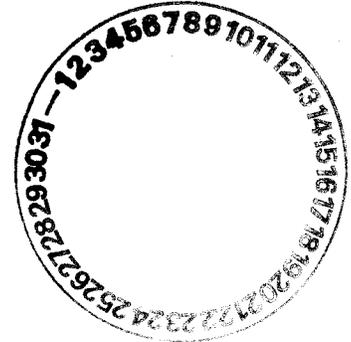


January 3, 2013

POST OFFICE BOX 87  
Phone: 252-943-2184  
Fax: 252-943-9957

Mr. David Peacock  
Brownfields Compliance Coordinator  
North Carolina Department of Environment and Natural Resources {NCDENR}  
Division of Waste Management – Brownfields Program  
1646 Mail Service Center  
Raleigh, NC 27699-1646

Re: Annual Land Use Restriction Update  
Brownfields Project Number: 09053-05-21  
Chowan Veneer Company  
259 & 262 Coke Avenue  
Edenton, Chowan County



Dear Mr. Peacock:

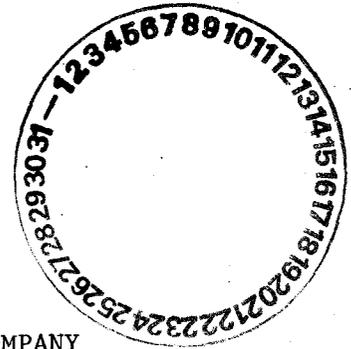
Please find enclosed in this letter a copy of the 2013 Land Use Restriction Update {LURU} that was required annually under terms of a Brownfields Agreement dated October 19, 2006 between Southern Bank and Trust Company and NCDENR concerning the real property in Edenton, North Carolina indicated above.

If you need further information concerning this matter, please call me at 252-943-2175.

Sincerely,

A handwritten signature in black ink, appearing to read "James T. Dickson, II".

James T. Dickson, II  
Vice President  
Southern Bank and Trust Company



Brownfields Project #: 09053-05-21

Brownfields Property: Chowan Veneer, 259 & 262 Coke Avenue

Property Owner (In whole or part): SOUTHERN BANK AND TRUST COMPANY

**LAND USE RESTRICTIONS ("LUR") UPDATE**

LUR 1: No use may be made of the Brownfields Property other than for residential, commercial retail or commercial office use. For purposes of this restriction, the following definitions apply:

- i. Residential: Use for a permanent dwelling of any single family, detached, duplex, triplex, quadraplex, attached or multifamily dwelling; or of any manufactured home, mobile home, group home, boarding house or dormitory.
- ii. Commercial office: A use or structure where business or professional services are conducted or rendered.
- iii. Commercial retail: An activity the principal use or purpose of which is the sale of goods, products, or merchandise directly to the consumer, including restaurants.

In compliance   x   Out of compliance       

Remarks:       SEE STATEMENT ATTACHED        
\_\_\_\_\_  
\_\_\_\_\_

LUR 2: No redevelopment may occur of any portion of the Brownfields Property containing any groundwater monitoring wells, injection wells, recovery wells, piezometers or other man-made points of groundwater access prior to compliance with the requirements of this paragraph to the Department of Environment and Natural Resources' ("DENR") written satisfaction. The owner of any such portion of the Brownfields Property shall notify DENR in writing that the owner is ready to effect abandonment of such man-made points of groundwater access in accordance with Subchapter 2C of Title 15A of the North Carolina Administrative Code. Unless DENR, within ten (10) days of receiving such notification, notifies the owner of the affected portion of the Brownfields Property to refrain from such abandonment, the owner shall effect abandonment and shall, within thirty (30) days after concluding the abandonment, provide DENR a written report setting forth the procedures and results.

