Real Estate Institute of Canada
Institut canadien de l'immeuble

CERTIFIED RESERVE PLANNER (CRP) STANDARDS

2025 Version

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1.0 PREAMBLE

These Standards are intended to be the basis for Certified Reserve Planners (CRPs) and other qualified professionals to maintain uniform requirements and results for the practice of Reserve Fund planning and the provision of Capital Asset Plans, Capital Reserve Plans, Reserve Fund Studies, and Depreciation Reports across Canada. Due to the various names for this type of report, it will be defined as The Report throughout the Standards.

2.0 Associated Standards & LEGISLATIVE REQUIREMENTS

2.1 Whereas it is the intent that these Standards be the minimum requirements for Reserve Fund planning and the production of Reports in Canada; and whereas provincial or territorial legislation exists that may vary these requirements, the active legislation shall prevail, and these Standards shall be adapted to those legislative requirements by Report writers.

2.2 Real Estate Institute of Canada (REIC) members conducting Reserve Fund Studies or Depreciation Reports in Canada must adhere to the current REIC "Code of Professional Standards".

General Reserve Planning 3.0
PRINCIPLES & REQUIREMENTS

THE REPORT MUST ADDRESS THE FOLLOWING:

3.1 Identify the client (by name).

3.2 Identify The Report writer and provider:
- **3.2.1** The provider of The Report by name;
- **3.2.2** The qualification of the writer/provider.

3.3 Disclose the relationship between the writer and the client.

3.4 Describe the purpose of The Report.

3.5 Identify all limiting conditions.

3.6 Identify all assumptions.

3.7 Disclose the intended use of The Report.

3.8 Disclose the relevant dates:
- **3.8.1** Construction Date;
- **3.8.2** Conversion Date, if applicable;
- **3.8.3** Site Review Date(s);
- **3.8.4** Commencement Date of Funding Recommendations;
- **3.8.5** The Report Date.

3.9 Define the Scope of Work:

3.10 Identify Documentation Requested and Reviewed:
- **3.10.1** Financial Statements (accrual and balance sheets etc.);
- **3.10.2** Level of Building Plans Provided (as built, original, legal plans);
- **3.10.3** Technical Reports Related to one or more components;
- **3.10.4** Other.

3.11 Disclose the Level of Visual Non-Invasive Performance-Based Evaluation:

General Reserve Planning 3.0
PRINCIPLES & REQUIREMENTS

3.12 Disclose Interviews Conducted with Individual(s) familiar with the Subject Property and Common assets, Component(s), and Elements:

3.13 Identify Real Property and Personal Property:

3.14 Describe Applicable Legislation and Resultant Items to be considered, if applicable:

3.15 Indicate Property Management Type:

3.16 Provide a Physical Analysis as described under Section 4:

3.17 Provide a Financial Analysis as described under Section 5:

3.18 Provide Recommendations and Conclusions by:
- **3.18.1** Describing the Funding Objective of each scenario;
- **3.18.2** Providing one or more scenario(s) that achieve the funding objectives;
- **3.18.3** Disclosing any emergency repairs or short-term action items required.

3.19 Disclose Writer Certification in each Report with a Certification Page that Includes:
- **3.19.1** Identity of the client;
- **3.19.2** Disclosing of all Known Conflicts that could Prejudice the Credibility of the Report;
- **3.19.3** Disclosing that the writer is responsible for the site's non-invasive visual assessments;
- **3.19.4** Disclosing and Acceptance of full Responsibility for all of the Report with Signature;
- **3.19.5** Acknowledgment that the writer has the knowledge, skills and experience to complete the assignment competently;
- **3.19.6** Declaring that the Electronic signed copies carry the same responsibility as the printed signed report and must include appropriate Security Features.

3.20 Disclose writer qualifications:
- **3.20.1** Identify the level of associated experience;
- **3.20.2** Numbers of years as a report writer.

