the subject property building, there is a potential that asbestos-containing materials (ACM) and lead-based paint (LBP) are present.

Conclusions, Opinions and Recommendations

Partner has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E1527-05 of 1041-1047 Fulton Street in the City of New York, Borough of Brooklyn, Kings County, New York (the “subject property”). Any exceptions to or deletions from this practice are described in Section 1.5 of this report.

This assessment has revealed evidence of recognized environmental conditions and/or environmental issues in connection with the subject property. Based on the conclusions of this assessment, Partner recommends the following:

- Since the subject property is located in an E Designation zone, the subject property owner should comply with all New York City Department of City Planning mandates, including any requirements that pertain to the planned renovations.
- The heating oil-contaminated soil located in the subject property basement should be properly excavated and disposed of in order to determine if the overfill release was surficial in nature, or if it represents a more serious environmental concern. If a significant release is identified, further investigation including soil and groundwater sampling is warranted.
- The subject property is reportedly planned to have major renovations; therefore, prior to the planned disturbance of the construction materials within this facility, a comprehensive ACM and LBP survey is recommended.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
TABLE OF CONTENTS	v
1.0 INTRODUCTION	1
1.1 Purpose.....	1
1.2 Scope of Work	1
1.3 Limitations	2
1.4 User Reliance	2
1.5 Limiting Conditions	3
2.0 SITE DESCRIPTION.....	4
2.1 Site Location and Legal Description.....	4
2.2 Current Property Use	4
2.3 Current Use of Adjoining Properties	5
2.4 Physical Setting Sources	5
2.4.1 Topography	5
2.4.2 Hydrology	5
2.4.3 Geology/Soils.....	5
2.4.4 Flood Zone Information.....	6
3.0 HISTORICAL INFORMATION	7
3.1 Aerial Photograph Review	7
3.2 Sanborn Fire Insurance Maps	7
3.3 City Directories.....	8
3.4 Historical Topographic Maps.....	9
4.0 REGULATORY RECORDS REVIEW.....	10
4.1 Regulatory Agencies.....	10
4.1.1 Department of Environmental Protection	10
4.1.2 Department of Environmental Conservation	10
4.1.3 Fire Department	10
4.1.4 Building Department.....	11
4.2 Mapped Database Records Search	11
5.0 USER PROVIDED INFORMATION AND INTERVIEWS	17
5.1 Interviews.....	18
5.1.1 Interview with Owner	18
5.1.2 Interview with Report User.....	18
5.1.3 Interview with Key Site Manager	18
5.1.4 Interviews with Past Owners, Operators and Occupants	18
5.1.5 Interview with Others.....	18
5.2 User Provided Information.....	18
5.2.1 Title Records	18
5.2.2 Environmental Liens or Activity and Use Limitation	19
5.2.3 Specialized Knowledge.....	19
5.2.4 Commonly Known or Reasonably Ascertainable Information	19
5.2.5 Valuation Reduction for Environmental Issues	19

5.2.6	Previous Reports and Other Provided Documentation	19
6.0	SITE RECONNAISSANCE	20
6.1	General Site Characteristics	20
6.2	Potential Environmental Hazards.....	21
6.3	Non-ASTM Services.....	22
6.3.1	Asbestos-Containing Materials (ACMs).....	22
6.3.2	Lead-Based Paint (LBP)	24
6.3.3	Radon	24
6.3.4	Lead in Drinking Water	25
6.3.5	Mold.....	25
6.4	Adjacent Property Reconnaissance.....	25
7.0	FINDINGS AND CONCLUSIONS	26
8.0	SIGNATURES OF ENVIRONMENTAL PROFESSIONALS	29
9.0	REFERENCES.....	30

FIGURES

- Figure 1** Site Location Map
Figure 2 Topographic Map
Figure 3 Site Plan

APPENDICES

- Appendix A** Site Photographs
Appendix B Historical/Regulatory Documentation
 B1 Aerial Photographs
 B2 Fire Insurance Maps
 B3 City Directories
Appendix C Regulatory Database Report
Appendix D Qualifications/Insurance

1.0 INTRODUCTION

Partner Engineering and Science, Inc. (Partner) has performed a Phase I Environmental Site Assessment (ESA) in general conformance with the scope and limitations of ASTM Standard Practice E1527-05 and the Environmental Protection Agency Standards and Practices for All Appropriate Inquiries (AAI) (40 CFR Part 312) for the property located at 1041-1047 Fulton Street in the City of New York, Borough of Brooklyn, Kings County, New York (the "subject property"). Any exceptions to, or deletions from, this scope of work are described in the report.

1.1 Purpose

The purpose of this ESA is to identify existing or potential Recognized Environmental Conditions (as defined by ASTM Standard E-1527-05) affecting the subject property that: 1) constitute or result in a material violation or a potential material violation of any applicable environmental law; 2) impose any material constraints on the operation of the subject property or require a material change in the use thereof; 3) require clean-up, remedial action or other response with respect to Hazardous Substances or Petroleum Products on or affecting the subject property under any applicable environmental law; 4) may affect the value of the subject property; and 5) may require specific actions to be performed with regard to such conditions and circumstances. The information contained in the ESA Report will be used by Client to: 1) evaluate its legal and financial liabilities for transactions related to foreclosure, purchase, sale, loan origination, loan workout or seller financing; 2) evaluate the subject property's overall development potential, the associated market value and the impact of applicable laws that restrict financial and other types of assistance for the future development of the subject property; and/or 3) determine whether specific actions are required to be performed prior to the foreclosure, purchase, sale, loan origination, loan workout or seller financing of the subject property.

This ESA was performed to permit the *User* to satisfy one of the requirements to qualify for the innocent landowner, contiguous property owner, or bona fide prospective purchaser limitations on scope of Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. §9601) liability (hereinafter, the "*landowner liability protections*," or "*LLPs*"). ASTM Standard E-1527-05 constitutes "*all appropriate inquiry* into the previous ownership and uses of the *property* consistent with good commercial or customary practice" as defined at 42 U.S.C. §9601(35)(B).

1.2 Scope of Work

The scope of work for this ESA is in general accordance with the requirements of ASTM Standard E 1527-05. This assessment included: 1) a property and adjacent site reconnaissance; 2) interviews with key personnel; 3) a review of historical sources; 4) a review of regulatory agency records; and 5) a review of a regulatory database report provided by a third-party vendor.

If requested by Client, this report may also include the identification, discussion of, and/or limited sampling of asbestos-containing materials (ACMs), lead-based paint (LBP), mold, and/or radon.

1.3 Limitations

Partner warrants that the findings and conclusions contained herein were accomplished in accordance with the methodologies set forth in the Scope of Work. These methodologies are described as representing good commercial and customary practice for conducting an ESA of a property for the purpose of identifying recognized environmental conditions. There is a possibility that even with the proper application of these methodologies there may exist on the subject property conditions that could not be identified within the scope of the assessment or which were not reasonably identifiable from the available information. Partner believes that the information obtained from the record review and the interviews concerning the subject property is reliable. However, Partner cannot and does not warrant or guarantee that the information provided by these other sources is accurate or complete. The conclusions and findings set forth in this report are strictly limited in time and scope to the date of the evaluations. The conclusions presented in the report are based solely on the services described therein, and not on scientific tasks or procedures beyond the scope of agreed-upon services or the time and budgeting restraints imposed by the Client. No other warranties are implied or expressed.

Some of the information provided in this report is based upon personal interviews, and research of available documents, records, and maps held by the appropriate government and private agencies. This report is subject to the limitations of historical documentation, availability, and accuracy of pertinent records, and the personal recollections of those persons contacted.

This practice does not address requirements of any state or local laws or of any federal laws other than the all appropriate inquiry provisions of the LLPs. Further, this report does not intend to address all of the safety concerns, if any, associated with the subject property.

Environmental concerns, which are beyond the scope of a Phase I ESA as defined by ASTM include the following: ACMs, LBP, radon, and lead in drinking water. These issues may affect environmental risk at the subject property and may warrant discussion and/or assessment; however, are considered non-scope issues. If specifically requested by the Client, these non-scope issues are discussed in Section 6.3.

1.4 User Reliance

BNB Bank, N.A. engaged Partner to perform this assessment in accordance with an agreement governing the nature, scope and purpose of the work as well as other matters critical to the engagement. All reports, both verbal and written, are for the sole use and benefit of BNB Bank, N.A. Either verbally or in writing, third parties may come into possession of this report or all or part of the information generated as a result of this work. In the absence of a written agreement with Partner granting such rights, no third parties shall have rights of recourse or recovery whatsoever under any course of action against Partner, its officers, employees, vendors, successors or assigns. Any such unauthorized user shall be responsible to protect, indemnify and

hold Partner, Client and their respective officers, employees, vendors, successors and assigns harmless from any and all claims, damages, losses, liabilities, expenses (including reasonable attorneys' fees) and costs attributable to such Use. Unauthorized use of this report shall constitute acceptance of and commitment to these responsibilities, which shall be irrevocable and shall apply regardless of the cause of action or legal theory pled or asserted. Additional legal penalties may apply.

1.5 Limiting Conditions

The findings and conclusions contain all of the limitations inherent in these methodologies that are referred to in ASTM E1527-05.

