Top 10 Questions to Ask When Buying a Superfund Site

The purpose of this document is to provide answers to some of the questions that a prospective purchaser may have when considering whether to purchase property at a privately owned Superfund site.

The U.S. Environmental Protection Agency (EPA) supports the reuse of Superfund sites and believes this document may be useful in clarifying some of the opportunities and issues associated with their reuse. For purposes of this document, a Superfund site is defined as any property on EPA’s National Priorities List (NPL) where a hazardous substance has been released into the environment or has come to be located on or under. Thus, even if a property is not the source of the release of the contamination, it can be part of a Superfund site.1

Information for Prospective Purchasers of Federally-Owned Superfund Sites

This document does not address the unique considerations associated with the purchase and transfer of real property on federally-owned Superfund sites (also known as federal facilities). While many of the questions and answers in this document are a useful starting point for prospective purchasers of property on federal facilities, Superfund cleanups at federal facilities are governed by CERCLA § 120 which has requirements specific to these facilities. For example, federal facility agreements between EPA and the current federal owner are required to address the clean up of these properties. A number of landowner liability issues unique to federal facilities are raised in the context of transfers of federal property and have been addressed by EPA guidance. While they warrant additional considerations, federal facilities are continuing to be cleaned up and purchased by local governments and developers and put back into reuse. Additional information on EPA’s efforts to clean up federal facilities and make them available for reuse is available at http://www.epa.gov/swerffrr/.

Disclaimer: This document is provided solely as general information to highlight certain aspects of a more comprehensive program. It does not provide legal advice, have any legally binding effect, or expressly or implicitly create, expand, or limit any legal rights, obligations, responsibilities, expectations, or benefits for any person. This document is not intended as a substitute for reading the statute or the guidance documents described above. It is the prospective purchaser’s sole responsibility to ensure that its proposed use does not interfere with or impede the site’s cleanup or protectiveness. EPA does not offer any guarantees or warranties as to the compatibility of a proposed use with the cleanup. It is also the purchaser’s sole responsibility to maintain liability protection status as a bona fide prospective purchaser.

1 The Superfund program and the authority to clean up Superfund sites was created by the federal Superfund law which is officially known as the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), 42 U.S.C. § 9601, et seq.
The 2002 Superfund liability protections\(^2\) are designed to be self-implementing, meaning that a prospective purchaser does not need to obtain approval from EPA prior to purchasing a Superfund site where an EPA cleanup or enforcement action is ongoing or has been completed. However, EPA strongly recommends that prospective purchasers contact the appropriate EPA Regional office\(^3\) prior to purchasing a Superfund site or a property within a site to discuss the cleanup status of the site and other site-related issues.

1. **Why is it a good idea to buy a property within a Superfund site?**

**Location, location, location.** Many Superfund sites have advantageous and desirable locations. Some federal, state, and local government agencies offer grants, loans, and tax incentives to encourage development and revitalization of contaminated and formerly contaminated properties and surrounding areas.\(^4\)

Superfund sites throughout the country have been transformed into major shopping centers, business parks, residential subdivisions, and recreational facilities. Many more Superfund sites are being revitalized for use by small businesses. A large number of Superfund sites are suitable for revitalization even while cleanup on the property progresses. (See [http://www.epa.gov/superfund/programs/recycle/](http://www.epa.gov/superfund/programs/recycle/) for more information on revitalization of Superfund sites). Integrating the reuse of a Superfund site into the cleanup can often occur smoothly, which minimizes future surprises regarding undiscovered contamination.

A series of manufacturers at the Industri-Plex Superfund site in Woburn, Massachusetts once produced chemicals, insecticides, munitions, and glue products made from raw and chrome-tanned animal hides. A unique public/private partnership has redeveloped the site into a Regional Transportation Center, a major commercial and retail district, and a wetland preserve.

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\(^2\) The 2002 Superfund liability protections were created by the *Small Business Liability Relief and Brownfields Revitalization Act*, Pub. L. 107-118, also known as the “Brownfields Amendments,” which amended CERCLA.

