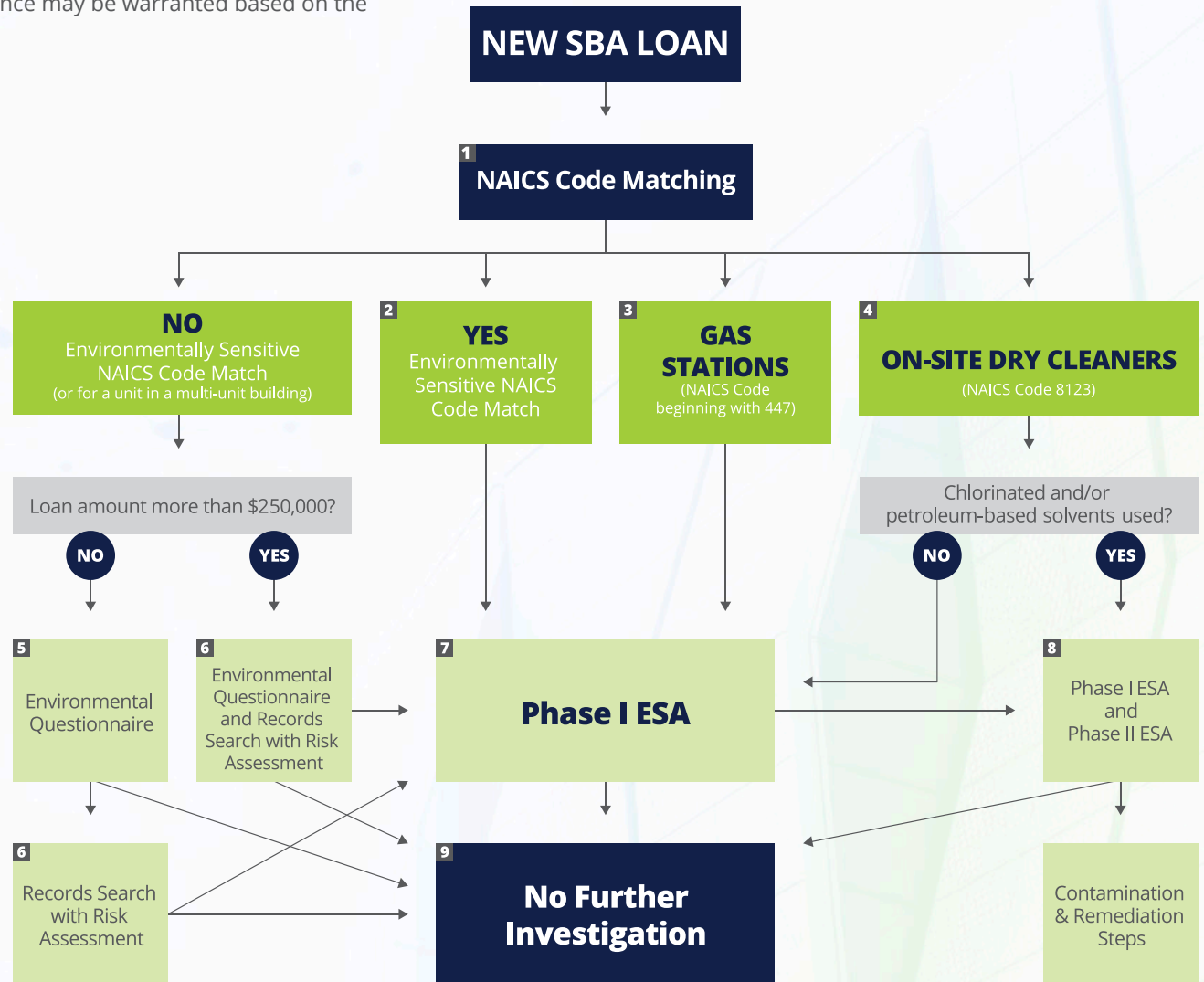


The Steps of an SBA Environmental Investigation

This flow chart represents the steps required by the U.S. Small Business Administration and its Standard Operating Procedures SOP 50 10 7 for lender and certified development company (CDC) 7a and 504 loan programs. More stringent due diligence may be warranted based on the lender or CDC's policies and prudent lending practices.