Specific limitations and exceptions to this ESA are more specifically set forth below:

- Interviews with past owners, operators and occupants were not reasonably ascertainable and thus constitute a data gap. Based on information obtained from other historical sources (as discussed in Section 3.0), this data gap is not expected to alter the findings of this assessment.
- Partner submitted Freedom of Information Act (FOIA) requests to the New York State Department of Environmental Conservation, the New York City Fire Department and Department of Environmental Protection for information pertaining to hazardous substances, underground storage tanks, releases, inspection records, etc. for the subject property. As of this writing, these agencies have not responded to Partner's request. Based on information obtained from other historical sources, this limitation is not expected to alter the overall findings of this assessment.

2.0 SITE DESCRIPTION

2.1 Site Location and Legal Description

The subject property is located on the north side of Fulton Street. Please refer to the table below for further description of the subject property:

Addresses:	1041, 1041A, 1043, 1045, 1047 Fulton Street
Assessor's Parcel Numbers (APNs):	1992-5, -6, -7, -8, and -9
Nature of Use:	Commercial/Residential
Number of Buildings:	Three (Abutting)
Number of Floors:	1041-1043 Fulton Street: Two 1045-1047 Fulton Street: Three with Basement
Type of Construction:	Brick Masonry Unit (BMU)
Building Square Footage (SF):	8,442 SF
Land Acreage (Ac):	0.14 Ac
Date of Construction:	<i>Circa</i> 1885
Current Tenants:	Fairhaven Funeral Chapel, Four Vacant Apartment Units, and a Vacant, Fire-damaged Building Shell

In addition to the current adjoined structures, the subject property is also improved with an asphalt-paved parking area and associated landscaping.

According to the New York City Department of Buildings, the subject property is legally described as Block 1992, Lots 5-9 and ownership is currently vested in Mr. Alfred J. Sheppard.

Please refer to Figure 1: Site Location Map, Figure 2: Topographic Map, Figure 3: Site Plan, and Appendix A: Site Photographs for the location and site characteristics of the subject property.

2.2 Current Property Use

The subject property is currently occupied by Fairhaven Funeral Chapel, Inc. Onsite operations consist of funeral services, embalming, and general office operations.

The subject property is designated for residential and commercial use by the City of New York and is considered a legal use in its current configuration; however, the subject property currently has several building code violations for failure to maintain the fire-damaged portion of the subject property, as further discussed in Section 4.1.4.

The subject property was identified as a Spills, ERNS, and E Designation site in the regulatory database report of Section 4.2.

2.3 Current Use of Adjoining Properties

The subject property is located within a mixed commercial and residential area of Brooklyn, New York. During the vicinity reconnaissance, Partner observed the following land use on properties in the immediate vicinity of the subject property:

Immediately surrounding properties

North:	Vacant lot (80 Irving Place)
South:	Fulton Street, beyond which is a church, mixed-use building, and educational institution (1014-1024 Fulton Street)
East:	Lawyer's office (1047A a.k.a. 1047 ¹ / ₂ Fulton Street)
West:	Vacant, fire-damaged building shell (1039/1039A Fulton Street)

All adjacent properties and 22 sites within ¹/₈-mile of the subject property are listed as E Designation sites in the regulatory database report, as further discussed in Section 4.2.

2.4 Physical Setting Sources

2.4.1 Topography

The United States Geological Survey (USGS), *Brooklyn, New York* Quadrangle 7.5-minute series topographic map was reviewed for this ESA. According to the contour lines on the topographic map, the subject property is located at approximately 70 above mean sea level (MSL). The contour lines in the area of the subject property indicate the area is sloping gently toward the north. The subject property is depicted as located within a heavily urbanized area.

Please refer to Figure 2: Topographic Map.

2.4.2 Hydrology

According to topographic map interpretation, the direction of groundwater in the vicinity of the subject property is inferred to flow to the north. The nearest surface water in the vicinity of the subject property is the East River located approximately 1.65 miles to the north-northwest of the subject property. No settling ponds, lagoons, surface impoundments, wetlands or natural catch basins were observed at the subject property during this assessment.

According to available information, a public water system operated by the City of New York serves the subject property vicinity. Brooklyn groundwater is not utilized for domestic purposes.

According to the United States Geological Survey's (USGS) *Groundwater Contour Map for Kings and Queens Counties* and topographic map interpretation, the depth and direction of groundwater in the vicinity of the subject property is inferred to be present at approximately 10-15 feet below ground surface (bgs) and flows toward the north.

2.4.3 Geology/Soils

No formal soil survey has been prepared for New York City. The onsite soils are classified as Urban Land (UL). UL soils are generally characterized as areas mainly covered with impervious

surfaces such as buildings and roadways, where extensive development, grading, and filling have occurred. An onsite geotechnical study would be necessary to further classify the soils at the subject property.

2.4.4 Flood Zone Information

Partner performed a review of the Flood Insurance Rate Map, published by the Federal Emergency Management Agency. According to Community Panel Number 3604970212, the subject property appears to be located outside of the 100-year and 500-year flood plains.

3.0 HISTORICAL INFORMATION

Partner obtained historical use information about the subject property from a variety of sources. A chronological listing of the historical data found is summarized in the table below:

Historical Use Information

Period	Source	Description/Use
1887-Present	City Directories, Building Records, Interviews, Sanborn Maps, Onsite Observations	Commercial/Residential

The subject property has been occupied by a funeral home since as early as 1950. Embalming is currently conducted in a ground-floor room on the north side of the on-site funeral chapel. Embalming chemicals consist of a variety of preservatives, sanitizers, and disinfecting agents, including formaldehyde, glutaraldehyde, methanol, and ethanol. Partner observed several cardboard boxes filled with small (less than one gallon) plastic containers containing the embalming fluid, which is applied to a corpse to prevent dehydration. Based on the small quantity of embalming chemicals that are used onsite, the use of these chemicals in association with the on-site operations, and the presence of a basement level beneath the embalming room (which would serve as a buffer to any significant release within the embalming room), the current and former undertaking operations are not expected to represent a significant environmental concern.

Potential environmental concerns associated with the current and historic use of the subject property are further discussed in Sections 3.3, 4.2, and 6.2.

3.1 Aerial Photograph Review

Due to the extensive urban development history of the area that contains the subject property and the small scale of the available photographs, aerial photographs were not reviewed for this assessment since the developmental history and changes in the use of the subject property would not be clearly visible on the photographs. The development history of the subject property is given fully by other historic information resources such as Sanborn Fire Insurance Maps and historical city directories. Refer to Sections 3.2 and 3.3, respectively.

3.2 Sanborn Fire Insurance Maps

Sanborn maps were originally created in the late 1800s and early 1900s for assessing fire insurance liability in urbanized areas of the United States. These maps include detailed town and building information.

Partner reviewed Sanborn Fire insurance maps obtained from EDR's collection on January 13, 2010. Sanborn maps were available and reviewed for the years 1887 to 2007, as discussed below:

Dates: 1887 and 1904

The subject property (identified by the current addresses) is depicted with two and three-story adjoined buildings that resemble the footprints of the current buildings, labeled as stores.

The adjacent properties are depicted as a livery to the north; stores to the south across Fulton Street, to the east, and to the west.

Date: 1915

A moving picture theater and the current commercial building are depicted to the south across Fulton Street and a glassware shop is depicted to the north. No other significant changes were noted on the subject property or adjacent properties.

Date: 1938

The adjacent property to the north is depicted as a vacant lot. No other significant changes were noted on the subject property or adjacent properties.

Date: 1950

The subject property building at 1045 Fulton Street is depicted as an undertaker, while the remaining subject buildings are depicted as stores. No other significant changes were noted on the subject property or adjacent properties.

Dates: 1969, 1979, 1981, 1982, 1986, 1987, 1988, 1989, 1991, 1992, 1993, 1995, and 1996

The subject property building at 1047 Fulton Street is depicted as a mission. No other significant changes were noted on the subject property or adjacent properties.

Dates: 2001, 2002, 2003, 2004, 2005, 2006, and 2007

The subject property buildings are depicted as a mission, undertaker, commercial units and apartments. No other significant changes were noted on the subject property or adjacent properties.

Copies of reviewed Sanborn Maps are included in Appendix B of this report.

3.3 City Directories

City directories have been produced for most urban and some rural areas since the late 1800s. The directories are generally not comprehensive and may contain gaps in time periods.

Partner reviewed historical city directories obtained from EDR on December 22, 2009 for past names and businesses that were listed for the subject property and adjacent properties. The findings are presented in the following table:

City Directory Search for 1041-1047 Fulton Street (Subject Property)

Year(s)	Occupant Listed
1928	Pollak Leather Goods (1041) and Residential (1043/1045)
1934	Gay S Beauty Shoppe (1041) Residential (1041½/1043/1045/1047)
1940	Howards Beauty Shoppe (1041) Van/Moving Co. (1045)

Year(s)	Occupant Listed
1949	Brooklyn Snack Bar (1041) Woman's Shop (1043) B&J Cleaners (1047)
1960	Barber Shop/Residential (1041A) Interior Decorator (1043) B&J Cleaners/Residential (1047)
1976	Barber Shop/Residential (1041/1041A) Interior Decorator (1043) Spiritual Temple (1047)
1992	Residential (1041) Residential (1047)
1945-2000	Fairhaven Funeral Chapel (1045)

According to the city directory review, the subject property has been occupied by the current funeral home since as early as 1945. Various commercial and residential tenants have also occupied the subject property since as early as 1928.

