FRANK BURKHEAD WYATT
WILLIAM P. HARRIS
A. DOYLE EARLY, JR.
WILLIAM E. WHEELER
DAVID B. ASHCRAFT
KIM W. GALLIMORE
KIM R. BAUMAN
CALVIN B. BRYANT
R. BRUCE LANEY
CHARLES A. ALT
FREDERICK G. SAWYER
JAMES R. HUNDLEY
EDGAR S. LEVY, III
JOHN D. BRYSON
STANLEY F. HAMMER
SCOTT F. WYATT
DAVID N. WOODS
CHRISTOPHER M. KROGER
MARC R. TYREY
MATTHEW C. JOBE
ARLENE WIEGNER
JASON E. MOSS
CORY A RAYBORN
MARHA C. MASSIE

WYATT EARLY HARRIS WHEELER

ATTORNEYS AND COUNSELLORS AT LAW

ADDRESS
P.O. DRAWER 2086
HIGH POINT, NC 27261

TELEPHONE
(336) 884-4444

FACSIMILE
336-884-1102

July 6, 2004

FAX MEMORANDUM

FACSIMILE NO.: 884-0801 (Office of Dr. Lee Bass Nunn)

TO: Dr. Robert Bass 1406 Heathcliff Rd (336) 882 1163
High Point, N.C. m 609 3438

FROM: Rick Sawyer

RE: HPRHS Purchase of 700/708 North Elm Street

TOTAL PAGES: 12 **SENT BY:** FGS

Dear Dr. Bass:

You will recall that our firm represents High Point Regional Health System ("HPRHS") in the referenced transaction. As per our telephone conversation today, enclosed is a copy of EnviroAssessments Phase II Environmental Site Assessment dated June 30, 2004 ("EA Report"). The EA Report summarizes the Phase II work which you authorized HPRHS to perform in connection with their environmental due diligence work on the 700/708 North Elm Street property ("Subject Property").

The EA Report indicates that the Subject Property has confirmed groundwater contamination that appears to come from an off-site source. Although we cannot give you legal advice, we can tell you that as property owners you and Mrs. Bass may have some reporting requirements under North Carolina law. If you have questions about your legal duties in this case, you should consult legal counsel familiar with environmental matters. HPRHS' preference, of course, is for you to report the incident to the North Carolina Department of Environment and Natural Resources ("DENR") [the State agency having jurisdiction over environmental matters] to determine what, if any, further action they may require with respect to the groundwater contamination.

Although the EA Report recommends that HPRHS notify DENR about the contamination, they prefer instead that, as owner of the Subject Property, you first determine what, if any, reporting requirements you may have under applicable law and then you comply with those requirements.

Given that the Subject Property does not appear to be the source of the groundwater contamination, we agree with the EA Report that, in such cases, DENR usually will not find property owners to be "responsible parties" liable for assessment or remediation of the contamination. Nevertheless, we

believe it prudent to know DENR's response to this incident before HPRHS closes on the transaction.

Under your Purchase Agreement, HPRHS now has two options. They can either (1) negotiate a reasonable extension of the "due diligence" period and closing dates to give you time to report the incident to DENR and to await their response; or (2) terminate the Purchase Agreement. HPRHS still wants to purchase the Subject Property, so they have requested that we prepare a Second Amendment, similar in language to the First Amendment already executed, extending both the "Examination Period" and "Closing Dates" in this transaction.

I have enclosed a proposed Second Amendment to Purchase Agreement for your review. If it meets with your approval, you and Mrs. Bass need to execute the document and fax it to me at your earliest convenience. You should also advise whether you will report the incident to DENR, or whether you want us to report the findings. Please recall that HPRHS' "Examination Period" ends on July 9, 2004, so they need to either have this Second Amendment executed or to terminate the contract before that date.

I look forward to hearing from you.