\(^3\) Information on contacting EPA’s Regional offices is available on EPA’s Web site at [http://www.epa.gov/epahome/whereyoulive.htm#regiontext](http://www.epa.gov/epahome/whereyoulive.htm#regiontext)

\(^4\) Superfund sites are not eligible for grant funding under the Brownfields Amendments to CERCLA.
2. **HOW DO I FIND INFORMATION ON A SITE’S CLEANUP STATUS AND IF IT IS SAFE FOR REUSE?**

EPA’s Regional contacts and internet sites will provide site-specific information. Much information is available online. For example, fact sheets describing a site’s history, current cleanup status, and who to contact for more information are available on EPA’s Superfund Web site at http://cfpub.epa.gov/supercpad/cursites/srchsites.cfm.

The vast majority of Superfund sites are protective of human health and the environment for certain types of reuse activities after they are cleaned up. However, not all site cleanups are protective for all uses. Superfund cleanups may be designed to accommodate specific future uses. For example, a property cleaned up to accommodate commercial/industrial uses may be protective for uses such as manufacturing, shopping or office complexes but not for residential use. Many sites will have use restrictions to protect the public and environment by limiting the site’s future uses to activities that will not disturb the site’s engineered cleanup. In some cases, Superfund sites, or portions of the sites, are protective enough such that site revitalization for certain uses can occur in conjunction with the cleanup. Integrating cleanup and reuse can introduce economic efficiencies and enable the property to be reused in a timely and appropriate manner throughout the cleanup process.

EPA also offers many tools to help facilitate the reuse of Superfund sites including:

- comfort/status letters;
- site-specific reuse fact sheets;
- Ready for Reuse Determinations;
- performance measures which indicate which sites or parts of sites are ready for their anticipated use; and
- bona fide prospective purchaser “doing work” agreements. (See Question 10 for additional information on these tools.)

Some EPA Regional offices have developed prospective purchaser inquiry procedures and schedule conference calls or meetings with prospective purchasers to answer questions and discuss whether the proposed use of the site is compatible with an ongoing cleanup, any current or future property use restrictions on the site, resolution of potential liens, and other matters.

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5 A comfort/status letter is intended to combat the stigma and concerns about cleanup liability at contaminated sites by clarifying the cleanup status and likelihood of EPA involvement at a site. See Question 10 for more information on the use of comfort/status letters.

6 A Ready for Reuse (RfR) Determination is an environmental status report documenting that EPA has made a technical determination, in consultation with States, Tribes, and local governments, that all or a portion of the property at a Superfund can support specified types of uses and remain protective of human health and the environment. The guidance is available on EPA’s Web site at [http://www.epa.gov/superfund/programs/recycle/pdf/rfrguidance.pdf](http://www.epa.gov/superfund/programs/recycle/pdf/rfrguidance.pdf)
3. **How do I identify all of the parties I have to deal with to buy the site or a property within the site and how is EPA involved?**

There is no simple solution to identify all of the parties associated with a Superfund site but the process begins with the current owner. As with the purchase of any property, negotiations to buy a Superfund site begin with the current owner who can be identified through property title or tax records. EPA rarely owns the site being cleaned up. Generally, EPA’s Regional offices may assist in addressing the following questions:

- What is the current status of a site’s cleanup and what are EPA’s future anticipated actions?
- Is the proposed redevelopment compatible with a site’s cleanup and with the existing and potential future property use restrictions? **Note:** EPA does not offer guarantees of compatibility.
- Is the prospective purchaser aware of the applicable landowner liability protections under Superfund?
- How can EPA work with the prospective purchaser to settle or resolve any EPA liens?*

EPA is willing to work with prospective purchasers to clarify a property’s cleanup status and potential liability issues including the existence and satisfaction of EPA liens and property use restrictions. States also have cleanup programs and prospective purchasers should contact the appropriate state environmental agency to make certain they are aware of planned or ongoing state-lead cleanup actions at the property.

