

# SOP 50-10(5)

## Lender and Development Company Loan Programs

U.S. Small Business Administration  
Office of Financial Assistance

- (i) SBA, however, requires that at a minimum both the “cost” and “comparable sales” valuations are part of the appraisal and are the parts that are used to determine the fair market value of the property. If the appraisal also includes an “income” valuation, this valuation is not to be used either separately or as part of any averaging of the values when identifying the real estate value to support a 504 loan. SBA requires a “bricks and mortar” valuation on the commercial real estate. An income valuation describes the use of the property as an investment, landlord/tenant property.
  - (ii) An appraisal may include a liquidation valuation in addition to the “cost” and “comparable sales” valuations. Such a valuation may assist the CDC in underwriting the loan by establishing the collateral risk as well as to what extent any additional available collateral will need to be pledged to secure a 504 loan.
  - (iii) If the loan will finance new construction, the valuation must be an “as-built” appraisal, architect’s certified cost estimate, or a contractor’s contract based on completed plans and specifications with a final appraisal (or an “as-completed” certificate for an as-built appraisal) upon completion of construction that demonstrates that the pre-construction appraised value is equal to or less than the appraised value at time of completion.
- (5) In order for the appraiser to identify the scope of work appropriately, the appraisal report must be requested by and prepared for the CDC. The cost may be passed on to the borrower.
- (6) An appraisal must be submitted and approved by SLPC prior to closing. If the appraisal comes in:
- 3. at 90 percent or more of the estimated value, the CDC may close the loan but must include a written explanation as to why the appraisal is less than the estimated value in the loan file; or
  - 4. at less than 90 percent of estimated value, the debenture must be reduced.
- b. Non-commercial real estate or real estate securing a personal guaranty

SBA has no specific requirements for non-commercial real estate (such as a residence) or real estate (commercial or non-commercial) taken as collateral to secure a personal guaranty.

### 3. ENVIRONMENTAL POLICIES AND PROCEDURES

These environmental policies and procedures apply to all 504 loans.

#### a. Definitions

Terms that are capitalized in this paragraph are defined in the “Definitions” section in Appendix 2.

b. The Risks of Environmental Contamination include:

- (1) The costs of Remediation could impair the borrower's ability to repay the loan and/or continue to operate the business;
- (2) The value and marketability of the Property could be diminished. If the borrower defaults, CDC or SBA might have to abandon the Property to avoid liability or accept a reduced price for the Property;
- (3) CDC or SBA could be liable for environmental clean-up costs and third-party damage claims arising from Contamination if title to contaminated Property is taken as a result of foreclosure proceedings and/or CDC or SBA exercises operational control at the Property; and
- (4) If a Governmental Entity cleans a site, it may be able to file a lien for recovery of its costs which may be superior to SBA's lien.

c. Environmental Investigations

SBA requires an Environmental Investigation of all commercial Property upon which a security interest such as a mortgage, deed of trust, or leasehold deed of trust is offered as security for a loan or debenture. **The type and depth of an Environmental Investigation to be performed varies with the risks of Contamination.** This paragraph provides minimum standards. Prudent lending practices may dictate additional Environmental Investigations or safeguards.

d. Submission of Environmental Investigation Reports

The CDC (except on PCLP loans) must submit the Environmental Investigation Report to the SBA Center processing the application. All Transaction Screens, Phase I and Phase II ESAs **must** be performed by an Environmental Professional and be accompanied by the Reliance Letter in Appendix 3.

e. The Steps of an Environmental Investigation

NAICS Codes. CDC must begin by determining the NAICS code(s) for the Property's **current and known prior uses** and comparing the NAICS code(s) to the list of environmentally sensitive industries in Appendix 4.

- (1) **If there is a NAICS code match to an environmentally sensitive industry identified in Appendix 4, the Environmental Investigation must begin with a Phase I, regardless of the amount of the loan.**

**. If the NAICS code begins with 447 (gas stations with or without convenience stores), CDC must comply with "Requirements Pertaining to Gas Station Loans" in Appendix 5.**

- (2) If there is not a NAICS code match to an environmentally sensitive industry, the CDC must proceed as follows:

(a) If the loan amount is **up to and including** \$50,000, the Environmental Investigation may begin with an **Environmental Questionnaire**.

(b) If the loan amount is **more than** \$50,000, the Environmental Investigation must, at a minimum, begin with an **Environmental Questionnaire and Records Search with Risk Assessment**.

