



Designation: E2018 – 15

Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process¹

This standard is issued under the fixed designation E2018; the number immediately following the designation indicates the year of original adoption or, in the case of revision, the year of last revision. A number in parentheses indicates the year of last reapproval. A superscript epsilon (ϵ) indicates an editorial change since the last revision or reapproval.

1. Scope

1.1 *Purpose*—The purpose of this guide is to define good commercial practice in the United States of America for conducting a baseline *property condition assessment* (PCA) of the improvements located on a parcel of commercial real estate by performing a walk-through survey and conducting research as outlined within this guide.

1.1.1 *Physical Deficiencies*—In defining good commercial and customary practice for conducting a baseline PCA, the goal is to identify and communicate physical deficiencies to a user. The term *physical deficiencies* includes the presence of conspicuous defects and material deferred maintenance of a subject property's material systems, components, or equipment as observed during completion of the PCA. This definition specifically excludes deficiencies that may be remedied with routine maintenance, miscellaneous minor repairs, normal operating maintenance, etc., and excludes de minimis conditions that generally do not present material physical deficiencies of the subject property.

1.1.2 *Walk-Through Survey*—This guide outlines procedures for conducting a walk-through survey to identify the subject property's physical deficiencies, and recommends various systems, components, and equipment that should be observed by the field observer and reported in the *property condition report* (PCR).

1.1.3 *Document Reviews and Interviews*—The scope of this guide includes document reviews, research, and interviews to augment the walk-through survey so as to assist the consultant's understanding of the subject property and identification of physical deficiencies.

1.1.4 *Property Condition Report*—The work product resulting from completing a PCA in accordance with this guide is a Property Condition Report (PCR). The PCR incorporates the information obtained during the Walk-Through Survey, the Document Review and Interviews sections of this guide, and

includes Opinions of Costs for suggested remedies of the physical deficiencies identified.

1.2 *Objectives*—Objectives in the development of this guide are to: (1) define good commercial and customary practice for the PCA of primary commercial real estate improvements; (2) facilitate consistent and pertinent content in PCRs; (3) develop pragmatic and reasonable recommendations and expectations for site observations, document reviews and research associated with conducting PCAs and preparing PCRs; (4) establish reasonable expectations for PCRs; (5) assist in developing an industry baseline standard of care for appropriate observations and research; and (6) recommend protocols for consultants for communicating observations, opinions, and recommendations in a manner meaningful to the user.

1.3 *Considerations Beyond Scope*—The use of this guide is strictly limited to the scope set forth in this section. Section 11 and Appendix X1 of this guide identify, for informational purposes, certain physical conditions that may exist on the subject property, and certain activities or procedures (not an all inclusive list) that are beyond the scope of this guide but may warrant consideration by parties to a commercial real estate transaction to enhance the PCA.

1.4 *Organization of This Guide*—This guide consists of several sections, an Annex and two (2) Appendixes. Section 1 is the Scope. Section 2 on Terminology contains definitions of terms both unique to this guide and not unique to this guide, and acronyms. Section 3 sets out the Significance and Use of this guide, and Section 4 describes the User's Responsibilities. Sections 5 through 10 provide guidelines for the main body of the PCR, including the scope of the Walk-Through Survey, preparation of the Opinions of Costs to Remedy Physical Deficiencies, and preparation of the PCR. Section 11 provides additional information regarding out of scope considerations (see 1.3). Annex A1 provides requirements relating to specific asset types, and where applicable, such requirements are to be considered as if integral to this guide. Appendix X1 provides the user with additional PCA scope considerations, whereby a user may increase this guide's scope of due diligence to be exercised by the consultant beyond this guide's baseline level. Appendix X2 and Appendix X3 outline the approach to Accessibility Surveys.

¹ This guide is under the jurisdiction of ASTM Committee E50 on Environmental Assessment, Risk Management and Corrective Action and is the direct responsibility of Subcommittee E50.02 on Real Estate Assessment and Management.

Current edition approved Aug. 15, 2015. Published November 2015. Originally approved in 1999. Last previous edition approved in 2008 as E2018–08. DOI: 10.1520/E2018-15.

2.2.9 *engineering, n*—analysis or design work conducted by an engineer requiring extensive formal education, preparation, and experience in the use of mathematics, chemistry, physics, and the engineering sciences.

2.2.10 *fire department records, n*—records maintained by or in the possession of the local fire department having jurisdiction over the subject property.

2.2.11 *guide, n*—a series of options and instructions that do not recommend a specific course of action.

2.2.12 *interviews, n*—discussions with those knowledgeable about the subject property.

2.2.13 *material, adj*—having significant importance or great consequence.

2.2.14 *practice, n*—a definitive procedure for performing one or more specific operations or functions that does not produce a test result.

2.2.15 *publicly available, adj*—the source of the information allows access to the information by anyone upon request.

2.2.16 *recreational facilities, n*—facilities for exercise, entertainment or athletics including, without limitation, swimming pools, spas, saunas, steam baths, tennis, volleyball, or basketball courts; jogging, walking, or bicycle paths; and playground equipment.

2.2.17 *structural frame, n*—the components or building system that supports the building’s nonvariable forces or weights (dead loads) and variable forces or weights (live loads).

2.2.18 *standard, n*—Where used in reference to ASTM documents, a standard is a document that has been developed and established within the consensus principles of ASTM International and that meets the approval of the applicable procedures and regulations. The term is otherwise used as commonly defined.

2.2.19 *system, n*—a combination of interacting or interdependent components assembled to carry out one or more functions.

2.3 *Definitions of Terms Specific to This Standard:*

2.3.1 *actual knowledge, n*—the knowledge possessed by an individual rather than an entity. Actual knowledge, as used in this guide, is to be distinguished from knowledge provided by others, or information contained on documents obtained during the course of conducting a PCA.

2.3.2 *appropriate inquiry, n*—a request for information conducted by Freedom of Information Letter (FOIL), verbal request, or by other written request made either by fax, electronic mail, overnight courier, or U.S. mail. *Appropriate inquiry* includes a good-faith effort conducted by the consultant to obtain the information considering the time constraints to prepare and deliver the PCR.

2.3.3 *base building, n*—the core (common areas) and shell of the building and its systems that typically are not subject to improvements to suit tenant requirements.

2.3.4 *baseline, n*—the minimum level of observations, due diligence, inquiry/research, documentation review, and prepa-

ration of opinions of costs to remedy material physical deficiencies for conducting a PCA as described in this guide.

2.3.5 *building envelope, n*—the enclosure of the building that protects the building’s interior from outside elements, namely the exterior walls, roof and soffit areas.

2.3.6 *commercial real estate, n*—improved real property, except a dwelling or property with four or less dwelling units exclusively for residential use. This term includes, but is not limited to, improved real property used for industrial, retail, office, hospitality, agriculture, other commercial, medical, or educational purposes; property used for residential purposes that has more than four residential dwelling units; and property with four or less dwelling units for residential use when it has a commercial function, as in the operation of such dwellings for profit.

2.3.7 *commercial real estate transaction, n*— a transfer of title to or possession of improved real property or receipt of a security interest in improved real property, except that it does not include transfer of title to or possession of improved real property with respect to an individual dwelling or building containing four or less dwelling units.

2.3.8 *consultant, n*—the entity or individual that is responsible for completion of the PCR.

2.3.9 *dangerous or adverse conditions, n*— conditions that may pose a threat or possible injury to the field observer, and which may require the use of special protective clothing, safety equipment, access equipment, or any other precautionary measures.