City directories identify 1047 Fulton Street as a dry cleaning facility (B&J Cleaners) in 1949 and 1960 and the adjacent property to the east (1047½ Fulton Street) as the same facility in 1960 and 1976. According to the current subject property owner, there was formerly a drop-off only dry cleaners located on the adjacent property to the east (1047A/1047½ Fulton Street) and no other evidence of a dry cleaning facility operating on the subject property was identified during this investigation. Additionally, a basement area beneath the subject building at 1047 Fulton Street would act as a buffer to any releases of dry cleaning chemicals on the ground floor, in the unlikely event that dry cleaning took place on-site. Based on this information and the lack of any other documentation to support the presence of dry cleaning chemicals onsite, this listing is not expected to represent a significant environmental concern.

Based on the city directory review, no environmentally sensitive listings were identified for the subject property address.

City Directory Search for Adjacent Properties

Year(s)	Occupant Listed
1928, 1934	Residential (1047½ Fulton Street)
1960, 1976	B&J Cleaners/Residential (1047½ Fulton Street)
1985	Residential (1039A Fulton Street)

Copies of reviewed city directories are included in Appendix B of this report.

3.4 Historical Topographic Maps

Historical topographic maps were not available at the time of the assessment. The historical use of the subject property was researched through other standard historical sources.

4.0 REGULATORY RECORDS REVIEW

4.1 Regulatory Agencies

Partner contacted local agencies, such as environmental health departments, fire departments and building departments in order to determine any current and/or historic hazardous materials usage, storage and/or releases of hazardous substances on the subject property. Additionally, Partner researched information on the presence of activity and use limitations (AULs) at these agencies. As defined by ASTM E1527-05, AULs are the legal or physical restrictions or limitations on the use of, or access to, a site or facility: 1) to reduce or eliminate potential exposure to hazardous substances or petroleum products in the soil or groundwater on the subject property; or 2) to prevent activities that could interfere with the effectiveness of a response action, in order to ensure maintenance of a condition of no significant risk to public health or the environment. These legal or physical restrictions, which may include institutional and/or engineering controls (IC/ECs), are intended to prevent adverse impacts to individuals or populations that may be exposed to hazardous substances and petroleum products in the soil or groundwater on the property.

4.1.1 *Department of Environmental Protection*

Partner requested records from the New York City Department of Environmental Protection (NYCDEP) on January 13, 2010 for the subject property. These records may contain evidence indicating current and/or historical hazardous materials usage, storage or releases as well as the presence of underground storage tanks (USTs).

Due to the time constraints associated with this report, Partner has not received a response from the NYCDEP.

4.1.2 *Department of Environmental Conservation*

Partner requested records from the New York State Department of Environmental Conservation (NYSDEC) on January 13, 2010 for the subject property. These records may contain evidence indicating current and/or historical hazardous materials usage, storage or releases as well as the presence of USTs.

Due to the time constraints associated with this report, Partner has not received a response from the NYSDEC.

4.1.3 *Fire Department*

Partner requested records from the New York City Fire Department (NYFD) on January 13, 2010 for the subject property. These records may contain evidence indicating current and/or historical hazardous materials usage, storage or releases as well as the presence of USTs.

Due to the time constraints associated with this report, Partner has not received a response from the NYFD.

4.1.4 Building Department

Partner visited the New York City Department of Buildings (NYCDOB) on January 15, 2010 for information regarding historical tenants and property use of the subject property. The following table contains a listing of permits reviewed:

Building Records Reviewed for 1041-1047 Fulton Street

Year	Owner/Applicant	Description
1923	Not identified	Electric sign permit
1941	Not identified	Certificate of Occupancy (CO) issued to 1045 Fulton Street for a cellar (ordinary use), an undertaking establishment on the ground floor, and apartments on the second and third floors.
1949	Not identified	Plumbing repair
2008	Not identified	Active boiler-related violation
2009	Alfred J. Sheppard	Three (3) violations with \$5,000-\$25,000 penalties for failure to maintain the fire-damaged subject property building

No date of construction or other environmentally or historically significant information was identified at the NYCDOB.

4.2 Mapped Database Records Search

Information from standard federal, state, county, and city environmental record sources was provided by Environmental Data Resources, Inc. (EDR). Data from governmental agency lists are updated and integrated into one database, which is updated as these data are released. The information contained in this report was compiled from publicly available sources and the locations of the sites are plotted utilizing a geographic information system, which geocodes the site addresses. The accuracy of the geocoded locations is approximately +/-300 feet. Please refer to the radius map for a complete listing (Appendix C).

The subject property was identified as a Spills, ERNS, and E Designation site.

All of the adjacent properties and 22 total sites within $\frac{1}{8}$ -mile of the subject property are listed as E Designation sites in the regulatory database report, as further discussed below.

Federal NPL

The National Priorities List (NPL) is the Environmental Protection Agency (EPA) database of uncontrolled or abandoned hazardous waste sites identified for priority remedial actions under the Superfund Program.

No NPL sites are located within 1-mile of the subject property.

Federal CERCLIS List

The Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS) list is a compilation of sites that the EPA has investigated or is currently investigating for a release or threatened release of hazardous substances.

No CERCLIS sites are listed within ½-mile of the subject property.

Federal CERCLIS-NFRAP Sites List

The CERCLIS No Further Remedial Action Planned (NFRAP) List is a compilation of sites that the EPA has investigated, and has determined that the facility does not pose a threat to human health or the environment, under the CERCLA framework. .

No CERCLIS-NFRAP sites are listed within ½-mile of the subject property.

Federal RCRA Generator List

The EPA Resource Conservation and Recovery Act (RCRA) Program RCRA program identifies and tracks hazardous waste from the point of generation to the point of disposal. The RCRA Generators database is a compilation by the EPA of reporting facilities that generate hazardous waste.

No RCRA Generator facilities are listed on the subject property or adjacent to the subject property.

Federal Resource Conservation and Recovery Act (RCRA) TSD Facilities List

The RCRA Treatment, Storage and Disposal (TSD) database is a compilation by the EPA of reporting facilities that treat, store or dispose of hazardous waste.

No RCRA TSD sites are listed within ½-mile of the subject property.

Federal RCRA CORRACTS Facilities List

The RCRA CORRACTS database is the EPA's list of TSD facilities subject to corrective action under RCRA.

No RCRA CORRACTS facilities are listed within 1-mile of the subject property.

Federal Emergency Notification System (ERNS)

The Emergency Response Notification System (ERNS) is a national database used to collect information or reported release of oil or hazardous substances.

The subject property (identified as Between 1045 Fulton and Irving Street) was identified twice as an ERNS site for the same incident that is further discussed in the SPILLS section.

NY E Designation

The New York City Department of City Planning assigns E Designation zones within New York City. The "E" (Environmental) designation would ensure that sampling and remediation take place on the subject properties, and would avoid any significant impacts related to hazardous materials at these locations. The (E) designations would require that the fee owner of the sites conduct a testing and sampling protocol, and remediation where appropriate, to the satisfaction of the NYCDEP before the issuance of a building permit by the Department of Buildings pursuant to the provisions of Section 11-15 of the Zoning Resolution (Environmental Requirements). The (E) designations also include a mandatory construction-related health and safety plan which must be approved by NYCDEP.

The subject property and 22 sites within $\frac{1}{8}$ -mile of the subject property were identified as NY E Designation sites, as is further discussed below:

- The subject property parcels, all adjacent properties, and 22 sites within $\frac{1}{8}$ -mile of the subject property are identified as E Designation sites in the regulatory database report and by the New York City Department of City Planning. E Designation zones are assigned by the New York City Department of City Planning because an area was used as or is in close proximity to a gas station or some other underground fuel oil tank, is located in or contiguous to a manufacturing district, has a history of manufacturing uses, is located next to a building with a history of manufacturing uses, is located on a heavily trafficked street or highway, is located next to a railroad, or has some other environmental condition on the property or nearby that is a cause for concern. The subject property and surrounding area may be assigned the E Designation based on the fact that 70 leaking underground storage tank (LTANKS) sites are located within 1-mile of the subject property. The requirements of the subject property's specific E Designation (E-183) include window wall attenuation with alternate ventilation and underground gasoline storage tanks testing protocol. Partner has not identified any recognized environmental conditions (RECs) that would pose a significant concern to the subject property's subsurface; however, the subject property's location within an E Designation zone is a recognized environmental condition.

State Hazardous Waste Sites (SHWS)

The NYSDEC maintains a State Priority List, known as a State Hazardous Waste Sites (SHWS) a list of sites considered to be actually or potentially contaminated and a State CERCLIS-equivalent list (SCL) of sites under investigation that could be actually or potentially contaminated and presenting a possible threat to human health and the environment.

No SHWS sites are listed within 1-mile of the subject property.

Solid Waste/Landfill Facilities (SWLF)

A database of SWLF is prepared by the NYSDEC.

Four (4) SWLF sites are listed within ½-mile of the subject property. These sites are located more than 1/8-mile of the subject property. Based on the relative distance, current regulatory status, and/or the inferred direction of groundwater flow, these sites are not expected to represent a significant environmental concern.

State Spills Sites (SPILLS)

The NYSDEC maintains reports of sites that have records of spills, leaks, investigations and cleanups.

Thirteen (13) Spills/Historic Spills sites are listed within 1/8-mile of the subject property. One of these incidents pertains to the subject property and is further discussed below:

- The subject property (identified as Fairhaven Funeral Home at 1045 Fulton Street) is listed as a Spills and Historic Spills site for the same incident. According to the database, a caller that “did not sound too credible” reported dumping of an unknown fluid into the sewer at the subject property on November 6, 1998. A New York State Department of Environmental Conservation investigator responded to the incident and granted case closure on February 13, 2003 due to the nature of the incident. According to the owner of the subject property, Mr. Sheppard, a neighbor called and reported a tenant of one of the adjoining properties dumping something in the sewer, but it was not a discharge on or from the subject property. Based on the current regulatory status and nature of this listing, this incident is not expected to represent a significant environmental concern.