Environmental Questionnaire Results. If the Environmental Questionnaire reveals it is unlikely that there is environmental contamination on the site and that no further investigation is warranted, CDC must submit the results of the Environmental Investigation to SBA with recommendations and seek SBA's concurrence.

If at any time an Environmental Questionnaire reveals that further investigation is warranted, CDC must obtain, at a minimum, a Transaction Screen.

#### Environmental Questionnaire & Records Search with Risk Assessment Results

- (1) If the Environmental Questionnaire reveals it is unlikely that there is environmental contamination on the site and that no further investigation is warranted, and the Records Search with Risk Assessment concludes that the Property is a "low risk" for Contamination, CDC must submit the results of the Environmental Investigation to SBA with recommendations and seek SBA's concurrence.
- (2) If the Records Search with Risk Assessment concludes that the Property is a "high risk" for Contamination, CDC must obtain a Phase I ESA.

#### Transaction Screen Results

- (1) If the Environmental Professional conducting the Transaction Screen concludes that no further investigation is warranted, the CDC must submit the results of the Environmental Investigation to SBA with recommendations and seek SBA's concurrence.
- (2) If the Environmental Professional conducting the Transaction Screen concludes that further investigation is warranted, the CDC must obtain a Phase I ESA.

#### Phase I ESA Results

- (1) If the Environmental Professional conducting the Phase I ESA concludes that no further investigation is warranted, the CDC must submit the results of the Environmental Investigation to SBA with recommendations and seek SBA's concurrence.

- (2) If the Environmental Professional conducting the Phase I ESA concludes that further investigation is warranted (typically a Phase II), and the CDC still wants to make the loan, the CDC must proceed as recommended by the Environmental Professional, or in the alternative submit the results of the Environmental Investigation to the SBA with recommendations and seek SBA's concurrence. In general, SBA will require compliance with all of an Environmental Professional's recommendations (including "housekeeping measures," such as secondary containment, decommissioning monitoring wells, sealing floor drains, etc.). In the rare instance where an exception may be warranted, CDCs must provide a rationale for not wanting to follow the Environmental Professional's recommendation.

#### Phase II ESA Results

- (1) If the Environmental Professional conducting the Phase II ESA concludes that no further investigation is warranted, the CDC must submit the results of the Environmental Investigation to SBA with recommendations and seek SBA's concurrence.
- (2) If the Phase II ESA reveals Contamination and the CDC still wishes to make the loan, CDC must ensure that the Environmental Professional has documented:
- (i) Whether the Contamination quantities exceed the reportable or actionable levels;
  - (ii) Whether Remediation is necessary;
  - (iii) An estimate of any Remediation costs (Environmental Professionals may use ASTM E2137-01 Standard Guide for Estimating Monetary Costs and Liabilities for Environmental Matters); and
  - (iv) The projected completion date of any Remediation.
- (3) If the Environmental Investigation reveals Contamination, the CDC should determine whether disbursement is appropriate under one or more of the factors identified in subparagraph "g.," "Approval and Disbursement of loans when there is Contamination or Remediation at the Property".
- (4) If at any stage of the Environmental Investigation SBA concurs with a CDC's recommendation that **environmental risk has been sufficiently minimized** and that **no further investigation is required**, the loan may be disbursed.

#### f. Legal Responsibilities of SBA Field Counsel

SBA loan processing personnel must obtain field counsel's opinion as to the adequacy of an Environmental Investigation and whether the risk of Contamination, if any, has been sufficiently minimized.

g. Approval and Disbursement of loans when there is Contamination or Remediation at the Property

Loans may not be approved or disbursed if there is Contamination or on-going Remediation at the Property unless the risks have been minimized to the satisfaction of SBA Loan Processing Center personnel after consulting with and obtaining the concurrence of SBA field counsel. CDCs seeking loan approval or disbursement authority despite Contamination or on-going Remediation at the Property must submit a recommendation to SBA that includes, at a minimum, a discussion of the following:

Nature and Extent of the Contamination including copies of the following documents pertaining to the Property:

- (1) All relevant Environmental Investigation Reports;
- (2) All Government Entity correspondence;

Remediation

- (1) Recommended method of Remediation;
- (2) Status of on-going Remediation, if any;
- (3) Environmental Professional's estimated cost of Remediation;
- (4) Environmental Professional's estimated completion date;
- (5) Government Entity's designation of responsible Person(s);
- (6) Person(s) paying for on-going Remediation;

