

**PHASE I ENVIRONMENTAL
SITE ASSESSMENT
EDWARD ROSE MASTER PLAN
Vetter Road
Poulsbo, Washington**

Project No. ESC10-E012

Prepared for:
Edward Rose & Sons
30057 Orchard Lake Road, Suite #100
Farmington Hills, Michigan 48333-9070

Prepared by: EnviroSound Consulting
3388 Byron Street NW Ste 200
Silverdale, Washington 98383



EnviroSound Consulting Geotechnical & Environmental Consulting

November 30, 2010

Project No. ESC10-E012

Mr. Michael Colman
Edward Rose & Sons
30057 Orchard Lake Road, Suite 100
Farmington Hills, Michigan 48333-9070

RE: Phase I Environmental Site Assessment
Edward Rose Master Plan
Vetter Road
Poulsbo, Washington 98370

Dear Mr. Colman:

EnviroSound Consulting, Inc., (EnviroSound) completed a Phase I Environmental Site Assessment at the referenced site, summarized in a report dated November 30, 2010. We appreciate the opportunity to serve your environmental due diligence needs. During the course of this assessment, EnviroSound identified no evidence of recognized environmental conditions (RECs) in connection with the subject site as defined by ASTM E-1527-05.

If you have any questions or if we can be of further assistance, please do not hesitate to contact our office.

Respectfully Submitted:
ENVIROSOUND CONSULTING, INC.

Shawn E. Williams, L.G., REA
Senior Environmental Geologist

w/ 3 copies

TABLE OF CONTENTS

Project No. ESC10-E012

1.0	EXECUTIVE SUMMARY.....	1
2.0	PURPOSE AND SCOPE OF ASSESSMENT	1
2.1	Purpose.....	1
2.2	Scope of Work	2
3.0	PHYSICAL SETTING	2
4.0	SITE RECONNAISSANCE	3
4.1	Observations	3
4.2	Adjacent Streets and Property Usage	4
4.3	Asbestos Containing Building Materials.....	4
4.4	Potable Water Source.....	4
4.5	Sewage Disposal System.....	4
5.0	SITE USAGE SURVEY	5
5.1	Site History	4
5.2	Local Regulatory Agency Interface	6
5.3	Regulatory Agency Lists Review.....	6
6.0	DISCUSSION OF FINDINGS	8
7.0	CONCLUSIONS	9
8.0	LIMITATIONS	9
9.0	QUALIFICATIONS	10
	REFERENCES	12
	Color Photographs	
	Photographs.....	following references
	Maps	
	Figure 1. Vicinity Map (2009)	following photographs
	Figure 2. Parcels Map.....	following photographs
	Figure 3. 1963 Aerial Photograph	following photographs
	Figure 4. 1977 Aerial Photograph	following photographs
	Figure 5. 2003 Aerial Photograph	following photographs
	Appendices	
	User Questionnaire.....	A
	County Assessors Records	B
	Sanborn No Coverage Letter.....	C
	EDR Report.....	D



**PHASE I ENVIRONMENTAL SITE ASSESSMENT
EDWARD ROSE MASTER PLAN
VETTER ROAD
POULSBO, WASHINGTON**

1.0 EXECUTIVE SUMMARY

EnviroSound Consulting, Inc. (EnviroSound) has performed a Phase I Environmental Site Assessment (ESA) for the site identified as The Edward Rose Master Plan, which is located in Township 26N, Range 1E, Sections 10 and 11 in Poulsbo, Washington. Refer to the Vicinity Map (Figure 1). The site is currently vacant and forested. EnviroSound conducted the Phase I ESA of the subject site in conformance with the American Society for Testing and Materials (ASTM) E1527-05 *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*. The Phase I ESA constitutes appropriate inquiry designed to identify Recognized Environmental Conditions (RECs) in connection with the previous ownership and uses of the subject site as defined by ASTM E1527-05.

ASTM E1527-05 Section 1.1.1 *Recognized Environmental Conditions* – The term *recognized environmental conditions (REC)* means the presence or likely presence of any *hazardous substances* or *petroleum products* 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 on the *property*. The term includes *hazardous substances* or *petroleum products* even under conditions in compliance with laws. The term is not intended to include *de minimis* conditions that generally do not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. Conditions determined to be *de minimis* are not recognized environmental conditions.

EnviroSound's findings of this Phase I ESA revealed no evidence of an REC in connection with the subject site. No further assessment of RECs appears warranted.

2.0 PURPOSE AND SCOPE OF ASSESSMENT

2.1 Purpose

This Phase I ESA is designed to identify obvious Recognized Environmental Conditions in connection with the previous and current uses and ownership of the subject site. EnviroSound performed this assessment in conformance with the American Society for Testing and Materials (ASTM) E1527-05. *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*. Additionally, the purpose of the Phase I ESA is to permit the user to satisfy one of the requirements to qualify for what is commonly known as the innocent landowner, contiguous property owner, or bona fide

prospective purchaser limitations on the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) liability as described by 42 U.S.C. Section 9601 (35)(B).

2.2 Scope of Work

The Phase I ESA includes the following scope of work: a) a review of local regulatory agency records, b) a review of local, state, and federal regulatory agency lists compiled by Environmental Data Resources Inc. (EDR), c) a review of historical maps and aerial photographs, d) a review of pertinent historical records and city directories, e) a site reconnaissance of existing on-site conditions and observations of adjacent property uses, and f) interview(s) with person(s) knowledgeable of the previous and current ownership and uses of the subject site. The scope of work for this Phase I ESA conforms to ASTM E1527-05. EnviroSound was provided written authorization to conduct the Phase I ESA by Mr. Michael Colman of Edward Rose and Sons in a letter of confirmation dated October 18, 2010.