The remaining sites are not located on or adjacent to the subject property. Based on the relative distance, singular nature of the incidents, regulatory status/oversight, and/or the inferred direction of groundwater flow, these Spills incidents are not expected to represent a significant environmental concern.

State Leaking Underground Storage Tank List (LTANKS)

The NYSDEC compiles lists of all leaks of hazardous substances from underground storage tanks.

70 LTANKS and Historical LTANKS sites are listed within ½-mile of the subject property. Five (5) of these sites are located within 1/8-mile of the subject property and are further discussed below:

- The property at 44 Lefferts Place is located approximately 500 feet to the west-southwest (hydrologically cross-gradient) of the subject property and is listed a LTANKS/Historical LTANKS site for the same incident. This site reported a release of one gallon of #2 Fuel Oil on May 15, 1991 due to a tank overfill that reportedly affected soil only. Case closure was issued the same day. Based on the current regulatory status and nature of the spill, this site is not expected to represent a significant environmental concern.
- The property at 50 Lefferts Place is located approximately 500 feet to the west-southwest (hydrologically cross-gradient) of the subject property and is listed a LTANKS/Historical LTANKS site for the same incident.. This site reported a release of four gallons of #2 Fuel

Oil on January 27, 1995 due to a tank overflow that reportedly affected soil only. Case closure was issued the same day. Based on the current regulatory status and nature of the spill, this site is not expected to represent a significant environmental concern.

- The property at 130 Lefferts Place is located approximately 600 feet to the southeast (hydrologically cross-gradient) of the subject property and is listed as a LTANKS site. According to the regulatory database, this is a private dwelling that failed a tank test and had a “dry leak” on July 25, 2002 that reportedly affected the soil only. According to the database, corrective action was taken and the NYDEC reviewed an acceptable tank test report and closure was given on December 23, 2003. Based on the regulatory status, this site is not expected to represent a significant environmental concern.

The remaining sites are located more than 1/8-mile of the subject property. Based on the relative distance, current regulatory status, nature of the medium impacted, and/or the inferred direction of groundwater flow, these sites are not expected to represent a significant environmental concern.

State Underground Storage Tank/Aboveground Storage Tank List (UST/AST)

The NYSDEC compiles a list of UST and AST locations.

No UST or AST sites are listed on or adjacent to the subject property.

VCP sites

The NYSDEC established its Voluntary Cleanup Program (VCP) to address the environmental, legal and financial barriers that often hinder the redevelopment and reuse of contaminated properties. The Voluntary Cleanup Program was developed to enhance private sector cleanup of brownfields by enabling parties to remediate sites using private rather than public funds and to reduce the development pressures on "greenfield" sites.

No VCP sites were noted within 1/2-mile of the subject property.

Brownfields

The EPA Brownfields database was reviewed to identify facilities that qualify for federal remediation funding under the Small Business Liability Relief and Brownfields Revitalization Act (the “Brownfields” amendment to CERCLA).

No Brownfields sites were noted within the 1/2-mile search radius.

Engineering Controls

The EPA database of Engineering Control sites (ENG CONTROLS) was reviewed to identify sites with engineering controls in place. Engineering controls include various forms of caps,

building foundations, liners, and treatment methods to create pathway elimination for regulated substances to enter environmental media or effect human health.

No ENG CONTROLS sites were noted within the ½-mile search radius.

Institutional Controls

The EPA database of Institutional Control sites (INST CONTROLS) was reviewed to identify sites where engineering and/or institutional controls remain in place as part of a remedial action to address soil and/or groundwater contamination. These restrictions ensure protection of human health and the environment as long as they are maintained.

No INST CONTROLS sites were noted within the ½-mile search radius.

5.0 USER PROVIDED INFORMATION AND INTERVIEWS

In order to qualify for one of the *Landowner Liability Protections (LLPs)* offered by the Small Business Liability Relief and Brownfields Revitalization Act of 2001 (the *Brownfields Amendments*), the *User* must provide the following information (if available) to the *environmental professional*. Failure to provide this information could result in a determination that *all appropriate inquiry* is not complete. The user is asked to provide information or knowledge of the following:

- Environmental cleanup liens that are filed or recorded against the site.
- Activity and land use limitations that are in place on the site or that have been filed or recorded in a registry.
- Specialized knowledge or experience of the person seeking to qualify for the LLPs.
- Relationship of the purchase price to the fair market value of the *property* if it were not contaminated.
- Commonly known or *reasonably ascertainable* information about the *property*.
- The degree of obviousness of the presence or likely presence of contamination at the *property*, and the ability to detect the contamination by appropriate investigation.
- The reason for preparation of this Phase I ESA.

Fulfillment of these user responsibilities is key to qualification for the identified defenses to CERCLA liability. Partner requested our Client to provide information to satisfy User Responsibilities as identified in Section 6 of the ASTM guidance.

Pursuant to ASTM E 1527-05, Partner requested the following site information from BNB Bank, N.A. (User of this report).

Item	Provided By User	Not Provided By User	Discussed Below	Does Not Apply
Environmental Pre-Survey Questionnaire		X		
Title Records		X		
Environmental Liens or Activity and Use Limitation		X		
Specialized Knowledge		X		
Valuation Reduction for Environmental Issues		X		
Identification of Key Site Manager	X			
Reason for Performing Phase I ESA	Yes, See Section 1.1			
Prior Environmental Reports		X		
Other		X		

5.1 Interviews

5.1.1 Interview with Owner

Mr. Alfred Sheppard, subject property owner for over 30 years, was not aware of any pending, threatened, or past litigation relevant to hazardous substances or petroleum products in, on, or from the subject property; any pending, threatened, or past administrative proceedings relevant to hazardous substances or petroleum products in, on, or from the subject property; or any notices from a governmental entity regarding any possible violation of environmental laws or possible liability relating to hazardous substances or petroleum products.

According to Mr. Sheppard, the subject property has been used as a funeral home for several decades. Mr. Sheppard stated that a drop-off only dry cleaners occupied the adjacent property to the east at 1047A (1047^{1/2}) Fulton Avenue many years ago; however, Mr. Sheppard stated that no dry cleaners have ever operated on-site. Information pertaining to a recent overfill of fuel oil was obtained from Mr. Sheppard, as discussed in Section 4.2.

5.1.2 Interview with Report User

Please refer to Section 5.2 below for information requested from the Report User. The information requested was not received prior to the issuance of this report. Because the Report User (Client) is a lender, it is understood that the Report User would not have knowledge of the property that would significantly impact our ability to satisfy the objectives of this assessment. The lack of this information is not considered to represent a significant data gap.

5.1.3 Interview with Key Site Manager

The subject property owner is the key site manager for the subject property. Please refer to section 5.1.1 for information obtained from the owner.

5.1.4 Interviews with Past Owners, Operators and Occupants

Interviews with past owners, operators and occupants were not reasonably ascertainable and thus constitute a data gap.

5.1.5 Interview with Others

As the subject property is not an abandoned property as defined in ASTM 1527-05, interview with others were not performed.

5.2 User Provided Information

5.2.1 Title Records

Partner was not provided with title records for review as part of this assessment.

5.2.2 Environmental Liens or Activity and Use Limitation

Partner requested information from the User regarding knowledge of environmental liens and activity and use limitations (AULs) for the subject property.

5.2.3 Specialized Knowledge

Partner inquired with the User regarding any specialized knowledge of environmental conditions associated with the subject property. No specialized knowledge was provided by the User at the time of the assessment.

5.2.4 Commonly Known or Reasonably Ascertainable Information

Partner inquired with the User regarding any commonly known or *reasonably ascertainable* information within the local community about the subject property that is material to *recognized environmental conditions* in connection with the subject property. Commonly known or *reasonably ascertainable* information associated with the subject property was not provided by the User at the time of the assessment.

5.2.5 Valuation Reduction for Environmental Issues

Partner inquired with the User regarding any knowledge of reductions in property value due to environmental issues. Knowledge of valuation reductions associated with the subject property was not provided by the User at the time of the assessment.

5.2.6 Previous Reports and Other Provided Documentation

No previous reports or other pertinent documentation was provided to Partner for review during the course of this assessment.

6.0 SITE RECONNAISSANCE

The subject property was inspected by Mr. Ryan Golden of Partner on January 22, 2010. The weather at the time of the site visit was partly cloudy. The Property Manager was identified as Mr. Al Sheppard, subject property owner. Mr. Sheppard provided site access and information pertaining to the current operations to Partner during the site inspection.

All areas of the subject property were accessible at the time of the site inspection. There were no physical or visual obstructions of the subject property.

The subject property is currently occupied by a funeral chapel and vacant apartments. Environmental concerns were identified during the onsite reconnaissance related to the on-site heating oil system, as further discussed in Sections 6.1 and 6.2. Non-ASTM issues are discussed in Section 6.3.

6.1 General Site Characteristics

6.1.1 *Solid Waste Disposal*

Solid waste generated at the subject property is disposed of in commercial dumpsters. An independent solid waste disposal contractor removes solid waste from the subject property.

6.1.2 *Sewage Discharge and Disposal*

Sanitary discharges on the subject property are directed into the municipal sanitary sewer system. The City of New York services the subject property vicinity. No wastewater treatment facilities or septic systems are located on the subject property.

