



A Really Brief History: The Path to Revisions

- In keeping with ASTM practice to regularly evaluate the standards, a Task Group was formed in 2009 to evaluate the 05 standard
 - Results – users of the standard were largely satisfied but noted instances of inconsistent interpretation
- 2011-2012 – Subcommittees revise
 - Purposes of revisions – provide greater clarity and align ASTM with AAI/CERCLA
 - Draft standard submitted to ASTM Task Group for ballot in October 2012
- 2012 – ASTM requests that EPA revise AAI to reference E1527-13



A Really Brief History: EPA's Role

- August 2013 – EPA simultaneously issues direct final rule and proposed rule recognizing E1527-05 and -13 as compliant with AAI and opening public comment period
 - Adverse comments/confusion regarding recognition of both 05 and 13 as compliant; thus, Direct Final Rule abandoned
- Effective December 30, 2013, EPA recognizes E1527-13 as compliant with AAI
 - Though the current version recognizes both the 05 and 13 standards as compliant, EPA has intent to amend the rule to reference only 13

- ASTM E 1527-13 revisions most notably include:
 - Modifications to definitions of recognized environmental condition (REC) and historical REC (HREC)
 - Introduction of a new term: controlled REC (CREC)
 - Modification of expectations regarding the review of environmental documentation for properties that adjoin a site
 - Inclusion of vapor migration as a potential pathway for impact to a site



Summary and Implications

- ASTM E1527-13 has been published and officially acknowledged by EPA as satisfying AAI
 - We can expect additional revisions to AAI that will remove references to -05
- In context, the changes appear to be relatively minor
 - For many, additional file review and consideration of vapor impacts are already routine
- We should expect the changes to impact Clarity and Consistency, Timing, the number of REC's, and Costs



Potential Implications – Clarity and Consistency

- Clarity and Consistency
 - Revised definitions and introduction of CREC help
 - Fewer consultant-specific categories
 - More ease comparing findings of different EPs and Companies
 - There is a potential for vapor to get murky
 - Many consider vapor risk for occupied structures
 - now required for all assessments
 - Phase I scope definition important
 - Evaluation of potential vapor impacts ≠ full VES
 - Careful use of vapor terminology important
 - Impact, migration, encroachment, intrusion

- Timing
 - Additional file review
 - Consultants at the mercy of agencies (pulling files, scheduling appointments, getting copies), which could delay receipt of critical information
 - If sought files are not available in a timely manner, we could see more data gaps and, as a result, more RECs



Implications – More RECs

- More RECs as a result of CRECs and Data Gaps
 - CRECs are likely to include issues characterized as HRECs under -05
 - File review constraints could result in more data gaps that are RECs
 - More RECS could
 - Affect market value
 - Require financial assurances or escrow
 - Result in limitations/exclusions on insurance policies

- Costs
 - Additional labor/effort that translates to expense could result from:
 - Additional file review (acquiring, reviewing, summarizing records)
 - Additional interviews (agency representatives, surrounding property owners)
 - Additional fees from agencies and third-party copying services

- A period of integration should be expected
 - -05 was a more landmark release and integration took a while
 - Thus, its reasonable to think -13 might be simpler/faster
 - How long should we expect -13 to be the “new” standard?
 - Already a large lender has made clear it has no intention to incorporate -13 changes to its guidelines before mid-year
 - Other lenders have selected deadlines in 2014 to roll out internal guidelines
 - More nimble buyers will probably adopt immediately



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