In compliance   x   Out of compliance

Remarks: SEE STATEMENT ATTACHED  
\_\_\_\_\_  
\_\_\_\_\_

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

In compliance  Out of compliance \_\_\_\_\_

Remarks: SEE STATEMENT ATTACHED  
\_\_\_\_\_  
\_\_\_\_\_

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 Brownfields Property without prior sampling and analysis of groundwater to the written satisfaction of DENR in any areas proposed for such activities, and submittal of the analytical results to DENR. If such results disclose to DENR contamination in excess of North Carolina's groundwater quality standards, the proposed activities may not occur without the prior written approval of DENR on such conditions as DENR 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: SEE STATEMENT ATTACHED  
\_\_\_\_\_  
\_\_\_\_\_

LUR 5: Soil underlying paved, and other impervious or hard pervious, surfaces and buildings at the Brownfields Property, and soil anywhere on the Brownfields Property exhibiting any stain or odor, both of which categories of areas are denominated "SUBJECT TO LAND USE RESTRICTION #5" on the plat component of the Notice of Brownfields Property ("Notice"), may not be disturbed without prior sampling and analysis to DENR's written satisfaction of soil proposed to be disturbed. If sampling results disclose contamination that DENR determines renders the Brownfields Property unsuitable for the uses specified in Land Use Restriction 1 above, the soil may only be disturbed in conformance with plans and procedures approved in writing by DENR that

are designed to protect public health and the environment while the soil is exposed or disturbed, and if, at DENR's discretion, as much soil as DENR requires is removed and disposed of in accordance with applicable law, or covered with an impervious or hard pervious surface. If DENR requires an impervious or hard surface, the cover shall be maintained in good repair. If DENR requires removal of any soil, information satisfactory to DENR regarding the transportation and disposition of such soil shall be supplied in a written report to DENR within ninety (90) days following removal. For purposes of this land use restriction, the following definitions apply:

- i. "Impervious surface" means any structure or groundcover consisting of asphalt, concrete, stone, brick, terrazzo, roofing, ceramic tile or other natural or man-made material that prevents the absorption of surface water into the soil.
- ii. "Hard pervious surface" means any structure or groundcover that allows absorption of surface water into the soil, but has a hard surface formed or cast in place that protects land users from exposure to potential contaminants in the soil. Pervious concrete and pervious tennis court materials are examples.

In compliance  Out of compliance

Remarks: SEE STATEMENT ATTACHED  
\_\_\_\_\_  
\_\_\_\_\_

LUR 6: No mining may be conducted on or under the Brownfields Property, including, without limitation, extraction of coal, oil, gas or any other minerals or non-mineral substances.

In compliance  Out of compliance

Remarks: SEE STATEMENT ATTACHED  
\_\_\_\_\_  
\_\_\_\_\_

LUR 7: No basements may be constructed on the Brownfields Property unless they are, as determined in writing by DENR, vented in conformance with applicable building codes.

In compliance  Out of compliance

Remarks: SEE STATEMENT ATTACHED

---

---

---

LUR 8: None of the contaminants known to be present in the environmental media at the Brownfields Property, including those listed in paragraph 9 of the Brownfields Agreement ("Agreement"), may be used or stored at the Brownfields Property without the prior written approval of DENR, except in *de minimis* amounts for cleaning and other routine housekeeping activities.

In compliance   X   Out of compliance       

Remarks: SEE STATEMENT ATTACHED

---

---

---

LUR 9: No party conducting environmental assessment or remediation at the Brownfields Property at the direction of, or pursuant to a permit or order issued by, DENR may be denied access to the Brownfields Property for purposes of conducting such assessment or remediation.

In compliance   X   Out of compliance       

Remarks: SEE STATEMENT ATTACHED

---

---

---

LUR 10: During January of each year after the year in which the Notice is recorded, the then current owner of any part of the Brownfields Property shall submit a notarized Land Use Restrictions Update to DENR certifying that the Notice containing these land use restrictions remains recorded at the Chowan County Register of Deeds office, and that the land use restrictions are being complied with.

In addition to the land use restrictions set forth above, the Potential Developer must implement the following measures to the written satisfaction of DENR prior to making any use of the Brownfields Property or offering it for sale or redevelopment.

- a. All containers on the Brownfields Property, and their contents, must be inventoried, removed and disposed of in compliance with all applicable legal requirements.

- b. Petroleum on floors and loading docks at the Brownfields Property must be steam-cleaned. Rinse water shall be containerized, characterized and disposed of in compliance with all applicable legal requirements.