2.3.10 *de minimis condition*—a physical deficiency that is not material to the conclusions of the report.

2.3.11 *deferred maintenance, n*—physical deficiencies that could have been remedied with routine maintenance, normal operating maintenance, etc., excluding de minimis conditions that generally do not present a material physical deficiency to the subject property.

2.3.12 *due diligence, n*—an investigation of the physical condition of a subject property in connection with a commercial real estate transaction. The degree and type of the investigation may vary for different properties, different user purposes, and time allotted.

2.3.13 *easily visible, adj*—describes items, components, and systems that are conspicuous, patent, and which may be observed visually during the walk-through survey without: intrusion, relocation or removal of materials, exploratory probing, use of special protective clothing, or use of any equipment (hand tools, meters of any kind, telescope instruments, stools, ladders, lighting devices, etc.).

2.3.14 *effective age, n*—the estimated age of a building component that considers actual age as affected by maintenance history, location, weather conditions, and other factors. Effective age may be more or less than actual age.

2.3.15 *expected useful life (EUL), n*—the average amount of time in years that an item, component or system is estimated to function without material repair when installed new and assuming routine maintenance is practiced.

2.3.16 *field observer, n*—the individual that conducts the walk-through survey.

2.3.17 *immediate costs, n*—opinions of costs that require immediate action as a result of any of the following: (1) material existing or potentially unsafe conditions, (2) material building or fire code violations, or (3) physical deficiencies that if left uncorrected would be expected to result in or contribute to critical element or system failure within one year or will result most probably in a significant escalation of its remedial cost.

2.3.18 *observation, n*—the visual survey of items, systems, conditions, or components that are readily accessible and easily visible during a walk-through survey of the subject property.

2.3.19 *observe, v*—to conduct an observation pursuant to this guide within the context of easily visible and readily accessible.

2.3.20 *obvious, adj*—plain, evident, and readily accessible; a condition easily visible or fact not likely to be ignored or overlooked by a field observer when conducting a walk-through survey or that which is practically reviewable and would be understood easily by a person conducting the PCA.

2.3.21 *opinions of costs, n*—opinion of costs that may be encountered in correction of physical deficiencies.

2.3.22 *owner, n*—the entity holding the title to the commercial real estate that is the subject of the PCA.

2.3.23 *PCR reviewer, n*—the individual that both exercises responsible control over the field observer and who reviews the PCR prior to delivery to the user.

2.3.24 *physical condition, n*—the physical state of a property, system, component or piece of equipment. Within the context of the assessment, the consultant may offer opinions of the physical condition of the property, or of systems, components and equipment observed. Such opinions commonly employ terms such as good, fair and poor; though additional terms such as excellent, satisfactory and unsatisfactory may also be used.

2.3.24.1 *good condition*—in working condition and does not require immediate or short term repairs above an agreed threshold*

2.3.24.2 *fair condition*—in working condition, but may require immediate or short term repairs above an agreed threshold*

2.3.24.3 *poor condition*—not in working condition or requires immediate or short term repairs substantially above an agreed threshold*

2.3.24.4 *Discussion*—*The agreed threshold is presumed to be the *de minimis* reporting threshold unless otherwise specified.

2.3.24.5 *Discussion*—Where used to describe the physical condition of a property, system, component or piece of equipment, the terms good, fair and poor shall have the following meaning: Where used to describe the physical condition of a property or system, the opinion is intended to reflect predominant condition of the property or system. For example, an air conditioning system may be in good condition

despite a requirement to replace a limited number of units. Alternatively, a range of conditions may be described by combining terms such as “good to fair”, or “fair to poor.” Where conditions are not uniform, an explanation of the various disparate conditions shall be included in the report. Terms not defined above shall be defined in the report or agreement for services.

2.3.24.6 *Discussion*—Terms not defined above shall be defined in the report or agreement for services.

2.3.25 *physical deficiency, n*—a conspicuous defect or deferred maintenance of a subject property’s material systems, components, or equipment as observed during completion of the PCA.

2.3.25.1 *Discussion*—This definition specifically excludes deficiencies that may be remedied with routine maintenance, miscellaneous minor repairs, normal operating maintenance, etc., and excludes *de minimis* conditions that generally do not present material physical deficiencies of the subject property.

2.3.26 *Point of Contact (POC)*—owner, owner’s agent, or user-identified person or persons knowledgeable about the physical characteristics, maintenance, and repair of the subject property.

2.3.27 *practically reviewable, adj*—describes information that is provided by the source in a manner and form that, upon review, yields information relevant to the subject property without the need for significant analysis, measurements, or calculations. Records or information that feasibly cannot be retrieved by reference to the location of the subject property are not generally considered practically reviewable.

2.3.28 *primary commercial real estate improvements, n*—the site and building improvements that are of fundamental importance with respect to the commercial real estate. This definition specifically excludes ancillary structures, that may have been constructed to provide support uses such as maintenance sheds, security booths, utility garages, pool filter and equipment buildings, etc.

2.3.29 *property, n*—the site improvements, which are inclusive of both site work and buildings.

2.3.30 *property condition assessment (PCA), v*—the process by which a person or entity observes a property, interviews sources, and reviews available documentation for the purpose of developing an opinion and preparing a PCR.

2.3.31 *property condition report (PCR), n*—a written report, prepared in accordance with the recommendations contained in this guide, documenting the observations and opinions developed during completion of the assessment.

2.3.32 *readily accessible, adj*—describes areas of the subject property that are promptly made available for observation by the field observer at the time of the walk-through survey and do not require the removal or relocation of materials or personal property, such as furniture, floor, wall, or ceiling coverings; and that are safely accessible in the opinion of the field observer.

2.3.33 *readily available, adj*—describes information or records that are easily and promptly provided to the consultant

upon making a request in compliance with an appropriate inquiry and without the need for the consultant to research archive files.

2.3.34 *reasonably ascertainable, adj*—describes information that is publicly available, as well as readily available, provided to the consultant's offices from either its source or an information research/retrieval service within reasonable time, practically reviewable, and available at a nominal cost for either retrieval, reproduction or forwarding.

2.3.35 *remaining useful life (RUL), n*—a subjective estimate based upon observations, or average estimates of similar items, components, or systems, or a combination thereof, of the number of remaining years that an item, component, or system is estimated to be able to function in accordance with its intended purpose before warranting replacement. Such period of time is affected by the initial quality of an item, component, or system, the quality of the initial installation, the quality and amount of preventive maintenance exercised, climatic conditions, extent of use, etc.

2.3.36 *representative observations, n*—observations of a reasonable number of samples of repetitive systems, components, areas, etc., which are conducted by the field observer during the walk-through survey. The concept of representative observations extends to all conditions, areas, equipment, components, systems, buildings, etc., to the extent that they are similar and representative of one another.

2.3.37 *routine maintenance, n*—a repair that does not require specialized equipment, professional services, or contractors, but rather can be corrected within the budget and skill set of typical property maintenance staff.

2.3.38 *short-term costs, n*—opinions of costs to remedy physical deficiencies, such as deferred maintenance, that may not warrant immediate attention, but require repairs or replacements that should be undertaken on a priority basis in addition to routine preventive maintenance.

2.3.39 *shutdown, adj*—equipment, components, or systems that are not operating at the time of the field observer's walk-through survey.

2.3.40 *site visit, n*—the visit to the subject property during which observations are made pursuant to the walk-through survey section of this guide.

2.3.41 *specialty consultants, n*—individuals or entities in the fields of life safety, security, engineering, or in any particular building component, equipment, or system that have acquired detailed, specialized knowledge and experience in the design, evaluation, operation, repair, or installation of same.

