

Prepared For

**MERRILL LYNCH MORTGAGE LENDING, INC.
10877 WILSHIRE BLVD.
20TH FLOOR
LOS ANGELES, CA 90024**

**PHASE I ENVIRONMENTAL
SITE ASSESSMENT REPORT**

**CENTERPOINTE AT NATOMAS
2200-2250 Del Paso Road
Sacramento, California 95834**

**Date Issued: February 16, 2006
LAC Project Number 06-34635.1**

Prepared By

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Project No. 06-34635.1
February 16, 2006

Ms. Anne-Marie Gryte
Merrill Lynch Mortgage Lending, Inc.
10877 Wilshire Blvd.
20th Floor
Los Angeles, CA 90024

**RE: Phase I Environmental Site Assessment
Centerpointe at Natomas
2200-2250 Del Paso Road
Sacramento, California 95834**

Dear Ms. Gryte:

LandAmerica Assessment Corporation (LAC) is pleased to provide the results of our Phase I Environmental Site Assessment of the Centerpointe at Natomas property located in Sacramento, California. This assessment was authorized on January 25, 2006, and performed in general accordance with ASTM E 1527-00, Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process and the Merrill Lynch Mortgage Lending Inc. scope of work for Phase I Environmental Site Assessments.

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

We appreciate the opportunity to provide environmental services to Merrill Lynch Mortgage Lending Inc. If you have any questions concerning this report, or if we can assist you in any other matter, please contact Gene Belli at 732-942-2901.

Very truly yours,

LANDAMERICA ASSESSMENT CORPORATION

Handwritten signature of Jean Hughes in cursive.

Jean Hughes, REA
Professional Associate

Handwritten signature of Fred Howlett in cursive.

Fred Howlett
Project Manager

Handwritten signature of Eugene A. Belli in cursive.

Eugene A. Belli, REPA, CHMM
Vice President

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EXECUTIVE SUMMARY

LandAmerica Assessment Corporation (LAC) has performed a Phase I Environmental Site Assessment (ESA) in general accordance with the scope of work and limitations set forth by Merrill Lynch Mortgage Lending Inc. (Merrill) for the Centerpointe at Natomas located at 2200-2250 Del Paso Road, Sacramento, California 95834 (the "Property").

The Phase I Environmental Site Assessment is designed to provide Merrill with an assessment concerning environmental conditions (limited to those issues identified in the report) as they exist at the property. This assessment was conducted utilizing generally accepted ESA industry standards in accordance with ASTM E 1527-00, Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process and Merrill's scope of work for Phase I Environmental Site Assessments.

The Property is currently developed for commercial use. There are four single story buildings which are occupied by offices. The property was undeveloped land from at least 1964 until the existing buildings were constructed in 2005. The buildings are occupied as follows: 2200 = Safe Credit Union, 2210 = Sutter Health Medical Office, Placer Title Company and vacant space, 2230 = North American Title Company, and 2250 = Prudential Real Estate and Countrywide Home Loans. The Property is not identified on the database report.

The site is situated within a suburban area northwest of downtown Sacramento, California. The property is bound to the north by Del Paso Road, across which is the Park Place Center which includes a Raley's grocery store, a Kohl's Department Store, a Shell gasoline station and several smaller shops and restaurants (including the 5 Star Cleaners, which is a drop off only facility); to the east by Park Place South Road, apartments, and farther east by the East Drainage Canal; to the south by undeveloped land, and farther south by apartments; and to the west by undeveloped land, and farther west by Truxel Road, across which is additional undeveloped land. The Property is located approximately three-quarters of a mile northeast of Highway 5 and one mile northeast of the Sacramento River. Based upon topographic map interpretation and site observations, groundwater flow beneath the site is inferred to be in a westerly direction toward the Sacramento River.

LAC obtained and reviewed a database report from Environmental Data Resources (EDR) for the Property and the surrounding area. Based on the database report, no upgradient sites were identified as potential concerns to the Property. LAC did identify one recycling center site and one Chemical hazardous Materials Incident Response System (CHMIRS) site located within the prescribed search radii. Neither of the sites consisted of releases to soil or groundwater and therefore they are not considered to be a Recognized Environmental Conditions (REC).

CONCLUSIONS

LAC has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527-00 of Centerpointe at Natomas, 2200-2250 Del Paso Road, Sacramento, California, the Property. Any exceptions to or deletions from this practice are described in Section 1.4 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the Property.

RECOMMENDATIONS

Based on the information available at the time of this assessment, LAC does not recommend further investigation of the Property at this time.

The following table summarizes the findings of the significant elements of this investigation.

Assessment Component	Acceptable	Routine Solution	Phase II	Estimated Cost	Reference Section
Historical Review	X				3.3
On-site Operations	X				2.4
Hazardous Materials	X				4.3.1
Waste Generation	X				4.2.1, 4.3.1
PCBs	X				4.3.3
Asbestos	X				4.3.10
Lead in Drinking Water	X				4.3.8
Storage Tanks	X				4.3.6
Surface Areas	X				4.3.2
Regulatory Database Review	X				3.1
Adjoining Properties	X				2.6, 3.3.6
Other					NA

1.0 INTRODUCTION

LandAmerica Assessment Corporation (LAC) was retained by Merrill Lynch Mortgage Lending Inc. (Merrill) to conduct a Phase I Environmental Site Assessment (ESA) of the Centerpointe at Natomas located at 2200-2250 Del Paso Road, Sacramento, California 95834 (the Property). The protocol used for this assessment is in general conformance with ASTM E 1527-00, Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process and Merrill's scope of work for Phase I Environmental Site Assessments.

On January 13, 2006, Jean Hughes, a representative of LAC, conducted a site reconnaissance to assess the possible presence of petroleum products and hazardous materials at the Property. LAC's investigation included review of aerial photos, reconnaissance of adjacent properties, background research, and review of available local, state, and federal regulatory records regarding the presence of petroleum products and/or hazardous materials at the Property.

LAC contracted Environmental Data Resources of Milford, Connecticut, to perform a computer database search for local, state, and Federal regulatory records pertaining to environmental concerns for the Property and properties in the vicinity of the Property (see Section 3.0).