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7 See Question 8 for more information on EPA liens.
4. **IF I BUY THE PROPERTY, WILL I BE RESPONSIBLE FOR PAST OR FUTURE CLEANUP COSTS?**

In most cases, a prospective purchaser will not be responsible for past or future Superfund cleanup costs for existing contamination that is present on the property when the site is purchased.

**Criteria for Managing Liability as a BFPP**

- All disposal of hazardous substances occurred before acquisition
- The person made all appropriate inquiries about the property before acquisition
- The person provided all legally required notices with respect to discovery or release of any hazardous substances at the facility
- The person exercises appropriate care with respect to hazardous substances found at the facility by taking reasonable steps to prevent releases
- The person provides full cooperation and access to EPA
- The person complies with land use restrictions in connection with the response action and does not impede the effectiveness of institutional controls
- The person complies with requests for information and subpoenas
- The person is not potentially liable or affiliated with a potentially responsible party.

New purchasers are protected from owner or operator liability under the Superfund law so long as the new purchaser meets the definition of a “bona fide prospective purchaser” (BFPP). This BFPP provision states that a purchaser who acquires a Superfund site or other contaminated property after January 11, 2002, and who complies with statutory criteria, will not incur federal Superfund liability as an owner of the property. (See text box “Criteria for Managing Liability as a BFPP” on this page.)

To remain protected from Superfund liability for the existing contamination at the site, a new purchaser must achieve and maintain BFPP status for as long as potential liability exists.

Potential liability exists for as long as contamination remains on the property and/or the statute of limitations on cost recovery actions is in effect.

Although a BFPP is not personally liable, the property itself could be subject to a lien as a result of EPA incurring costs to clean up the site (See Question 8 below).

Some of the criteria for obtaining BFPP status must be satisfied prior to acquiring a site or property within the site. Other criteria for maintaining BFPP status are ongoing obligations that must be met after purchase of the property.

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8 42 U.S.C. § 9601(40).
One example of a threshold criterion that must be satisfied prior to purchase is that a BFPP must perform “all appropriate inquiries” (AAI) concerning environmental conditions at the site. The final rule for AAI, which sets forth standards for satisfying the criterion, became effective on November 1, 2006. Information on how to comply with the AAI regulation is available on EPA’s Web site at http://www.epa.gov/brownfields/regneg.htm. (See text box “Criteria for All Appropriate Inquiry”.)

It is important to note that new purchasers who have achieved BFPP status could become liable for cleaning up contamination if they interfere with the existing cleanup, exacerbate existing contamination, or cause a new release of contamination.

EPA is willing to discuss potential liability issues, including qualifications for BFPP status, with prospective purchasers and their lenders. Please note that EPA cannot give prospective purchasers legal advice. Legal advice must be sought from private legal counsel, but EPA can explain the available liability protections.

### Criteria for All Appropriate Inquiry

- Site inquiry by environmental professional
- Interviews with past/present owners
- Review of historical sources of information
- Search for recorded cleanup liens
- Review of federal, state and local records
- Visual inspection of site
- Specialized knowledge of BFPP
- Relationship of purchase price to value of property
- Commonly known/reasonably ascertainable information
- Obviousness of presence of contamination

Although a purchaser who achieves and maintains BFPP status is not responsible for existing contamination, situations may arise where the purchaser may nonetheless want to voluntarily clean up a site, rather than wait for the potentially responsible party or the government to do it.

When appropriate, EPA will enter into an agreement with a BFPP willing to perform a cleanup action at a site. EPA has developed a model agreement for BFPPs that is available on EPA’s Web site at http://www.epa.gov/compliance/resources/policies/cleanup/superfund/bfpp-ra-mem.pdf.