3.0 PHYSICAL SETTING

General property information and property use are summarized in Table I. The subject site consists of four parcels, Tax Account No's. 112601-3-006-2000, 112601-3-008-2008, 11206-3-021-2001 (Kyodai Parcels) and 102601-4-022-2009 (Maddocks Parcel, See Figure 2). The property is bordered on the north and east by scattered single-family residences (SFRs), by SR 305 and SR 307 (Bond Road) to the south, and Vetter Road and Poulsbo Recycling Center to the west. The majority of the property is relatively level with moderately steep descending slopes on the southern edge of the site. There is an elevation change of approximately 210 feet across the site from a high point of approximately 235 on the northeast corner of the property to approximately 15 feet on the southeast portion. Site photos can be seen following the references.

TABLE I
Summary of Property Information

Topographic Maps:	U.S. Geological Survey, 7.5-minute Lofall, Washington topographic quadrangle maps.
Topographic Map Location:	Southeast quarter of Section 10 and 11, Township 26 North, Range 1 East, Willamette Baseline and Meridian.
Topography:	Sloping to the south, from about 255 feet elevation above mean sea level.
General Location:	Poulsbo, north of SR-305 and SR-307.
Assessor's Parcel Numbers:	112601-3-006-2000, 112601-3-008-2008, 112601-3-021-2001 and 102601-4-022-2009.
Surface Soil Type:	Poulsbo gravelly sandy loam, 6 to 15 percent slopes and Norma fine sandy loam.
Permeability:	Low.
Approximate Depth to Groundwater:	70 feet.
Groundwater Flow Direction:	South-southwest, (inferred).
Existing Use:	Vacant, forested.

4.0 SITE RECONNAISSANCE

EnviroSound's environmental assessor conducted a site reconnaissance on November 3, 4, and 5, 2010 that included a visual observation of the subject site and surrounding properties. The objective of the site reconnaissance is to obtain information indicating the likelihood of identifying recognized environmental conditions, including hazardous substances and petroleum products, in connection with the property (including soils, surface waters, and groundwater).

4.1 Observations

Table II summarizes conditions encountered during our site reconnaissance. A discussion of physical observations follows Table II. Refer to the color photographs following the references for the locations of items discussed in this section of the report.

TABLE II
Summary of Site Reconnaissance

Feature	Observed	Not Observed
Structures (existing)	X	
Evidence of past uses		X
Hazardous substances and/or petroleum products (including containers)		X
Aboveground storage tanks (ASTs) or evidence of ASTs		X
Underground storage tanks (USTs) or evidence of USTs		X
Strong, pungent, or noxious odors		X
Pools of liquid likely to be hazardous materials or petroleum products		X
Drums		X
Unidentified substance containers		X
Potential polychlorinated biphenyl (PCB)-containing equipment		X
Subsurface hydraulic equipment		X
Heating/ventilation/air conditioning (HVAC)		X
Stains or corrosion on floors, walls, or ceilings		X
Floor drains and sumps		X
Pits, ponds, or lagoons		X
Stained soil and/or pavement		X
Stressed vegetation		X
Waste or wastewater discharges to surface or surface waters on subject site (including stormwater)	X	
Wells (irrigation, domestic, dry, injection, abandoned, monitoring wells)	X	
Septic Systems		X

The subject site comprises approximately 56 acres bordered on the south by SR 305 and SR 307 with scattered SFRs and some businesses beyond, on the east by scattered SFRs, on the north by scattered SFRs, and on the west by Vetter Road and a Poulsbo Recycle Center. The site is occupied by the following:

- The Maddocks parcel has a driveway providing access off of SR 305 (Photo 1). A small shack (well house) and portions of a concrete floor were observed on the parcel (Photo 2). A SFR and detached garage previously on the property were demolished during 2007.

- The Kyodai parcels are accessible from the Vetter Road easement (Photo 3). The easement has the remnants of Vetter Road when it was in use (Photo 4). A foot trail meanders on the central portion of the Kyodai parcels (Photo 5) and former logging roads are visible periodically on the parcels. Dogfish Creek flows on the southern portion of the Kyodai parcels.
- A Kitsap County Transportation facility is south of the Kyodai Parcels across SR 307 (Photo 6). The Poulsbo Recycle Center is located to the northwest of the Maddocks parcel (Photo 7).
- The general topography is gently sloping to the south-southeast from high ground in the northeastern portion of the Kyodai parcels.
- No visible signs of dumping were found on the property.
- No indications of former structures, such as foundations, were observed on the Kyodai parcels. Remnants of a former SFR were observed on the Maddocks parcel. There was no evidence of underground or above ground storage tanks, stained soil, or stressed vegetation.

4.2 Adjacent Streets and Property Usage

A visual survey of the adjacent properties was conducted to evaluate whether any of these properties showed obvious evidence of hazardous materials handling or storage. The survey, summarized in Table III, revealed the area adjacent to the north and east was occupied by forested land with scattered SFR's, to the south by SR-305 and SR-307, to the west by the scattered SFR's and the Poulsbo Recycle Center. Based on the observed uses of the properties located immediately adjacent to the subject site, and regulatory agency lists of contaminated sites, it is unlikely that the adjacent properties have impacted the subject site.

TABLE III
Adjacent Streets and Property Use

Direction	Adjacent Street	Adjacent Property Use
North	None	Single-Family Residence
East	None	Single-Family Residences
South	SR 305, SR 307	Single-Family Residences, DOT station
West	Vetter Road	Single-Family Residences and Poulsbo Recycle Center

4.3 Asbestos-Containing Building Materials

There are currently no structures on the parcels. A single family residence (SFR) was in place on the Maddocks parcel and was demolished in 2007. There was no visible evidence of building debris on the property at the time of the site visit. The previous structures on the property were demolished and removed from the site as part of construction activities associated with the current development.