1.1 Purpose

The purpose of this Phase I Environmental Site Assessment (ESA) was to identify existing or potential Recognized Environmental Conditions (as defined by ASTM Standard E-1527-00) in connection with the Property. LAC understands that the findings of this study will be used by Merrill to evaluate a pending financial transaction in connection with the Property.

1.2 Scope of Services

The scope of work for this ESA is in accordance with Merrill's Phase I Environmental Site Assessment protocol and is in general accordance with the requirements of ASTM Standard E 1527-00. LAC 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 Environmental Site Assessment of a property for the purpose of identifying recognized environmental conditions.

No other warranties are implied or expressed.

1.3 Assumptions

There is a possibility that even with the proper application of these methodologies there may exist on the Property conditions that could not be identified within the scope of the assessment or which were not reasonably identifiable from the available information. LAC believes that the information obtained from the record review and the interviews concerning the site is reliable. However, LAC cannot and does not warrant or guarantee that the information provided by these other sources is accurate or complete. The methodologies of this assessment are not intended to produce all inclusive or comprehensive results, but rather to provide Merrill with information relating to the Property.

1.4 Limitations and Exceptions

The findings and conclusions contain all of the limitations inherent in these methodologies that are referred to in ASTM 1527-00. Specific limitations and exceptions to this ESA are more specifically set forth below:

- LAC was not able to document the historical use of the property prior to 1964, since aerial photographs were not reasonably ascertainable from local agencies and other historical sources were not available.

1.5 Special Terms and Conditions

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 subsurface exploratory drilling or sampling was done under the scope of this work. Unless specifically stated otherwise in the report, no chemical analyses have been performed during the course of this ESA.

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 is subject to the limitations of historical documentation, availability, and accuracy of pertinent records, and the personal recollections of those persons contacted.

1.6 Use Reliance

Merrill, in evaluating a request for an extension of credit (the "Mortgage Loan") to be secured by the property may rely upon this report. This information also may be used by any actual or prospective purchaser, transferee, assignee, or servicer of the Mortgage Loan, any actual or prospective investor (including agent or advisor) in any securities evidencing a beneficial interest in or backed by the Mortgage Loan, any rating agency actually or prospectively rating any such securities, any indenture trustee, and any institutional provider(s) from time to time of any liquidity facility or credit support for such financing. In addition, this report or a reference to this report, may be included or quoted in any offering circular, registration statement, or prospectus in connection with a securitization or transaction involving the Mortgage Loan and/or such securities. This report has no other purpose and should not be relied upon by any other person or entity.

2.0 SITE DESCRIPTION

2.1 User Provided Information

Pursuant to ASTM E 1527-00, LAC requested the following site information from Merrill (User of this report) and from the owner, Jack Meissner.

2.1.1 Title Records

LAC requested title records from the site contact, however, title records were not available at the Property and were not provided to LAC for review.

2.1.2 Environmental Liens or Activity and Use Limitation

LAC requested information from the site contact regarding knowledge of environmental liens, activity and use limitations for the Property. The site contact was not aware of any environmental liens associated with the Property. In addition, the site contact had no knowledge of any use or activity limitations.

2.1.3 Specialized Knowledge

LAC inquired with the site contact regarding any specialized knowledge of environmental conditions associated with the Property. The site contact was not aware of any environmental conditions associated with the Property.

2.1.4 Valuation Reduction for Environmental Issues

LAC inquired with the site contact regarding any knowledge of reductions in property value due to environmental issues. The site contact was not aware of any valuation reductions associated with the Property.

2.1.5 Identification of Key Site Manager

Mr. Scott Peterson identified Jack Meissner, owner, as the key site contact for LAC.

2.1.6 Reason for Performing Phase I ESA

The purpose of this Phase I Environmental Site Assessment (ESA) was to identify existing or potential Recognized Environmental Conditions (as defined by ASTM Standard E-1527-00) in connection with the Property. LAC understands that the findings of this study will be used by Merrill to evaluate a pending financial transaction in connection with the Property.

2.1.7 Prior Environmental Reports

According to Mr. Meissner, prior environmental reports are available for the Property. The reports were not provided for LAC review.

2.2 Location and Legal Description

The address of the Property is 2200, 2210, 2300, and 2250 Del Paso Road, Sacramento, California, 95834. The Property is located in a newly developed area of Sacramento County. According to the County Assessors office, the assessor's parcel number of the Property is 225-0070-125-0000.

According to the Sacramento County Tax Assessor's office, the Property is currently owned by the Jack and Mary Anne Meissner Family Revocable Trust, who has owned the Property since 2003.

2.3 Site and Vicinity General Characteristics

The Property is located in a newly developing residential and commercial area that is characterized by retail shopping centers and multi-family apartment complexes. The Property is zoned commercial by the City of Sacramento.

The Property consists of an irregularly shaped parcel approximately 3.73 acres in size. The Property is designed and used for commercial purposes. Currently, the Property is developed with four structures that were constructed in 2005. The structures at the Property are single-story in height, and comprise a total of 36,795 square feet of building space. The site offers a total of seven tenant spaces.

There is an Automatic Teller Machine (ATM) kiosk for Safe Credit Union located south of the 2210 Building. Access to the asphalt-surfaced Property parking lots on the northern and eastern portions of the Property is provided from Del Paso Road to the north and Park Place South to the east. Manicured landscaping is located on portions of the Property. No other structures or significant surface features were noted on the Property at the time of the reconnaissance.

2.4 Current Use of the Property

The 2200 building is 5,073 square feet and is entirely occupied by Safe Credit Union as a branch. The 2210 building is occupied by Sutter Health Medical Group (Suite A = 5,665 square feet of offices and exam rooms), Placer Title Company (Suite B, 2,000 square feet of office), and by 7,185 square feet of vacant space which hasn't been built out. The 2230 building is occupied by North American Title Company and consists of 8,479 square feet of offices. The 2250 Building is occupied by Prudential Real Estate who uses 3,988 square feet for offices, and Country wide Home Loans who uses 4,406 square feet for offices.

2.5 Description of Site Improvements

All four buildings are of steel frame on concrete slab construction, and have the following interior square footages: Building 2200 = 5,073 square feet; Building 2210 = 14,850 square feet; Building 2230 = 8,479 square feet and Building 2250 = 8,394 square feet. The walls have exterior stucco glass and stone surfacing, with interior finishes comprised of 2'x2' and 2'x4' acoustical ceiling panels and gypsum wallboard interior walls. Carpeting covers the majority of interior floors, with ceramic tiles and vinyl flooring present in restrooms, lobbies, and break rooms.