6.1.3 *Surface Water Drainage*

Storm water is removed from the subject property primarily by sheet flow action across the paved surfaces towards storm water drains located throughout the subject property and in the public right of way. Site storm water from roofs, landscaped areas, and paved areas is directed to on-site concrete swales, which drain to the public right of way, and to on-site storm water drains. The subject property is connected to a municipal owned and maintained sewer system.

The subject property does not appear to be a designated wetland area, based on information obtained from the United States Department of Agriculture; however, a comprehensive wetlands survey would be required in order to formally determine actual wetlands on the subject property. No surface impoundments, wetlands, natural catch basins, settling ponds, or lagoons are located on the subject property. No drywells were identified on the subject property.

6.1.4 *Source of Heating and Cooling*

Heating and cooling systems as well as domestic hot water equipment are fueled by electricity and fuel oil-fired boilers provided by Con Edison and various private oil vendors, respectively.

6.1.5 Wells and Cisterns

No aboveground evidence of wells or cisterns was observed during the site reconnaissance.

6.1.6 Wastewater

Domestic wastewater generated at the subject property is disposed by means of the sanitary sewer system. No industrial process is currently performed at the subject property.

6.1.7 Septic Systems

No septic systems were observed or reported on the subject property.

6.1.8 Additional Site Observations

No additional general site characteristics were observed.

6.2 Potential Environmental Hazards

6.2.1 Hazardous Materials and Petroleum Products Used or Stored at the Site

Embalming is conducted in a ground-floor room on the north side of the on-site funeral chapel. Embalming chemicals consist of a variety of preservatives, sanitizers, and disinfecting agents, including formaldehyde, glutaraldehyde, methanol, and ethanol. Partner observed several cardboard boxes filled with small (less than one gallon) plastic containers containing the embalming fluid, which is applied to a corpse to prevent dehydration. The materials were found to be properly labeled and stored at the time of the assessment with no signs of leaks, stains, or spills. Based on the small quantity of embalming chemicals that are used onsite, the use of these chemicals in association with the on-site operations, and the presence of a basement level beneath the embalming room (which would serve as a buffer to any significant release within the embalming room), the current and former undertaking operations are not expected to represent a significant environmental concern.

6.2.2 Aboveground & Underground Hazardous Substance or Petroleum Product Storage Tanks (ASTs/USTs)

The two subject property basement areas are each equipped with one steel-walled, 275-gallon #2 fuel oil aboveground storage tank (AST). Staining and odor that is indicative of heating oil was noted on the dirt flooring of the basement beneath the western basement area's AST. According to the subject property owner, Mr. Al Sheppard, there was a recent overflow problem that caused a small amount of heating oil (reportedly less than five gallons) to spill onto the basement floor. The subject property was not listed in the regulatory database in association with any on-site oil spills. Although the heating oil release in the basement of the subject property appears to be surficial in nature, the dirt floor beneath the AST serves as a direct conduit to the subsurface and the spill caused by overflow represents an environmental concern.

6.2.3 Evidence of Releases

The heating oil spill in the western basement was previously discussed in Section 6.2.2.

No other spills, stains or indications that a surficial release has occurred at the subject property were observed.

6.2.4 Polychlorinated Biphenyls (PCBs)

No potential PCB-containing equipment (transformers, oil-filled switches, hoists, lifts, dock levelers, hydraulic elevators, etc) was observed on the subject property during Partner's reconnaissance.

6.2.5 Strong, Pungent or Noxious Odors

The odor associated with the heating oil spill in the western basement area was previously discussed in Section 6.2.2.

No other strong, pungent or noxious odors were evident during the site reconnaissance.

6.2.6 Pools of Liquid

No pools of liquid were observed on the subject property.

6.2.7 Drains, Sumps and Clarifiers

No drains, sumps or clarifiers, other than those associated with storm water removal, were observed on the subject property.

6.2.8 Pits, Ponds and Lagoons

No pits, ponds or lagoons were observed on the subject property.

6.2.9 Stressed Vegetation

No stressed vegetation was observed on the subject property.

6.2.10 Additional Potential Environmental Hazards

No additional environmental hazards, including landfill activities or radiological hazards, were observed.

6.3 Non-ASTM Services

6.3.1 Asbestos-Containing Materials (ACMs)

Asbestos is the name given to a number of naturally occurring, fibrous silicate minerals mined for their useful properties such as thermal insulation, chemical and thermal stability, and high

tensile strength. Asbestos is commonly used as an acoustic insulator, thermal insulation, fire proofing and in other building materials. Exposure to airborne friable asbestos may result in a potential health risk because persons breathing the air may breathe in asbestos fibers. Continued exposure can increase the amount of fibers that remain in the lung. Fibers embedded in lung tissue over time may cause serious lung diseases including: asbestosis, lung cancer, or mesothelioma.

The Occupational Safety and Health Administration (OSHA) regulation 29 CFR 1926.1101 requires certain construction materials to be *presumed* to contain asbestos, for purposes of this regulation. All thermal system insulation (TSI), surfacing material, and asphalt/vinyl flooring that are present in a building constructed prior to 1980 and have not been appropriately tested are “presumed asbestos-containing material” (PACM).

The subject property buildings were constructed prior to 1900. Partner has conducted a limited, visual evaluation of accessible areas for the presence of suspect asbestos containing materials (ACMs) at the subject property. The objective of this visual survey was to note the presence and condition of suspect ACM observed. Please refer to the table below for identified suspect ACMs:

Suspect ACMs

Suspect ACM	Location	Friable Yes/No	Physical Condition
Wallboard Systems	Throughout Building Interior	No	Generally Good
Floor Tiles	Throughout Building Interior	No	Generally Good
Acoustic Ceiling Tiles	Office / Chapel Areas	Yes	Generally Good
Boiler Pipe Insulation	Basements	Yes	Generally Good

The limited visual survey consisted of noting observable materials (materials which were readily accessible and visible during the course of the site reconnaissance) that are commonly known to potentially contain asbestos. This activity was not designed to discover all sources of suspect ACM, PACM, or asbestos at the site; or to comply with any regulations and/or laws relative to planned disturbance of building materials such as renovation or demolition, or any other regulatory purpose. Rather, it is intended to give the User an indication if significant (significant due to quantity, accessibility, or condition) potential sources of ACM or PACM are present at the subject property. Additional sampling, inspection, and evaluation will be warranted for any other use.

Partner was not provided building plans or specifications for review, which may have been useful in determining areas likely to have used ACM.

According to the US EPA, ACM and PACM that is intact and in good condition can, in general, be managed safely in-place under an Operations and Maintenance (O&M) Program until removal is dictated by renovation, demolition, or deteriorating material condition. The subject property is planned for renovations; therefore, a comprehensive ACM survey is recommended.

6.3.2 *Lead-Based Paint (LBP)*

Lead is a highly toxic metal that affects virtually every system of the body. While adults can suffer from excessive lead exposures, the groups most at risk are fetuses, infants and children under 6. Congress passed the Residential Lead-Based Paint Hazard Reduction Act of 1992, also known as "Title X", to protect families from exposure to lead from paint, dust, and soil. Section 1018 of this law directed the Housing and Urban Development (HUD) and the US EPA to require the disclosure of known information on lead-based paint (LBP) and LBP hazards before the sale or lease of most housing built before 1978. Sellers, landlords, and their agents are responsible for providing this information to the buyer or renter before sale or lease.

According to Section 1017 of Title X, "LBP hazard is any condition that causes exposure to lead from lead-contaminated dust; bare, lead-contaminated soil; or LBP that is deteriorated or intact LBP present on accessible surfaces, friction surfaces, or impact surfaces that would result in adverse human health effects." Therefore, under Title X intact lead-based paint on most walls and ceilings is not considered a "hazard," although the condition of the paint should be monitored and maintained to ensure that it does not become deteriorated. LBP is defined as any paint, varnish, stain, or other applied coating that has 1 mg/cm² (or 5,000 ug/g by weight) or more of lead.

Based on the age of the subject property buildings (pre-1978), there is a potential that LBP is present. Interior and exterior painted surfaces were observed in good condition and therefore not expected to represent a "hazard", although the condition of the paint should be monitored and maintained to ensure that it does not become deteriorated.

Actual material samples would need to be collected in order to determine if LBP is present.

6.3.3 *Radon*

Radon is a colorless, odorless, naturally occurring, radioactive, inert, gaseous element formed by radioactive decay of radium (Ra) atoms. The US EPA has prepared a map to assist National, State, and local organizations to target their resources and to implement radon-resistant building codes. The map divides the country into three Radon Zones; Zone 1 being those areas with the average predicted indoor radon concentration in residential dwellings exceeding the US EPA Action Limit of 4.0 picoCuries per Liter (pCi/L). It is important to note that the EPA has found homes with elevated levels of radon in all three zones, and the US EPA recommends site-specific testing in order to determine radon levels at a specific location. However, the map does give a valuable indication of the propensity of radon gas accumulation in structures.

Radon sampling was not conducted as part of this assessment. Review of the US EPA Map of Radon Zones places the subject property in Zone 3, where average predicted radon levels are less than 2.0 pCi/L. Based upon the radon zone classification, radon is not considered to be a significant environmental concern.

6.3.4 Lead in Drinking Water

According to available information, a public water system operated by the City of New York serves the subject property vicinity. According to the 2008 Water Quality Report, groundwater beneath Brooklyn is not utilized for domestic purposes and water supplied to the subject property is in compliance with all State and Federal regulations pertaining to drinking water standards, including lead and copper. Water sampling was not conducted to verify water quality.

