

A Lender's Perspective



Soil Pollution and Environmental Risk Management

UNEP FI Roundtable

Tokyo, Japan

How it all started in the US...

- Environmental Regulations
- Lender Liability
- Banking regulator guidance



How it all started in the US...

- Environmental Regulations
 - Superfund (CERCLA)
 - RCRA
 - State Transfer Laws
- Lender Liability
- Banking regulator guidance



How it all started in the US...

- Environmental Regulations
- Lender Liability
 - U.S. Govt. vs. Fleet Factors Corp.
 - Owner Operator Status
 - Inability to sell contaminated property
- Banking regulator guidance



How it all started in the US...

- Environmental Regulations
- Lender Liability
- Banking regulator guidance
 - Office of Thrift Supervision
 - TB 16 1989 & Lending Risk Assessment 1994
 - Federal Reserve System
 - Environmental Liability 1991
 - FDIC
 - Guidelines for an Environmental Risk Program 1993



The Result ?

- Policies
- Procedures
- Forms of due diligence



Brownfields



See this as opportunity...

Making the Deal

- Due diligence is complete
- Remediation may or may not be completed
- Covenants
- Environmental attorneys
- Environmental insurance policies
- Indemnification
- Escrows, hold backs



Opportunities

- **Brownfields**

- Usually lower risk due to relaxed standards, covenants not to sue, public funding, regulatory blessing
- Win-win (bank, community, customer)
- Taking on new life especially in states where they are setting up funds for redevelopment
- Ability to manage these risks is an added value service to your customer

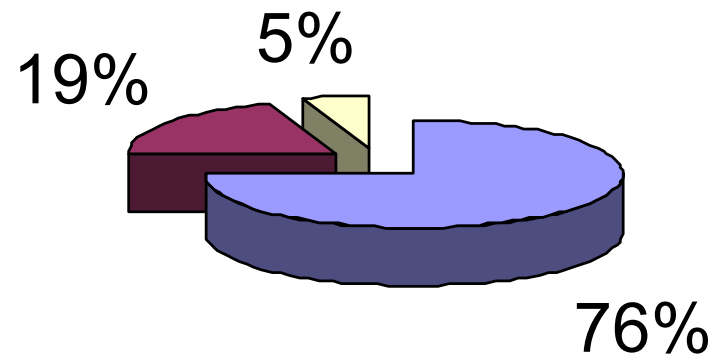
- How is your environmental department capitalizing on their knowledge of these risks?

- Use their knowledge to get these deals done!



Survey of 65 US Banks

Does Your Institution Lend On Public or Private Brownfields?



■ Yes ■ No ■ Other



2002 FleetBoston Brownfields Lending

- Public Brownfields
 - \$62.7 Million USD
- Private Brownfields
 - \$1.3 Billion USD