2.3.42 *subject building, n*—referring to the primary building or buildings on the subject property, and that are within the scope of PCA.

2.3.43 *subject property, n*—the commercial real estate consisting of the site and primary real estate improvements that are the subject of the PCA described by this guide.

2.3.44 *suggested remedy, n*—an opinion as to a course of action to remedy or repair a physical deficiency. Such an opinion may also be to conduct further research or testing for

the purposes of discovery to gain a better understanding of the cause or extent of a physical deficiency (whether observed or highly probable) and the appropriate remedial or reparatory response. A suggested remedy may be preliminary and does not preclude alternate methods or schemes that may be more appropriate to remedy the physical deficiency or that may be more commensurate with the user's requirements.

2.3.45 *survey, n*—observations made by the field observer during a walk-through survey to obtain information concerning the subject property's readily accessible and easily visible components or systems.

2.3.46 *technically exhaustive, adj*—describes the use of measurements, instruments, testing, calculations, exploratory probing or discovery, or other means to discover, or a combination thereof, or troubleshoot physical deficiencies or develop architectural or engineering findings, conclusions, and recommendations, or combination thereof.

2.3.47 *timely access, n*—entry provided to the consultant at the time of the site visit.

2.3.48 *user, n*—the party that retains the consultant for the preparation of the PCA.

2.3.49 *walk-through survey, n*—conducted during the field observer's site visit of the subject property, that consists of nonintrusive visual observations, survey of readily accessible, easily visible components and systems of the subject property. This survey is described fully in Section 8. Concealed physical deficiencies are excluded. It is the intent of this guide that such a survey should not be considered technically exhaustive. It excludes the operation of equipment by the field observer and is to be conducted without the aid of special protective clothing, exploratory probing, removal or relocation of materials, testing, or the use of equipment, such as ladders (except as required for roof access), stools, scaffolding, metering/testing equipment, or devices of any kind, etc. It is literally the field observer's visual observations while walking through the subject property.

2.4 Abbreviations and Acronyms:

2.4.1 *ADA, n*—The Americans with Disabilities Act.

2.4.2 *ASTM, n*—ASTM International.

2.4.3 *BOMA, n*—Building Owners and Managers Association.

2.4.4 *BUR, n*—Built-up Roofing.

2.4.5 *EIFS, n*—Exterior Insulation and Finish System.

2.4.6 *EMF, n*—Electro Magnetic Fields.

2.4.7 *EMS, n*—Energy Management System.

2.4.8 *EUL, n*—Expected Useful Life.

2.4.9 *FEMA, n*—Federal Emergency Management Agency.

2.4.10 *FHA, n*—Fair Housing Act.

2.4.11 *FIRMS, n*—Flood Insurance Rate Maps.

2.4.12 *FOIA, n*—U.S. Freedom of Information Act (5 USC 552 et seq.) and similar state statutes.

2.4.13 *FOIL*—Freedom of Information Letter.

2.4.14 *FM*—Factory Mutual.

deficiencies; or, any information such as pending proposals or costs to remedy known physical deficiencies.

5. Property Condition Assessment

5.1 *Objective*—The purpose of the PCA is to observe and report, to the extent feasible pursuant to the processes prescribed herein, on the physical condition of the subject property.

5.2 *PCA Components*—The PCA should have four components:

5.2.1 *Documentation Review and Interviews*; refer to Section 7.

5.2.2 *Walk-Through Survey*; refer to Section 8.

5.2.3 *Preparation of Opinions of Costs to Remedy Physical Deficiencies*; refer to Section 9.

5.2.4 *Property Condition Report*; refer to Section 10.

5.3 *Coordination of Components*:

5.3.1 *Components Used in Concert*—The Documentation Review, Interviews, and Walk-Through Survey components of this guide are interrelated in that information obtained from one component may either indicate the need for more information from another, or impact the consultant's findings, opinions, opinions of costs, or recommendations, or a combination thereof.

5.3.2 *Information Provided by Others*—The consultant should note in the PCR the sources of information used by the consultant that were material in identifying any physical deficiencies of the subject property that were not readily observed by the consultant or that supplemented the consultant's observations.

5.4 *Consultant's Duties*:

5.4.1 *Who May Conduct Portions of the PCA*—The inquiries, interviews, walk-through survey, interpretation of the information upon which the PCR is based, the preparation of opinions of costs, and the writing of the PCR are all tasks and portions of the PCA that may be performed by the consultant, field observer, members of the consultant's staff, or third party contractors engaged by the consultant.

5.4.2 *Responsibility for Lack of Information*—The consultant is not responsible for providing or obtaining information should the source contacted fail to respond, respond only in part, or fail to respond in a timely manner.

5.4.3 *Opinions of Costs Contingent on Further Discovery*—The consultant is not required to provide opinions of costs to remedy physical deficiencies that may require the opinions of specialty consultants or the results of testing, intrusive observations, exploratory probing, or further research to determine the cause of the physical deficiency and the appropriate remedy, scope, and scheme for repair or replacement unless user and consultant have agreed to such an expansion of the scope of work.

5.4.4 *Representative Observations*—The field observer is not expected to survey every recurring component or system during a walk-through survey. For example, it is not the intent to survey every RTU, balcony, window, roof, toilet room facility, utility closet, every square foot of roofing, etc. Only representative observations of such areas are to be surveyed.

The concept of representative observations extends to all conditions, areas, equipment, components, systems, buildings, etc., to the extent that they are similar and representative of one another.

6. The Consultant

6.1 *Qualifications of the Consultant*—This guide recognizes that the competency of the consultant is highly dependent on many factors that may include professional education, training, experience, certification, or professional licensing/registration, of both the consultant's field observers and the PCR reviewer. It is the intent of this guide to identify factors that should be considered by the user when retaining a consultant to conduct a PCA and by the consultant in selecting the appropriate field observer and PCR reviewer. No standard can be designed to eliminate the role of professional judgment, competence, and the value and need for experience during the walk-through survey and to conduct the PCA. Consequently, the qualifications of the field observer and the PCR reviewer are critical to the performance of the PCA and the resulting PCR. This guide further recognizes that the consultant has the responsibility to select, engage, or employ the field observer and the PCR reviewer. Therefore, each PCR should include as an exhibit a statement of qualifications of both the field observer and the PCR reviewer.

6.2 *Staffing of the Field Observer*—This guide recognizes that for the majority of commercial real estate subject to a PCA, the field observer assigned by the consultant to conduct the walk-through survey most likely will be a single individual having a general, well rounded knowledge of pertinent building systems and components. However, a single individual will not have knowledge, expertise, or experience with all building codes, whether such codes are nationally or locally accepted, building systems, and asset types, which are applicable in all locales. The decision to supplement the field observer with specialty consultants, building system mechanics, specialized service personnel, or any other specialized field observers, should be a mutual decision made by the consultant and the user prior to engagement. This decision should be made in accordance with the requirements, risk tolerance level, and budgetary constraints of the user, the purpose the PCA is to serve, the expediency of PCR delivery, and the complexity of the subject property.

6.3 *Independence of the Consultant*—This guide recognizes that the consultant normally is a person or entity, acting as an independent contractor, who has been engaged by the user to conduct a PCA. In the event the consultant, the field observer, the PCR reviewer, or members of the consultant's staff are employees of, or subsidiary of, the user, such affiliation or relationship should be disclosed in the Executive Summary of the PCR.