FGS:bp

Enclosures

cc: Mr. Darrell Deaton-HPRHS (by fax: 878-6215)(w/enclosure)
Mr. Kim Gallimore-WEHW (w/enclosure)

EnviroAssessments, PLLC

Property Transaction Assessments
Environmental/Geological Investigations
Asbestos/Mold/Wetlands Surveys

9111 Monroe Road
Suite 175
Charlotte, NC 28270

Office: (704) 846-8853
Fax: (704) 846-3271

June 30, 2004

Wyatt Early Harris Wheeler
P.O. Drawer 2086
High Point, NC 27261

Attention: Mr. Frederick G. Sawyer
Attorney-At-Law

Reference: Phase II Environmental Site Assessment
High Point Regional Health Systems
700 and 708 N. Elm Street
High Point, Guilford County, North Carolina
EA Project No. 04-3706.2

Dear Mr. Sawyer:

EnviroAssessments, PLLC (EA) has completed a Phase II Environmental Site Assessment (ESA) of the above-referenced property (the "Property"). The purpose of the Phase II ESA was to address those concerns noted by EA's Phase I Environmental Site Assessment report dated May 13, 2004 provided to you under separate cover.

1.0 Purpose

Specifically, the Phase II ESA evaluated on-site soil and groundwater for the presence of petroleum-related contaminants with regard to 2 off-site properties which are registered on state environmental regulatory databases as having documented ground water contamination as a result of former petroleum storage and distribution operations. The 2 off-site properties of concern were described in the Phase I ESA as follows:

- The Plant Shop, located at 793 N. Main Street, is listed on the state's LUST database as a result of 2 petroleum releases. Both releases involved former petroleum USTs, all of which have subsequently been abandoned. One release was discovered in 1992 and remains an "open" incident with petroleum contamination documented in ground water at the site. No additional information was available in DENR files to indicate the lateral or vertical extent of the ground water contaminant plume or the ground water flow direction from the site. The off-site property is located within 500 feet of the subject Property and in a topographically up-gradient position relative to the Property.

- The Wachovia Bank of NC - Boyles property (a.k.a. Robert T. Amos Property), located at 781 N. Main Street, is listed on the state's LUST database as a result of a petroleum release discovered in 1992. Petroleum contamination in soil and ground water remains at the site in excess of regulatory action limits, and the release remains an "open" LUST incident. No additional information was available in DENR files to indicate the lateral or vertical extent of the ground water contaminant plume or the ground water flow direction from the site. The off-site property is located within 500 feet of the subject Property and in a topographically up-gradient position relative to the Property.

2.0 Field Activities

On June 18, 2004, EA contracted the services of a Geoprobe sampling device to install temporary ground water monitor wells and collect ground water samples in the locations of the Property depicted on the attached **Site Plan, Figure 1.** Sample locations W-1 through W-3 were advanced in areas of the site located nearest to, and downgradient from, the off-site properties of concern.

Each monitor well was installed to a depth of 24 feet below grade (BG), the bottom 10 feet of which was screened with 0.010-inch slotted PVC well screen. The groundwater table was encountered at a depth of approximately 18 feet BG. The soil columns from each well location were field-screened with a photo-ionization detector (PID) for the presence of organic vapors characteristic of petroleum contaminants. The PID revealed no detectable levels of organic vapors from soils in the vadose zone. EA personnel noted no petroleum or solvent stains or odors in any of the soil samples. Ground water from the W-2 location exhibited a distinct petroleum odor.

Each well was purged of at least 5 well volumes of ground water, and a ground water sample was collected from each monitor well. The ground water samples were submitted for laboratory analysis by EPA Method 602 for volatile organic constituents commonly associated with petroleum substances.

3.0 Findings

A copy of the laboratory analytical report is **attached,** and the findings are presented on **Table 1 (attached)**. The Laboratory analysis of the ground water samples from locations W-1 and W-3 revealed no concentrations of target analytes which exceed the state's NCAC 2L Drinking Water Standards.

However, the sample from location W-2 revealed concentrations of 3 compounds which exceed the NCAC 2L Standards: Benzene, Ethylbenzene and Naphthalene. W-2 is located at the southeastern corner of the site, nearest to the off-site properties of concern.

