Financing Cleanup at Contaminated Sites

Costs associated with cleaning up contamination depend on the project’s complexity. Generally, banks don’t provide loans for cleanup projects but there may be other financing options available to you.

Pre 1986 General Liability Insurance Policies Though phased out after 1986, these policies provide coverage for contamination that happened during the term of one or more policies. You may be able to access coverage for historic contamination even if you are not the original policy holder. An attorney specializing in Environmental or Insurance may help you find and claim against an old policy.

- **Pros** Good likelihood of historic business insurance coverage. Good track record of successful claims.
- **Cons** You may not find a policy for your property. Contamination first occurring after 1986 isn’t covered.

State-Mandated and Heating Oil Pollution Liability Insurance Operational underground storage tank (UST) systems, like those at gas stations must carry pollution insurance. Current heating oil customers are eligible for policies administered by Washington’s Pollution Liability Insurance Agency (PLIA). Contact your current UST insurance company and visit PLIA at [www.plia.wa.gov](http://www.plia.wa.gov).

- **Pros** Easier to initiate claims on current policies.
- **Cons** Policies may not pay for UST removal, or cleanup contamination from prior USTs.

Gas and Oil Company Participation Current oil companies like Shell, BP/ARCO, Chevron and Time Oil may look to resolve outstanding environmental liability at sites they historically provided services to. Search old city directories, historic photos and chain of title to determine who ‘branded’ the oil and gas products at your site. Contact the current oil and gas company representative.

- **Pros** Gas companies send their own contractors to cleanup your site or provide monetary assistance.
- **Cons** You may not receive these services at times convenient to you, if at all.

Escrow Holdback Buyer and seller arrange to hold some or all of the purchase money in a dedicated Escrow account to pay for cleanup. After cleanup the seller receives the balance left in the Escrow Holdback account.

- **Pros** A portion of the buyer’s purchase money pays for cleanup.
- **Cons** The agreed upon Escrow Holdback amount may not be enough to fund the entire cleanup.

Local, State and Federal Grants and Low Interest Loans Most government issued cleanup loans and grants are restricted to publicly owned properties. Some grants or loans may be available to private property owners. Washington State Department of Ecology provides Remedial Action Grants and other monetary aids for cleanup [https://ecology.wa.gov/Spills-Cleanup/Contamination-cleanup/Cleanup-process/Paying-for-cleanup](https://ecology.wa.gov/Spills-Cleanup/Contamination-cleanup/Cleanup-process/Paying-for-cleanup). The EPA may offer cleanup grants or low interest loans [www.epa.gov/brownfields](http://www.epa.gov/brownfields).

- **Pros** Grants may provide money up-front or reimbursement after cleanup.
- **Cons** Grant and loan eligibility are very restrictive to certain types of ownerships and property history.

Pursue Shared Liability Through the Courts Washington’s Model Toxics Control Act (MTCA) provides legal recourse for owners of contaminated sites to share liability with prior owners and operators. You will need an attorney to guide you through this process.

- **Pros** You may receive contribution from other liable parties to cleanup your site.
- **Cons** Upfront legal costs and lengthy court process. Contribution from other parties may be insufficient.

Sell Your Contaminated Property Some investors may be interested in buying contaminated property at a discount.

- **Pros** Once sold, you may be resolved of most or all cleanup responsibilities.
- **Cons** Traditional lenders generally won’t lend on contaminated properties, limiting the type of buyer.