Collateral Value

- (1) Proposed loan amount and proposed use of proceeds;
  - (2) Appraised or the estimated value of the Property;
  - (3) Institutional Controls and Engineering Controls, if any, and their impact on repayment ability, collateral value and marketability of the Property;
- and

Mitigating Factors

- (1) Indemnification. If the seller or any other Person, who possesses sufficient financial resources to cover the costs of completing Remediation and any potential third-party claims, executes the SBA Environmental Indemnification Agreement in Appendix 6, approval or disbursement may be considered.

CDC must conduct an analysis of the proposed indemnitor to ensure that it has sufficient assets to honor an indemnification agreement, and this analysis must include, at a minimum, a review of its financial statements.

The SBA Environmental Indemnification Agreement:

- (vi) cannot be modified;
- (vii) must be executed by the Small Business Concern;
- (viii) must be executed by the seller, if the loan is to purchase the Property;
- (ix) must have a copy of the Environmental Investigation Report attached to it; and
- (x) must be properly recorded in the memorandum format in Exhibit C to Appendix 6.

All CDCs must submit the finalized SBA Environmental Indemnification Agreement to SBA for review and approval prior to a request that SBA fund the loan.

- (2) Completed Remediation. If the Governmental Entity has affirmed in writing that active Remediation is complete but additional monitoring is required, approval or disbursement may be considered after the following occurs: (a) monitoring results for the first year are obtained; (b) an Environmental Professional concludes that the results show no unacceptable increase in Contamination since Remediation; and (c) Environmental Professional concludes that the owner/operator of the Property is in compliance with any continuing obligations, including activity and use limitations, Engineering and Institutional Controls, and post-Remedial monitoring required by the Governmental Entity.
- (3) “No Further Action”. If a CDC obtains a “no further action letter,” “comfort letter,” “closure letter,” or other agreement from a Governmental Entity stipulating that the Property owner and future purchasers will not be liable for the known and identified Contamination at the Property, approval or disbursement may be considered. CDC should attempt to have CDC and SBA included by name in the letter along with the Property owner and future purchasers.
- (4) “Minimal Remediation”. If the extent of Contamination and cost of Remediation is minimal in relation to the value of the Property and/or the resources of the Person responsible for Remediation, and the Remediation is projected to be completed within one year, approval or disbursement may be considered. The CDC should identify the Environmental Professional that will supervise the Remediation and discuss: (a) the nature of the Contamination; (b) the reliability of the Remediation estimates; (c) the projected completion date; and (d) the duration of ongoing monitoring.

- (5) Clean-up Funds. If CDC provides evidence from a Governmental Entity that the borrower or Property has been approved by a fund to pay for or reimburse Remediation costs, and the amount allocated is sufficient to cover the costs of Remediation, approval or disbursement may be considered. CDC must also address any conditions of Remediation that might preclude payment or reimbursement and the financial capability of the fund.
- (6) Escrow Account. If an escrow account is available which (a) equals a minimum of 150 percent of the total estimated cost of required Remediation and (b) is controlled by a 7(a) Lender or first mortgage holder in a 504 loan as trustee, approval or disbursement may be considered. The Governmental Entity must concur with the Remediation's scope. The Loan Authorization must ensure that escrow funds will only be used for Remediation costs. Depending upon the circumstances, an escrow account with more than 150 percent of the estimated costs of Remediation may be appropriate. Any remaining funds in the account may not be released until the appropriate "closure letter" or "no further action letter" is received or, in the case of monitoring, when all monitoring wells related to the Property have been decommissioned.

**Note:** Lender's role as trustee of the escrow account is solely to release funds upon the satisfactory completion of Remediation work -- the Lender must not control or manage the Property being Remediated.

- (7) Groundwater Contamination Originating from Another Site. If groundwater Contamination on the Property is shown to have come from another property, and CDC can demonstrate that the Contamination has not caused significant damage to the collateral value and marketability of the Property, approval or disbursement may be considered if another Person with sufficient resources is performing Remediation pursuant to a Remediation action plan that has been approved by the appropriate Governmental Entity and:
- (a) The state has laws or regulations that provide that an owner or operator of property will not be responsible for Contamination from another site; or
  - (b) The Governmental Entity provides satisfactory written assurance that it will not hold the Property owner liable for the Contamination.
- (8) Additional or Substitute Collateral. If additional or substitute collateral is being pledged, or an additional equity contribution is being made,

sufficient to overcome the potential loss due to Contamination, then approval or disbursement may be considered.