6.4 *Qualifications of the Field Observer*—Refer to **X1.1.1** for nonmandatory guidance on the qualifications of the field observer.

6.5 *Qualifications of the PCR Reviewer*—Refer to **X1.1.2** for nonmandatory guidance on the qualifications of the PCR Reviewer.

6.6 The Field Observer and PCR Reviewer May Be a Single Individual—The PCR reviewer also may act as the field observer and conduct the walk-through survey. In such an event, the PCR reviewer should identify such dual responsibilities and sign the PCR indicating that he or she has performed both functions.

6.7 Not a Professional Architectural or Engineering Service—It is not the intent of this guide that by conducting the walk-through survey or reviewing the PCR that the consultant, the field observer, or the PCR reviewer is practicing architecture or engineering. Furthermore, it is not the intent of this guide that either the PCR reviewer or the field observer, if they are an architect or engineer, must either sign or seal the PCR as an instrument of professional service or identify their signatures as being that of an architect or engineer.

7. Document Review and Interviews

7.1 Objective—The objective of the document review and interviews is to augment the walk-through survey and to assist the consultant’s understanding of the subject property and identification of physical deficiencies. Records or documents, that are readily available and reasonably ascertainable may be reviewed in completion of the assessment.

7.2 Reliance—The consultant is not required to independently verify the information provided and may rely on information provided to the extent that the information appears reasonable to the consultant.

7.3 Accuracy and Completeness—Accuracy and completeness of information varies among information sources. The consultant is not obligated to identify mistakes or insufficiencies in the information provided. However, the consultant should make reasonable effort to compensate for mistakes or insufficiencies of information reviewed that are obvious in light of other information obtained in the process of conducting the PCA or otherwise known to the consultant.

7.4 Government Agency Provided Information:

7.4.1 Documents to Be Reviewed—Consultant is to solicit and review: base building certificate of occupancy, outstanding and recorded material building code violations, and recorded material fire code violations.

7.4.2 Reasonably Ascertainable/Standard Government Record Sources—Availability of record or document information varies from information source to information source, including governmental jurisdictions. The consultant should make appropriate inquiry and review only such record information that is reasonably ascertainable from standard sources. If information is not practically reviewable or not provided to the consultant in a reasonable time for the consultant to formulate an opinion and complete the PCR, such fact should be stated in the PCR, and the consultant is to have no further obligation of retrieving such documentation or reviewing it if it is subsequently provided. Nevertheless, if pursuant to the consultant’s appropriate inquiry, material information is received by the consultant contemporaneous to the preparation of the PCR (within 30 days of the site visit) but too late to be included in the PCR, the consultant should forward it to the user.

7.4.3 Publicly Available Documents—Information from a government agency, department or other source of information, which typically is reproduced and provided to the consultant upon appropriate inquiry and is reasonably ascertainable.

7.4.4 Drawings—Obtaining a set of drawings, which may be available publicly, is an exception to the requirement that Publicly Available Documents be provided, due to delivery and cost constraints. If readily available, such documents should be provided and identified to the consultant by the owner, owner’s representative, or user as construction, as-built, or other design/construction documents. Nonetheless, the review of drawings of the subject property is not a requirement of this guide. Drawings may serve as an aid to the consultant in describing the subject property’s improvements, in developing quantities for opinions of costs for suggested remedies of physical deficiencies, and to assist in preparing brief descriptions of the subject property’s major systems; however, it should not be deemed by the user a verification of as-built conditions.

7.4.5 Reasonable Time and Cost—It is the intent of this guide that information will be provided to the consultant within ten (10) business days of the source receiving appropriate inquiry, without an in-person request by the consultant being required, and at no more than a nominal cost to cover the source’s cost of retrieving and duplicating the information. Generally, an in-person request by the consultant is not required. However, this is not to preclude the consultant from personally researching such files if, in the opinion of the consultant, this could be reasonably accomplished at the time of the site visit.

7.5 Pre-Survey Questionnaire—The consultant may provide the owner, POC, or owner’s representative with a pre-survey questionnaire (the questionnaire). Such a questionnaire, complete with the owner’s or owner’s representative’s responses, should be included as an exhibit within the PCR unless directed otherwise by user. Should the user direct the consultant to omit the pre-survey questionnaire from the PCR or direct the consultant not to forward the pre-survey questionnaire to the owner, the consultant should disclose this information within the PCR.

7.6 Owner/User Provided Documentation and Information—The consultant should review the following documents and information that may be in the possession of or provided by the owner, owner’s representative, user, or combination thereof, as appropriate. Such information also could aid in the consultant’s knowledge of the subject property’s physical improvements, extent and type of use, or assist in identifying material discrepancies between reported information and observed conditions, or a combination thereof. The consultant’s review of documents submitted should not include commenting on the accuracy of such documents or their preparation, methodology, or protocol. If the consultant discovers a significant discrepancy, it should be disclosed within the PCR.

7.6.1 Appraisal, either current or previously prepared.

7.6.2 Certificate of Occupancy.

7.6.3 Safety inspection records.

7.6.4 Warranty information (roofs, boilers, chillers, cooling towers, etc.).

7.6.5 Records indicating the age of material building systems such as roofing, paving, plumbing, heating, air conditioning, electrical, etc.

7.6.6 Historical costs incurred for repairs, improvements, recurring replacements, etc.

7.6.7 Pending proposals or executed contracts for material repairs or improvements.

7.6.8 Descriptions of future improvements planned.

7.6.9 Outstanding citations for building, fire, and zoning code violations.

7.6.10 The ADA survey and status of any improvements implemented to effect physical compliance.

7.6.11 Previously prepared property condition reports or studies pertaining to any aspect of the subject property's physical condition.

7.6.12 Records indicating building occupancy percentage.

7.6.13 Building rent roll as it relates to tenant count or leasable area.

7.6.14 Leasing literature, listing for sale, marketing/promotional literature such as photographs, descriptive information, reduced floor plans, etc.

7.6.15 Drawings and specifications (as-built or construction).

7.7 *Interviews*—Prior to the site visit, the consultant should ask the owner or user to identify the POC. The consultant should contact the POC to forward the pre-survey questionnaire so as to inquire about the subject property's historical repairs and replacements and their costs, level of preventive maintenance exercised, pending repairs and improvements, frequency of repairs and replacements, and existence of ongoing or pending litigation related to subject property's physical condition. In connection with the consultant's research or walk-through survey, the consultant may also question others who are knowledgeable of the subject property's physical condition and operation. It is within the discretion of the consultant to decide which questions to ask before, during, or after the site visit.

7.7.1 *Method*—Questions to be asked pursuant to this section are at the discretion of the consultant and may be asked in person, by telephone, or in writing.

7.7.2 *Incomplete Answers*—While the consultant should make inquiries in accordance with this section, the persons to whom the questions are addressed may have no obligation to cooperate. Should the POC owner, or the property manager, building/facility engineer, or maintenance supervisor not be available for an interview, whether by intent or inconvenience, or not respond in full or in part to questions posed by the consultant, the consultant should disclose such within the PCR. Furthermore, should any party not grant such authorization to interview, restrict such authorization, or should the person to whom the questions are addressed not be knowledgeable about the subject property, this should be disclosed within the PCR.

8. Walk-Through Survey

8.1 *Objective*—The objective of the walk-through survey is to visually observe the subject property so as to obtain information on material systems and components.

8.2 *Frequency*—It is not expected that more than one site visit to the subject property be conducted by the field observer in connection with a PCA. The site visit constituting part of the PCA is referred to as the walk-through survey.

