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Your Name: Shirley Liggins
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Facility Name: Schlage Lock - Community Resource
Document Group: Land Use Restriction Updates (LURU)
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North Carolina Department of Environment and Natural Resources
Division of Waste Management

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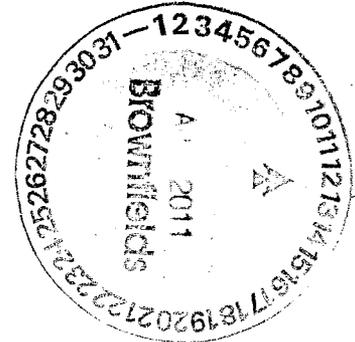
Dexter R. Matthews
Director

Dee Freeman
Secretary

August 5, 2011

CERTIFIED MAIL

~~Mr. James McCormick~~ *Dana G Smith*
Smith/McCormick Properties, LLC
1812 East Wendover Avenue
Greensboro, NC 27405

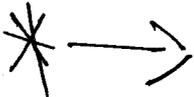


Subject: Notice of Noncompliance, N.C.G.S. §130A-310.35(f)
Annual Land Use Restrictions Update
Schlage Lock Facility
3551 North Wesleyan Blvd., Nash County
Project Number: 08001-04-64

Dear Mr. McCormick:

Pursuant to the land use restrictions listed in the Notice of Brownsfields Property recorded at the Nash County Register of Deeds, all owners of the brownfields properties are required to submit an annual certification to maintain liability protection granted by the Brownsfields Agreement for the subject property. Our records indicate that Smith/McCormick Properties, LLC is a current owner of at least part of the subject brownfields property and that an annual certification from this company has not been received.

To minimize the chance of an assessment and/or cleanup order, and/or civil penalties, Smith/McCormick Properties, LLC or its authorized agent should immediately complete, sign, notarize, and submit the attached Land Use Restrictions Update ("LURU") form to the following address:



NC Brownsfields Program
Mail Service Center 1646
Raleigh, NC 27699-1646

Brownfields Project #: 08001-04-64

Brownfields Property: Schlage Lock Facility, 3551 North Wesleyan Boulevard

Property Owner (In whole or part): Community Resource Exchange, Inc.

LAND USE RESTRICTIONS ("LUR") UPDATE

LUR 1: No use may be made of the Property other than for light manufacturing, office space, warehousing and retail purposes (including restaurants). No construction may occur on the Property without the Department of Environment and Natural Resources' ("DENR") prior written approval. The following definitions apply in connection with the approved land uses:

- a. Light manufacturing: The assembly, fabrication or processing of goods and materials using processes that ordinarily do not create noise, smoke, fumes, odors, glare, or health or safety hazards outside the building or lot where such assembly, fabrication or processing takes place; where such processes are housed entirely within a building; or where the area occupied by the outdoor storage of goods and material used in such processes does not exceed 25 percent of the floor area of all the buildings on the property. No process water or wastewater may be generated at a light manufacturing facility.
- b. Office space: A use or structure where business or professional services are conducted or rendered.
- c. Retail: An activity the principal purpose of which is the sale of goods, products or merchandise directly to the consumer.

In compliance Out of compliance

Remarks: _____

LUR 2: During construction of any and all buildings on the Property, the following measures shall be implemented:

- a. As to any portion of any building that will be used other than for warehousing, a mechanical ventilation system shall be installed in conformance with the most current version of the Mechanical Ventilation section of the Ventilation chapter of the North Carolina State Building Code. The owner of the affected portion of the Property shall provide to DENR a written report on the installation within thirty (30) days of its

completion. As to any portion of any building that will be used exclusively for warehousing, subparagraph b. below applies regardless of the proximity of the building in question to the Property's volatile contaminant plume, construction may not commence until DENR has approved in writing a plan sealed by a North Carolina-licensed professional engineer that requires sub-slab venting or another engineering control that will accomplish the same purpose, and final construction schematic "as-built" drawings sealed by a North Carolina-licensed professional engineer shall be submitted to DENR within fifteen (15) days after receipt of a certificate of occupancy for the building in question.

- b. This subparagraph applies where, based on DENR's most recent plume map, the edge of the footprint of a building to be constructed falls within one hundred (100) feet of the edge of the Property's volatile contaminant plume.
 - i. If any conduits would penetrate the planned location of the building's slab-on-grade foundation, a spray membrane liner system consisting of a material resistant to the contaminants listed in the tables "(2)" of the Notice of Brownfields Property ("Notice") shall be installed beneath the foundation.
 - ii. Where no conduits would penetrate the planned location of the building's foundation, a spray membrane liner system consisting of a material resistant to the contaminants listed tables at "(2)" of the Notice, or a vapor barrier at least six (6) millimeters thick and consisting of a material resistant to the contaminants listed in tables at "(2)" of the Notice, shall be installed beneath the foundation. As to any vapor barrier installed: it shall be sealed around any vertical pilings or support structures beneath the slab and overlapped and taped, or otherwise stabilized, so as to minimize potential air migration pathways; and, within thirty (30) days following installation, photographs of the installation and a brief written description of it shall be submitted to DENR.
 - iii. Depending on the location of the footprint of the building and DENR's determination of the magnitude of volatile contamination, DENR may require indoor air sampling.

In compliance Out of compliance

Remarks: _____

LUR 3: Surface water and underground water at the Property may not be used for any purpose without the prior written approval of DENR or its successor in function.