4.0 Conclusions and Recommendations

The Phase II ESA revealed petroleum compounds from one of the on-site locations at concentrations which exceed the NCAC 2L Standards: Benzene, Ethylbenzene and Naphthalene.

EA's Phase I ESA revealed no evidence that any petroleum sources have ever been operated at the subject site. Therefore, the detected compounds appear to have migrated from one or more off-site sources. Considering the nature of the documented contamination at the off-site properties referenced in **Section 1.0** and the proximity and topographic position of the sites with respect to the subject Property, the compounds appear to be the result of the migration of contaminants from one or both of the off-site properties.

In most cases, owners of properties with contamination that emanated from an off-site source are not considered by state regulators to be the responsible party (RP) for the assessment and remediation of the contamination. However, in some cases, the presence of the contamination may adversely affect the "marketability" and "financeability" of the site unless and until the contamination is properly addressed by the "responsible party" to the point of incident closure by the State. Therefore, those issues may constitute a potential financial liability to a Property owner and lender.

Based on the findings of this ESA, EA recommends that the Client or prospective purchaser notify the state's environmental regulatory authority of the presence of the contamination and its suspected off-site source(s).

5.0 Closure

EA appreciates the opportunity to be of service to Wyatt Early Harris Wheeler and High Point Regional Health Systems on this project. Please call the undersigned at (704) 846-8853 if you desire additional information.

Sincerely,

EnviroAssessments, PLLC

6-30-04

Gary K. Sawyer, P.G.
Principal/Licensed Professional Geologist

NORTH CAROLINA LICENSED SEAL 1337 GEOLOGIST GARY K. SAWYER

Attachments

JUL-06-2004 TUE 04:06 PM WYATT EARLY HARRIS FAX NO. 3368841102 P. 06

TABLE 1

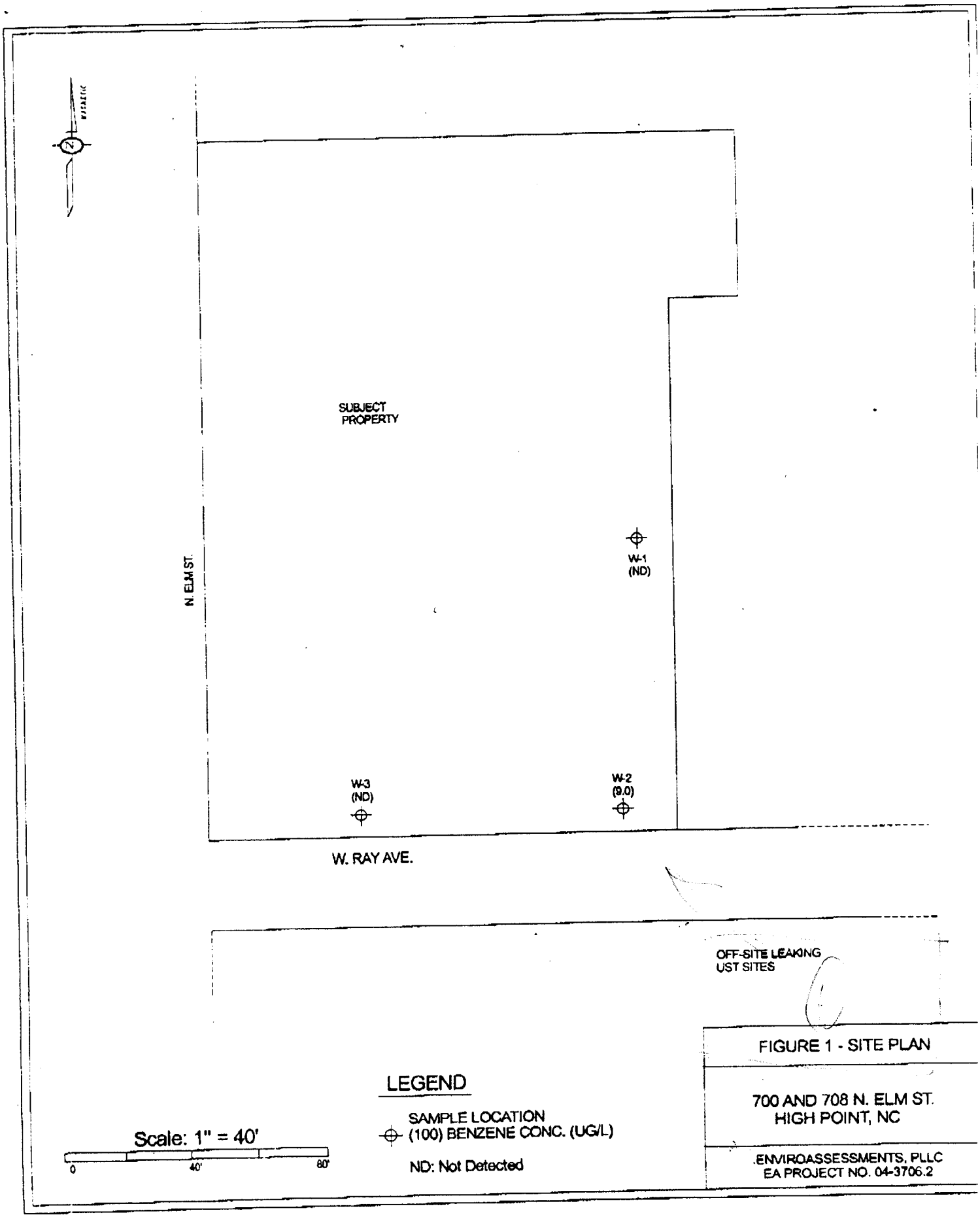
SUMMARY OF GROUNDWATER SAMPLING RESULTS
HIGH POINT REGIONAL HEALTH SYSTEMS - 700 AND 708 N. ELM ST.; EA Proj. 04-3706.2

