

During an environmental breakout session at the America East Lenders Conference, SBA provided those attending with some glimpses of the proposed changes pertaining to environmental due diligence. These proposed changes include:

- When you are making a loan for less than \$150,000.00 and the Environmental Questionnaire comes back showing further investigation is necessary, you may now have a *Records Search with Risk Assessment (RSRA)* performed instead of having to go to a *Transaction Screen Report*.
- When reviewing the NAICS Codes of Environmentally Sensitive Industries the code 8123 LAUNDRY & DRY CLEANING SERVICES it now will state *if dry cleaning operations have ever existed on-site*.
- In Section G. 4. **Mitigating Factors** that SBA will rely upon to disburse before completion of remediation or monitoring, for section f) titled **Escrow Account** the new SOP clarifies two issues. The first being that the money put into the escrow account can't come from funds from the SBA loan itself. The second clarification answers the question if the money in the escrow account can be used for the actual remediation itself or if it needs to stay in the escrow account until the remediation is completed. The answer is that yes, it can and should be used for the remediation costs.
- In Section G. 4. **Groundwater Contamination Originating from Another Site**, the revision to the SOP eliminates the sentence, *"and lender can demonstrate that the contamination has not caused significant damage to the collateral value and marketability of the Property"*.
- The **Reliance Letter** in appendix 3 has been modified by adding the words *"as it impacts the property"* at the end of the last sentence in regards to a Phase II Environmental Site Assessment.
- **Special Use Facilities** (Section H), *when a Phase II is required for a dry cleaners in operation for more than five years* the Phase II must be conducted by an independent Environmental Professional *who holds a current Professional Engineer's or Professional Geologist's license and has the equivalent of three years of full-time relevant experience*.
- **Appendix 5: Requirements Pertaining to Gas Station Loans, Phase I's** no longer need to be conducted by an Environmental Professional *who holds a current Professional Engineer's or Professional Geologist's license and has the equivalent of three years of full-time relevant experience*. It can now be conducted by an Environmental Professional meeting the requirements as outlined in Appendix 2: Definitions
- **Appendix 5: Requirements Pertaining to Gas Station Loans, Phase II's** must be conducted by an Environmental Professional *who holds a current Professional Engineer's or Professional Geologist's license and has the equivalent of three years of full-time relevant experience*.

Upon release of the revisions, please contact **Partner** for your free laminated copy of our **Steps of Environmental Investigation Flowchart**. We will have this updated and available the day the revisions are released.

Partner Engineering and Science, Inc.

Your up-to-date source for SBA environmental due diligence.

For more questions, please contact Gary Reynolds or Marshall Stanclift at 800-419-4923.