6.3.5 Mold

Molds are microscopic organisms found virtually everywhere, indoors and outdoors. Mold will grow and multiply under the right conditions, needing only sufficient moisture (e.g. in the form of very high humidity, condensation, or water from a leaking pipe, etc.) and organic material (e.g., ceiling tile, drywall, paper, or natural fiber carpet padding). Mold growths often appear as discoloration, staining, or fuzzy growth on building materials or furnishings and are varied colors of white, gray, brown, black, yellow, and green. In large quantities, molds can cause allergic symptoms when inhaled or through the toxins the molds emit.

Partner observed accessible, interior areas for the subject property buildings for significant evidence of mold growth; however, this ESA should not be used as a mold survey or inspection. Additionally, this inspection was not designed to assess all areas of potential mold growth that may be affected by mold growth on the subject property. Rather, it is intended to give the client an indication as to whether or not conspicuous (based on observed areas) mold growth is present at the subject property. This evaluation did not include a review of pipe chases, mechanical systems, or areas behind enclosed walls and ceilings.

No obvious indications of water damage or mold growth were observed during Partner's visual inspection.

6.4 Adjacent Property Reconnaissance

The adjacent property reconnaissance consisted of observing the adjacent properties from the subject property premises. No items of environmental concern were identified on the adjacent properties during the site inspection, including hazardous materials, petroleum products, ASTs, USTs, evidence of releases, PCBs, strong or noxious odors, pools of liquids, sumps or clarifiers, pits or lagoons, stressed vegetation, or any other potential environmental hazards.

7.0 FINDINGS AND CONCLUSIONS

Findings

A *recognized environmental condition (REC)* refers to the presence or likely presence of any hazardous substance or petroleum product on a property under conditions that indicate an existing release, a 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, groundwater, or surface water of the property. The term REC includes hazardous substances and petroleum products even under conditions that might be in compliance with laws. The term is not intended to include "de minimis" conditions that do not present a threat to human health and/or the environment and that would not be subject to an enforcement action if brought to the attention of appropriate governmental agencies. The following was identified during the course of this assessment:

- The subject property parcels, all adjacent properties, and 22 sites within $\frac{1}{8}$ -mile of the subject property are identified as E Designation sites in the regulatory database report and by the New York City Department of City Planning. E Designation zones are assigned by the New York City Department of City Planning because an area was used as or is in close proximity to a gas station or some other underground fuel oil tank, is located in or contiguous to a manufacturing district, has a history of manufacturing uses, is located next to a building with a history of manufacturing uses, is located on a heavily trafficked street or highway, is located next to a railroad, or has some other environmental condition on the property or nearby that is a cause for concern. The subject property and surrounding area may be assigned the E Designation based on the fact that 70 leaking underground storage tank (LTANKS) sites are located within 1-mile of the subject property. The requirements of the subject property's specific E Designation (E-183) include window wall attenuation with alternate ventilation and underground gasoline storage tanks testing protocol. Partner has not identified any recognized environmental conditions (RECs) that would pose a significant concern to the subject property's subsurface; however, the subject property's location within an E Designation zone is a recognized environmental condition.

A *historical recognized environmental condition (HREC)* refers to an environmental condition which would have been considered a REC in the past, but which is no longer considered a REC based on subsequent assessment or regulatory closure. The following was identified during the course of this assessment:

- Partner did not identify any historical recognized environmental conditions during the course of this assessment.

An *environmental issue* refers to environmental concerns identified by Partner, which do not qualify as RECs; however, require discussion. The following was identified during the course of this assessment:

- The subject property has been occupied by a funeral home since as early as 1941. Embalming is currently conducted in a ground-floor room on the north side of the on-site funeral chapel. Embalming chemicals consist of a variety of preservatives, sanitizers, and disinfecting agents, including formaldehyde, glutaraldehyde, methanol, and ethanol. Partner observed several cardboard boxes filled with small (less than one gallon) plastic containers containing the embalming fluid, which is applied to a corpse to prevent dehydration. Based on the small quantity of embalming chemicals that are used onsite, the use of these chemicals in association with the on-site operations, and the presence of a basement level beneath the embalming room (which would serve as a buffer to any significant release within the embalming room), the current and former undertaking operations are not expected to represent a significant environmental concern.
- The two subject property basement areas are each equipped with one steel-walled, 275-gallon #2 fuel oil aboveground storage tank (AST). Staining and odor that is indicative of heating oil was noted on the dirt flooring of the basement beneath the western basement area's AST. According to the subject property owner, Mr. Al Sheppard, there was a recent overflow problem that caused a small amount of heating oil (reportedly less than five gallons) to spill onto the basement floor. The subject property was not listed in the regulatory database in association with any on-site oil spills. Although the heating oil release in the basement of the subject property appears to be surficial in nature, the dirt floor beneath the AST serves as a direct conduit to the subsurface and the spill caused by overflow represents an environmental concern.
- City directories identify 1047 Fulton Street as a dry cleaning facility (B&J Cleaners) in 1949 and 1960 and the adjacent property to the east (1047½ Fulton Street) as the same facility in 1960 and 1976. According to the current subject property owner, there was formerly a drop-off only dry cleaners located on the adjacent property to the east (1047A/1047½ Fulton Street) and no other evidence of a dry cleaning facility operating on the subject property was identified during this investigation. Additionally, a basement area beneath the subject building at 1047 Fulton Street would act as a buffer to any releases of dry cleaning chemicals on the ground floor, in the unlikely event that dry cleaning took place on-site. Based on this information and the lack of any other documentation to support the presence of dry cleaning chemicals onsite, this listing is not expected to represent a significant environmental concern.
- The subject property (identified as Fairhaven Funeral Home at 1045 Fulton Street) is listed as a Spills and Historic Spills site for the same incident. According the database, a caller that "did not sound too credible" reported dumping of an unknown fluid into the sewer at the subject property on November 6, 1998. A New York State Department of Environmental Conservation investigator responded to the incident and granted case closure on February 13, 2003 due to the nature of the incident. According to the owner of the subject property, Mr. Sheppard, a neighbor called and reported a tenant of one of the adjoining properties dumping something in the sewer, but it was not a discharge on or from the subject property. Based on the current regulatory status and nature of this listing, this incident is not expected to represent a significant environmental concern.

- Based on the age of the subject property building, there is a potential that asbestos-containing materials (ACM) and lead-based paint (LBP) are present.

Conclusions, Opinions and Recommendations

Partner has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E1527-05 of 1041-1047 Fulton Street in the City of New York, Borough of Brooklyn, Kings County, New York (the “subject property”). Any exceptions to or deletions from this practice are described in Section 1.5 of this report.

This assessment has revealed evidence of recognized environmental conditions and/or environmental issues in connection with the subject property. Based on the conclusions of this assessment, Partner recommends the following:

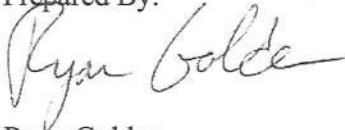
- Since the subject property is located in an E Designation zone, the subject property owner should comply with all New York City Department of City Planning mandates, including any requirements that pertain to the planned renovations.
- The heating oil-contaminated soil located in the subject property basement should be properly excavated and disposed of in order to determine if the overfill release was surficial in nature, or if it represents a more serious environmental concern. If a significant release is identified, further investigation including soil and groundwater sampling is warranted.
- The subject property is reportedly planned to have major renovations; therefore, prior to the planned disturbance of the construction materials within this facility, a comprehensive ACM and LBP survey is recommended.

8.0 SIGNATURES OF ENVIRONMENTAL PROFESSIONALS

Partner has performed a Phase I Environmental Site Assessment of the property located at 1041-1047 Fulton Street in the City of New York, Borough of Brooklyn, Kings County, New York in general conformance with the scope and limitations of the protocol and the limitations stated earlier in this report. Exceptions to or deletions from this protocol are discussed earlier in this report.

By signing below, Partner declares that, to the best of our professional knowledge and belief, the undersigned meet the definition of an *Environmental Professional* as defined in §312.10 of 40 CFR 312 and have the specific qualifications based on education, training, and experience to assess a *property* of the nature, history, and setting of the subject *property*. Partner has developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.

Prepared By:



Ryan Golden
Environmental Scientist

Reviewed By:



Nicole TK Moore, REA
Senior Author

9.0 REFERENCES

Contact List

New York City Building Department, Building Information System,
www.nyc.gov/html/dob/html/bis/bis.shtml

New York City Department of Environmental Protection, 59-17 Junction Boulevard, 19th Floor
Flushing, New York 11373

New York City Fire Department, 9 MetroTech Center, 4th Floor
Brooklyn, New York 11201-3857

New York State Department of Environmental Conservation, Electronic Freedom of Information
request sent to foil@gw.dec.state.ny.us.

Reference Documents

American Society for Testing and Materials, Standard Practice for Environmental Site
Assessments: Phase I Environmental Site Assessment Process, ASTM Designation: E 1527-05.

United States Geological Survey, Brooklyn, NJ Quadrangle 1995.

Environmental Data Resources, Inc., Milford, Connecticut, database report 2650060.2s,
December 3, 2009.

Sanborn Fire Insurance Rate Maps for Property and vicinity historical information, obtained
from Environmental Data Resources, Inc. of Milford, Connecticut.

United States Environmental Protection Agency, EPA Map of Radon Zones (Document EPA-
402-R-93-071), accessed via the Internet, January 2010.