1. Determine NAICS codes for current and known past uses of the property, compare to the SBA list of codes for environmentally sensitive industries (see back side for NAICS codes).
2. If car wash only facility, a Transaction Screen is acceptable.
3. NAICS code beginning with 447 (gas stations). Reference Appendix 5 of SOP for detailed requirements that apply to current and former gas station properties.
4. Properties with on-site dry cleaning facility, whether in operation or operated historically at the site, that did, does or likely used chlorinated and/or petroleum-based solvents require a Phase II Environmental Site Assessment AND Phase I Environmental Site Assessment.
5. If the environmental questionnaire reveals the need for further investigation, lender or CDC must obtain a Records Search with Risk Assessment at minimum. If the current owner does not sign the questionnaire, the lender must obtain a Transaction Screen.
6. Search of agency databases listed in the EPA's AAI rule, search of historical-use records for the property and adjoining properties, (identify property uses back to first use, or to 1940) and an EP risk assessment. If the findings reveal an "elevated risk" or "high risk", must obtain at a minimum a Phase I.
7. Phase I ESA: refer to Appendix 4 of the SOP for SBA definitions of the Phase I ESA and other environmental terms. If Phase I ESA concludes further investigation is needed, the lender or CDC must proceed as recommended by the EP or, alternatively, submit the results to the SBA and seek approval for not following EP's recommendation, providing a rationale for the "rare instance" when an exception may be warranted.
8. Both Phase I ESA and Phase II ESA needed. Phase II ESA conducted for dry cleaner properties must be conducted by an independent environmental professional holding a Professional Engineer's or Professional Geologist's license and has three years of relevant experience. If the Phase II ESA reveals contamination, lender or CDC could still make the loan if EP includes contamination levels as well as remediation requirements, cost, and schedule.
9. Lender or CDC must submit results of the investigation to the SBA with recommendations and seek SBA concurrence.

NOTE ON SPECIAL USE FACILITIES: SBA requires that certain "special use facilities" such as properties constructed before 1980 that will be used for daycare, nursery schools, or residential care facilities occupied by children undergo lead risk assessments for lead-based paint and testing for lead in drinking water.



NAICS Codes of Environmentally Sensitive Industries

For your convenience, below is a list of NAICS codes that the SBA has identified as Environmentally Sensitive Industries.

KEY:

A 3 DIGIT NAICS code includes all industries beginning with those 3 digits.

A 4 DIGIT NAICS code includes all industries beginning with those 4 digits.

A 5 DIGIT NAICS code includes all industries beginning with those 5 digits.

A 6 DIGIT NAICS code includes only that industry under that industrial code.