4.4 Potable Water Source

No municipal water service is available in the vicinity. The subject property and local residences are on private wells.

4.5 Sewer Disposal System

No sanitary sewer service is available for the subject site and vicinity. Local residences are on private septic systems.

5.0 SITE USAGE SURVEY

The property usage survey included assessing property history, and reviewing local, state, and federal regulatory agency records.

5.1 Site History

A review of historical aerial photographs, county assessor records, and a user interview were used to assess the history of the subject site. The user questionnaire was completed by Mr. Victor Ulsh and is included as Appendix A. According to Mr. Ulsh, there are no Environmental Cleanup Liens or Activity and Use Limitations filed against the property.

Kitsap County Assessor's Records

Real Property Records were obtained from the Kitsap County Internet site, www.kitsapgov.com. The subject site consists of four parcels, Tax Account No's. 112601-3-006-2000, 112601-3-008-2008, 112601-3-021-2001, and 102601-4-022-2009. The parcels are listed as occupying 55.67 acres. Refer to Appendix B for the Kitsap County Assessor's Records.

Aerial Photograph Interpretation

Historical aerial photographs, dated 1956, 1963, 1971, 1977, 1985, 1989, 1993, 1997, 2003, and 2007 were reviewed to assess property history. These photographs were obtained from Aero-Metric, located in Tukwila and from the Kitsap County Geographic Information Systems. The aerial photograph summary is provided below in Table IV. A copy of the 2007 air photo is attached as Figure 1. Copies of the 1956, 1977, and 2003 aerial photographs are included as Figures 3 through 5.

TABLE IV
Summary of Aerial Photograph Review

Year/Scale	Site Use	Site and Adjacent Property Observation
1956 1" = 1,680'	Maddocks- Developed Kyodai- Vacant.	A single-family residence (SFR) is in place with several out buildings on the Maddocks parcel. Vetter Road is in place and appears to be in use. The Kyodai parcels have been logged on the north portion as has the Maddocks parcel. There are dirt roads meandering on the Kyodai parcels that appear associated with logging activities. The southern portion of the Kyodai parcels are forested. There are no structures visible on the Kyodai parcels. State Route 305 and State Route 307 (Bond Road) are in place. A Kitsap County Maintenance Shop is in place to the south across Bond Road from the Kyodai parcels.
1963 1" = 1,000'	Same as 1956.	Similar to 1956 except that logging roads are no longer visible.
1971 1"=1,500'	Same as 1963.	Similar to 1963 except that Vetter Road does not appear to be in use across the parcels.
1977 1" = 1,500'	Same as 1971.	Site and surrounding areas appear similar to that of 1971 except that Valley Nursery is in place to the north of County Maintenance property and a small circular dirt area is visible on the Kyodai parcels. It appears to be associated with trails on the parcels.

1985 1"=3,000'	Same as 1977.	The southern portion of the Kyodai parcels have been logged.
1989 1"=2,000'	Same as 1985.	Site and vicinity are similar to 1985.
1997 1"=2,000'	Same as 1989.	Site and vicinity are similar to 1989 except that there are more scattered SFRs to the north of the Kyodai parcels.
2003 1" = 1,680'	Same as 1997.	Poulsbo Recycle Center is in place to the northwest of Maddocks parcel. A SFR is still in place adjacent to the center.
2007	Undeveloped.	The site and vicinity are similar to 2003, except that the SFR on the Maddocks parcel has been demolished, some secondary buildings remain.

Sanborn Fire Insurance Maps (SFIMs)

EnviroSound reviews SFIM's to evaluate prior land use at the subject site and adjacent properties. SFIM's typically exist for cities with populations of 2,000 or more, the coverage dependent on the location of the property. On November 3, 2010 EnviroSound contracted with EDR to provide copies of available SFIM's at the subject site and adjacent properties. EDR's search revealed no historical coverage for the subject site and adjacent properties. Refer to Appendix C for a copy of the SFIM No Coverage Letter.

5.2 Local Regulatory Agency Interface

A review of local regulatory agency records was conducted to help determine if hazardous materials have been handled, stored, or generated on the subject site and/or the adjacent properties and businesses.

Washington State Department of Ecology

On November 12, 2010, the Washington State Department of Ecology was contacted regarding records for the subject site. According to a representative, no records were on file for the subject site.

Kitsap County Health District

On November 12, 2010, a representative of the Kitsap County Health District (KCHD) - Solid and Hazardous Waste Division was contacted regarding records of Hazardous Materials Business Plans (HMBPs) and hazardous materials storage or handling. According to the Kitsap County Health District, they do not have any records for the subject site listed for underground storage tanks, former landfills, or current site hazardous assessment.

City of Poulsbo Fire Department

On November 12, 2010, a representative of the City of Poulsbo Fire Department was contacted regarding records of hazardous/flammable permits, hazardous materials handling, or hazardous/flammable incidents. According to the representative, they have no recorded incidents on file for the subject site.

5.3 Regulatory Agency Lists Review

Several agencies have published documents that list businesses or properties that have handled hazardous materials or waste, or may have experienced site contamination. The list consulted in the course of our

assessment was compiled by Environmental Data Resources, Inc. (EDR) and EnviroSound on November 3, 2010, and represents reasonably ascertainable current listings. EnviroSound did not verify the locations and distances of every property listed by EDR. EnviroSound verified location and distances of the properties EnviroSound deemed as having the potential to adversely impact the subject site. Table V summarizes the listed properties located within the ASTM Search Radii. General information for the Regulatory Agency Lists reviewed, the Regional Map, and the EDR report, are included in Appendix C.