There are many reasons why a BFPP may want to perform a cleanup:

- **Faster Cleanup**: a BFPP may be able to clean up a site more quickly;

- **Better Coordination**: a BFPP may be better able to coordinate cleanup activities into its reuse and/or redevelopment plans;

- **Purchasing Incentives**: a BFPP may be able to negotiate a lower purchase price from the seller by undertaking cleanup work that the seller would otherwise be responsible for;

- **Windfall Lien Settlements**: a BFPP may be able to settle a windfall lien by agreeing to perform all or part of a necessary cleanup; and/or

- **Cost Recovery**: a BFPP performing a cleanup action may be entitled to cost recovery from responsible parties under appropriate circumstances.
5. **DO I NEED A DOCUMENT FROM EPA CONFIRMING THAT I HAVE BFPP STATUS?**

No, the BFPP provision is self-implementing. This means that a prospective purchaser may achieve, and after the purchase, maintain BFPP status without obtaining approval or oversight from EPA. In appropriate circumstances, however, EPA may issue a comfort/status letter to prospective purchasers or their lenders to describe:

- the cleanup status of a site;
- anticipated future cleanup actions overseen by EPA, if any;
- the available liability protection provisions;
- the site-specific reasonable steps a purchaser should take with respect to the appropriate care criteria; and
- the status of any EPA liens.

EPA recommends that prospective purchasers contact the appropriate EPA Regional office prior to purchase of a Superfund site to discuss the cleanup status of the site and other site-related issues. EPA Regional Superfund Redevelopment Initiative contact information is available on EPA’s Superfund Web site at http://www.epa.gov/superfund/programs/recycle/contact/redevelopment.html. In addition, EPA strongly encourages prospective purchasers to contact the state environmental protection agency where the site is located to discuss potential state issues such as liability and additional cleanup.

Once contaminated with coal tar and creosote, the Reilly Tar & Chemical site in St. Louis Park, Minnesota now boasts a park, a residential development, and a pond that provides wildlife habitats.
6. **AS THE PROPERTY OWNER, WILL I BE RESPONSIBLE FOR ONGOING OR FUTURE CLEANUP ACTIONS AT THE SITE?**

No, a property owner with BFPP status generally will not be responsible for the ongoing or future cleanup actions, beyond resolving any applicable liens. However, certain responsibilities associated with BFPP status may involve actions to prevent or mitigate releases of contamination. For example, in certain circumstances, BFPPs may need to take reasonable steps to stop continuing releases, prevent threatened future releases, and prevent or limit human, environmental, or natural resource exposure to earlier releases of contamination.

Examples of reasonable steps to fulfill appropriate care obligations could include, but may not be limited to, actions such as:

- providing notice of contamination to appropriate governmental officials;
- assessing threats after the discovery of contamination;
- restricting site access by erecting and maintaining signs and perimeter fences;
- segregating and containing deteriorating drums;
- identifying unknown materials in deteriorating drums; or
- maintaining and repairing existing on-site hazardous waste containment systems.

EPA has issued guidance, questions and answers, and a sample comfort/status letter on appropriate care and reasonable steps that are available on EPA's Web site at http://www.epa.gov/compliance/resources/policies/cleanup/superfund/common-elem-guide.pdf.


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At the Avtex Fibers Superfund site in Front Royal, Virginia, EPA served in an advisory capacity to the local Economic Development Authority (EDA), the U.S. Soccer Foundation, and FMC Corporation as site stakeholders worked together to build four soccer fields on the site. September 2006 marked the opening of the Skyline Soccerplex. The EDA is continuing with redevelopment efforts for a commercial/industrial park and a nature conservation area.
7. **Are there limitations on how I can use the site and, if so, how can I find out whether any property use restrictions are in effect and what they are?**

**There may be limits on uses of the site or properties within the site.** The statutory criteria for maintaining BFPP status include not impeding the integrity or effectiveness of institutional controls (ICs) and complying with all land use restrictions. Accordingly, prospective purchasers must determine whether any temporary, permanent, or future use restrictions (such as ICs) are or will be placed on the site during cleanup or post-cleanup, whether these are short or long-term use restrictions, and how these use restrictions may affect their plans for the property.

In some cases, BFPPs may be asked to implement appropriate property use restrictions after purchasing the property. Prospective purchasers must also determine if engineered controls, such as a clay cap or monitoring wells, limit what they can do at the site property.