The City of Sacramento supplies drinking water to the Property from the municipal distribution system. Sanitary discharges on the Property are discharged into the municipal sanitary sewer system. The Property area is serviced by the City of Sacramento.

Electricity is provided to the Property by the Sacramento Municipal Utility District (SMUD). Natural gas is provided by Pacific Gas and Electric Company (PG&E).

2.6 Current Use of Adjoining Properties

During the vicinity reconnaissance, LAC observed the following land use on properties in the immediate vicinity of the Property.

- North:** Across Del Paso Road to the north of the Property is the Park Place Center, which is a retail center which includes Raley's Grocery Store, Kohl's Department Store, a Shell Gasoline Station (2221 Del Paso Road) and a number of small retail stores and restaurants. There is also a drop off dry-cleaner, 5 Star Cleaners.
- South:** Undeveloped land, and then apartments. Farther south is Highway 5 and approximately three and a half miles south is the confluence of the American and Sacramento Rivers.
- East:** Park Place South, and across the roadway are apartments. Farther east is the East Drainage Canal.
- West:** Undeveloped land to Truxel Road. An SBC station, including an emergency generator, is located to the southwest, approximately one-eighth mile.

3.0 RECORDS REVIEW

3.1 Standard Environmental Record Sources

3.1.1 State and Federal Regulatory Review

Information from standard Federal and state environmental record sources was provided through Environmental Data Resources (EDR). Data from governmental agency lists are updated and integrated into one database, which is updated as these data are released. This integrated database also contains postal service data in order to enhance address matching. Records from one government source are compared to records from another to clarify any address ambiguities. The demographic and geographic information available provides assistance in identifying and managing risk. The accuracy of the geocoded locations is approximately +/-300 feet.

In some cases, location information supplied by the regulatory agencies is insufficient to allow the database companies to geocode facility locations. These facilities are listed under the unmappable section within the EDR report. A review of the unmappable facilities indicated that none of these facilities are within the ASTM minimum search distance from the Property.

Regulatory information from the following database sources regarding possible recognized environmental conditions, within the ASTM minimum search distance from the Property, was reviewed. Specific facilities are discussed below if determined likely that a potential recognized environmental condition has resulted at the Property from the listed facilities. Please refer to Appendix C-1 for a complete listing.

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.

The Property is not listed as a NPL facility. No NPL sites are located within one mile of the 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.

The Property is not listed as a CERCLIS facility. No CERCLIS sites are listed within one-half mile of the 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.

The Property is not listed as a CERCLIS-NFRAP facility. No CERCLIS-NFRAP sites are listed on or adjoining the Property.

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

The EPA Resource Conservation and Recovery Act (RCRA) Program identifies and tracks hazardous waste from the point of generation to the point of disposal. 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. The CORRACTS database is the EPA's list of treatment storage or disposal facilities subject to corrective action under RCRA.

The Property is not listed as a RCRA CORRACTS TSD facility. No RCRA CORRACTS TSD facilities are listed within one mile of the Property.

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

The RCRA TSD database is a compilation by the EPA of reporting facilities that treat, store or dispose of hazardous waste.

The Property is not listed as a RCRA-TSD facility. No RCRA TSD sites are listed within one-half mile of the Property.

Federal RCRA Generator List

The 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.

The Property is not listed as a RCRA facility. No RCRA Generator facilities are listed on the Property or on the adjacent properties.

Federal Emergency Response Notification System (ERNS)

The Emergency Response Notification System (ERNS) is a national database used to collect information on reported release of oil or hazardous substances. The Chemical Hazardous Material Incident Response System (CHMIRS) also identifies spills, releases and responses.

No ERNS sites were listed on the Property or on the adjacent properties. One CHMIRS site was identified at 2450 Del Paso Road. The incident consisted of employees being overcome by paint fumes in a new building in 1999.

State Priority List

The Cal EPA, Department of Toxic Substances Control (DTSC) maintains a State Priority List (SPL) of sites considered to be actually or potentially contaminated and presenting a possible threat to human health and the environment.

The Property is not listed as a SPL facility. No SPL sites are listed within one mile of the Property.

State CERCLIS-Equivalent List

The DTSC maintains 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.

The Property is not listed as a State CERCLIS facility. No SCL sites are listed within one-half mile of the Property.

Solid Waste/Landfill Facilities (SWLF)

A database of SWLF is prepared by the California Integrated Waste Management Board.

The Property is not listed as a SWLF facility. No SWLF facilities are listed within one-half mile of the Property. One recycling center is identified at Raley's, 4650 Natomas Boulevard. This facility has not had releases.

State Leaking Underground Storage Tank List (LUST)

The Cal EPA Regional Water Quality Control Board (RWQCB) compiles lists of all leaks of hazardous substances from underground storage tanks.

The Property is not listed as a LUST facility. No LUST sites are listed within one-half mile of the Property.

State Underground Storage Tank List (UST)

The RWQCB compiles a list of UST locations.

The Property is not listed as an UST facility. No registered UST facilities are listed adjacent to the Property. The Shell located across Del Paso Road to the north is registered on the County of Sacramento Master List as having three USTs. No releases have been reported from the Shell.

3.1.2 Local Regulatory Review

3.1.2.1 County Recorder/ Assessor

According the Sacramento County Recorder's Office, no environmentally-related liens or deed restrictions have been recorded against the Property.

3.1.2.2 Fire Officials

Records were requested from the Sacramento Metropolitan Fire Department for evidence indicating the presence of underground storage tanks and for the use of hazardous materials. Sacramento Metropolitan Fire Department personnel indicated that records would be held by the County of Sacramento, Environmental Management Department. See Section 3.1.2.4 for further information.

3.1.2.3 Building Department

Records were requested from the Sacramento Building Department for evidence indicating the developmental history of the Property, and for the presence of documentation relative to underground storage tanks. The records were not available at the time of this report. If information becomes available it will be provided.

3.1.2.4 Other Agencies

A file review was requested from the County of Sacramento, Environmental Management Department. No records indicated current or past usage of hazardous materials, USTs or ASTs at the Property.

