

KNOW BEFORE YOU BUY

By Dan Caldwell, Principal, Stout & Caldwell Engineers, LLC

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When buying property, proper Due Diligence is always recommended and important to avoid costly and time consuming issues further along in the process. A Phase One Environmental Site Assessment ESA is the first step in accomplishing this goal. Sometimes referred to as a Preliminary Site Assessment or Level One Environmental Site Assessment, the ESA is the initial screening process done on a property to identify potential or existing environmental health hazards or environmental liabilities. In today's world where every property is subject to potential environmental risk, an ESA can help to determine whether a property has been contaminated by previous or current activities. It is cheap insurance that allows a buyer to purchase an asset knowing that there are no environmental liabilities associated with it. It protects the buyer and limits their liability by discovering environmental concerns prior to the purchase of the property. Creditors also often require an ESA, as this helps them determine if there are any environmental risks that could affect the value of the property or the borrower's finances.

The ESA process involves an evaluation of both the physical improvements to a property as well as the underlying land. By evaluating past and current property use, surrounding land uses and consulting with various regulatory agencies, the environmental risk associated with a subject property can be quantified and recommendations made for further evaluation as warranted.

THERE ARE THREE MAIN COMPONENTS TO PHASE 1 ESA.

1. Site inspection is a thorough visual assessment of the property. It includes a comprehensive ocular inspection of the interior of any structures within the property, the exterior areas surrounding these structures and the property lines. It also includes observing and inspecting nearby or adjacent properties.

The site inspection aims to discover and identify any evidence of previous activities that may have contributed to any incidence of soil or water contamination. The presence of gasoline stations, dry cleaning operations, industrial facilities, residential heating oil tanks and illegal garbage dumping within or around the property in question may be indicators of impending environmental issues.

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2. Reviewing the regulatory records of the property brings its history to light, and may reveal any past instances of hazardous substances at or near the property, which may have contaminated the site. A property, for example, may be the present location of a business without any environmental concerns, but perhaps years ago it may have been the site of an auto repair shop that may have allowed oil and other waste substances to leech out into the surrounding soil and water sources.

3. Interviews with former owners, tenants and workers may also be conducted. Having spent much of their time on the property, the first-hand experience of these people may prove valuable to any assessment, as they may also offer useful insights on the previous use and the current state of the property.

DON'T LET PAST PROPERTY LIABILITIES BECOME YOURS. KNOW BEFORE YOU BUY NOT AFTER!

About Dan Caldwell
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Dan Caldwell is a Principal of Stout & Caldwell Engineers, LLC

He has over 15 years working in the environmental industry as a NJPDES permit compliance professional for a NJDEP Certified Testing Laboratory.

Visit <http://www.stoutcaldwell.com> to see how Dan and Stout & Caldwell Engineers can help you.



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