TABLE V
Listed Properties

Parcel Insight Radius Map Summary						
Database	Type of Records	Subject Site	< 1/8 Mile	1/8 to 1/4 Mile	1/4 to 1/2 Mile	1/2 to 1 Mile
Federal ASTM Standard:						
NPL	Sites for priority cleanup	0	0	0	0	0
Proposed NPL	Proposed NPL cleanup sites	0	0	0	0	0
CERCLIS	Database of potentially hazardous waste sites for possible inclusion on the NPL	0	0	0	0	---
CERC/NFRAP	Sites designated as No Further Action and removed from the CERCLIS	0	0	0	---	---
CORRACTS	RCRA Corrective Action Activity	0	0	0	0	0
RCRIS-TSD	RCRA registered sites for transport, store and disposal	0	0	0	0	---
RCRIS Lg. Quantity Gen.	RCRA registered large generators of hazardous waste facilities	0	0	0	-0-	---
RCRIS Sm. Quantity Gen.	RCRA registered small generators of hazardous waste facilities	0	0	1	---	---
RCRA-CESQG		0	0	1	---	---
ERNS	Emergency Response Notification System of spills	0	---	---	---	---
State ASTM Standard:						
CSCSL	Confirmed & Suspected Contaminated Sites List	0	0	0	0	1
HSL	Hazardous Sites List	0	0	0	0	0
State Landfill	Solid Waste Facility Database	0	0	0	0	---
SWTIRE	Solid Waste Tire Facilities	0	0	1	---	---
SWF/LF	Solid Waste Facility Database	0	0	0	1	---
LUST	Leaking Underground Storage Tanks report	0	0	1	0	---
UST	Registered underground tanks	0	0	1		---
VCP	Voluntary Cleanup Program Sites	0	0	0	---	---
Indian UST	Indian Land underground tanks	0	0	0	---	---
Indian LUST	Indian Underground Storage Tank	0	0	0	---	---
Federal ASTM Supplemental:						
CONSENT	NPL Superfund list of sites after settlement of litigation matters	0	0	0	0	0
ROD	Records of Decision document sites aid in the cleanup of NPL sites	0	0	0	0	0
Delisted NPL	NPL sites deleted where no further response is appropriate	0	0	0	0	0
FINDS	Facility Index System/Facility Identification Initiative Program Summary Report	0	---	---	---	---
HMIRS	HMIRS contains hazardous material spill incidents reported to DOT	0	---	---	---	---
MLTS	Material Licensing Tracing System lists sites which possess or use radioactive materials	0	---	---	---	---
MINES	Mines Master Index File	0	0	0	---	---
NPL Liens	NPL listing of filed Superfund Liens sites	0	---	---	---	---

PADS	Identifies generators, transporters, commercial storers and/or brokers and disposers of PCBs	0	---	---	---	---
DOD	Department of Defense Sites	0	0	0	0	1
FUDS	Formerly Used Defense Sites	0	0	0	0	0
INDIAN RESERV	Indian Reservations	0	0	0	0	0
RAATS	Records base on enforcement actions issued to major violators	0	---	---	---	---
TRIS	Toxic Release Inventory System database	0	---	---	---	---
TSCA	Identifies manufacturers and importers of chemical substances	0	---	---	---	---
SSTS	Section 7 Tracking Systems	0	---	---	---	---
FTTS	Tracking system of pesticide enforcement actions and compliance activities	0	---	---	---	---
State or Local ASTM Supplemental						
WA ICR	Independent Cleanup Report Sites	0	0	1	0	---
CSCSL	Confirmed & Contaminated Sites List	0	0	0	1	---
CSCSL NFA	Confirmed & Contaminated Sites List - No Further Action	0	1	0	0	0
SPILLS	Reported Spills	0	---	---	---	---
WA Emissions	WA Emissions Data System	0	---	---	---	---
CDL	Clandestine Drug Lab	---	---	---	---	---
AST	Aboveground Storage Tank Locations	---	---	---	---	---
INST Control	Institutional Control Site	0	0	1	---	---
Brownfields Databases						
VCP	Voluntary Cleanup Program Sites	0	0	1	0	---
ICR	Independent Cleanup Reports	0	0	2	0	---
US Brownfields	Brownfield Sites	0	0	0	---	---
Additional Regulatory Agency Lists Information						
Coal Gas	Former Manufactured Gas Sites	0	0	0	0	0
FUDS	Formerly Used Defense Sites	0	0	0	0	1
Manifest		0	0	1	---	---

Based on the EDR report, there are three sites of environmental concern located within a quarter mile radius of the subject site.

KITSAP COUNTY NORTH ROAD SHOP (301 Bernt Road) is located approximately 100 feet south of the subject site at a lower elevation. The site has multiple listings as a Leaking Underground Storage Tank (LUST) site, UST site, and a RCRA non generator site. The site had several USTs removed or closed in place with soil and groundwater impacted from releases. The site does not pose a significant threat to the subject property as it is at a lower elevation and it is currently undergoing voluntary cleanup.

POULSBO RECYCLING CENTER (21868 Viking Way NW) is located approximately 100 feet from the Maddocks parcel at a lower elevation but up gradient. The site is listed as SWF/LF. The site does not pose a significant threat to the subject property as it has no recorded releases and is used for temporary storage.

WASHINGTON STATE PATROL-POULSBO (22065 Viking Way) is located approximately 1,000 feet north of the property at a higher or equal elevation. The site is listed as an UST site and does not pose a significant threat to the subject property due to its distance and no recorded releases from the UST.