3.2 Physical Setting Sources

3.2.1 Topography

The United States Geological Survey (USGS), Taylor Monument, California Quadrangle 7.5 minute series topographic map was reviewed for this ESA. This map was published by the USGS in 1967 and was photorevised in 1975. According to the contour lines on the topographic map, the Property is located at approximately eleven feet above mean sea level (MSL). The contour lines in the area of the Property indicate the area is relatively flat. The Property is depicted as undeveloped. Del Paso Road is depicted to the north and the East Drainage Canal is depicted to the east. Highway 5 is depicted approximately one mile to the west. The confluence of the Sacramento and American Rivers is located approximately 3.5 miles to the south. No surface waters are depicted as present on or adjacent to the Property, nor are production wells or other significant surface features depicted on the USGS map.

3.2.2 Soils/Geology

Based on the Soil Survey of Sacramento County, California, published by the USDA Soil Conservation Service (1993), the Property is mapped as Clear Lake clay. Clear Lake clay is very deep and deep, artificially drained soils in basins. Levees, drainage ditches and pumps have lowered the water table and altered the drainage of the soil. The soil formed in somewhat poorly drained, fine textured alluvium derived from mixed rock sources. A system of levees and large upstream dams has reduced the hazard of flooding. The Clear Lake clay is described as having a dark gray clay surface layer with segregated concretions of lime. The subsoil consists of yellowish brown and gray clay loam which also has segregated concretions of lime. A hardpan which consists of cemented silica is located beneath the surface soils, at depth of 64 inches below ground surface (bgs).

The Property is situated within the Sacramento Valley Geomorphic Province of California. The area of the Property is formerly known as the American Basin which was the site of intermittent lakes in the early 1900s. This was before the area was protected by levees.

3.2.3 Hydrology

Review of the Ground Water Elevation Map, Spring, 2003, published by the County of Sacramento, Water Resources Division, indicates that groundwater is encountered at approximately ten feet bgs and flows to the west. No on-site water wells or springs were observed during the Property reconnaissance.

The nearest surface water in the vicinity of the Property is the confluence of the American and Sacramento Rivers which is located approximately 3.5 miles to the south of the Property. No settling ponds, lagoons, surface impoundments, wetlands or natural catchbasins were observed at the Property during this investigation.

3.2.4 Flood Zone Information

A review of the Flood Insurance Rate Maps, published by the Federal Emergency Management Agency, was performed. According to Panel Number 060266 0020F, dated July 6, 1998, with a Letter of Map Revision dated April 1, 1999, the Property is located in Flood Zone X. Flood Zone X is not an area of flooding.

3.2.5 Oil and Gas Exploration

According to the State of California, Division of Oil, Gas and Geothermal website, Wildcat Map 614, there are no oil or gas wells on the Property or in the vicinity of the Property.

3.3 Historical Use Information

LAC's review of aerial photographs from 1964, 1985 and 2004 indicate that the Property was undeveloped land prior to construction of the existing buildings in 2005. A 1970-1977 aerial photograph was also reviewed in the Soil Survey Report reviewed for this assessment. That photograph also depicted the Property as undeveloped. The Topographic Map published in 1967 and photorevised in 1975 also depicts the Property as undeveloped. City Directories for 1988 through 2005 indicate that the Property was undeveloped land.

The current Property buildings have not been utilized for environmentally sensitive purposes, such as photo developing or dry cleaning; rather, the tenants currently present at the Property have occupied them.

3.3.1 Aerial Photographs

Available aerial photographs dated 1964, 1985 and 2004, from the County of Sacramento, Water Resources Division were reviewed for this ESA. Copies of selected photographs are included in Appendix B-1 of this report. The photographs are discussed below:

Date: February 19, 1964
Scale: 1" = 3000'
Photo I.D. No.: 64-1

Description: The 1964 photograph depicts the Property as undeveloped land. The East Drainage Canal is located to the east. A roadway is depicted in the location of Del Paso Road to the north. The properties to the north, south, east and west are also undeveloped. There is a rural residential compound (couple of structures, house and barn) located to the west. No other development is observed in the area.

Date: April 3, 1985
Scale: 1" = 1000'
Photo ID: 7-50

Description: The 1985 photograph depicts the Property as undeveloped land. The Property and surrounding areas appear as they did on the 1964 photograph. Interstate 5 is present to the west, approximately one mile.

Date: 2004
Scale: 1" = 400'
Photo ID: County of Sacramento

Description: The 2004 photograph depicts the Property as undeveloped land. Del Paso Road is present to the north, and across Del Paso Road is the Park Place Center, which includes several retail buildings, and a gasoline station. The Shell station is present to the north. Apartments are located to the east, across Park Place South Drive. Undeveloped land is located immediately to the west and south. West of the undeveloped land is Truxel Road, across which is also undeveloped. South of the undeveloped land are apartments.

3.3.2 Fire Insurance Maps

Sanborn Fire Insurance maps were requested for review by EDR/Sanborn. A copy of the No Coverage letter is included in Appendix B-2.

3.3.3 City Directories

Historical City directories published by Haines Criss Cross Directories were reviewed at the Sacramento County Library for past names and business that were listed for the Property and adjoining properties. The findings are presented in the following table:

YEAR	ON-SITE	ADJOINING PROPERTIES
1988	No listing	West – no listing
		North – no listing
		East – no listing
		South – no listing
1995/1996	No listing	West – no listing
		North – no listing
		East – no listing

YEAR	ON-SITE	ADJOINING PROPERTIES
		South – no listing
2005	No listing	West – no listing
		North –2221 Del Paso Rd. = C & C Construction, Collins electrical, Just ATMS, and Los Amigos Mexican Food, and Park Place Shell
		East – no listing
		South – no listing

3.3.4 Chain of Title

A 50-year chain-of-title was not requested for this study. Historical use of the Property was researched using other standard historical sources.

3.3.5 Additional Environmental Record Sources

Mr. Meissner indicated that prior reports were available, however the reports were not provided to LAC.

3.3.6 Historical Use Information on Adjoining Properties

By review of the standard historical sources referenced above, the historical uses of the adjoining properties are summarized below:

- North:** Prior to the current use as a retail shopping center in 2004/2005, the property to the north was undeveloped land. The shopping center was first observed on a 2004 aerial.
- South:** The property to the south has been undeveloped land since at least 1964.
- East:** The property to the east has been undeveloped land since at least 1964. The existing apartments were first observed on the 2004 aerial.
- West:** The property to the west has been undeveloped land since at least 1964.

