



**N.C. Department of Agriculture & Consumer Services**  
**N.C. ADFP Trust Fund**  
*Environmental Audit Requirements and Checklist  
for Conservation Easement Programs*



***Grantees:***

**The Grantee is responsible for verifying that subcontractors meet the requirements described below and for supplying the subcontractors with the attached checklist and narrative. Failure to do so may result in the rejection of due diligence items and subsequent delays.**

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**General Environmental Audit Guidelines**

An Environmental Audit (EA) or Environmental Site Assessment (ESA) identifies potential or existing environmental contamination liabilities. The analysis addresses the underlying land and physical improvements to the property.

An EA can be conducted by USDA NRCS staff using the latest version of the NRCS Hazardous Materials Checklist and Landowner Interview, local soil and water conservation district staff using the latest version of the NRCS Hazardous Materials Checklist and Landowner Interview, or with an environmental firm qualified to conduct Phase I Environmental Site Assessments.

For USDA NRCS Agricultural Land Easement (ALE) or Regional Conservation Partnership Program (RCPP) projects, only an EA conducted by USDA NRCS staff using the latest version of the NRCS Hazardous Materials Checklist and Landowner Interview will be accepted.

If the on-site inspection identifies environmental conditions that negatively impact the property, such as the presence of petroleum products or hazardous substances in the subsurface of the site, and these findings necessitate further investigation of environmental conditions with a Phase II ESA or equivalent, **the Grantee is required to conduct these assessments through a qualified environmental firm.**

**If the EA or ESA includes required remediation to resolve environmental concerns, the Grantee must complete all required remedies in the EA or ESA and is encouraged to complete all recommended remedies. All required remedies must be completed before the recording of the conservation easement.**

**The conservation easement project will be canceled if the remediation requests identified therein are not completed.**

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For Agricultural Conservation Easement Program Agricultural Land Easements (ACEP-ALE) or RCPP transactions, these requirements and instructions are in addition to any closing instructions provided by the United States Department of Agriculture (USDA) Natural Resource Conservation Service (NRCS).

The Parties to this transaction are as follows:

State of North Carolina:  
N.C. Dept. of Agriculture & Consumer Services  
NC ADFP Trust Fund  
2 West Edenton Street  
Raleigh, NC 27601

**Landowner/Grantor (name & address below):**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_

**Eligible Entity/Grantee (name & address below):**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_



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**Environmental Assessor Qualifications**

- Qualified individuals to complete an environmental assessment include:
  - USDA NRCS staff using the latest version of the NRCS Hazardous Materials Checklist and Landowner Interview.
  - Local soil and water conservation district staff using the latest version of the NRCS Hazardous Materials Checklist and Landowner Interview.
  - An environmental firm qualified to conduct Phase I Environmental Site Assessments. The report must meet the requirements of ASTM E 1527-21 Standard Practice for Environmental Sites Assessments: Phase I Environmental Site Assessment Process and EPA Standards and Practices for All Appropriate Inquiry per 40 CFR Part 312 and include the latest version of the NRCS Hazardous Materials Checklist.

**Grantee Responsibilities**

- Provide contractors with a copy of the following checklist to reference and review the report *prior to* submission to NCDA&CS staff.
- Complete the audit pursuant to the requirements contained herein and furnish the Grantee and NCDA&CS an electronic copy for review.
- If applicable, forward copies of the report to partnering funding agencies.
- Supply the report to any contracted appraisers to be used in the valuation of the conservation easement purchase price.
- The Environmental Audit or Environmental Site Assessment is a standalone document and must be submitted as such. Additionally, it should be included in the Baseline Documentation Report.
- Alert NCDA&CS staff immediately following any evaluation that finds evidence of *Recognized Environmental Concerns* or other issues that warrant either a Phase II or remediation before closing. Remediation includes trash or debris within the easement area.

**NOTE: The Environmental Assessment is valid for one year (365 days) from the effective date. If the conservation easement is not closed within that time, an update must be submitted.**



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***By signing this “Environmental Audit Requirements and Checklist for Easement Programs”, I certify that I meet all specified requirements and agree to complete all required deliverables and outputs in accordance with the prescribed standards in this contract. I further acknowledge that my execution of these obligations ensures that State funds received for services provided are utilized in a manner that safeguards the interests of the State of North Carolina. If any certification of qualifications is found to be false, or if the deliverables or outputs are incomplete or fail to meet the prescribed standards, the State of North Carolina reserves the right to withhold grant payments until such deficiencies are corrected to the State’s satisfaction.***

\_\_\_\_\_  
Signature of Preparer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Preparer

***By signing this “Environmental Audit Requirements and Checklist for Easement Programs,” I concur with the preparer’s qualifications and agree to comply with the requirements.***

\_\_\_\_\_  
Signature of Grantee Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name and Title of Grantee Representative



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**REQUEST TO ADFP TRUST FUND FOR APPROVAL OF SUBCONTRACTING**

*This form is required to subcontract with a qualified preparer who is not an employee of the Grantee entity.*

Grantee:

Contract Number:

Pursuant to the General Terms and Conditions of the Contract\* between the Grantee and the Agency, Grantee hereby requests approval of the Subcontractor, \_\_\_\_\_, to assist in carrying out the purposes of the above-referenced contract.