6.0 DISCUSSION OF FINDINGS

EnviroSound's research of the subject site for this Phase I ESA did not identify evidence of Recognized Environmental Conditions in connection with the subject site. The following findings are presented:

- The subject site consists of four parcels that total 55.67 acres in size. The areas adjacent to the subject property were primarily scattered forested land and rural residential, with the Poulsbo Recycle Center. There are no recorded releases from adjacent properties that have impacted the subject site.
- The three parcels comprising the Kyodai parcels were vacant, forested, and undeveloped at the time of the site visits. Remnants of Vetter Road and a foot trail provided access to the parcels. There was no evidence of dumping on the site at the time of the site visits. EnviroSound staff performed a geotechnical investigation for the subject property by logging exploratory test pits on all four parcels. Although no environmental sampling was performed, there was no visible evidence of soil staining in the test pits excavated on the subject property.
- The Maddock's parcel was previously developed with a single-family residence constructed in 1920 and demolished in 2007. There were no visible piles of building debris at the time of the site visit and no buried building debris was observed in two exploratory test pits placed on the parcel. Although no visible evidence of an UST was noted during the site visit, the site may contain an abandoned heating oil UST that was left following the building's demolition. If encountered during future site construction, this tank should be removed. The tank may have some associated petroleum-contaminated soil, which may also require removal.
- There are three sites of environmental concern located within one eighth of a mile from the subject site. The sites do not pose a significant threat to the subject property as they are downgradient or have no recorded releases.

The Environmental Protection Agency's Standards and Practices for All Appropriate Inquiries requires that any gaps in data noted during the research for a Phase I ESA be described and rated. During this inquiry, information was limited to evidence post 1956. The earliest source of information reviewed was county assessor maps. The significance of this data gap appears to be minimal.

7.0 CONCLUSIONS

We have conducted a Phase I ESA of the subject site in conformance with the scope and limitations of the ASTM E1527-05 *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*. Any exceptions to or deletions from this practice were previously described in this report. In the professional opinion of EnviroSound, an appropriate level of inquiry has been made into the previous ownership and uses of the property consistent with good commercial and customary practice in an effort to minimize liability, as of November 30, 2010, there was no evidence of a Recognized Environmental Condition in connection with the subject site. No further assessment of RECs appears warranted.

8.0 LIMITATIONS

This reconnaissance and review of the subject site has been limited in scope. This type of investigation is undertaken with the calculated risk that the presence, full nature, and extent of contamination would not be revealed by visual observation alone. Although a thorough site reconnaissance was conducted in accordance with ASTM Guidelines and employing a professional standard of care, no warranty is given, either expressed or implied, that hazardous material contamination or buried structures, which would not

have been disclosed through this investigation, do not exist at the subject site. Therefore, the data obtained are clear and accurate only to the degree implied by the sources and methods used.

The findings presented in this report were based upon field observations during a single property visit, review of available data, and discussions with local regulatory and advisory agencies. Observations describe only the conditions present at the time of this investigation. The data reviewed and observations made are limited to accessible areas and currently available records searched. EnviroSound cannot guarantee the completeness or accuracy of the regulatory agency records reviewed. Additionally, in evaluating the property, EnviroSound has relied in good faith upon representations and information provided by individuals noted in the report with respect to present operations and existing property conditions, and the historic uses of the property. It must also be understood that changing circumstances in the property usage, proposed property usage, subject site zoning, and changes in the environmental status of the other nearby properties can alter the validity of conclusions and information contained in this report. Therefore, the data obtained are clear and accurate only to the degree implied by the sources and methods used.

This report is provided for the exclusive use of the client noted on the cover page and shall be subject to the terms and conditions in the applicable contract between the client and EnviroSound. Any third party use of this report, including use by Client's lender, shall also be subject to the terms and conditions governing the work in the contract between the client and EnviroSound. The unauthorized use of, reliance on, or release of the information contained in this report without the expressed written consent of EnviroSound is strictly prohibited and will be without risk or liability to EnviroSound.


Conclusions and recommendations contained in this report are based on the evaluation of information made available during the course of this assessment. It is not warranted that such data cannot be superseded by future environmental, legal, geotechnical or technical developments.

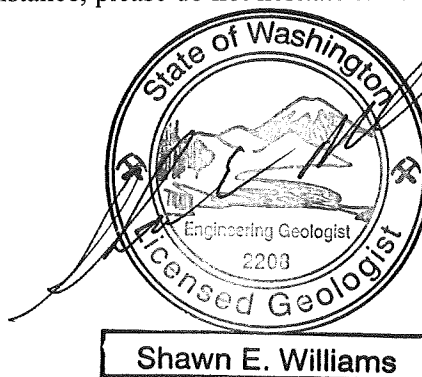
9.0 QUALIFICATIONS

This Phase I ESA was conducted by EnviroSound's undersigned environmental professional (as specified in Section 7.5.1 of ASTM 1527-05). We have the specific qualifications based on education, training, and experience to assess a property of the nature, history, and setting of the subject property. We have developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312. The work was conducted in general accordance with ASTM 1527-05 and generally accepted industry standards for environmental due diligence in place at the time of the preparation of this report.

If you have any questions or if we can be of further assistance, please do not hesitate to contact our office at (360) 698-5950.

Respectfully submitted,
ENVIRO SOUND CONSULTING, INC.


Shawn E. Williams, REA #01324, L.E.G.
Senior Environmental Geologist



REFERENCES

Aerial photographs located at Aero-Metric, Tukwila, Washington.

Federal and State regulatory agency lists compiled by EDR Inc.

Soil Survey of Kitsap County, Washington, United States Department of Agriculture, 1977.

U.S. Geological Survey, 7.5-minute Lofall, Washington topographic quadrangle map, dated 1959, photorevised 1994.

Geotechnical Engineering Report by EnviroSound Consulting Inc., dated November 12, 2010.



Photo 1. Photo showing access to the Maddocks parcel (looking south).



Photo 2. Photo showing well house shed on Maddocks parcel.



Photo 3. View looking east on access on Vetter Road easement.



Photo 4. View looking east along Vetter Road easement.