4.0 SITE RECONNAISSANCE

The Property was inspected by Jean Hughes on February 13, 2006. The weather at the time of the site visit was warm and sunny. Mr. Jack Meissner, owner provided site access and accompanied Ms. Hughes on the inspection.

4.1 General Site Characteristics

The Property is comprised of an irregularly shaped parcel approximately 3.73 acres in size. The Property is designed for office purposes. Currently, the Property is developed with four single-story structures that were constructed in 2005. The structures on-site comprise a total of approximately 36,795 square feet of building space. The Property offers a total of seven tenant spaces, although the tenant spaces vary in size. All tenants of the subject buildings are offices, except for Sutter Medical in 2210, Suite A which uses the space for medical offices. No x-rays are taken at the Property, however sharps and biomedical waste is generated. Additional information is presented in Section 4.1.1.2. No leasing or building management office spaces exist in the Property building. The Property building is served by a grade level open asphalt parking lot, located on the East Side of the Property.

4.1.1 Solid Waste Disposal

Solid waste on the Property is collected in two 5-cubic yard dumpsters situated in a fenced enclosure at the west boundary of the Property. The solid waste is collected once a week by Waste Management under contract to the County of Sacramento. The dumpsters were noted to contain miscellaneous office debris at the time of the Property reconnaissance and no indication of potentially hazardous material disposal was noted during LAC's reconnaissance.

4.1.2 Surface Water Drainage

Surface water at the Property flows into grated storm drains located in the parking areas. The Property is connected to the municipal storm drain system maintained by the City of Sacramento.

4.1.3 Wells and Cisterns

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

4.1.4 Wastewater

No indications of industrial wastewater disposal or treatment facilities were observed during the onsite reconnaissance.

4.1.5 Additional Site Observations

No additional relevant general site characteristics were observed.

4.2 Potential Environmental Conditions

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

No evidence of the use of hazardous materials or wastes was observed on the Property. Building materials were stored in the vacant suite in Building 2210 and included: one quart of laquer thinner, one quart of paint thinner, one half gallon of muriatic acid, one gallon of bleach, and five gallons of Henry's roof adhesive. There were also two gasoline cans which held approximately one gallon each. A blower and lawn mower were located in the space. No indication of spills or releases was noted in the storage area.

4.2.1.1 Unlabeled Containers and Drums

No unlabeled containers or drums were observed during the site reconnaissance.

4.2.1.2 Disposal Locations of Regulated/ Hazardous Waste

No obvious indications of hazardous waste generation, storage or disposal were observed on the Property or were indicated during interviews.

Biomedical and "sharps" waste are picked up and disposed of by California Medical Disposal on an as needed basis from the Sutter Medical suite. The premises were in excellent condition, with all material safety data sheets (MSDS) in binders and all hazardous waste and "sharps" containers appropriately labeled.

4.2.2 Evidence of Releases

No obvious indications of hazardous material or petroleum product releases, such as stained areas or stressed vegetation, was observed during the site reconnaissance or reported during interviews.

4.2.3 Polychlorinated Biphenyls (PCBs)

Older transformers and other electrical equipment could contain polychlorinated biphenyls (PCBs) at a level that subjects them to regulation by the U.S. EPA. PCBs in electrical equipment are controlled by United States Environmental Protection Agency regulations 40 CFR, Part 761. Under the regulations, there are three categories into which electrical equipment can be classified:

- Less than 50 parts per million (PPM) of PCBs -- *"Non-PCB" transformer*
- 50 ppm-500 ppm -- *"PCB-Contaminated" electrical equipment*
- Greater than 500 ppm -- *"PCB" transformer*

LAC observed two pad-mounted electrical transformers on the Property. The units are situated outside the southeast corner of Building 2250 and 2210. The units were labeled as to contain Envirotamp FR3 Fluid and to be owned and operated by SMUD. No indication of staining, leaks or fire damage was observed on or around the bases of the two units. Based on the initial development of the Property in 2005, both units are

considered "Non-PCB" transformers. Additionally, LAC contacted Customer Service for SMUD (telephone conversation of February 13, 2005) who confirmed the SMUD ownership and operational responsibility. No other electrical equipment expected to contain PCBs was observed on the Property during LAC's reconnaissance.

4.2.4 Landfills

No evidence of on-site landfilling was observed or reported during the site reconnaissance.

4.2.5 Pits, Ponds, Lagoons, Sumps, and Catch Basins

No evidence of on-site pits, ponds, lagoons was observed or reported during the site reconnaissance. No evidence of sumps or catch basins, other than used for stormwater removal, was observed or reported during the site reconnaissance.

4.2.6 On-Site ASTs and USTs

No evidence of aboveground or underground storage tanks was observed during the site reconnaissance or reported during interviews.

4.2.7 Radiological Hazards

No radiological substances or equipment was observed or reported stored on the subject site.

4.2.8 Drinking Water

The Property is connected to the city water supply provided by the City of Sacramento. According to Customer Service at the City Utility Division, the drinking water supplied to the site is within state and federal standards, including lead and copper.

4.2.9 Additional Hazard Observations

No additional hazards were observed on the Site.

4.2.10 Asbestos-Containing Materials (ACM)

The subject buildings were constructed in 2005. While asbestos containing material may be present in the structure, the Occupational Safety and Health Administration (OSHA) finds the installation of friable surfacing material and thermal system insulation after December 31, 1980 unlikely. The definition of suspect ACM and presumed asbestos containing material is taken from 29 CFR Parts 1910, et al. Occupational Exposure to Asbestos; Final Rule.

4.2.11 Radon

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 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 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. Review of the EPA Map of Radon Zones places the Property in Zone 3, where average predicted radon levels are less than 2.0 pCi/L.

4.2.12 Lead-Based Paint

LAC has conducted a limited, visual evaluation to note the condition of painted surfaces at the property. Due to the date of construction (2005), lead-based paint is not likely to be present. In general, the painted surfaces appeared in good condition, as no chalking, peeling or flaking paint was observed.