- (9) “Other Factor(s)”. CDC and SBA may rely on factors other than or in addition to the eight referenced above when considering approval or disbursement. For example, the existence of adequate environmental insurance, bonds, agreements not to sue present and future property owners from the Governmental Entity, Engineering and Institutional Controls, etc. However, reliance solely upon “Other Factor(s)” requires clearance from the SBA Environmental Committee. This requirement extends to PCLP CDCs.

PCLP CDCs must follow these guidelines, but they do not have to submit documentation or obtain SBA’s concurrence prior to approval or disbursement of the loan unless they are relying solely upon the “Other Factor(s)” in subparagraph g. (9), above. However, all CDCs, *including* PCLP CDCs, must forward each finalized SBA Environmental Indemnification Agreement (located in Appendix 6) to the SBA District Office for review and approval no less than two weeks in advance of submission of the loan closing package to the SBA District Office if they want the loan to be considered in that closing cycle.

h. Special Use Facilities

Prudent lending practices dictate that specific environmental assessments be performed for certain special use facilities. For example, Property constructed prior to 1978 that will be used for daycare or child care centers or nursery schools must undergo a lead risk assessment and the results of this assessment must be submitted to the SBA. Disbursement will not be authorized unless the risk of lead exposure to infants and small children has been sufficiently minimized.

i. Brownfields Sites

SBA encourages the redevelopment of brownfields, and SBA loan guarantees are available to small businesses interested in locating on revitalized brownfields. Typically this occurs through utilization of one or more of the nine factors in subparagraph “g.” of this paragraph.

j. Questions on SBA’s Environmental Policy, Requests for Reconsideration, and Appeals

Questions on SBA’s Environmental Policy should be directed to local field counsel for the area where the Property is located.

CDCs who believe that the decision of field counsel is inconsistent with this SOP may appeal the decision by forwarding a copy of the decision, along with an explanation of how the determination is perceived to be inconsistent with this

SOP to [EnvironmentalAppeals@sba.gov](mailto:EnvironmentalAppeals@sba.gov). Environmental appeals will be reviewed by the SBA Environmental Committee comprised of OGC and field attorneys appointed by the Associate General Counsel for Litigation, who may consult with an environmental engineer. The Associate General Counsel for Litigation would retain the authority to overrule decisions rendered by the SBA Environmental Committee.

**APPENDIX 3**

**[Letterhead of Environmental Professional Company]**

**RELIANCE LETTER**

[Date]

To: [Lender/CDC Name and Address] (“Lender”)

and

U.S. Small Business Administration (“SBA”)

Re: Borrower Name:  
Project Address (“Property”):  
Environmental Investigation Report Number(s):

Dear Lender and SBA:

[Name of Environmental Professional] (“Environmental Professional”) meets the definition of an Environmental Professional as defined by 40 C.F.R. § 312.10(b) and has performed the following “Environmental Investigation(s)” (check all that apply):

\_\_\_\_ A Transaction Screen of the Property dated \_\_\_\_\_, 20\_\_\_\_, conducted in accordance with ASTM International’s most recent standard, currently ASTM E1528-06;

\_\_\_\_ An Phase I Environmental Site Assessment of the Property dated \_\_\_\_\_, 20\_\_\_\_, conducted in accordance with ASTM International’s most recent standard, currently ASTM E1527-05. In addition, the Environmental Professional has performed the “additional inquiries” set forth at 40 C.F.R. § 312.22;

\_\_\_\_ A Phase II Environmental Site Assessment of the Property dated \_\_\_\_\_, 20\_\_\_\_, conducted in accordance with ASTM International’s most recent standard, currently ASTM E1903-97 (2002).

Environmental Professional understands that the Property may serve as collateral for an SBA guaranteed loan, a condition for which is an Environmental Investigation of the Property by an Environmental Professional.

Environmental Professional authorizes Lender and SBA to use and rely upon the Environmental Investigation. Further, Environmental Professional authorizes Lender and SBA to release a copy of the Environmental Investigation to the borrower.

