



# The Southern Co. of NLR, Inc

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## Facts Concerning Changes to Phase I Environmental Site Assessments...

### An Overview of All Appropriate Inquiry



## The Southern Company's Response to All Appropriate Inquiry



- Phase I Environmental Site Assessments are performed according to ASTM 1527-05; standard practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process. This standard is 40 CFR 312 compliant.
- All the Southern Company's Environmental Professional's are certified by the Arkansas Department of Environmental Quality.
- The Southern Company takes pride in providing quality environmental services, please contact us with any of your questions or concerns about the All Appropriate Inquiry rule change and how it affects the due diligence process.



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## What is All Appropriate Inquiry and how does it effect the due diligence process?

Phase I environmental site assessments are an essential tool for corporate managers, investors, borrowers, and lenders. Environmental site assessments provide due diligence research on developed and vacant properties before purchase, sale, development, refinancing, or foreclosure. The threat of litigation over damage to natural resources or human health and the cost of remedial action are considerations with every property transaction. Financial institutions and corporations require environmental information before making a financial commitment. Federal and State regulations have recently changed to help owners reduce their liability concerning environmental contamination. In 2002, Small Business Liability Relief and Brown fields Revitalization Act set the wheels in motion for All Appropriate Inquiry. This act provided 3 avenues for CERCLA liability protection:



- Innocent land owner defense
- Contiguous property owner protection from off site contamination.
- Bonafide Prospective Purchaser protection

CERCLA liability protections require that an All Appropriate Inquiry be conducted prior to purchase. This rule is know as 40 Code of Federal Regulations 312 and it became effective on November 1, 2006.

## In order to qualify for CERCLA liability protections, 10 components of All Appropriate Inquiry must be satisfied

### Environmental Professional Responsibilities

1. Physical Site Reconnaissance
2. Interviews
3. Review of Historical Sources
4. Reviews of Government Records

### User or Environmental Professional Responsibilities

5. Search for environmental cleanup Liens on property
6. Consider “specialized knowledge” of property
7. Consider relationship of purchase price to fair market value of property if not obviously contaminated

### Shared Responsibilities:

8. Consider “commonly known” Information
9. Consider “degree of contamination” if any
10. Assigns a business risk to documented contamination