

D. Environmental Considerations

In order to determine if the project is subject to any hazardous substances, an environmental assessment will be required. For loans up to and including \$1,500,000, an Environmental Risk Assessment Questionnaire (Form MF-UND-7) completed by the current owner will be required along with an Environmental Records Check report. The report should provide information concerning any contaminated sites as reported by DEC within certain distances of the property.

For loans exceeding \$1,500,000, a Phase I site assessment will be required. The purpose of the Phase I assessment is to quickly determine whether information currently exists to clearly evaluate the property's environmental status. The assessment is to involve a review, by a professional, of current and historical records, interviews with people knowledgeable about the property, and an inspection of the property, the buildings, the grounds, and boundaries with adjoining properties.

Depending upon the results of the Phase I Environmental Assessment, additional phases may be required. The borrower will also be required to enter into an Environmental Indemnity Agreement (Exhibit "C" of the Loan Agreement) indemnifying AHFC from liability pertaining to hazardous substances on the project.

As AHFC does not approve consultants, the Seller/Service is responsible for selecting the consultant and is solely accountable for the consultant's performance. The Seller/Service must ensure that the consultant is qualified to perform the required work.

All Phase I reports must comply with ASTM E 1527.05 as adopted in the Federal Register dated November 1, 2005 and effective November 1, 2006.