EPA encourages BFPPs to inquire about property restrictions before they purchase the site. Prospective purchasers can find out whether any use restrictions may apply to the site property now, or in the future, by contacting EPA’s Regional office, the state environmental agency and/or the local government, and by talking to the current property owner. If a BFPP purchases a site before EPA has made a final cleanup decision, EPA may be unable to predict what property use restrictions may need to be implemented in the future. Prospective purchasers can also find out information on use restrictions in effect by performing all appropriate inquiries. (See Question 4 for more information on all appropriate inquiries.)

To ensure that BFPP liability protection is maintained, it is important that all the property use restrictions are implemented and followed and that the BFPP’s use of the site does not adversely affect or impede the cleanup.

Enforcement of property use restrictions established as part of a cleanup (e.g., restricting site property for commercial uses only) is normally overseen by the state or local government. Where contamination is left in place above unrestricted use levels, EPA (or the state) is required by law to conduct periodic reviews (at least every five years) to examine how the cleanup is functioning and whether it remains protective.

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*Top 10 Questions to Ask When Buying a Superfund Site*
8. **DOES EPA USE LIENS THAT COULD AFFECT ME IF I ACQUIRE A SITE OR PROPERTY WITHIN A SITE AND HOW CAN I RESOLVE OR SETTLE AN EPA LIEN?**

**EPA uses two types of liens that may affect site property: Superfund liens and windfall liens.** A Superfund lien entitles EPA to recover cleanup costs that EPA has incurred from the property owner. A windfall lien is potentially applicable to a site property if the owner is a BFPP. The windfall lien is designed to prevent an entity from realizing an unfair windfall from the purchase of a property that has been cleaned up using taxpayer dollars. EPA’s potential cost recovery under a windfall lien is limited to the increase in fair market value of the property attributable to the cleanup or the United States’ unrecovered response costs, whichever is less. BFPPs should contact their EPA Regional office regarding the existence of a lien or EPA’s future intentions to perfect a lien on the property.

The MDI Site in Houston, Texas is located two miles east of downtown and is near an environmental justice community. EPA and the U.S. Department of Justice worked with the bankruptcy trustee to ensure that the purchaser of the site committed to perform the on-site cleanup work. This was the first settlement in which a BFPP agreed to perform the cleanup work at a Superfund site.

Both of these liens can be released or waived upon satisfaction before the purchase of the site. The satisfaction amount may be negotiated with EPA and would be embodied in a settlement agreement.

EPA may seek cash consideration, performance of work, or a combination of such consideration in connection with the lien releases and waivers. Because EPA liens affect the total value of the property, lien settlement negotiations need to include EPA, the current property owner, and the BFPP. Often the liens can be resolved or settled concurrently because both the Superfund lien and the windfall lien draw from the same available equity in a property. In addition, EPA may also issue a comfort/status letter to prospective purchasers or their lenders to describe the status of any EPA liens.


EPA also has issued guidance and model notice letter on the timing and administrative procedures for EPA filing notice of a windfall lien on a property after acquisition by a BFPP that is available on EPA’s Web site at [http://www.epa.gov/compliance/resources/policies/cleanup/superfund/wf-admin-mem.pdf](http://www.epa.gov/compliance/resources/policies/cleanup/superfund/wf-admin-mem.pdf).

9. **COULD I ENCOUNTER PROBLEMS WHEN I TRY TO GET FINANCING TO BUY A SITE OR BORROW FOR IMPROVEMENTS AND HOW CAN EPA HELP?**

Changes to the federal Superfund law addressed many lender concerns, but prospective purchasers might still experience problems. In the past, lenders were reluctant to provide financing for the purchase of Superfund sites because of concerns about:

- lender liability;
- potential liability of the owner affecting the owner’s ability to repay the loan; and
- the impact of the contamination on the value of the site property that secures the loan.

These concerns are diminishing. A 1996 amendment to the federal Superfund law protects lenders from federal Superfund liability when the lenders comply with certain statutory requirements. In particular, the lenders may not participate in the management of the facility.