8.3 *Photographs*—Consultant should document representative conditions with photographs and use reasonable efforts to document typical conditions present including material physical deficiencies, if any. Photographs should include as a minimum: front and typical elevations and exteriors, site work, parking areas, roofing, structural systems, plumbing, HVAC, and electrical systems, conveyance systems, life safety systems, representative interiors, and any special or unusual conditions present, provided that such building systems and components are within the scope of the PCA as defined between the user and consultant.

8.4 *Scope*—During the site visit, and in accordance with the principles of conducting representative observations, the field observer should conduct a walk-through survey of the subject property to observe material systems and components and identify physical deficiencies and any unusual features. Testing, measuring, or preparing calculations for any system or component to determine adequacy, capacity, or compliance with any standard is outside the scope of this guide. The schedule of specific items of the material building systems and components to be observed, which are presented in the succeeding subsections, should not be considered all-inclusive, and the consultant should utilize professional judgment regarding adding or deleting subsections as necessary to complete the PCR. Similarly, subsections identified as “out of scope considerations” identified at Section 11 and elsewhere in this document are provided for clarification and should not be construed as all-inclusive.

8.4.1 *Site:*

8.4.1.1 *Topography*—Observe the general topography and any unusual or problematic features or conditions.

8.4.1.2 *Storm Water Drainage*—Observe the storm water collection and drainage system and note the presence of on-site surface waters, and retention or detention basins.

8.4.1.3 *Ingress and Egress*—Observe the major means of ingress and egress.

8.4.1.4 *Paving, Curbing, and Parking*—Observe the material paving and curbing systems. Identify the types of parking, that is, garage, surface, subsurface, etc., the number and types of parking and loading spaces, and any reported parking inadequacies. Note the source of the information relating to the number and types of parking and loading spaces.

8.4.1.5 *Flatwork*—Observe sidewalks, plazas, patios, etc.

8.4.1.6 *Landscaping and Appurtenances*—Observe landscaping (trees, shrubs, lawns, fences, retaining walls, etc.) and material site appurtenances (irrigation systems, fountains, lighting, signage, ponds, etc.).

8.4.1.7 *Recreational Facilities*—Observe on-site recreational facilities.

8.4.1.8 *Special Utility Systems*—Identify the presence of any material special on-site utility systems such as water or wastewater treatment systems, special power generation systems, etc. If readily available, identify material system

- 8.5.3.6 FHA Requirements,³
- 8.5.3.7 Mold;
- 8.5.3.8 Indoor Air Quality, and
- 8.5.3.9 Property Security Systems.
- 8.5.3.10 Long Term Costs⁴

9. Opinions of Costs to Remedy Physical Deficiencies

9.1 *Purpose*—Based upon the walk-through survey and information obtained in accordance with following this guide, general-scope opinions of costs are to be prepared for the suggested remedy of the material physical deficiencies observed. These opinions of costs are to assist the user in developing a general understanding of the physical condition of the subject property.

9.2 *Scope*—Opinions of costs should be provided for material physical deficiencies and not for repairs or improvements that could be classified as: (1) cosmetic or decorative; (2) part or parcel of a building renovation program (3) tenant improvements/finishes; (4) enhancements to reposition the subject property in the marketplace; (5) for warranty transfer purposes; or (6) routine or normal preventive maintenance, or a combination thereof.

9.3 *Opinions of Costs Attributes:*

9.3.1 *Threshold Amount for Opinions of Costs*—It is the intent of this guide that the material physical deficiencies observed and the corresponding opinions of costs (1) be commensurate with the market value and complexity of the subject property; (2) not be minor or insignificant; and (3) serve the purpose of the user in accordance with the user’s risk tolerance level. Opinions of costs that are either individually or in the aggregate less than a threshold amount of \$3,000 for like items are to be omitted from the PCR⁵. If there are more than four separate like items that are below this threshold requirement, but collectively total over \$10,000, such items should be included. This guide recognizes that for properties of large scope or market value, the aforementioned thresholds may be inappropriate to be meaningful to a user, and the user may adjust these cost threshold amounts provided that they are disclosed within the PCR’s Executive Summary under the heading “Deviations from the Guide.”

9.3.2 *Actual Costs May Vary*—Opinions of costs should only be construed as preliminary, order of magnitude budgets. Actual costs most probably will vary from the consultant’s opinions of costs depending on such matters as type and design of suggested remedy, quality of materials and installation, manufacturer and type of equipment or system selected, field conditions, whether a physical deficiency is repaired or replaced in whole, phasing of the work (if applicable), quality of

contractor, quality of project management exercised, market conditions, and whether competitive pricing is solicited, etc. This guide recognizes that certain opinions of costs cannot be developed within the scope of this guide without further study. Opinions of cost for further study should be included in the PCR.

9.3.3 *Extrapolation of Representative Observations*—Opinions of costs may be based upon: the extrapolation of representative observations, conditions deemed by the consultant as highly probable, results from information received, or the commonly encountered EULs or RULs of the components or systems, or a combination thereof.

9.3.4 *Estimating of Quantities*—It is not the intent of this guide that the consultant is to prepare or provide exact quantities or identify the exact locations of items or systems as a basis for preparing the opinions of costs.

9.3.5 *Basis of Costs*—The source of cost information utilized by the consultant may be from one or more of the following resources: (1) user provided unit costs; (2) owner’s historical experience costs; (3) consultant’s cost database or cost files; (4) commercially available cost information such as published commercial data; (5) third-party cost information from contractors, vendors, or suppliers; or (6) other qualified sources that the consultant determines appropriate. Opinions of costs should be provided with approximate quantities, units, and unit costs by line item. If in the reasonable opinion of the consultant, a physical deficiency is too complex or difficult to develop an opinion of probable cost using the quantity and unit cost method, the consultant may apply a lump sum opinion of probable costs for that particular line item. Opinions of costs should be limited to construction-related costs; those types of costs that commonly are provided by contractors who perform the work. Business related, design, construction management fees, general conditions, and indirect costs should be excluded.

9.3.6 *Costs for Additional Study*—For some physical deficiencies, determining the appropriate suggested remedy or scope may warrant further study/research or design, testing, exploratory probing, and exploration of various repair schemes, or a combination thereof, all of which are outside the scope of this guide. In these instances, the opinions of costs for additional study should be provided.

9.3.7 *Cost Segregation*—Opinions of costs should be segregated within the PCR into the categories of immediate costs and short-term costs.

10. Property Condition Report

10.1 *Format*—This guide does not present a specific PCR format to be followed. This should be determined between the user and the consultant.

10.2 *Writing Protocols:*

10.2.1 *Suggested Remedy*—For each material physical deficiency, the consultant should provide a suggested remedy, which may include recommending further research or testing, or both, if appropriate in the consultant’s opinion.

10.2.2 *Significance of Physical Deficiency*—If the significance of the physical deficiency is not readily discernible, the consultant should explain its significance in a simple manner meaningful to a user. For example, stating that “the subject

³ This guide recognizes that PCAs for residential properties may include some level of assessment of FHA compliance. Where such an assessment is desired, the extent of assessment should be mutually agreed upon by the user and the consultant.

⁴ This guide recognizes that most PCAs include some level of assessment of long-term costs. This guide recognizes that there are numerous methods and acceptable levels of long-term cost assessment that can be conducted as part of the PCA. Where such an assessment is desired, the method and level of assessment should be mutually agreed upon by the user and the consultant.

⁵ This guide recognizes that most PCRs include material life-safety code and building code violations regardless of cost.

property has aluminum distribution wiring” may be insufficient to the user, since this statement reveals nothing about the significance of this adverse condition.