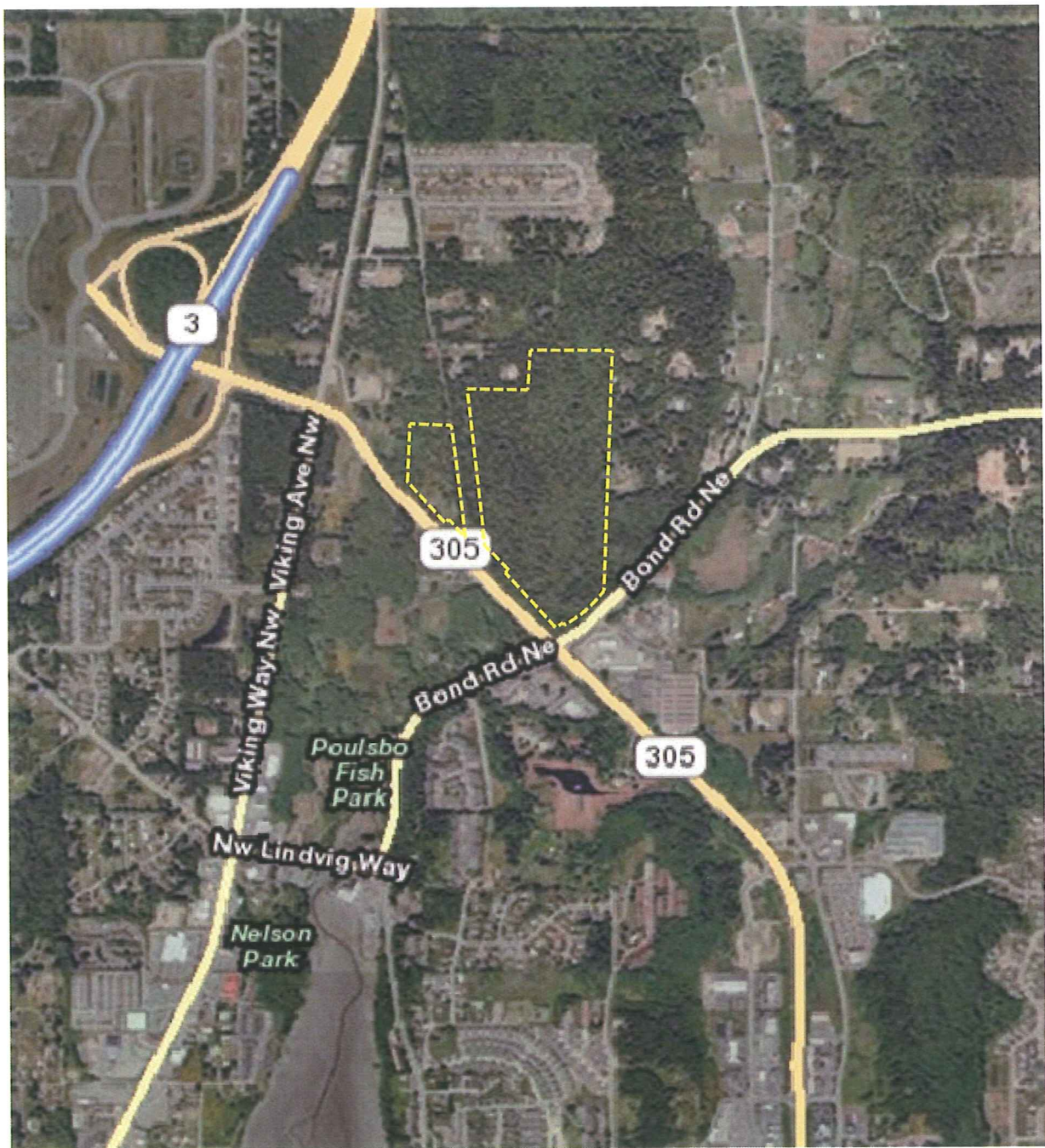
Photo 5. Foot Trail through the Kyodai parcels.



Photo 6. View looking south across Bond Road at the Kitsap County Maintenance Shop.



Photo 7. View looking south at the Poulsbo Recycle Center.