Use of environmental insurance policies is increasingly alleviating lenders’ concerns about financial risks at Superfund sites. The passage of time and increased reuse of brownfields and Superfund sites are demonstrating to lenders the significant financial value that these properties have and the potentially low risks of financing their purchase and redevelopment.

In addition, the Brownfield Amendments to the federal Superfund law, which provide for BFPP status for new buyers, may provide assurance to lenders because these borrowers will not be liable and will not affect their ability to repay the lender.

EPA has many tools to help alleviate lenders’ concerns about financing contaminated properties, including guidance documents, comfort/status letters, BFPP doing work agreements, and Ready for Reuse Determinations. EPA’s willingness to work with buyers and their lenders makes the acquisition of Superfund properties more feasible than ever before.

10. **WHAT CAN EPA DO TO HELP A PROSPECTIVE PURCHASER DECIDE, AND CONVINCE LENDERS, TENANTS, AND OTHERS, THAT BUYING A SUPERFUND SITE IS A GOOD IDEA?**

EPA has tools that can be used to demonstrate that buying or using a Superfund site can be a great opportunity. Some of these tools include:

- **Comfort/Status Letters:** EPA may issue comfort/status letters to address the following:
  - status of the site;
  - future anticipated actions at the site;
  - available liability protections;
  - reasonable steps that a purchaser should take to stop any on-going releases and prevent future releases at sites where EPA has this information; and
  - the status of EPA liens.

The Town of Arlington, Tennessee acquired the Arlington Blending & Packaging site in 2004 after EPA issued a comfort/status letter and a Ready for Reuse Determination. Today the site is an active neighborhood park.
• **Ready for Reuse (RfR) Determinations:** EPA may issue an RfR Determination to affirm that a site’s conditions are protective of human health and the environment for specific types of uses.

• **BFPP “Doing Work” Agreements:** EPA may enter into a settlement agreement with a BFPP who wishes to perform part or all of a cleanup. The agreement provides for EPA oversight and may satisfy part or all of any windfall lien.

• **Lien Settlements:** EPA is willing to enter into negotiations and settlement agreements to resolve lien issues and facilitate reuse.

• **Discussions:** EPA Regional staff is often available to talk with or meet with prospective purchasers, sellers, lenders, and other stakeholders to discuss the issues critical to the successful purchase and reuse of a Superfund site. Providing examples of other Superfund sites that were successfully redeveloped and are now in reuse can also reassure local citizens and stakeholders about revitalization opportunities.

• **Site Reuse Fact Sheets:** EPA’s Superfund Redevelopment Initiative Web site at [http://www.epa.gov/superfund/programs/recycle/](http://www.epa.gov/superfund/programs/recycle/) provides summary information about Superfund sites that have been reused. Detailed fact sheets for some sites are also available and may include data on economic impacts and environmental and social benefits resulting from the reuse of Superfund sites.

• **Partial Deletions:** While total cleanup of a site may take many years, many sites on EPA’s national priorities list (NPL) include portions that have been cleaned up and may be available for productive use. These portions may be partially deleted from the NPL if EPA makes a determination that no further cleanup work is required, the state concurs, and necessary institutional controls are in place. Any person, including individuals, businesses, entities, states, local governments, and other federal agencies, may submit a petition requesting a partial deletion. EPA will evaluate the request and make a determination whether to proceed. A partial deletion of a portion of a Superfund site from the NPL can help to increase the site’s marketability. **Please note:** EPA Superfund liens may still apply to the deleted parcel.

More information on partial deletions is available on EPA’s Superfund Web site at [http://www.epa.gov/superfund/cleanup/postconstruction/deletion.htm](http://www.epa.gov/superfund/cleanup/postconstruction/deletion.htm).

Information about many of these tools can also be found on EPA’s Landowner Liability Protections Web page at [http://www.epa.gov/compliance/cleanup/revitalization/landowner.html](http://www.epa.gov/compliance/cleanup/revitalization/landowner.html).