June 2004

	Analytical Results			
Sample ID Collection Date	W-1 6/18/2004	W-2 6/18/2004	W-3 6/18/2004	NCAC 2L Drinking Water Std.
Volatile Organic Compounds				
Benzene	ND	**9.0**	ND	1
Ethylbenzene	ND	**118**	ND	29
Toluene	ND	ND	ND	1000
Xylenes	ND	74.5	ND	530
Naphthalene	5.3	**91.5**	15.8	21

Notes:

All concentrations are reported in micrograms per liter (ug/L).
Samples were analyzed by EPA Method 602
ND - Not Detected
Bold values exceed the NCAC 2L Drinking Water Standard.


SUBJECT PROPERTY
N. ELM ST.
W-1 (ND)
W-2 (9.0)
W-3 (ND)
W. RAY AVE.
OFF-SITE LEAKING UST SITES
LEGEND
SAMPLE LOCATION
(100) BENZENE CONC. (UG/L)
ND: Not Detected
Scale: 1" = 40'
0
40'
80'
FIGURE 1 - SITE PLAN
700 AND 708 N. ELM ST.
HIGH POINT, NC
ENVIROASSESSMENTS, PLLC
EA PROJECT NO. 04-3706.2

TestAmerica
ANALYTICAL TESTING CORPORATION
2960 Foster Creighton Drive • Nashville, Tennessee 37204
800-765-0980 • 615-726-8404 Fax

ANALYTICAL REPORT

ENVIROASSESSMENTS 2165
GARY SAWYER
9111 MONROE RD, STE 175
CHARLOTTE, NC 28270

Project: 04-3706
Project Name: N.ELM ST.
Sampler: GARY L.SAWYER

Lab Number: 04-A94584
Sample ID: W-1
Sample Type: Water
Site ID:

Date Collected: 6/18/04
Time Collected: 9:00
Date Received: 6/19/04
Time Received: 8:00