In compliance   X   Out of compliance       

Remarks:       SEE STATEMENT ATTACHED        
\_\_\_\_\_  
\_\_\_\_\_

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

This Land Use Restrictions Update is certified by   SOUTHERN BANK AND TRUST COMPANY   owner of at least part of the Brownfields Property.

Name typed or printed of party making certification:       JAMES T DICKSON, II      

In the case of owners that are entities:

Signature of individual signing:       James T. Dickson II        
Name typed or printed:       JAMES T DICKSON, II        
Title:       VICE PRESIDENT      

In the case of all owners:

Date:       JANUARY 3 2013      

[Insert notary block from among the following that is pertinent to type of party submitting LURU: corporation, LLC, partnership or individual.]  
[use for corporations]

[Name of Prospective Developer]  
SOUTHERN BANK AND TRUST COMPANY  
By:       James T. Dickson II        
Name typed or printed:       JAMES T DICKSON, II        
Title typed or printed:       VICE PRESIDENT

ATTEST:

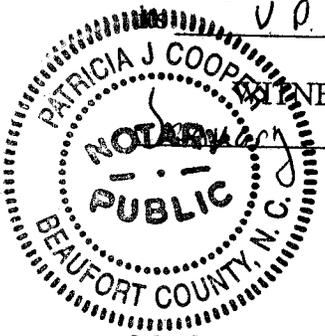
Mary A. Tolan

Name typed or printed: MARY A. TOLAN  
Asst. Secretary, [Name of Prospective Developer]



NORTH CAROLINA  
Beaufort COUNTY

I, Patricia J. Cooper, a Notary Public of the county and state aforesaid, certify that Mary A Tolan personally came before me this day and acknowledged that he/she is the Secretary of Southern Bank and Trust Company [state of incorporation] corporation, and that by authority duly given and as the act of the corporation, the foregoing Notice of Brownfields Property was signed in its name by V.P. and attested by him/her as its Secretary.



WITNESS my hand and official stamp or seal, this 2 day of March, 2013.

Patricia J. Cooper  
Name: Patricia J. Cooper  
Notary Public

My Commission expires: 03, 03, 2013

[use for LLCs] [Stamp/Seal]  
[Name of Prospective Developer]

By: \_\_\_\_\_  
Name typed or printed:

Member/Manager

NORTH CAROLINA  
\_\_\_\_\_ COUNTY

I, \_\_\_\_\_, a Notary Public of the county and state aforesaid, certify that \_\_\_\_\_ personally came before me this day and acknowledged that he/she is a Member of \_\_\_\_\_, LLC, a [state of incorporation] limited liability company, and its Manager, and that by authority duly given and as the act of the company, the foregoing Notice of Brownfields Property was signed in its name by him/her.

WITNESS my hand and official stamp or seal, this \_\_\_\_\_ day of \_\_\_\_\_, 200  .

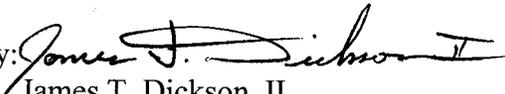
“STATEMENT”

January 3, 2013

Property included in a Brownfields Agreement between Southern Bank and Trust Company and NCDENR that was executed on October 19, 2006, otherwise described as the former 11.64 acre Chowan Veneer Company tract located at 262 Coke Avenue in Edenton, NC, remains from that date in a undeveloped state following the demolition, removal and disposal of all Chowan Veneer Co. plant structures and improvements including concrete slabs, pads, and loading docks on concurrence and in compliance with NCDENR and it's Project ( # 09053-05-21) Manager, Sandra Moore.

Other property included in that same aforementioned Brownfields Agreement dated October 19, 2006 otherwise described as the 1.27 acre former Chowan Veneer Co. tract with improvements consisting of a \$1,434 square foot metal shop and a 1,050 shed with hook-up for a mobile home located at 259 Coke Avenue in Edenton, NC, was sold to Dalton Lee Furlough of 1109 West Sound Shore Drive, Edenton, NC on February 8, 2007.

Southern Bank and Trust Company

By:   
James T. Dickson, II  
Vice President