10.2.3 Disclosure of Information Source—The consultant should differentiate between material information obtained by the field observer’s actual knowledge and that reported or provided by others or obtained from documents provided. The source of such material information should be reported.

10.2.4 Representative Description and Observed Conditions—The PCR’s descriptions of systems and components and their general physical condition may be based upon extrapolations of representative observations conducted by the field observer during the walk-through survey.

10.3 Documentation—The PCR should include pertinent documentation such as photographs; copies of material building and fire department records; building code violation notices to the extent deemed material; certificates of occupancy; and copies of repair cost documentation submitted by owner or owner’s representative, contractors, or agents, for past or existing physical deficiencies. All photographs should be numbered and captioned, and may be correlated to the PCR’s text.

10.4 Credentials—The PCR should name the field observer and the PCR reviewer and should include their statement of qualifications.

10.5 Executive Summary—The general content for the PCR Executive Summary is discussed in this section.

10.5.1 General Description—The opening paragraph should indicate that this is a PCR, identify the subject property, and provide pertinent information such as use, size, age, location, construction type, design style, and apparent occupancy status. Also identify the name of the consultant that prepared the PCR, the name of the user, the user’s position with respect to the subject property, the commercial real estate transaction (if known), the purpose the PCR is to serve (if known), and the date of the site visit.

10.5.2 General Physical Condition—In **10.5.1**, the subject property’s general physical condition, the apparent level of preventive maintenance exercised, and any significant deferred maintenance is summarized. A schedule of material physical deficiencies, any significant capital improvements that are pending, in-progress, or were recently implemented, and any significant findings resulting from research should be provided.⁶

10.5.3 Opinions of Costs—Present the aggregate sum of opinions of costs segregated between immediate and short-term costs.

10.5.4 Deviations from this Guide—Present all material deviations and deletions from this guide, if any, listed individually along with all additional consultant services that have exceeded this guide’s suggested requirements.

10.5.5 Consultant/Field Observer Relationship—If the consultant or field observer, or both are not at arm’s-length with the user, such a relationship should be disclosed.

10.5.6 Recommendations/Discussions—Briefly identify those components and systems necessitating further study, research, testing, intrusive survey, or exploratory probing. This section also may be used to discuss any obvious major deviations from the subject property description provided by the user to the consultant, ongoing repairs or improvements, or other relevant issues.

10.6 Purpose and Scope:

10.6.1 Purpose—Provide a short paragraph specifically stating the purpose the PCR should serve and the client’s position with respect to the commercial real estate transaction. If the client does not disclose the PCR’s purpose or its role to the consultant, the PCR should so state.

10.6.2 Scope—Identify the improvements that comprise the subject property. Provide an outline of the scope of work completed for the PCA and methods utilized. Should either the PCA or the PCR materially deviate from this guide or if there were any constraints preventing the consultant from performing the PCA in accordance with this guide, these constraints should be identified.

10.7 Walk-Through Survey—Provide the information that is outlined in Section 8. Such information should include a brief description of each system or component and observed physical deficiencies, if any. Both the brief descriptions and the observed physical deficiencies may be based upon the field observer’s representative observations. A general description of material tenant-owned equipment that is outside the scope of the PCA should be provided in this section.

10.8 Document Reviews and Interviews—Identify any material information relating to physical deficiencies of the subject property resulting from the review of documents and interviews conducted.

10.9 Additional Considerations—Identify any material additional considerations or Out of Scope considerations that are included in the PCR.

10.10 Opinions of Costs—Identify the material physical deficiencies and provide suggested remedies, complete with opinions of costs.

10.11 Qualifications—Both the field observer’s and the PCR reviewer’s statement of qualifications should be provided.

10.12 Limiting Conditions—Provide all limiting conditions of the PCR.

10.13 Exhibits:

10.13.1 Representative photographs (may be correlated directly into text or numbered and labeled in exhibit).

10.13.2 Questionnaire.

10.13.3 User/owner submitted documents.

10.13.4 Photocopied plot plans, sketches, etc.

10.13.5 Other exhibits considered appropriate by the consultant.

11. Out of Scope Considerations

11.1 Activity Exclusions—The activities listed below generally are excluded from or otherwise represent limitations to the scope of a PCA prepared in accordance with this guide. These

⁶ This should include material life-safety code and building code violations.

by any standards that are related to insurance industry acceptance/approval, such as FM, State Board of Fire Underwriters, etc.

11.3 Additional/General Considerations:

11.3.1 Further Inquiry—There may be physical condition issues or certain physical improvements at the subject property that the parties may wish to assess in connection with a commercial real estate transaction that are outside the scope of this guide. Such issues are referred to as non-scope considerations, and if included in the PCR, should be identified under **10.9**.

11.3.2 Out of Scope Considerations—Whether or not a user elects to inquire into non-scope considerations in connection

with this guide is a decision to be made by the user. No assessment of such non-scope considerations is required for a PCA to be conducted in compliance with this guide.

11.3.3 Other Standards—Other standards or protocols may exist for the discovery or assessment of physical deficiencies. Such standards and protocols are expressly excluded from the scope of the assessment unless otherwise agreed between the User and Consultant.

12. Keywords

12.1 ASTM; physical assessment report; property condition assessment (PCA); property condition report (PCR)

ANNEX

(Mandatory Information)

A1. SPECIFIC PROPERTY TYPES

INTRODUCTION

This annex is to be used to supplement or complement previous sections of this guide for various asset types as if integral to the preceding sections.

A1.1 Multifamily Properties:

A1.1.1 Representative Observations—For complexes with multiple buildings, representative observations of the exterior envelopes applies to all similar residential buildings. For complexes built in phases, each construction phase should be surveyed. Representative observations of the interiors should include a mix of units, which are occupied, vacant, damaged, and under renovation or repair. Representative observations of the interiors of each construction phase should include a sufficient number of the top and bottom floors. If not specified in the agreement between consultant and user, the number of units, buildings, and components surveyed in each construction phase should be sufficient to allow the field observer to develop an opinion with reasonable confidence regarding the present condition of the building systems and should be determined using the professional judgment and experience of the field observer at the time of the walk-through survey. The number of reported units that are not available for occupancy, and the reported reasons they are not available should be included in the PCR. The PCR should contain the consultant’s rationale for determining the number of units surveyed and for selecting the units that are surveyed. In addition, the PCR should disclose the specific units surveyed.

A1.1.2 Patios and Balconies—The field observer should conduct representative observations of patios, balconies, enclosures, railings, etc., and report on the observed condition.

A1.1.3 Plumbing—The field observer should identify the type of supply piping material (to the extent that it is easily visible) and note any replacement or historical breakage if reported to the field observer. General conditions and historical

leakage of other systems and apparent causes should also be discussed in the PCR.

A1.1.4 Electrical—The field observer should note the size of the electrical service serving representative units, and whether units are individually metered. To the extent readily accessible and easily visible, which for purposes of this clause includes the removal of switch or outlet covers by building maintenance personnel for representative observations, the type of distribution wiring for 120-V circuits should be provided in the PCR. If aluminum wiring is observed, the presence or absence of properly rated connection devices should be noted.

A1.1.5 Attic—The presence or lack of an attic should be specifically addressed. If the attic(s) is readily accessible, the field observer should note observations such as means of access, ventilation, evidence of water leakage, daylight entering through defects, the amount and type of insulation and the presence and condition of draft stops.

A1.1.6 Roof Sheathing—The field observer should note Fire Resistant Treated (FRT) plywood, if observed.