\_\_\_\_\_  
Signature of Grantee

\_\_\_\_\_  
Name of Grantee

\_\_\_\_\_  
Date

☐ Subcontracting Approved

☐ Subcontracting Denied

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Name of Director

\_\_\_\_\_  
Date

**\*Subcontracting:** The Grantee shall not subcontract any of the work contemplated under this Contract without prior written approval from the Agency. Any approved subcontract shall be subject to all conditions of this Contract. Only the subcontractors or subgrantees specified in the contract documents are to be considered approved upon award of the contract. The Agency shall not be obligated to pay for any work performed by any unapproved subcontractor or subgrantee. The Grantee shall be responsible for the performance of all of its subgrantees and shall not be relieved of any of the duties and responsibilities of this Contract.



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**Environmental Audit (EA) Requirements Checklist**

	<ol style="list-style-type: none"><li>1. Summary Page<ol style="list-style-type: none"><li>a. Conservation Easement Farm and Landowner Name(s)<ol style="list-style-type: none"><li>i. Must match those identified on the Preliminary Title Policy</li></ol></li><li>b. ADFP Tracking Number and NCDA&amp;CS Contract Number</li><li>c. Date of Inspection</li></ol></li></ol>
	<ol style="list-style-type: none"><li>2. Site Description<ol style="list-style-type: none"><li>a. Written Description of Current Land Uses and Improvements that match the description found in the Baseline Documentation Report.</li><li>b. Written description of all types of land use on the easement and the surrounding area.</li><li>c. Written description of implied and prevalent easement ingress and egress.</li><li>d. Photos depicting ingress and egress, as well as any access easements that remain within the conservation easement.</li><li>e. Photos of EACH land use and Improvement, including Farmstead Building Envelope Area.</li><li>f. Updated Map with photo points and land improvements or features identified.</li></ol></li></ol>
	<ol style="list-style-type: none"><li>3. Written description of Trash and Debris<ol style="list-style-type: none"><li>a. Any trash, debris, chemicals, abandoned equipment and vehicles, or other non-natural land use MUST be identified, photographed, and mapped.</li><li>b. If trash and debris are found on site, the following actions are required:<ol style="list-style-type: none"><li>i. Removal of trash must occur before easement recordation.</li><li>ii. If the location makes removal impractical AND the trash and debris do not present a negative environmental or agricultural impact, the environmental auditor or report preparer must certify:<ol style="list-style-type: none"><li>1. There are no current negative environmental impacts due to the trash and debris, and it is limited and localized in scope.</li><li>2. Due to the location of the abandoned vehicle or machinery, there is no negative impact on the agricultural operation, and it is impractical to remove.</li><li>3. The following clause must be included:<ol style="list-style-type: none"><li>a. If conditions change to where there are negative environmental or agricultural impacts, the easement-holding entity will be required to take proper action to remedy.</li></ol></li></ol></li></ol></li></ol></li></ol>



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4. Checklists, Prescreen, and Landowner Interview or equivalent
  - a. Written description of any *Yes or Unknown* Checklist Items from the Hazardous Materials Checklist, Landowner Interview, or Environmental Concern Prescreen.
  - b. Every question **MUST** be addressed.
  - c. Must include a written description of **EACH** checklist item without a NO response- this will be separate from the actual form.
  - d. Must include a written description of Item G on Hazardous Materials Checklist, including what was found, and which federal or State agency sites were searched.
    - i. This description may include any of the following:
      1. Reports and documents that can help identify prior owners, tenants, and uses of the property, as well as help reveal any known spills or releases on the property or in the area, such as:
      2. Federal and State environmental and health agency records
      3. Title reports
      4. Local assessors and fire department records
      5. Building permits
      6. Environmental assessments
      7. Technical studies
      8. Newspaper clipping files
    - ii. Must identify any environmental liens on the property- past or present
5. A completed, dated, and signed Hazardous Materials Checklist
  - a. This is required for an Environmental Audit or Full Phase I ESA
6. A completed, dated, and signed Landowner Interview
  - a. This is required for an Environmental Audit or Full Phase I ESA
7. If the following items are found on site, the narrative must include a discussion with the listed elements:
  - a. Aboveground Storage Tanks (AST) or Underground Storage Tanks (UST):
    - i. Tanks must be identified by survey, aerial map, and photo.
    - ii. UST must be identified as registered with NC DEQ.
    - iii. Both the AST and UST's approximate age, condition, and indication of stains, leaks, etc. must be discussed in the narrative.



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- b. Indication of lead and asbestos:
  - i. If the environmental auditor or report preparer indicates the possible presence of lead and asbestos:
    - 1. Each structure must be identified by a survey or aerial map and by a photo.
    - 2. Each structure should be identified by approximate age and include a current condition.
    - 3. Note: Any asbestos or lead finding may require an indemnity clause. Please reach out to NCDA&CS staff.

8. Environmental Opinion

- a. A certified statement with the environmental opinion review of the land by the agency performing the EA or ESA
- b. Must include on-site and off-site REC findings, as well as indications of trash and debris.
- c. Name, signature, and date of the land investigator and or reviewer
- d. Brief qualifications of the reviewer

9. Addenda

- a. NCDA&CS Approved Survey
- b. Environmental Records Search (if applicable)
- c. Map of the Conservation Area associated with the EA that includes any land improvements or special land use features
- d. Documentation of land ownership associated with the EA, such as a property tax card, land deed, etc.
- e. Must match the preliminary title policy and the preliminary attorney's signed title opinion

***Note: If a Phase I ESA has been performed, the items within the checklist, including addenda items, must be included within the submitted report.***