



## EPA Amends Rule on Phase I Assessment Standards

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Phase I Environmental Site Assessments are a critical tool in underwriting and originating mortgage loans on commercial property. On December 30, 2013, the Environmental Protection Agency (EPA) amended the All Appropriate Inquires Rule (AAI Rule) to reference a new ASTM standard - E1527-13 and authorized its use to comply with the AAI Rule.

Under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), lenders, bona fide prospective purchasers, innocent landowners, and contiguous property owners have some protection from liability. The AAI Rule was promulgated by the EPA in 2005 to establish a standard of practices that qualified for these protections. At that time, the EPA referenced ASTM standard E1527-05 – Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process, and authorized its use to comply with the AAI Rule.

The recent EPA ruling amends the AAI Rule to add a reference to a new ASTM standard E1527-13 and authorizes its use to comply with the AAI Rule. While the references to ASTM standard E1527-05 remain for now, the EPA recommends that environmental professionals implement the use of the new ASTM standard E1527-13. The EPA stated that it believes the new ASTM standard E1527-13 improves upon the ASTM standard E1527-05 by providing additional clarification and guidance. Additionally, the EPA stated its intention to further amend the AAI Rule in the near future to delete references to ASTM standard E1527-05.

As a result of this recent EPA ruling, lenders should take care in reviewing Phase I Environmental Site Assessments to insure its compliance with the AAI Rule.

For an in-depth review and analysis of the AAI Rule amendment, please see the article recently written by Steven Urgo of White and Williams LLP.

For further questions on the AAI Rule amendment, please contact Steven Urgo (215.864.7185 / [urgos@whiteandwilliams.com](mailto:urgos@whiteandwilliams.com)) or Jessica King (215.864.6212 / [kingj@whiteandwilliams.com](mailto:kingj@whiteandwilliams.com)).

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