4.2.13 Mold Evaluation

As part of this assessment, LAC performed a limited visual inspection for the conspicuous presence of mold. A class of fungi, molds have been found to cause a variety of health problems in humans, including allergic, toxicological, and infectious responses. Molds are decomposers of organic materials, and thrive in humid environments, and produce spores to reproduce, just as plants produce seeds. When mold spores land on a damp spot indoors, they may begin growing and digesting whatever they are growing on in order to survive. When excessive moisture or water accumulates indoors, mold growth will often occur, particularly if the moisture problem remains undiscovered or unaddressed. As such, interior areas of buildings characterized by poor ventilation and high humidity are the most common locations of mold growth. Building materials including drywall, wallpaper, baseboards, wood framing, insulation and carpeting often play host to such growth. Moisture control is the key to mold control. Molds need both food and water to survive; since molds can digest most things, water is the factor that limits mold growth.

The EPA recommends the following action to prevent the amplification of mold growth in buildings:

- Fix leaky plumbing and leaks in the building envelope as soon as possible;
- Watch for condensation and wet spots. Fix source(s) of moisture problem(s) as soon as possible;
- Prevent moisture due to condensation by increasing surface temperature or reducing the moisture level in air (humidity). To increase surface temperature, insulate or increase air circulation. To reduce the moisture level in air, repair leaks, increase ventilation (if outside air is cold and dry), or dehumidify (if outdoor air is warm and humid);
- Keep heating, ventilation, and air conditioning (HVAC) drip pans clean, flowing properly, and unobstructed;
- Vent moisture-generating appliances, such as dryers, to the outside where possible;
- Maintain low indoor humidity, below 60% relative humidity (RH), ideally 30-50%, if possible;

- Perform regular building/HVAC inspections and maintenance as scheduled;
- Clean and dry wet or damp spots within 48 hours;
- Don't let foundations stay wet. Provide drainage and slope the ground away from the foundation.

LAC observed interior areas of the Property structures, including interior walls and ceilings (in all of the units observed), in-unit and common mechanical closets for the presence of conspicuous mold or observed water intrusion or accumulation. LAC did not note conspicuous visual or olfactory indications of the presence of mold, nor did LAC observe obvious indications of significant water damage. No sampling was conducted as part of this assessment.

This activity was not designed to discover all areas, which may be affected by mold growth on the 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 Property. This evaluation did not include a review of pipe chases, HVAC systems or areas behind enclosed walls and ceilings.

5.0 INTERVIEWS

Interviews were conducted with the following individuals. Findings from these interviews are discussed in the appropriate sections in this report.

SITE

- Scott Peterson, 858-546-4607
- Jack Meissner, owner, 916-801-4243

SURROUNDING AREA

- County of Sacramento, Water Resources Division, Aerial Photograph Review

REGULATORY OFFICIALS

- County of Sacramento, Environmental Management Division

6.0 FINDINGS AND CONCLUSIONS

6.1 Findings

6.1.1 On-Site Environmental Conditions

No on-site environmental conditions were identified during the course of this assessment.

6.1.2 Off-Site Environmental Conditions

No offsite environmental conditions were identified that were considered likely to impact the Property.

6.1.3 Previously Resolved Environmental Conditions

No historical recognized environmental conditions were identified in connection with the Property during the course of this assessment.

6.1.4 De Minimis Environmental Conditions

No *de minimis* environmental conditions were identified in connection with the Property during the course of this assessment.

6.2 Opinion

Based on the information reviewed during this assessment, the Property was undeveloped land from at least 1964 until the existing buildings were constructed in 2005. While there may have been agricultural use, there is no indication of recognized environmental conditions at the Property.

6.3 Conclusions

LAC has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527-00 of Centerpointe at Natomas, 2200-2250 Del Paso Road, Sacramento, California the Property. Any exceptions to or deletions from this practice are described in Section 1.4 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the Property.

6.4 Recommendations

Based on the conclusions of this assessment, LAC does not recommend further investigation of the Property at this time.

6.5 Deviations

This Phase I ESA substantially complies with the scope of services and ASTM 1527-00, as amended, except for exceptions and/or limiting conditions as discussed in Section 1.4.

7.0 REFERENCES

REPORTS, PLANS, AND OTHER DOCUMENTS REVIEWED:

Environmental Data Resources, Radius database report (2200-2250 Del Paso Road, Sacramento, California, Report No. 1615216.1s)

US EPA Map of Radon Zones

Federal Emergency Management Agency, Federal Insurance Administration, National Flood Insurance Program, Flood Insurance Map, Community Panel Number 060266 0020F dated July 6, 1998, and a Letter of Map Revision dated April 1, 1999.

USGS - 7.5 Minute Topographic Quadrangle of Taylor Monument, CA, 1967, photorevised 1975.

USDA Soil Conservation Service, Soil Survey of Sacramento County, California, April 1993, pages 33 and Map Sheet 1.

Sacramento County Library, 828 I Street, Sacramento, City Directories 1988, 1995/1996, 2005.

AGENCIES CONTACTED:

City of Sacramento

Utilities Department, 916-874-6851|

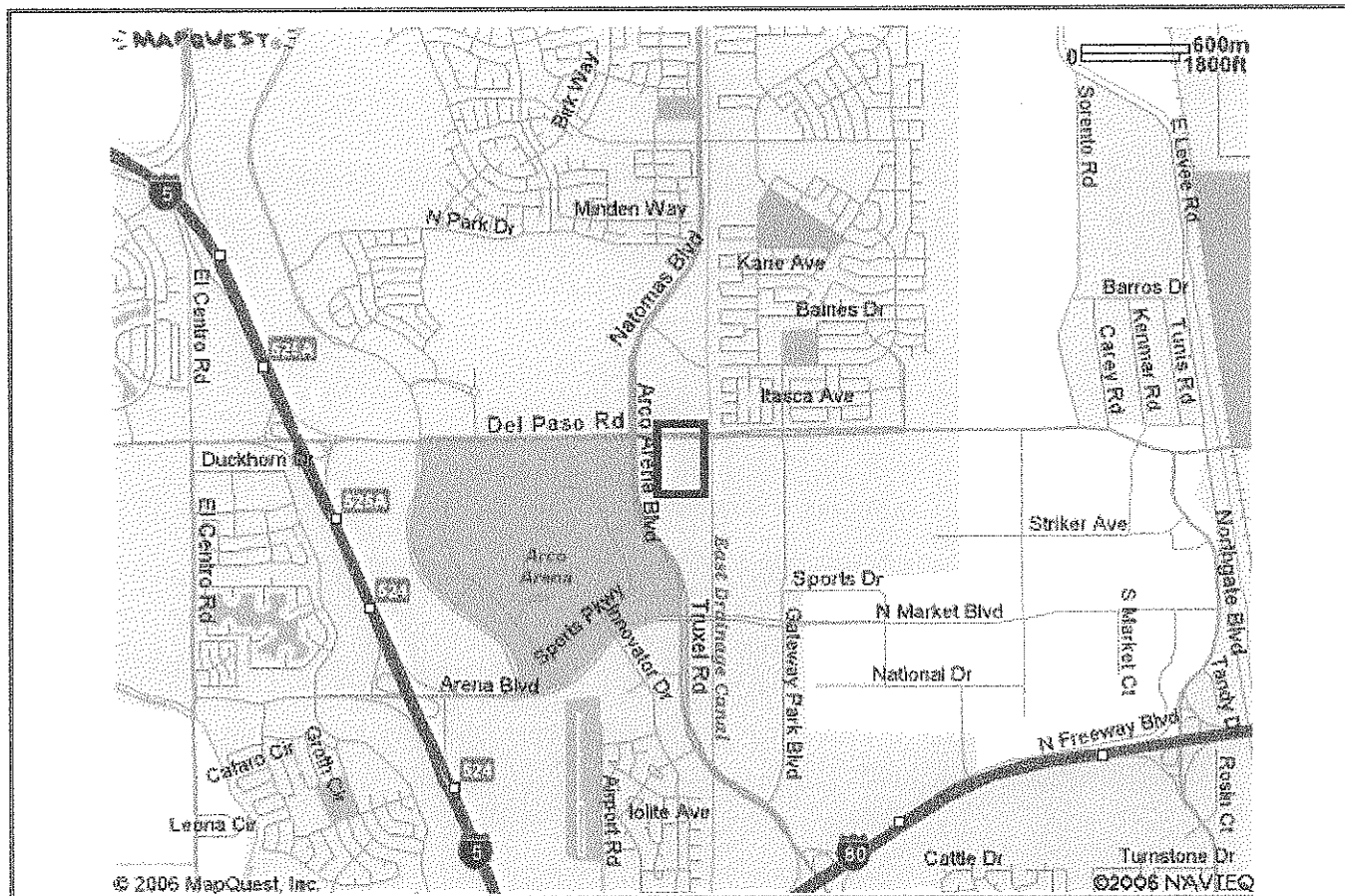
Building and Planning Department, 2101 Arena Blvd., Sacramento, 916-808-5656