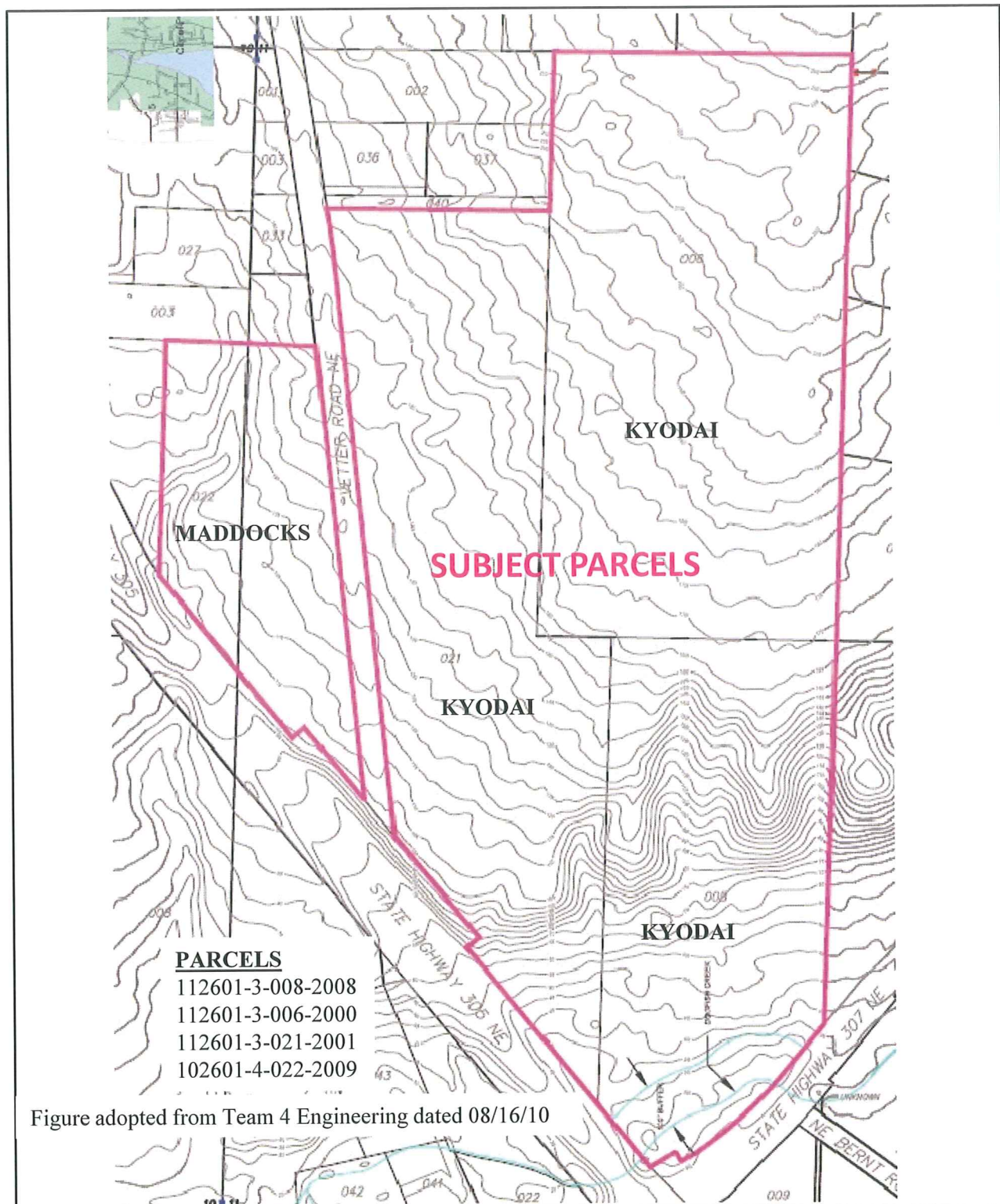


3388 NW Byron St., Suite 200
Silverdale, WA 98383

FIGURE 1

PROJECT: Edward Rose & Sons Development
LOCATION: Poulsbo, Washington
CLIENT: Edward Rose & Sons
DATE: November 2010

↑
NORTH
ESC10-E012
NOT TO SCALE



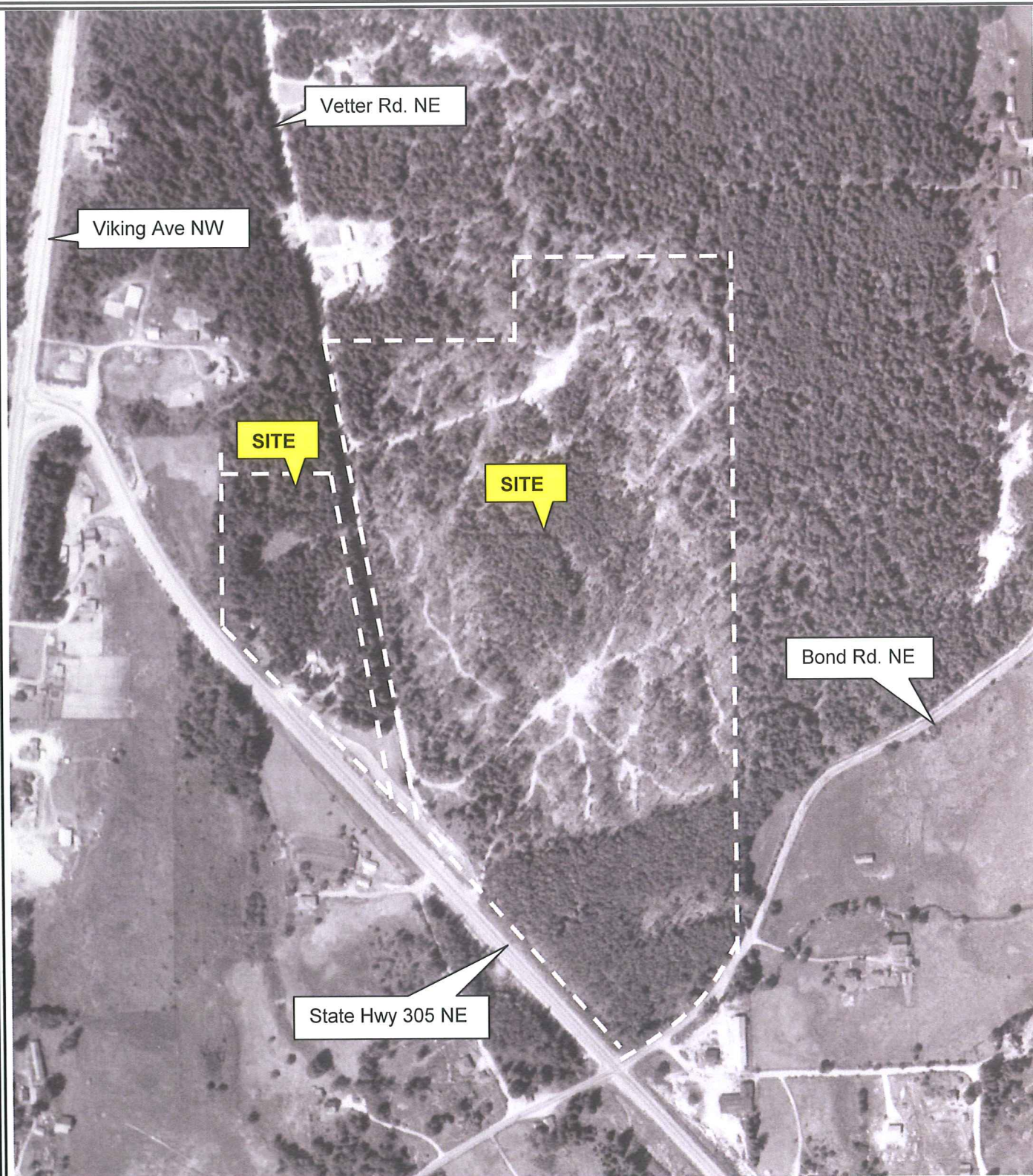
3388 NW Byron St., Suite 200
 Silverdale, WA 98383