Analyte	Result	Units	Report Limit	Dil Factor	Analysis Date	Analysis Time	Analyst	Method	Batch
ORGANIC PARAMETERS									
Benzene	ND	ug/L	1.0	1.0	6/23/04	23:22	A. Cobbs	602	8293
Toluene	ND	ug/L	1.0	1.0	6/23/04	23:22	A. Cobbs	602	8293
Ethylbenzene	ND	ug/L	1.0	1.0	6/23/04	23:22	A. Cobbs	602	8293
Xylenes, total	ND	ug/L	1.0	1.0	6/23/04	23:22	A. Cobbs	602	8293
Naphthalene	5.3	ug/L	5.0	1.0	6/23/04	23:22	A. Cobbs	602	8293

Surrogate	% Recovery	Target Range
BTEX/GRO Surr., a,a,a-TFT	103.	70. - 124.

LABORATORY COMMENTS:
ND = Not detected at the report limit.
B = Analyte was detected in the method blank.
J = Estimated Value below Report Limit.
E = Estimated Value above the calibration limit of the instrument.
# = Recovery outside Laboratory historical or method prescribed limits.

End of Sample Report.

TestAmerica
ANALYTICAL TESTING CORPORATION
2960 Foster Creighton Drive • Nashville, Tennessee 37204.
800-765-0980 • 615-726-3404 Fax

ANALYTICAL REPORT

ENVIROASSESSMENTS 2165
GARY SAWYER
9111 MONROE RD, STE 175
CHARLOTTE, NC 28270

Project: 04-3706
Project Name: N.ELM ST.
Sampler: GARY L.SAWYER

Lab Number: 04-A94585
Sample ID: W-2
Sample Type: Water
Site ID:

Date Collected: 6/18/04
Time Collected: 10:00
Date Received: 6/19/04
Time Received: 8:00

Analyte	Result	Units	Report Limit	Dil Factor	Analysis Date	Analysis Time	Analyst	Method	Batch
ORGANIC PARAMETERS									
Benzene	9.0	ug/L	5.0	5.0	6/25/04	12:46	A. Cobbs	602	8299
Toluene	ND	ug/L	5.0	5.0	6/25/04	12:46	A. Cobbs	602	8299
Ethylbenzene	118.	ug/L	5.0	5.0	6/25/04	12:46	A. Cobbs	602	8299
Xylenes, total	74.5	ug/L	5.0	5.0	6/25/04	12:46	A. Cobbs	602	8299
Naphthalene	91.5	ug/L	25.0	5.0	6/25/04	12:46	A. Cobbs	602	8299

Surrogate	% Recovery	Target Range
BTEX/GRO Surr., a,a,a-TFT	115.	70. - 124.

LABORATORY COMMENTS:
ND = Not detected at the report limit.
B = Analyte was detected in the method blank.
J = Estimated Value below Report Limit.
E = Estimated Value above the calibration limit of the instrument.
# = Recovery outside Laboratory historical or method prescribed limits.

End of Sample Report.

TestAmerica
ANALYTICAL TESTING CORPORATION
2960 Foster Creighton Drive • Nashville, Tennessee 37204
800-765-0980 • 615-726-3404 Fax

ANALYTICAL REPORT

ENVIROASSESSMENTS 2165
GARY SAWYER
9111 MONROE RD, STE 175
CHARLOTTE, NC 28270

Project: 04-3706
Project Name: N.ELM ST.
Sampler: GARY L.SAWYER

Lab Number: 04-A94586
Sample ID: W-3
Sample Type: Water
Site ID:

Date Collected: 6/18/04
Time Collected: 11:00
Date Received: 6/19/04
Time Received: 8:00

Analyte	Result	Units	Report Limit	Dil Factor	Analysis Date	Analysis Time	Analyst	Method	Batch
ORGANIC PARAMETERS									
Benzene	ND	ug/L	1.0	1.0	6/24/04	0:30	A. Cobbs	602	8293
Toluene	ND	ug/L	1.0	1.0	6/24/04	0:30	A. Cobbs	602	8293
Ethylbenzene	ND	ug/L	1.0	1.0	6/24/04	0:30	A. Cobbs	602	8293
Xylenes, total	ND	ug/L	1.0	1.0	6/24/04	0:30	A. Cobbs	602	8293
Naphthalene	15.8	ug/L	5.0	1.0	6/24/04	0:30	A. Cobbs	602	8293

Surrogate	% Recovery	Target Range
BTEX/GRO Surr., a,a,a-TFT	92.	70. - 124.

