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October 13, 2006
S&EC Project #10351.W1

Community Properties
1000 St. Albans Suite 400
Raleigh, NC 27609

Re: Environmental Status Report for the Shively Project
Chatham County, North Carolina

To whom it may concern:

The purpose of this report is to advise you on the status of environmental evaluations conducted for the Shively Tract. The site is located east of Old Hwy 87 approximately 1 mile southeast of Terrells, NC and is adjacent to the Haw River. The site is approximately +/- 62 acres in size.

Currently, the following environmental evaluations have been performed: 1) Natural Heritage Program and State Historic Preservation file searches 2) Threatened and Endangered Species Field Survey and 3) Detailed Wetland Delineation. The above listed evaluations are discussed briefly below.

NC State Historic Preservation Office File Search

The most recent records' check at the State Historic Preservation Office (SHPO) conducted in June of 2006 revealed that there are no structures on the property that appear on the National Registry (NR), Determination of Eligibility (DOE), Study List (SL), or Locally Designated (LD) lists. One historical site, Rock Rest Multiple Structures (CH408) occurs off property and has been architecturally reviewed. A Natural Registry Property, Baldwin's Mill (CH 535), is located approximately 2 miles west of the site along Terrell's Branch. The Mitchum Site, an archeological dig site, .5 miles north west adjacent to the property in the floodplain of the Haw River.

NC Natural Heritage Program Office File Search

NC NHP records occurrences of rare plant and animal species, exemplary natural communities, and special animal habitats known to occur in North Carolina. A record check was performed in June 2006. The file reviews yielded no federally or state listed plant or animal species found

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within the project boundaries. The subject property is located on the Bynum USGS quadrangle. However, the Silk Hope quadrangle also was checked for possible nearby occurrences.

The Haw River borders the eastern portion of the property. An Identified Priority Area (IPA), as designated by the Natural Heritage Program (NHP), is documented +/- 1000 feet downstream of the site. In addition, another locally designated IPA, Terrell's Creek Galax Bluffs, occurs along Terrell's Creek approximately 1 mile northwest of the site. Within the Haw River downstream near Bynum, North Carolina are known locations of the federally-listed and state-listed Endangered Cape Fear shiner (*Notropis mekistocholas*), state-listed Endangered yellow lampmussel (*Lampsilis cariosa*), and a state-listed Significantly Rare septima's clubtail (*Gomphus septima*), a dragonfly. An occurrence of *Phacelia ranunculata* is recorded approximately 0.3 miles northwest of the site along the floodplain of the Haw River.

Threatened and Endangered Species Field Survey

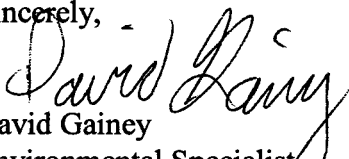
Of the species surveyed for none were found on property during a field survey performed in May 2006. Suitable habitat for the Carolina Ladle Crayfish, the Four-toed salamander, Buttercup Phacelia, and Septima's Clubtail exists on property, but none of these species were observed. No other state or federally listed species were found on property.

Detailed Wetland Delineation

S&EC completed a detailed wetland delineation of the property in September of 2006. During the detailed delineation, perennial streams intermittent streams, and wetlands were identified. Jurisdictional waters on the property are classified as WS-IV; NSW in NC-DENR's "Classifications and Water Quality Standards Applicable to Surface Water And Wetlands Of North Carolina".

If you have any questions or need additional services please call us.

Sincerely,


David Gainey
Environmental Specialist