A1.1.7 Interviews—For multifamily properties, residential occupants do not need to be interviewed unless appropriate and with the consent of the owner or user. If the subject property also has nonresidential uses and the owner or user provides authorization, the field observer should interview nonresidential occupants in accordance with this guide.

A1.2 Commercial Office Buildings:

A1.2.1 Representative Observations—For complexes of buildings built in phases, each construction phase should be

surveyed. For a subject property that contains a complex of multiple buildings, the concept of representative observations extends to each building individually and not to all buildings as a whole. Representative observations should include a mix of tenant (occupied and unoccupied) and common areas. Representative observations of the interiors of each construction phase should include a sufficient number of the top and bottom floors. If not specified in the agreement between consultant and user, the quantity of floor area and the number of components and systems surveyed in each construction phase should be sufficient to allow the field observer to develop an opinion with reasonable confidence regarding the present condition of the building systems. Such representative observations should be determined using the professional judgment and experience of the field observer at the time of the walk-through survey. The quantity of reported floor area, which is not available for occupancy, and the reasons it is reportedly not available, should be included in the PCR. The PCR should contain the consultant's rationale for determining the quantity of floor area surveyed and for selecting the specific floors that were surveyed.

A1.3 Retail Buildings:

A1.3.1 *General Exclusions*—The consultant is not required to survey the interior condition of shell-finish tenancies or the interior/base building conditions of anchor stores, unless specifically included in the scope of the PCA. Furthermore, pad buildings having different ownership than the primary building(s) are excluded from the scope of the PCA survey.

A1.3.2 *Representative Observations*—For complexes of buildings built in phases, each construction phase should be surveyed. For a subject property that contains a complex of multiple buildings, the concept of representative observations extends to each building individually and not to all buildings as a whole. Representative observations should include a mix of tenant (occupied and unoccupied) and common areas. Repre-

sentative observations of the interiors of each construction phase should include a sufficient number of the top and bottom floors. If not specified in the agreement between consultant and user, the quantity of floor area and the number of components, and systems surveyed in each construction phase should be sufficient to allow the field observer to develop an opinion with confidence as to the present condition of the building systems. Such representative observations should be determined using the professional judgment and experience of the field observer at the time of the walk-through survey. The quantity of reported floor area, which is not available for occupancy and the reasons it is reportedly not available, should be included in the PCR. The PCR should contain the consultant's rationale for determining the quantity of floor area surveyed and for selecting the specific floors, that were surveyed.

A1.3.3 *Interviews*—With the consent of the owner and the user, the field observer should interview proprietors or store managers of the tenant spaces surveyed as to the subject property's general condition in addition to other knowledgeable persons identified by the owner or user as described in 7.7. The consultant should use discretion and should not disclose the purpose of the PCA to tenants unless the user grants permission. This guide recognizes that there is no obligation for the proprietors or store managers to cooperate.

A1.3.4 *Roofing*—In addition to the observations made of the main roofs of buildings, a description and observed condition of canopy roofs, viewed either from the main roof or, if appropriate, from the ground should be reported along with any generally observed physical deficiencies with the parapets, canopies, soffit, or fascia system.

A1.3.5 *Flatwork*—Loading dock areas, if any, should be observed along with the condition of any flatwork, such as the loading dock platform, loading dock exterior stairs, and concrete trailer pads.

APPENDIXES

(Nonmandatory Information)

X1. GUIDANCE AND ENHANCED DUE DILIGENCE SERVICES

INTRODUCTION

The information presented in this appendix is not necessary for completing a baseline PCA pursuant to this guide; however, a user and consultant may wish to utilize some or all of the information presented in this appendix to increase or supplement the extent of due diligence to be exercised by the consultant.

X1.1 *Qualifications* —This guide recognizes that the quality of a PCR is highly dependent on the qualifications of the field observer and PCR reviewer. These qualifications include such factors as experience, education, training, certification, and professional registration/licensure in architecture or engineer-

ing. Additionally, this guide recognizes that appropriate qualification levels may vary for different PCAs depending on such factors as asset type and scope (size, age, complexity, etc.) as well as the purpose the PCR is to serve and specific needs and risk tolerance level of the user.

X1.1.1 Qualifications of the Field Observer—The field observer is the person or entity engaged by the consultant to perform the walk-through survey; the field observer also may be the PCR reviewer. The consultant should establish the qualifications of the field observer, but as the accuracy and completeness of the walk-through survey will determine the quality of the PCR, the consultant should carefully consider education, training, and experience when selecting the field observer.

X1.1.1.1 Due to the scope or complexity of the subject property or the purpose of the PCA, the user may direct the consultant to augment the field observer with specialty consultants, or the user may define the level of qualifications of the field observer.

X1.1.1.2 The field observer, as a representative of the consultant, should be identified in the PCR. As required by 6.1, the statement of qualifications of the field observer should be included in the PCR.

X1.1.2 Qualifications of the PCR Reviewer—The PCR reviewer is the qualified individual designated to exercise responsible control over the field observer on behalf of the consultant and to review the PCR. This guide recognizes that the consultant is ultimately responsible for the PCA process.

X1.1.2.1 As indicated in the main body of the guide, all PCRs prepared in accordance with this guide should be reviewed and signed by the PCR reviewer. In addition, as required by 6.1, the statement of qualifications of the PCR reviewer should be included in the PCR.

X1.1.2.2 It is recommended that the user consider a PCR reviewer who possesses a professional designation in architecture or engineering, or appropriate experience and/or certifications in the construction fields. The PCR reviewer should have experience commensurate with the subject property type and scope (size, complexity, etc.), and experience in the preparation of PCRs. Generally, professional architecture or engineering licensure/registration, and/or certifications, education, or appropriate construction experience related to these disciplines are recognized as acceptable qualifications for reviewing PCRs. However, the user and the consultant may mutually agree to define qualifications for the PCR reviewer that may depend on the specific experience of the PCR reviewer and the scope of the subject property.

X1.2 Verification of Measurements and Quantities:

X1.2.1 Parking Spaces:

X1.2.1.1 Based Upon Review of Drawings—The field observer should review the subject property’s submitted as-built site drawings and survey for the purposes of identifying the number of parking spaces provided and compare to an actual field count.

X1.2.1.2 Actual Field Count—The field observer should physically count each delineated parking space that has been provided for the subject property.

X1.2.2 Count of Multifamily Units:

X1.2.2.1 Based Upon Review of Drawings, Schedules, etc.—The field observer should review documents submitted by the owner to determine the number of multifamily dwelling units.

X1.2.2.2 Actual Field Count—The field observer should physically count each dwelling unit. This implies that a walk-through survey of each building and the floor of each building should be conducted by the field observer.

X1.2.3 Building Areas:

X1.2.3.1 Gross Areas:

(1) Based Upon Review of As-Built Drawings—The consultant should review as-built drawings submitted by the owner to determine the gross building area on a floor-by-floor basis. Such review of drawings may consist of a review of schedules or dimensions. For purposes of this clause, gross building area should be that definition as required by the local zoning board at the time of the building’s construction and as presented on the drawings’ zoning schedule, if any.

(2) Actual Field Measurement—The field observer should take measurements and prepare calculations physically to determine gross area. Current BOMA definition of gross area is to be used unless the user provides the consultant with an alternate definition/protocol for the method of calculating such areas. The consultant should state the criteria under which the calculations are prepared and submit all quantities on a per floor basis.