Environmental Professional certifies that it has errors and omissions liability insurance with a minimum coverage of \$1,000,000 per occurrence, that the policy includes coverage for third-party reliance and that evidence of this insurance is attached. As to the Lender and SBA, Environmental Professional specifically waives any limitations on liability up to the amount of insurance coverage that may be set forth in the engagement letter, contract with the client or any other agreement, and further waives any right to indemnification by the Lender and SBA.

Environmental Professional certifies (1) the Environmental Professional is independent of and not a representative, nor an employee or affiliate of seller, Lender or any person in which seller or Lender has an ownership interest; and (2) the Environmental Professional has not been unduly influenced by any person with regard to the preparation of the Environmental Investigation or the contents thereof.

The undersigned acknowledges and agrees that intentionally falsifying or concealing any material fact with regard to the subject matter of this letter or the Environmental Investigations may, in addition to other penalties, result in prosecution under applicable laws including 18 U.S.C. § 1001.

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Authorized Representative of Environmental Professional

Printed Name:

Title:

Enclosure: Evidence of Insurance

## APPENDIX 5

### REQUIREMENTS PERTAINING TO GAS STATION LOANS

The following requirements apply to all loans secured by real or personal property currently or formerly associated with the operation of a gas station ("Gas Station Loans"). No exceptions are allowed.

1. Relevant Document Review. All Relevant Documents must be reviewed to determine whether any provisions could create one or more of the unacceptable results listed below. For purposes of this paragraph, the term "Relevant Documents" includes but is not limited to (a) the report containing the preliminary results of a search of the title to the Property including the documents listed in the abstract of title (hereafter the "Title Report"), (b) the Small Business Concern's ("SBC's") oil company supply agreement, if any, and (c) if the loan is to purchase the Property, all purchase and sale documents including the exhibits, addendums, amendments, etc., (hereafter the "Purchase and Sale Documents").

Examples of Relevant Documents. While titles vary, examples of Relevant Documents that must be reviewed include: the Real Estate Sale Agreement; Terms and Conditions of Sale Contract; Escrow Instructions; Escrow Agreement; Franchise Agreement; Contract Dealer Gasoline Agreement; Branded Reseller Agreement; Memorandum of Gasoline Agreement for Dealer-Owner, Franchisee-Operated Facility; Branded Gas Sales Restriction and Covenant; Special Warranty Deed; Bill of Sale; Use Restriction Addendum; Right of First Refusal Agreement; Repurchase Option; Subordination Agreement; Environmental Release; Environmental Declaration; Environmental Matters, Remediation and Indemnification Addendum; and Site Access Agreement.

Subordination is not sufficient to overcome the unacceptable results of objectionable provisions that are of record or to be recorded. This is because to clear the title, SBA's lien would need to be foreclosed and doing so would prevent the SBC from selling the gas station as a going concern and significantly diminish SBA's recovery in the event of default.

#### Unacceptable Results

- a. Affiliation. An SBC affiliated with a non-SBC is not eligible for SBA financing. See 13 CFR § 120.100(d). All Relevant Documents must be reviewed to determine whether based on the totality of the circumstances the SBC is affiliated with an oil company or any other Person.
- b. Institutional or Engineering Controls That Could Significantly Impair the Collateral Value and Marketability of the Property or SBC's Repayment Ability. Lender must ensure that there are no Institutional or Engineering Controls in place or required after closing that could significantly impair the collateral value and marketability of the Property or the SBC's repayment ability. This requirement applies even if the collateral consists solely of personal property, such as buildings and trade fixtures located on leased land, since they would ordinarily be sold in-place in the event of foreclosure, e.g.,

a carwash, mini-mart, or fuel pumping equipment. Examples of unacceptable Institutional and Engineering Controls include:

- (1) **Deed restrictions**, covenants, easements, reversionary interests and other provisions that restrict the use of the Property for the benefit of the seller, an oil company, or any other Person such as those that restrict the brand of fuel that can be sold on the Property or impose liquidated damages in the event the SBC or a subsequent owner sells the Property to any Person other than a specific oil company; and
  - (2) Provisions that require the SBC or subsequent owners to install costly Engineering Controls prior to constructing a building, remodeling or otherwise improving the Property.
- c. Alteration of SBA or Lender's Legal Rights, Remedies or Responsibilities. Lender must ensure that there are no provisions in the Relevant Documents that:
- (1) Alter SBA or Lender's legal rights or remedies. These include, for example, provisions that require (a) subsequent owners of the Property to waive their legal rights and remedies or release all claims against the seller, an oil company or other Person; or (b) subordination of SBA's lien.
  - (2) Impose additional duties on SBA or Lender. These include, for example, provisions that (a) require subsequent owners of the Property to indemnify the seller, an oil company or any other Person; or (b) require SBA or Lender to provide the seller, an oil company or any other Person with special notice of default or foreclosure, or a forbearance period before initiating liquidation activities.