In compliance Out of compliance

Remarks: _____

LUR 4: No activities that encounter, expose, remove or use groundwater (for example, installation of water supply wells, fountains, ponds, lakes or swimming pools, or construction or excavation activities that encounter or expose groundwater) may occur on the Property without prior sampling and analysis of groundwater to the satisfaction of DENR or its successor in function in any areas proposed for such activities, and submittal of the analytical results to DENR or its successor in function. If such results disclose to DENR or its successor in function contamination in excess of North Carolina's groundwater quality standards, the proposed activities may not occur without the approval of DENR or its successor in function on such conditions as DENR or its successor in function imposes, including at a minimum compliance with plans and procedures, approved pursuant to applicable law, to protect public health and the environment during the proposed activities.

In compliance Out of compliance

Remarks: _____

LUR 5: Soil underlying paved and other impervious surfaces and buildings at the Property, soil within 200 feet of the building demarcated "plant building" on the plat component of the Notice, soil within each area identified as a "SWMU" or "AOC" on the plat component of the Notice, and soil proposed to be exposed in association with any construction on the Property, may not be exposed unless DENR has been given a minimum of ten (10) business days advance written notice and has approved a plan to protect public health and the environment during the activities that would expose such soil. DENR may inspect, and require screening or sampling for contaminants in, the exposed soil. If screening or sampling discloses contamination that DENR determines may pose an unacceptable level of risk to public health or the environment, as much soil as DENR requires shall be removed and disposed of in accordance with applicable law, and any other actions DENR requires to make the Property suitable for the uses specified in this Agreement shall be taken. If DENR determines that the exposed soil is contaminated at levels that would not pose an unacceptable risk to public health or the

environment if capped, DENR may require the soil to be capped, with perpetual maintenance of the cap, to the satisfaction of DENR.

In compliance Out of compliance _____

Remarks: _____

LUR 6: No area designated "SWMU or AOC requiring additional investigation" on the plat component of the Notice, may be built upon or otherwise disturbed without the prior written approval of DENR's Hazardous Waste Section, a copy of which approval shall be provided to DENR's Brownfields Program.

In compliance Out of compliance _____

Remarks: _____

LUR 7: Soil, landscaping and contours at the Property may not be disturbed without the approval of DENR or its successor in function, except for mowing and pruning of above-ground vegetation.

In compliance Out of compliance _____

Remarks: _____

LUR 8: No mining may be conducted on or under the Property, including, without limitation, extraction of coal, oil, gas or any other minerals or non-mineral substances.

In compliance Out of compliance _____

Remarks: _____

LUR 9: No basements may be constructed on the Property unless they are, as determined by DENR or its successor in function, vented in conformance with applicable building codes.

In compliance Out of compliance

Remarks: _____

LUR 10: None of the contaminants known to be present in the environmental media at the Property, including those listed in tables at "(2)" of the Notice, may be used or stored at the Property without the prior approval of DENR or its successor in function, except in *de minimis* amounts for cleaning and other routine housekeeping activities.

In compliance Out of compliance

Remarks: _____

LUR 11: The Property may not be used as a park or for sports of any kind, including, but not limited to, golf, football, soccer and baseball, without the approval of DENR or its successor in function.

In compliance Out of compliance

Remarks: _____

LUR 12: The Property may not be used for agriculture, grazing, timbering or timber production.

In compliance Out of compliance

Remarks: _____

LUR 13: The Property may not be used as a playground, or for child care centers or schools.

In compliance Out of compliance

Remarks: _____

LUR 14: The Property may not be used for kennels, private animal pens or horse-riding.

In compliance Out of compliance

Remarks: _____

LUR 15: No monitoring wells at the Property shall be abandoned without the prior written approval of DENR's Hazardous Waste Section.

In compliance Out of compliance

Remarks: _____

LUR 16: No party conducting environmental assessment or remediation at the Property at the direction of, or pursuant to a permit or order issued by, DENR may be denied access to the Property for purposes of conducting such assessment or remediation.

In compliance Out of compliance

Remarks: _____

LUR 17: During January of each year after this Agreement becomes effective, the then current owner of any part of the Property shall submit a notarized Land Use Restrictions Update to DENR or its successor in function certifying that the Notice of Brownfields Property containing these land use restrictions remains recorded at the Nash County, North Carolina Register of Deeds' office, and that the land use restrictions are being complied with. Alternatively, the obligations of this subparagraph may be discharged on behalf of some or all owners by a party that satisfies DENR it is validly acting as agent for said owners, and that accepts responsibility for compliance with this subparagraph pursuant to a notarized instrument satisfactory to DENR.

In compliance Out of compliance

Remarks: _____

Notarized signing and submittal of this Land Use Restrictions Update constitutes certification that the Notice remains recorded at the Nash County Register of Deeds office and that the Land Use Restrictions are being complied with.

This Land Use Restrictions Update is certified by Smith/McCorrick Properties LLC
Dana G. Smith,
owner of at least part of the Brownfields Property.

Name typed or printed of party making certification: Dana G. Smith

In the case of owners that are entities:

Signature of individual signing: 
Name typed or printed: Dana G. Smith
Title: Manager

In the case of all owners:

Date: 8/11/2011

[use for LLCs]

Smith / McCormick Properties LLC

[Insert Name of LLC]

By: [Signature]

Name typed or printed: Dana G. Smith
Member/Manager

NORTH CAROLINA
GUILFORD COUNTY

I, SUSAN H. BETTINI, a Notary Public of the county and state aforesaid, certify that DANA G. SMITH personally came before me this day and acknowledged that he/she is a Member of SMITH/McCORMICK PROPERTIES, a NC (state) limited liability company, and its Manager, and that by authority duly given and as the act of the company, the foregoing Land Use Restriction Update was signed in its name by him/her.

WITNESS my hand and official stamp or seal, this 11th day of AUGUST, 2011.

[Signature]
Name typed or printed: SUSAN H. BETTINI
Notary Public

My Commission expires: 7/20/13

[Stamp/Seal]