FIGURE 2

PROJECT: Edward Rose & Sons Development
 LOCATION: Poulsbo, Washington
 CLIENT: Edward Rose & Sons
 DATE: November 2010



ESC10-E012
 NOT TO SCALE



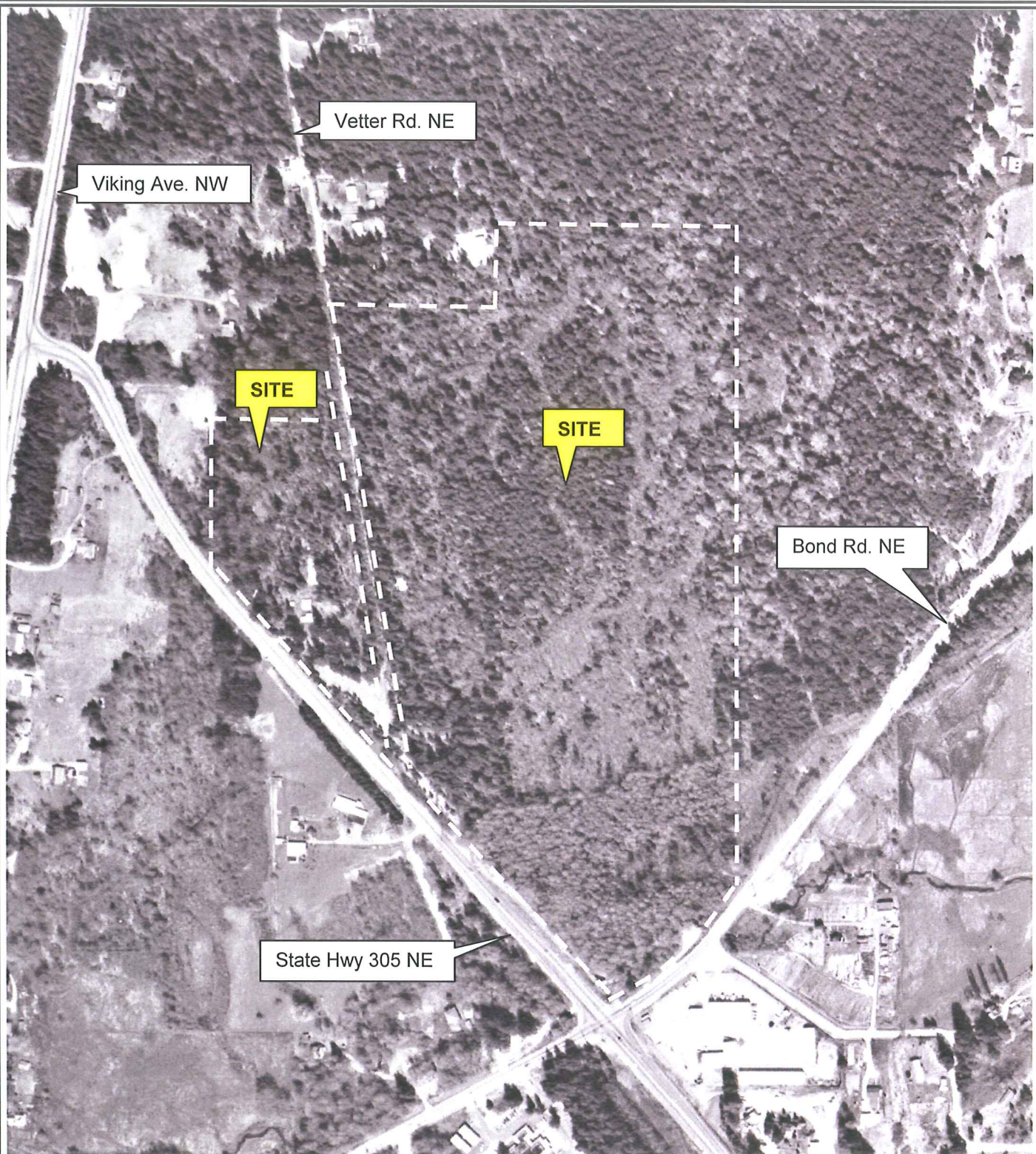
Map adapted from Aero-Metric Aerial Photograph (1956).



FIGURE 3 1956 Air Photo

Project Name: Edward Rose & Sons Development Phase I ESA
 Location: Poulsbo, Washington
 Project: ESC10-E012
 Client: Edward Rose & Sons
 Date: December 2010





Map adapted from Aero-Metric Aerial Photograph (1977).



FIGURE 4. 1977 Air Photo

Project Name: Edward Rose & Sons Development Phase I ESA

Location: Poulsbo, Washington

Project: ESC10-E012

Client: Edward Rose & Sons

Date: December 2010





Map adapted from Aero-Metric Aerial Photograph (2003).



FIGURE 5 2003 Air Photo

Project Name: Edward Rose & Sons Development Phase I ESA

Location: Poulsbo, Washington

Project: ESC10-E012

Client: Edward Rose & Sons

Date: December 2010