FIGURES

- 1- SITE LOCATION MAP**
- 2- TOPOGRAPHIC MAP**
- 3- SITE PLAN**

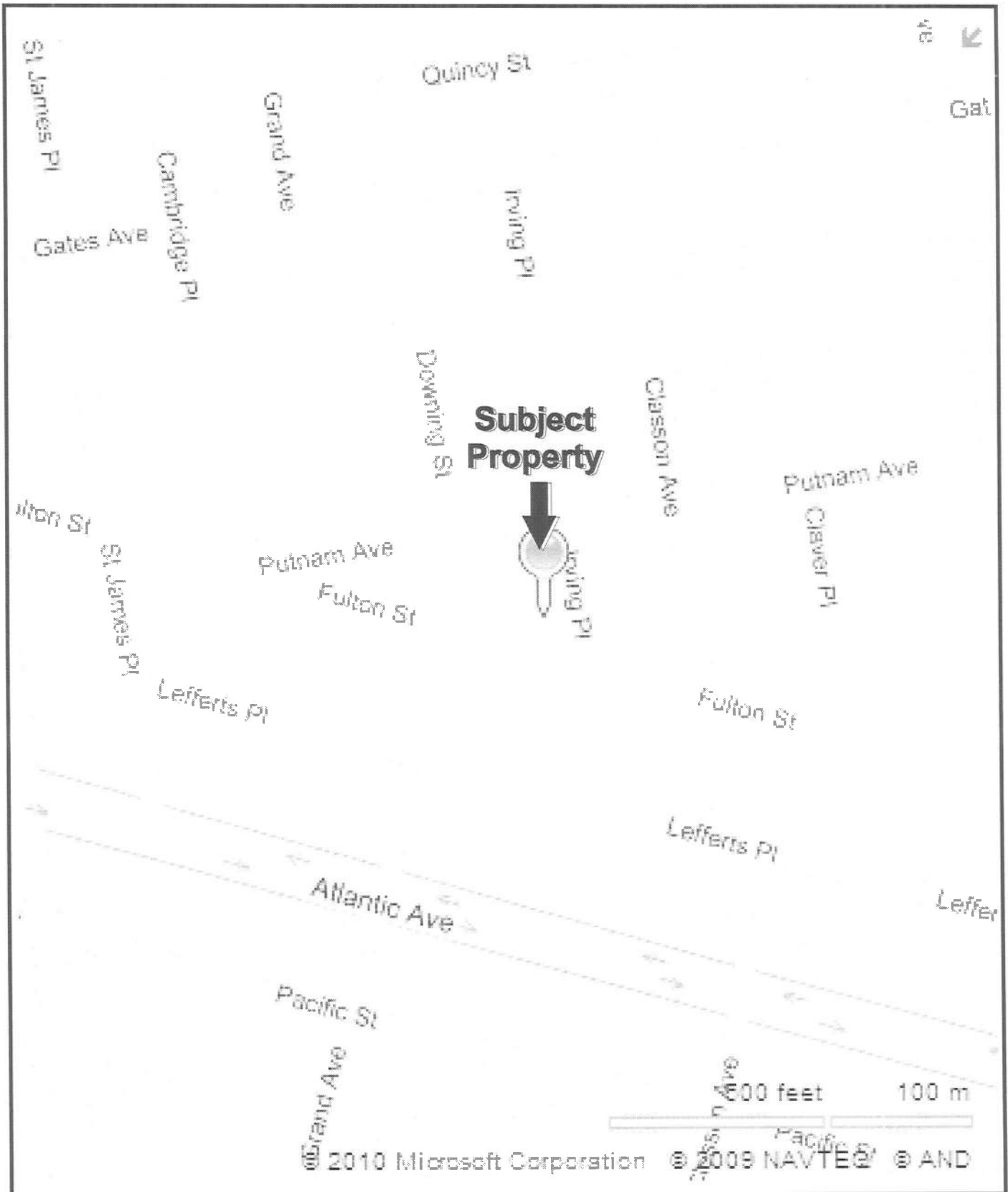


FIGURE 1: SITE LOCATION MAP

Site Address:

Fairhaven Funeral Chapel
 1041-1047 Fulton Street
 Brooklyn, New York 11238



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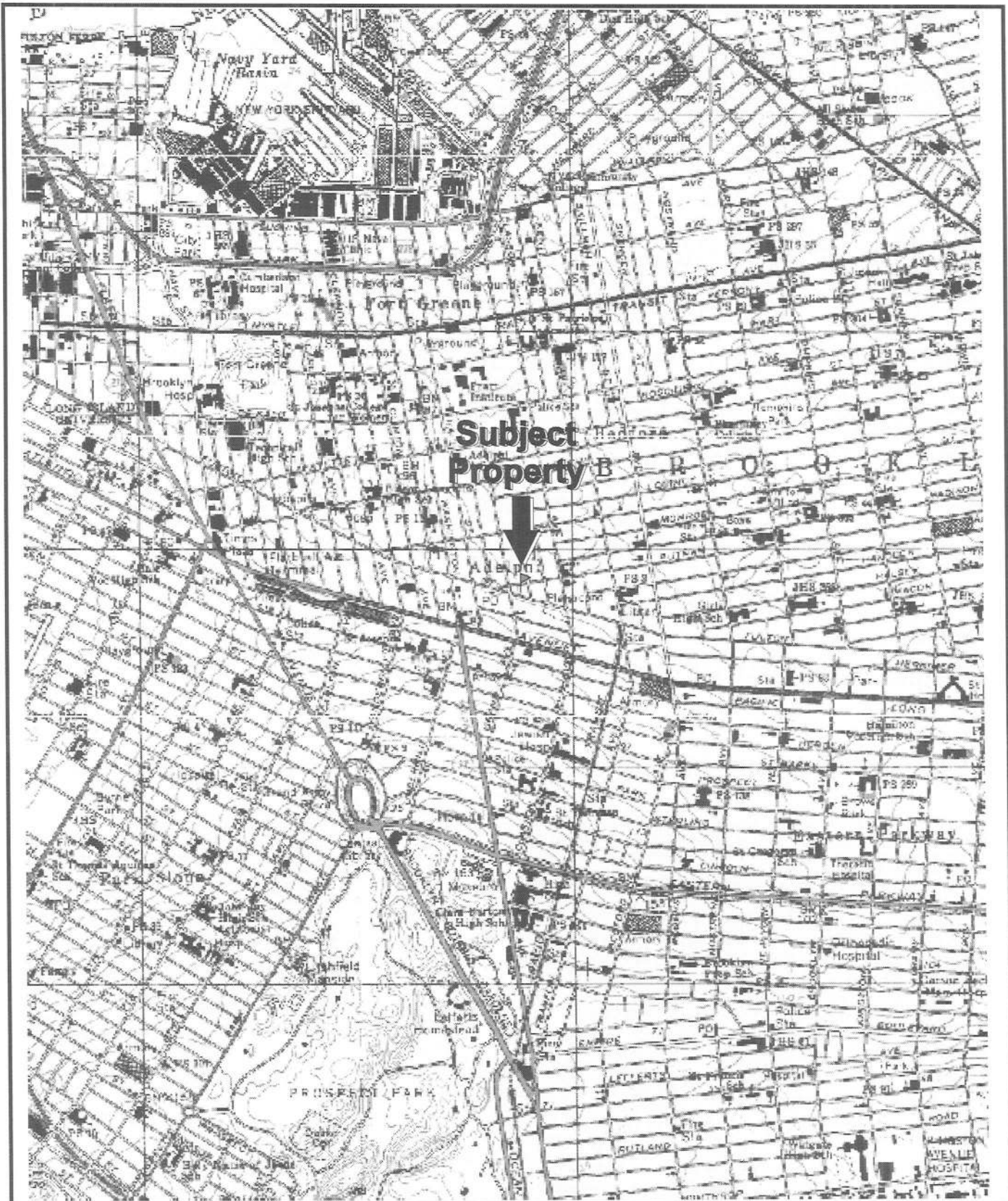


FIGURE 2: TOPOGRAPHIC MAP

Site Address:

Fairhaven Funeral Chapel
 1041-1047 Fulton Street
 Brooklyn, New York 11238



USGS 7.5 Minute
 Brooklyn Quadrangle
 Revised: 1995

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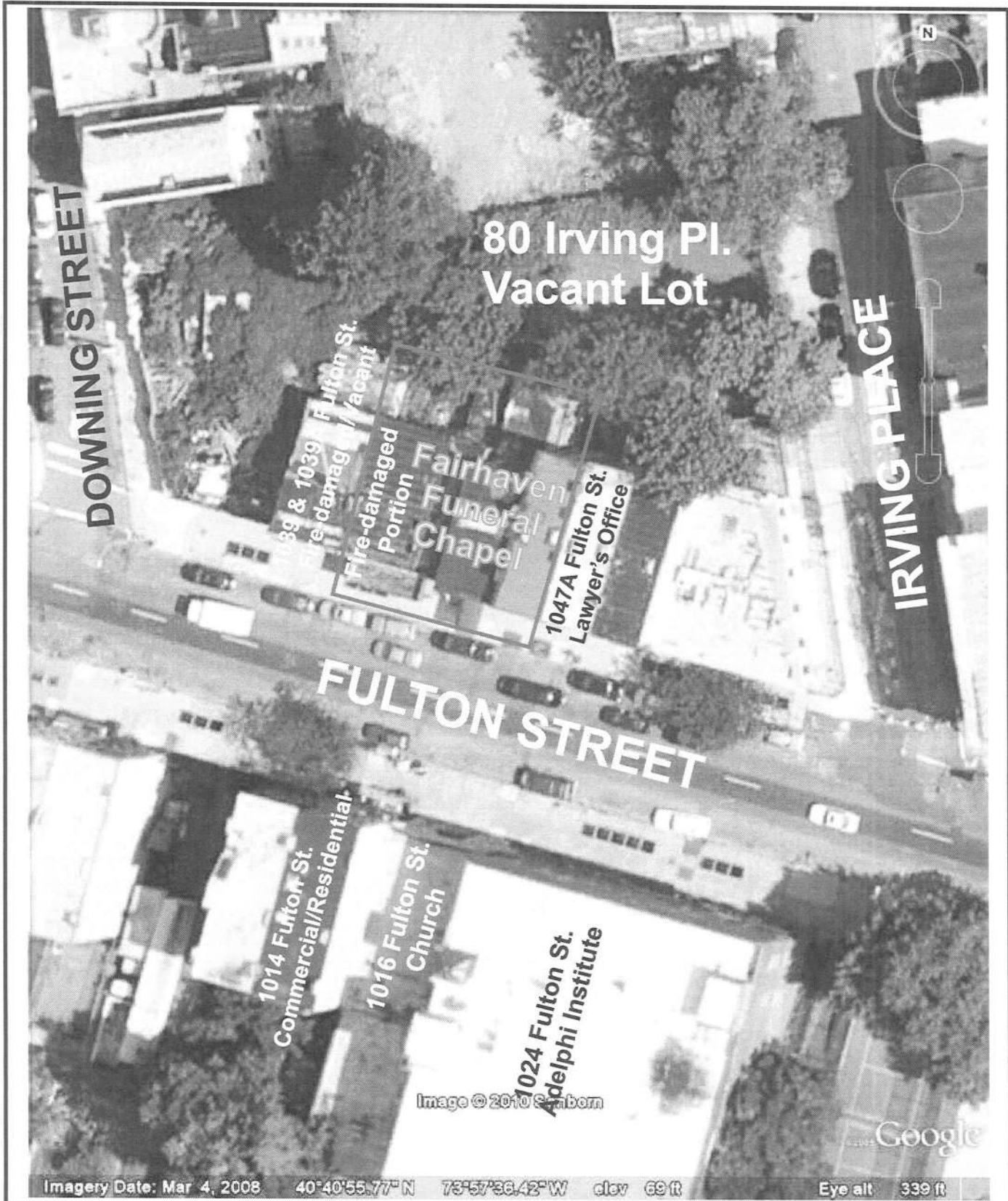


FIGURE 3: SITE PLAN

Site Address:
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 1041-1047 Fulton Street
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KEY:
 Subject Site

GROUNDWATER FLOW



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APPENDIX A: SITE PHOTOGRAPHS

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1. View of the subject property from across Fulton Street (facing north).



2. View of the subject property from the rear yard area (facing southwest).



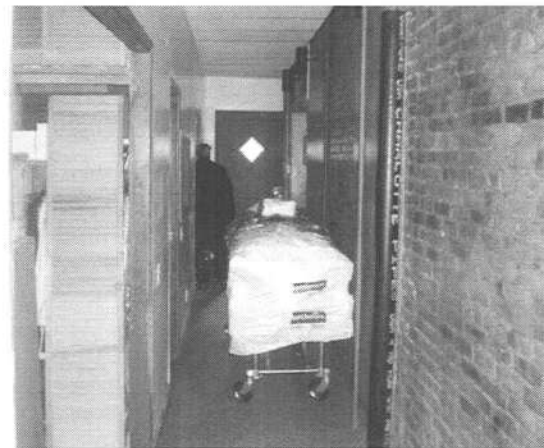
3. View of the rear



4. View of funeral chapel area (ground floor).



5. View of office area.



6. View of funeral chapel hallway area.

SITE PHOTOGRAPHS

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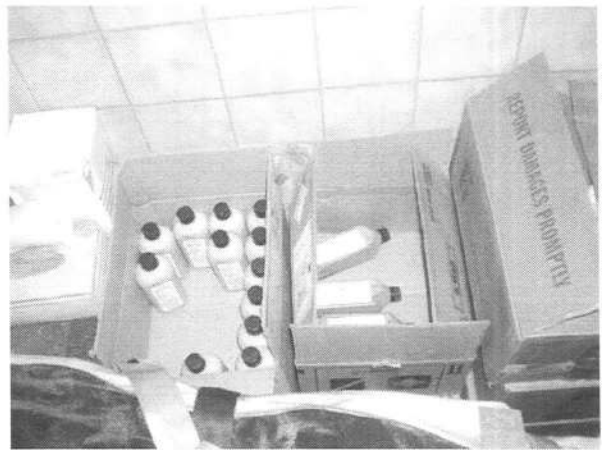
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7. View of embalming room entrance (northern portion of subject property building).



8. View of embalming fluid storage.



9. View of embalming equipment.



10. View of sink in embalming room.



11. View of storage area near embalming room.



12. View of another storage area.

SITE PHOTOGRAPHS

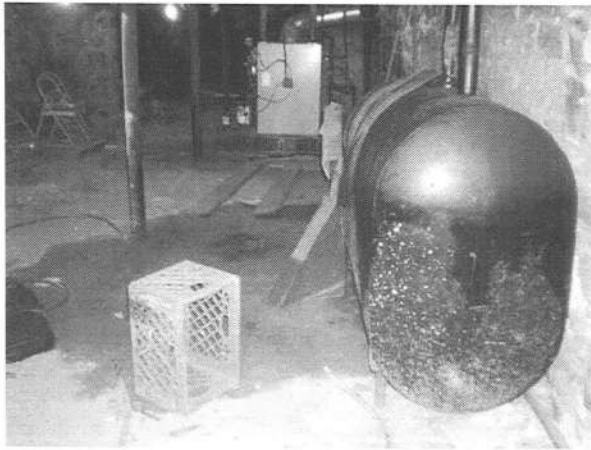
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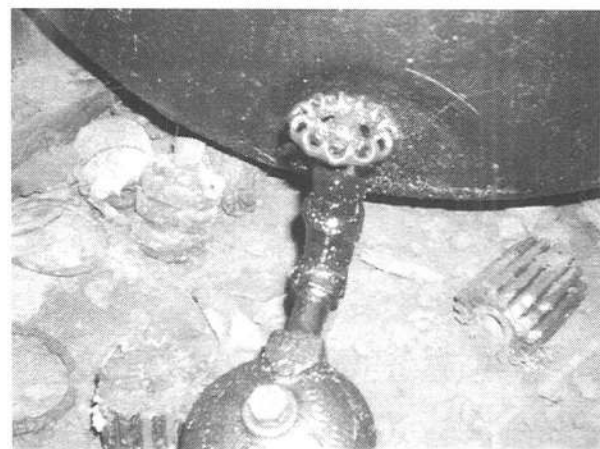
13. View of fuel oil AST and boiler in the western basement area (note dark staining).



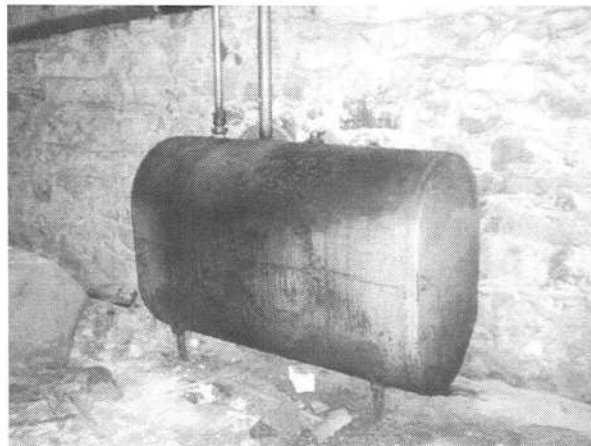
14. View of the dirt floor beneath the AST.



15. View of the eastern basement area.



16. Close-up view of product line coming out of the AST base (note oily residue).



17. View of AST in the eastern basement (no staining noted).



18. View of boiler in eastern basement.

SITE PHOTOGRAPHS

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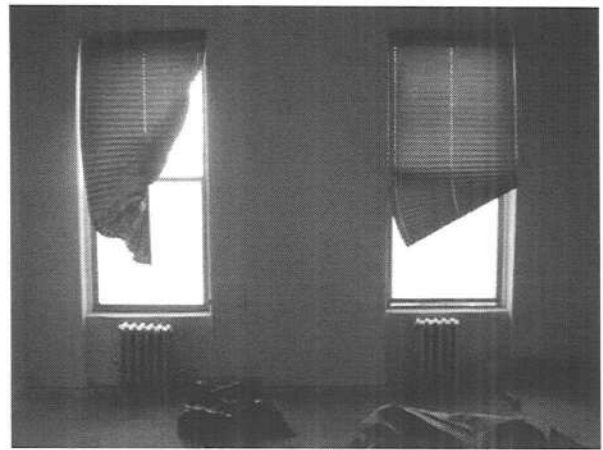
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19. View of kitchen area in one of the apartments.



20. View of bedroom area in one of the apartments.



21. View of stairway leading to apartments.



22. View of the church and commercial/residential buildings to the south across Fulton Street (facing southwest).



23. View of the fire-damaged portion of the subject property building and vacant building to the west (facing south).



24. View of the adjacent mixed-use building to the east (facing north).

SITE PHOTOGRAPHS

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