4.0

PHYSICAL ANALYSIS

THE *REPORT* MUST ADDRESS THE FOLLOWING:

4.1 A Component Inventory with information to be provided to include:

- **4.1.1** The Components in the active Reserve Fund Planning Assignment;
- **4.1.2** Each Component's Physical Description;
- **4.1.3** Each Component's Type (full replacement, partial replacement, major repairs allowance);
- **4.1.4** Each Component's Observed Physical Condition;
- **4.1.5** Each Component's Typical Life Expectancy, if applicable;
- **4.1.6** Each Component's Estimated Effective Age, if applicable;
- **4.1.7** Each Component's Estimated Remaining Life, if applicable.

4.2 Component Exceptions:

- 4.2.1 Identify components that are not readily accessible.
- 4.2.2 Identify components that are to be excluded and the reasoning for exclusion.

4.3 Identify Component(s) under a Guaranteed Maintenance Contract and method of application:

4.4 Identify Long-term Major Capital component(s) and/or Major improvements currently funded from other budgets, and explain the rationale for including or excluding them from the report assignment:

4.5 State Leased component(s) to be exempted or included, if any:

4.6 Disclose the level of assessment for underground or underwater components:

4.7 Identify and disclose any component(s) that are or are to be decommissioned (see limiting conditions):

4.8 Perform site visual non-invasive performance-based assessment in accordance with 3.8 Scope:

4.9 Report on Observed Condition in accordance with 3.8 Scope.

5.0 FINANCIAL ANALYSIS

THE *REPORT* MUST ADDRESS THE FOLLOWING:

5.1 Historical Analysis:

- **5.1.1**. Review all available historical physical data;
- **5.1.2** Review all available historical financial data.

5.2 Active Inventory Benchmark Depreciation Analysis:

- **5.2.1** Identify component(s) with finite service life, provide condition assessment and estimate a current replacement cost for each component based on its service life expectancy;
- **5.2.2** Identify components that do not have a predictable service life and/or have an extended useful life and are to be allowanced;
- **5.2.3** State Fiscal-year Beginning and Ending Dates;
- **5.2.4** State Construction Inflation and Investment Return Rates used in Benchmarking;
- **5.2.5** Provide current costs, future costs, current requirements, future requirements, annual reserve fund allocation (draw | assessment | contribution), and each component's percentage of the total allocation for all benchmarked components.

5.3 Cash flow Analysis:

- **5.3.1** Provide a forward-looking projection – a cashflow – of planned component expenditures over a determined number of future fiscal years as per legislation or a minimum of 25 fiscal years, beginning with the current fiscal year;
- **5.3.2**. Provide a Cashflow Projection to include line items for Opening and Closing Reserve Fund balances, Projected Investment Income, Projected Reserve Fund Contributions, and Depreciation Analysis Results;
- **5.3.3** Provide a Future Value for each Component Expenditure based on a Construction Inflation Rate (CIR);
- **5.3.4** Provide the Benchmarked Point-in-time Present-value of Money Ceiling Current Requirements and Allocations Scenario;
- **5.3.5** Provide Multiple Scenarios when Required by Legislation or Required by Clients, one of which is to be a Matching Allocation to the minimum Reserve Fund Closing Balance Baseline Scenario.

6.0 REPORT CONTENTS

THE *REPORT* MUST ADDRESS THE FOLLOWING:

6.1 Title page:

6.2 Letter of Transmittal:

6.3 Standard Limiting Conditions and Assumptions:

6.4 Describe the Reserve Fund Planning Process and Methodology:

6.5 Describe the Legislative Requirements governing the Reserve Fund Planning process:

6.6 Property Description:

6.7 Physical Analysis:

6.8 Financial Analysis:

6.9 Recommendations and Conclusions:

6.10 Writer Certification:

6.11 Writer Qualifications.

SUPPLEMENTARY COMMENTARY

The following commentary is intended to provide clarity and assistance on the various sections of the Standards. The following are guidelines only and may be used at the discretion of the writer.