X1.2.3.2 Net Usable Areas:

(1) Based Upon Review of As-Built Drawings—The user should provide the consultant with a set of as-built drawings for all space available for lease. Based solely on such drawings, the consultant should determine usable area by use of digitizer or other means. Current BOMA definition of usable area is to be used unless user provides the consultant with an alternate definition/protocol for the method of calculating such areas.

(2) Actual Field Measurement—The field observer should take measurements and prepare calculations physically to determine usable area. Current BOMA definition of usable area is to be used unless the user provides the consultant with an alternate definition/protocol for the method of calculating such areas. The consultant should state the criteria under which the calculations are prepared and submit all quantities on a per floor basis.

X1.3 Service Company Research: The consultant should conduct an appropriate inquiry of the subject building’s major plumbing, HVAC, fire protection, electrical, and elevator service companies, if any. The purpose is to inquire of the system’s or equipment’s general condition; the extent of major or chronic repairs and replacements; pending repairs and replacements; and, outstanding proposals to provide repairs and replacements, etc. Within the PCR, the consultant should provide the name of the parties contacted and pertinent information received.

X1.4 Flood Plain Designation—Note whether the property encroaches upon a 100-year flood area designated as “Special Flood Hazard Areas Inundated by 100-year Flood” on FEMA maps, as amended.

X2. AMERICANS WITH DISABILITIES ACT (ADA) ACCESSIBILITY SURVEY

X2.1 Overview of The Americans with Disabilities Act— The Americans with Disabilities Act is a civil rights law that was enacted in 1990 to provide persons with disabilities with accommodations and access equal to, or similar to, that available to the general public. Title III of the ADA requires that owners of buildings that are considered to be places of public accommodations remove those architectural barriers and communications barriers that are considered readily-achievable in accordance with the resources available to building ownership to allow use of the facility by the disabled. The obligation to remove barriers where readily achievable is an ongoing one. The determination as to whether removal of a barrier or an implementation of a component or system is readily achievable is often a business decision, which is based on the resources available to the owner or tenants and contingent upon the timing of implementation. Determination of whether barrier removal is readily-achievable is on a case-by-case basis; the United States Department of Justice did not provide numerical formulas or thresholds of any kind to determine whether an action is readily achievable.

X2.1.1 It is important to understand that ADA is not a building code; it is a civil rights law. As a result, local building departments may not be responsible for compliance with ADA requirements and failure to meet ADA may not be considered to be a building code violation. Conformance with other accessibility standards is beyond the scope of this section.

*X2.2 Overview of the ADA Standards for Accessible Design—*As required by the ADA, the U.S. Architectural and Transportation Barriers Compliance Board promul-

gated the ADA Accessibility Guidelines (ADAAG). ADAAG provided guidelines for implementation of the ADA by providing specifications for design, construction, and alteration of facilities in accordance with the ADA. The ADAAG was superseded by the 2010 ADA Standards for Accessible Design. These guidelines specify quantities, sizes, dimensions, spacing, and locations of various components of a facility so as to be in compliance with the ADA.

*X2.3 Baseline Evaluation—*The baseline ADA due diligence is a Visual Accessibility Survey consisting of a limited scope visual survey and completion of the checklist provided herein. The baseline scope of work excludes limited measurement and counts. Since the evaluation is limited in scope and is based on representative sampling, non-compliant conditions may exist which will not be identified as a result of the assessment. Some of the information may be obtained from the owner, such as the number of standard and accessible parking spaces, or the number of total and ADA-compliant guestrooms. A detailed study of the conformance of properties with the requirements of ADA is beyond the scope of this Guide; however, an opinion of conformance is sometimes requested in connection with the Property Condition Assessment. Consistent with the principles and intent of this Guide, the checklist (Fig. X2.) may be used as a screen to assess the condition of the subject property with respect to the design and construction requirements of ADA. Supplemental assessment may be needed to satisfy the risk tolerance and desired level of due diligence of some users.

X3. FAIR HOUSING ACT (FHA) ACCESSIBILITY SURVEY

Overview of the Federal Fair Housing Act -The Americans with Disabilities Act—X3.1 The Fair Housing Act (FHA) is a civil rights law that —prohibits discrimination in housing on the basis of race, color, religion, sex, national origin, familial status, and disability. One of the types of disability discrimination prohibited by the Act is the failure to design and construct covered multifamily dwellings

*X3.2 Overview of the Fair Housing Act Design Manual—*The Fair Housing Act Design Manual was developed by the US Department of Housing and Urban Development to provide guidance for the design and construction of multifamily housing covered by the Act. The Manual provides seven design and construction requirements for accessible housing.

*X3.3 Baseline Evaluation—*The baseline ADA due diligence is a Visual Accessibility Survey consisting of a limited

scope visual survey and completion of the checklist in **Fig. X3.** The baseline scope of work excludes the taking of measurements or counts and is subject to representative sampling. Some of the information may be obtained from the owner, such as the number of standard and accessible parking spaces, or the number of FHA-compliant residences. A detailed study of the conformance of properties with the requirements of FHA is beyond the scope of this Guide; however, an opinion of conformance is sometimes requested in connection with the Property Condition Assessment. Consistent with the principles and intent of this Guide, the checklist provided at **Fig. X3.** may be used as a screen to assess the condition of the subject property with respect to the design and construction requirements of FHA. Supplemental assessment may be needed to satisfy the risk tolerance and desired level of due diligence of some users. **Fig. X3.**

ASTM E 2018-15 Uniform Abbreviated Screening Checklist Fair Housing Act (FHA)

	Item	Yes	No	NA	Comments
A.	History				
1.	Was first occupancy at the subject property achieved after March 13, 1991?				
2.	Does the subject property consist of four or more dwelling units?				
3.	Was property management or the owner aware of any areas of non-compliance resulting in litigation?				
B.	Requirement 1– Accessible Routes; Site				
1.	Do designated accessible parking spaces appear to be provided in sufficient number at appropriate locations?				
2.	Do appropriate transitions from paved areas to sidewalks appear to be provided?				
3.	Do walkway slopes/cross slopes appear to be adequate and not excessive?				
4.	Do walkways appear to be the correct width, and clear of obstructions, including overhanging vehicles?				
5.	Do ramps appear to have appropriate handrails and edge protection?				
6.	Do building entry point/access doors appear to be provided along an apparent accessible route?				
7.	Do the main entrances appear to be barrier free and readily accessible (that is, no steps, obstacles, or revolving doors)?				
C.	Requirement 2– Accessible Common Areas				
1.	Does a continuous accessible route appear to be provided throughout the subject property, including the site, parking areas and amenities?.				
2.	Do common area/visitor restrooms appear to be barrier free and readily accessible?				
3.	Do the amenities appear to be barrier free and readily accessible?				
D.	Requirement 3– Usable Doors				
1.	Do appropriate doors/entries appear to be designed for accessibility?				
2.	Do interior doors appear to be designed for accessibility?				
E.	Requirement 4– Accessible Routes; Covered Units				
1.	Do the interiors of the covered units appear to provide adequate maneuverability?				
F.	Requirement 5– Environmental Controls; Covered Units				
1.	Do the environmental controls within the covered units appear to be at appropriate heights/locations?				
G.	Requirement 6– Reinforces Walls; Covered Units				
1.	Are reinforcements reportedly provided for future installation of grab bars at appropriate locations in the covered units?				
H.	Requirement 7– Usable Kitchens/Bathrooms; Covered Units				
1.	Do the interior kitchen areas of the covered units appear to provide adequate clearances for maneuverability?				
2.	Do the interiors of the covered units appear to provide adequate clearances in the bathrooms?				

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