LABORATORY COMMENTS:
ND = Not detected at the report limit.
B = Analyte was detected in the method blank.
J = Estimated Value below Report Limit.
E = Estimated Value above the calibration limit of the instrument.
# = Recovery outside Laboratory historical or method prescribed limits.

End of Sample Report.

TestAmerica
ANALYTICAL TESTING CORPORATION

To assist us in using the proper analytical methods, is this work being conducted for regulatory purposes?
Compliance Monitoring: NO

Client Name: ENVIROASSESSMENTS PLLC Client #: 2165
Address: 9111 MONROE RD. STE 175
City/State/Zip Code: CHARLOTTE NC 28270
Project Manager: GARY SAWYER
Telephone Number: 704 846 8255 Fax: 704 846 5271
Sampler Name: (Print Name) GARY K. SAWYER
Sampler Signature:

Project Name: N. ELM ST.
Project #: 04.3706
Site/Location ID: High Point State: NC
Report To: G. SAWYER
Invoice To: SAME
Quote #: PO#:

TAT: ✓ Standard; ___ Rush (surcharges may apply)
Date Needed: 6-25-04
Fax Results: (Y) N

QC Deliverables: ___ None; ___ Level 2 (Batch QC); ___ Level 3; ___ Level 4; Other: ___

SAMPLE ID	Date Sampled	Time Sampled	G = Grab, C = Composite	Field Filtered	Matrix (SL - Sludge, DW - Drinking Water, GW - Groundwater, S - Soil/Solid, WW - Wastewater, Specify Other)	Preservation & # of Containers: HNO_3	HCl	NaOH	H_2SO_4	Methanol	None	Other (Specify)	Analyze For: BTEX + MAA								REMARKS
W-1	6-18-04	900	G		GW		3						✓								
W-2	"	1000	G		GW		3						✓								
W-3	"	1100	G		GW		3						✓								

Special Instructions:

Relinquished By:	Date: 6-18-04	Time:	Received By: G. Cullinan	Date: 6/18	Time: 1510
Relinquished By:	Date:	Time:	Received By:	Date:	Time:
Relinquished By:	Date:	Time:	Received By:	Date:	Time:

LABORATORY COMMENTS:
Init Lab Temp:
Rec Lab Temp:
Custody Seals: Y N N/A
Bottles Supplied by Test America: Y N
Method of Shipment:

SECOND AMENDMENT TO AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY

This Second Amendment to Agreement for Purchase and Sale of Real Property ("Second Amendment") is made July 6, 2004, by and between Robert E. Bass and Janie C. Bass (collectively, "Seller") and High Point Regional Health System, Inc., a North Carolina corporation ("Buyer").

Background

Buyer and Seller have entered into an Agreement for Purchase and Sale of Real Property dated as of May 5, 2004 ("Agreement"), which Agreement was modified by a First Amendment to Agreement for Purchase and Sale of Real Property dated May 24, 2004 ("First Amendment"). Buyer and Seller have mutually agreed to extend the date of closing and Examination Period ending date of the terms and conditions set forth in this Second Amendment.

Amendment to Agreement

(1) The date in Section 1 (c) of the Agreement is changed to September 16, 2004.

(2) The date in Section 1 (d) of the Agreement is changed to September 9, 2004.

Except as changed by this Second Amendment, all other terms and conditions of the Agreement and the First Amendment remain unchanged. In the event of a conflict between this Second Amendment and either the Agreement or the First Amendment, the provisions contained in this Second Amendment shall control.

Seller:

_____ **Date:** _____

Robert E. Bass

_____ **Date:** _____

Janie C. Bass

Buyer:

High Point Regional Health System

By: _____ **Date:** _____