NAICS Codes

211	OIL & GAS EXTRACTION	441	MOTOR VEHICLE AND PARTS DEALERS (if service bays present)
212	MINING (EXCEPT OIL & GAS)	447	GASOLINE STATIONS
213	SUPPORT ACTIVITIES FOR MINING	45431	FUEL DEALERS (not required for propane or firewood dealers)
237	HEAVY & CIVIL ENGINEERING CONSTRUCTION	481	AIR TRANSPORTATION
311	FOOD MANUFACTURING (if underground fuel tanks present)	482	RAIL TRANSPORTATION
312	BEVERAGE & TOBACCO PRODUCT MANUFACTURING (except breweries, 31212)	484	TRUCKING (if service bays, truck washing, or fuel tanks present)
313	TEXTILE MILLS (not required if sewing, weaving, or hemming only)	486	PIPELINE TRANSPORTATION
314	TEXTILE PRODUCT MILLS (not required if sewing, weaving, or hemming only)	488	Support Activities for Transportation (if fuel tanks are present or if repairs or maintenance is performed on site)
316	LEATHER & ALLIED PRODUCT MANUFACTURING (not required if assembly only)	53212	TRUCK, UTILITY TRAILER, AND RV (RECREATIONAL VEHICLE) RENTAL & LEASING (if repairs, maintenance, or vehicle washing are performed onsite)
321	WOOD PRODUCT MANUFACTURING (if finishing occurs on site)	53241	CONSTRUCTION, TRANSPORTATION, MINING & FORESTRY MACHINERY & EQUIPMENT RENTAL & LEASING (if repairs, maintenance, or vehicle washing are performed onsite)
322	PAPER MANUFACTURING	53249	OTHER COMMERCIAL & INDUSTRIAL MACHINERY & EQUIPMENT RENTAL & LEASING (if repairs, maintenance, or vehicle washing are performed onsite)
323	PRINTING & RELATED SUPPORT ACTIVITIES	54138	TESTING LABORATORIES
324	PETROLEUM & COAL PRODUCTS MANUFACTURING	56171	EXTERMINATING & PEST CONTROL SERVICES
325	CHEMICAL MANUFACTURING	562	WASTE MANAGEMENT & REMEDIATION SERVICES
326	PLASTICS & RUBBER PRODUCTS MANUFACTURING (not required if assembly only)	6221	GENERAL MEDICAL & SURGICAL HOSPITALS (if fuel tanks are present)
327	NONMETALLIC MINERAL PRODUCTS MANUFACTURING	713990	OTHER RECREATIONAL INDUSTRIES (indoor and outdoor shooting ranges only)
331	PRIMARY METAL MANUFACTURING	71391	GOLF COURSES & COUNTRY CLUBS
332	FABRICATED METAL PRODUCT MANUFACTURING (not required if assembly only)	71392	SKIING FACILITIES
333	MACHINERY MANUFACTURING (not required if assembly only)	71393	MARINAS
334	COMPUTER & ELECTRONIC PRODUCT MANUFACTURING (not required if assembly only)	7212	RV (RECREATIONAL VEHICLES) PARKS & RECREATIONAL CAMPS (if fuel tanks are present or if vehicle repairs or maintenance is performed onsite)
335	ELECTRICAL EQUIPMENT, APPLIANCE & COMPONENT MANUFACTURING (not required if assembly only)	8111	AUTOMOTIVE REPAIR & MAINTENANCE (except for "car wash only" facilities, for which a Transaction Screen is an acceptable starting point)
336	TRANSPORTATION EQUIPMENT MANUFACTURING	8112	ELECTRONIC & PRECISION EQUIPMENT REPAIR & MAINTENANCE (not required if assembly only)
337	FURNITURE & RELATED MANUFACTURING (if finishing occurs on site)	8113	COMMERCIAL & INDUSTRIAL MACHINERY & EQUIPMENT REPAIR & MAINTENANCE
339	MISCELLANEOUS MANUFACTURING (only required if hazardous materials are involved)	8122	DEATH CARE SERVICES (unless no embalming or cremation at the Property)
42311	AUTOMOBILE & OTHER MOTOR VEHICLE MERCHANT WHOLESALERS (if service bays present)	8123	LAUNDRY & DRY CLEANING SERVICES (if dry cleaning operations have ever existed on site)
42314	MOTOR VEHICLE PARTS (USED) MERCHANT WHOLESALERS	812921	PHOTOFINISHING LABORATORIES (except one hour)
4235	METAL & MINERAL MERCHANT WHOLESALERS		
42393	RECYCLABLE MATERIAL MERCHANT WHOLESALERS		
4246	CHEMICAL & ALLIED PRODUCTS MERCHANT WHOLESALERS		
4247	PETROLEUM & PETROLEUM PRODUCTS MERCHANT WHOLESALERS		

