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## Is a Phase I ESA What You Really Need?

The Phase I Environmental Site Assessment is the industry standard for due diligence investigations. However, is a Phase I ESA always necessary? Other due diligence options exist, such as the Transaction Screen Process (TSP), environmental database review, or a lease entrance/exit assessment. Internal bank policies with regard to environmental assessments have changed in the last several years in response to the 2008 banking collapse and the US Small Business Administration's environmental requirements on 504 and 7(a) loans. Here are some questions your Environmental Professional should ask in order to help you determine the type of investigation that will meet your needs.

- 1) What is your financial/lending institution requiring and is the level dependent on loan amount?
- 2) Is the former or current property use listed as one of SBA's Environmental Sensitive Industries?
- 3) If self-financed, are you risk-adverse?
- 4) Are the various liability protections afforded under the All Appropriate Inquiry rule important?
- 5) Are there any third party reliances?
- 6) Does the lending institution require proof of professional liability coverage?