



Designation: E 2018 – 99

AMERICAN SOCIETY FOR TESTING AND MATERIALS
100 Barr Harbor Dr., West Conshohocken, PA 19428
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Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process¹

This standard is issued under the fixed designation E 2018; 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 and customary 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* means the presence of conspicuous defects or material deferred maintenance of a subject property's material systems, components, or equipment as observed during the field observer's walk-through survey. 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 material 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 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 probable costs for suggested remedies of the physical deficiencies identified.

1.2 Objectives—Objectives in the development of this guide are: (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 practical 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 10 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.

1.4 Organization of This Guide—This guide consists of several sections, an Annex and an Appendix. Section 1 is the Scope. Section 2 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 PCA, including the scope of the Walk-Through Survey, preparation of the Opinions of Probable Costs to Remedy Physical Deficiencies, and preparation of the PCR. Section 11 provides additional information regarding out of scope considerations (see 1.3). The Annex provides requirements relating to specific asset types, and where applicable, such requirements are to be considered as if integral to this guide. The Appendix provides the user with additional PCA scope considerations, whereby a user may increase this guide's baseline scope of due diligence to be exercised by the consultant.

1.5 Multiple Buildings—Should the subject property consist of multiple buildings, it is the intent of this guide that only a single PCR be produced by the consultant to report on all of the buildings on the subject property.

¹ This guide is under the jurisdiction of ASTM Committee E-50 on Environmental Assessment and is the direct responsibility of Subcommittee E50.02 on Commercial Real Estate Transactions.

Current edition approved June 10, 1999. Published August 1999.