

# Environmental Site Assessment

You have been told that prior to funding a loan on the property in question, you need to have an Environmental Site Assessment performed on the property. Most people don't understand what they are, how they are performed, why they need to be performed, how long they take, and how much they typically cost. We have created this simple FAQ sheet to help answer those questions.

## Why do I need an Environmental Site Assessment?

The purpose of an Environmental Site Assessment (ESA) is to identify any existing environmental contamination on the property site. You, as a Buyer, do not want to unwillingly become financially responsible for the prior environmental practices on the subject property. An ESA saves you from assuming liability for existing contamination and the costs of remediation (if needed). A Phase 1 ESA provides a current and historical record search, as well as a site visit and inspection by a trained and certified Environmental Professional.

The Environmental Professionals job is to provide you with a report of the property site that informs you that either the site is clean, or there are Recognized Environmental Conditions (REC's) that exist. These would include, but are not limited to:

- Leaking underground fuel or gas tanks that can contaminate soil and groundwater
- Contamination from nearby industrial sites, accidental toxic spills or leaks
- EPA and State top priority clean-up properties

There are various report types that can be ordered based on the property type. Your Environmental Professional can explain the types and amount of historical research performed in each of the reports.

## Where do I get an Environmental Site Assessment?

Your banker can suggest some names of Environmental Firms that are on their approved lists. In some cases where no recommendations are given, you can simply search the internet. When engaging an Environmental Professional to perform an assessment you should consider the following:

- The cheapest isn't always the best – you get what you pay for.
- Not all environmental consultants are equal.
- Use a firm that has a minimum of \$1,000,000.00 in liability protection; required on SBA loans.
- Use a firm that provides a clear and concise professional opinion and doesn't leave it up to you to interpret the data.
- Your EP shouldn't charge for travel time.
- If your financing is an SBA loan, ask if they use the required SBA language in their conclusion.
- Choose a firm/company that is easy to work with, communicates well, and helps you to understand the process.
- Take into consideration your proposed closing date with the report turn time they are offering.

