

The Steps of an Environmental Investigation – SOP 50 10 7.1



This chart represents the minimum steps of environmental investigations of commercial properties required by the U.S. Small Business Administration's updated SOP 50 10 7.1 effective November 15, 2023, for lender and certified development company (CDC) 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, then compare these codes to the SBA list of codes for environmentally sensitive industries. Code matching applies to all properties except units in a multi-unit building (which are tested as if there is no NAICS code match).
2. See Appendix 7 of the SOP for detailed requirements.
3. Properties with a current or former on-site dry cleaning facility that do, did, or likely used chlorinated and/or petroleum-based solvents require BOTH a Phase I and Phase II Environmental Site Assessment.
4. If the questionnaire reveals the need for further investigation, lender or CDC must obtain at least a Records Search with Risk Assessment. If the current owner or operator will not sign the questionnaire, the lender must obtain a Transaction Screen.
5. If contamination is identified, submit the recommendation discussing factors identified in Chapter 5 (E), subparagraph 5.
6. If the facility is a car wash only, a Transaction Screen is acceptable.

This guide should not be misconstrued as a comprehensive resource in determining the steps of an environmental investigation necessary to conform to the policy and procedures affecting the 7(a) and 504 programs. The full version of SBA SOP 50 10 7.1 including appendices, should be referred to as needed.

Please contact Green Environmental Management for questions or further information regarding SBA's environmental requirements at 855-277-5307.