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*TERMS is a privately held, full-service environmental consulting and remediation company and a leader in our field. While based in New Jersey, the company services the entire Northeast.*

*With a staff of professionally trained and certified field specialists and consultants, TERMS has both the manpower and depth to address a wide range of environmental projects.*

*Our service capabilities fall into three broad categories:*

- *Environmental Due Diligence*
- *Environmental Consulting and Remediation*
- *Management and Re-development of Brownfield Sites*

*Our track record is well-established with hundreds of successful engagements across the entire spectrum of environmental compliance requirements. TERMS has the experience, technical resources and capabilities to routinely exceed client expectations by providing cost effective solustrategies and project execution meeting all appropriate regulatory, scheduling and performance goals.*

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## Environmental Regulations Tightened for Federally-Guaranteed Lenders

The United States Small Business Administration has put stringent new environmental standards into effect, adding another layer of complexity for lenders and applicants of SBA-backed loans.

The new operating procedures, designate SBA SOP 50-10(5), identify more than 70 categories of "environmentally sensitive industries" that must adhere to one of four regulatory paths based on such criteria as loan size and current or prior use of the property.

Failure to comply with the new requirements puts lenders at risk of losing the financial backing that the SBA provides on these loans.

Risks to borrowers who do not comply with the new regulations include: adverse impact on the value and marketability of the property used as collateral; a negative impact on the borrower's creditworthiness; and the potential inability to repay the loan or operate the business.

Risks to lenders who do not comply with the new regulations include: potential lender liability for environmental cleanup costs and third-party damage claims arising from contamination if the lender or the SBA takes title to the property as a result of foreclosure and/or exercises operational control at the property; complications resulting from contamination can damage a lender's reputation, brand and image; and finally, 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 the SBA's lien.



With the release of its modernized SOP, which includes a tiered approach to due diligence, the SBA's environmental policy is now more in line with current industry practices, making it easier for lenders to follow.

To learn more about new SBA environmental regulations, contact [inforequest@termsconsulting.com](mailto:inforequest@termsconsulting.com)