

## **Phase I Environmental Site Assessments & Transaction Screen Assessments**

### **Why and What Are These?**

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When purchasing a building, existing or previous environmental conditions can be a major liability to the current owner and future owner. If there are Recognized Environmental Conditions (RECs) associated with a property, the financial liability to remediate can be enormous. A Recognized Environmental Condition (REC) is a current or previous release of petroleum products or hazardous waste.

#### **Why do a Phase I ESA or TSA?**

A Phase I ESA or TSA is done because the lender requires it. Simply, the lender does not want to lend money on a property that may have an existing or previous environmental condition that drastically reduces the value of the property.

If there is no lender or the lender does not require a Phase I ESA or a TSA, the purchaser still has a potential Environmental Liability when they go to sell the property. If a Phase I ESA or TSA is done at the time of the new sale and an Environmental Condition is discovered, that transaction is in jeopardy and the value of the property can be drastically diminished.

The selection of a Phase I ESA versus a TSA can be the choice of the lender or the purchaser. As indicated herein, a TSA is a less expensive and quicker alternative to a full Phase I ESA.

#### **What is a Phase I ESA and TSA?**

Phase I Environmental Study (ESA)

An investigation following ASTM guidelines of the current and past uses of the property to determine if there are any recognized environmental conditions (REC's) that are indicative of releases of petroleum or hazardous material at the site, now or in the past at least back to 1941. Basically, the Phase I ESA includes a site assessment, research of a multitude of environmental databases (i.e., EPA & DEQ), historical aerial photos, historical Sanborn Maps, interviews with past owners/operators, and an overview of adjacent properties.

### Transaction Screen Assessment (TSA)

A physical site assessment with basic historical research following ASTM guidelines to assess if further inquiries or a full ESA is necessary to determine if there are any potential recognized environmental conditions (REC's) present or past that are an indication of releases of petroleum or hazardous waste at the site. Please note that this is a less expensive and quicker alternative to a Phase I ESA, however the TSA may not meet lender requirements. Many times, a TSA is requested by a lender if a previous Phase I ESA has been done and the TSA is used as an update.