County of Sacramento

Environmental Management, 8475 Jackson Highway, Sacramento, 916-875-8549

FIGURES

SITE VICINITY MAP
SITE PLAN
SITE TOPOGRAPHIC MAP



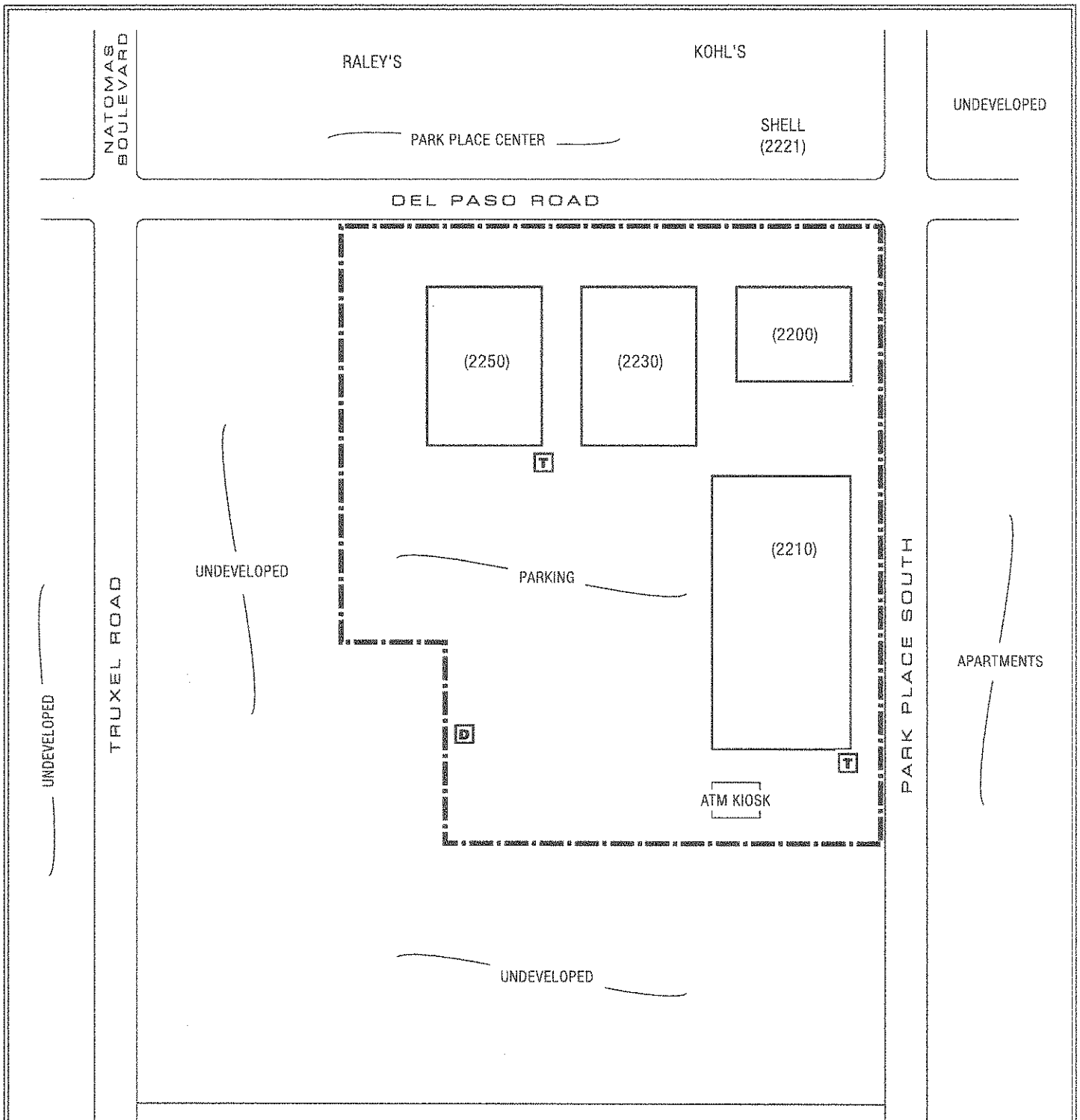
SITE LOCATION MAP

DRAWING NOT TO SCALE






Site Name: Centerpointe at Natomas
2200-2250 Del Paso Road
Sacramento, CA

Project Number: 06-34635.1



Legend

-  Approximate Property Boundary
-  Pad Mounted Transformer
-  Trash Dumpster

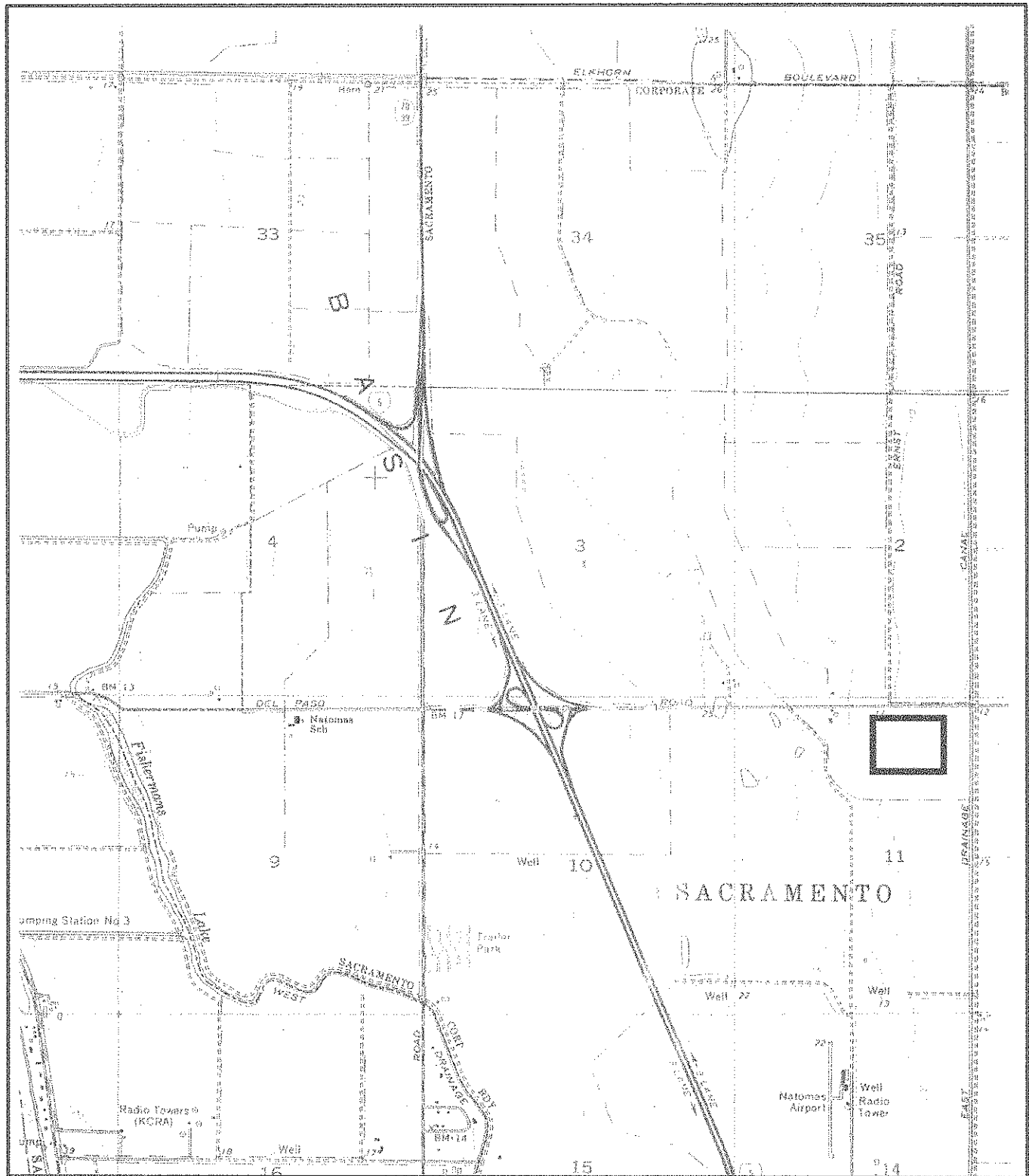
SITE PLAN

DRAWING NOT TO SCALE



Site Name: Centerpoint at Natomas
2200-2250 Del Paso Road
Sacramento, California

Project Number: 06-34635.1



TOPOGRAPHIC MAP



DRAWING NOT TO SCALE

Source: USGS 7.5 Minute Topographic Map
Taylor Monument, CA Quadrangle
1975



Site Name: Centerpointe at Natomas
2200-2250 Del Paso Road
Sacramento, CA

Project Number: 06-34635.1



Photograph Number 1: ATM Kiosk in southeast corner, looking northwest at subject buildings



Photograph Number 2 South side of 2210 building

APPENDIX A
SITE PHOTOGRAPHS



Photograph Number 3: Southeast corner of 2210 Building, and apartments across Park Place South



Photograph Number 4 South side (entrance) of 2200 Building



Photograph Number 5: West side of 2210 Building



Photograph Number 6 West side of 2200 Building



Photograph Number 7: North side of 2230 and 2250 Building



Photograph Number 8 Northwest side of 2230 Building



Photograph Number 9: Northwest side of 2250 Building



Photograph Number 10: West side of 2250 Building



Photograph Number 11: Southwest view of 2250 Building



Photograph Number 12 South side of 2250 and 2230 Buildings, parking area and west side of 2210 Building



Photograph Number 13: Parking area and south boundary of Property



Photograph Number 14 Transformer east of 2250 Building



Photograph Number 15: East side of 2210 Building



Photograph Number 16 South side of 2200 Building



Photograph Number 17: Interior of 2230 Building



Photograph Number 18 Interior of 2250 Building