**2. Environmental Investigation.** The following requirements apply to all Gas Station Loans regardless of whether the SBC owns, is purchasing, or leasing the real property upon which the gas station is located:

- a. Phase I ESA. The Environmental Investigations for all Gas Station Loans must begin with a Phase I ESA conducted by an independent Environmental Professional who executes the Reliance Letter in Appendix 7. The Phase I ESA must include (1) an analysis of all relevant environmental records concerning the Property and Adjoining Properties including any records provided by the seller if the loan is to purchase the Property; and (2) the results of any other investigation recommended by the Environmental Professional such as soil and water testing needed to establish the nature and extent of any Contamination and the cost of Remediation. The Environmental Investigation Report may not contain any data gaps with regard to environmental cleanup liens or Institutional and Engineering Controls. If the Phase I ESA indicates soil or groundwater contamination, a Phase II ESA must be obtained.
- b. Equipment Testing. Lender must ensure that all underground storage tanks (USTs), lines and related equipment are tested and provide SBA with the results. The testing must at a minimum:

- Be conducted within six months prior to closing;
- Be conducted by an independent contractor;
- Use a methodology acceptable to the Government Entity with oversight authority; and
- Include tightness tests of all USTs and lines; functional testing of any vapor recovery (Stage II) systems and monitoring systems; and hydrostatic testing of all containment devices.

All leaking or otherwise defective equipment, systems, containment devices, etc., must be replaced or repaired prior to disbursement. Provisions in Purchase and Sale Documents that allow the seller to provide the SBC with a credit towards the purchase price, pay a lump sum, or otherwise avoid repairing defective equipment, are not acceptable.

- c. Additional Duties If Environmental Investigation Reveals Contamination. If the Environmental Investigation Report indicates that the Property is Contaminated, Lender can either (1) decline the loan, or (2) in addition to the requirements of this paragraph, follow those set forth in paragraph "g." of paragraph 7 entitled, "Approval and Disbursement of loans when there is Contamination or Remediation at the Property."

3. SBA Indemnification Agreement. SBA's Indemnification Agreement, a copy of which is located in Appendix 7, is required for all Gas Station Loans. SBA's Indemnification Agreement:

- Cannot be modified;
- Is required even if the Property is "clean;"
- Must be executed by the SBC;
- Must be executed by the seller, if the loan is to purchase the Property;
- Must have a copy of the Environmental Investigation Report attached to it; and
- Must be properly recorded in the memorandum format in Appendix 7.

In addition, any oil company or other Person with a right to indemnification by subsequent owners of the Property must either execute the SBA Indemnification Agreement or a similar document in which they waive all known and unknown rights and release all claims and causes of action whether now or hereafter in existence against SBA and Lender related to Contamination at the Property including the right to indemnification in the event SBA or Lender acquires title to the Property.

Lenders, other than PLP and PCLP CDCs and Express Lenders, must submit all waiver and releases as well as SBA Indemnification Agreements to the SBA center processing the loan for review and approval by SBA field counsel, along with a copy of (1) the Title Report, (2) the Purchase and Sale Documents, if any, and (3) Lender's financial analysis of the proposed indemnitor(s). (Note that PCLP CDCs must submit the finalized SBA Environmental Indemnification Agreement to the SBA for review and approval prior to a request that SBA fund the loan).

4. Environmental Insurance. To the extent reasonably available and affordable, the SBC must carry Environmental Pollution Liability Insurance or Environmental Impairment Liability Insurance that, at a minimum covers leaking USTs and piping systems and Remediation costs, including excavation of contaminated soil, in an amount not less than \$500,000 combined liability per incident.

UST Reimbursement Funds. Borrower must register for all federal, state or local petroleum storage tank fund programs that Borrower is eligible to participate in, which permit full or partial reimbursement of costs incurred for the assessment or Remediation of Contamination, even if such program is voluntary.