3.0 GENERAL RESERVE PLANNING PRINCIPLES AND REQUIREMENTS

3.4 Limiting Conditions
These are examples of what may be contained in The Report if considered pertinent:

- Include a statement that there is no guarantee provided for the life expectancies and/or replacement cost estimates for any of the components.
- Include a statement that the client may use this report in deliberations affecting the subject property only, and in so doing, the report must not be abstracted; it must be used in its entirety.
- Include a statement as to who the report is prepared for (client) and any use that a third party makes of this report, or any reliance or decisions made based on it, are the sole responsibility of such third parties.
- Include a statement that it is assumed that all components will receive proper preventative maintenance and repair during the study horizon.
- Include a statement that the subject property may have hidden damages, defects or conditions. This may include items related to structural integrity, land surveys, geological, hydrological, environmental, soil-related conditions, risks of nature not limited to items such as earthquakes, flooding and fire, health risks, and all hazardous materials including mould and asbestos, water testing including public systems. No responsibility or liability is assumed for such matters.
- Include a statement that the findings herein are based on a visual review of surface conditions. Deficiencies that may exist but were not recorded in this report were not apparent given the level of study undertaken.
- Include a statement that the component conditions and renewal costs identified are for the purpose of general financial planning. This report is not intended to substitute the need for in-depth condition assessment of components by professionals using testing and other means.
- Include a statement that the Reserve Fund Study or Depreciation Report is not intended to be a technical audit, or definitive, exhaustive review or investigation of required repairs, replacements or improvements for the property but is a budgeting tool.
- Include a statement that it is assumed the components were installed in accordance with building code at that the time of installation.

3.0 GENERAL RESERVE PLANNING PRINCIPLES AND REQUIREMENTS CONTINUED

- Include a statement that any technical expertise or research by others shall be identified in the study if that assistance or research provided an opinion or conclusion, which impacted the results of the study/report.
- Include a statement that the reserve fund planning analysis is in part based on information provided by others. Unless specifically noted, we have assumed this information to be correct and have relied upon it in reaching our conclusions and recommendations.
- Include a statement that any and all financial statements provided by client is assumed to be accurate and not audited.
- Include a statement on the impact and explanation of treatment of any guaranteed maintenance and replacement contract.
- Include a statement that sketches, drawings, diagrams, and photographs, if presented in the report, are included for the sole purpose of illustration, to assist the reader in visualizing the property. A survey of the subject site was not completed, and therefore no responsibility is assumed for such matters or other technological and engineering techniques that are required to discover any inherent, latent or hidden conditions of the subject property.
- Include a statement that the electrical, elevator, mechanical and heating systems, piping, plumbing and other building services and equipment, if included in the report, are assumed to be in working condition and adequate for the building(s) and that only a visual inspection was completed. It should be specified that component(s) were not tested, nor will the planner assume any responsibility for testing of such.
- Include a statement that in estimating various reserve items, certain assumptions are made with respect to structural repairs and replacements. For example, reserves for exterior walls, structural repairs, and replacements of mechanical and electrical components are difficult to predict and/or quantify. Therefore, the only reasonable approach is to provide contingency estimates.
- Include a statement that if architectural drawings are provided by or on behalf of the client or their agent are deemed to be accurate as to the building dimensions and specifications unless the planner is specifically informed in writing to the contrary prior to the date of the final report.
- Include a statement that in order to arrive at supportable replacement cost estimates, it was found necessary to utilize both documented and other cost data. A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, and it has been gathered to standard professional procedures, but no guarantee as to the accuracy of the data is implied. The cost estimates herein must not be used in conjunction with any other appraisal or report and may be invalid if so used.
- Include a statement on the exclusion of major components requested by the client if permissible within applicable legislation and if the property or component condition does not, in fact, exist as of the effective date.

3.0 GENERAL RESERVE PLANNING PRINCIPLES AND REQUIREMENTS CONTINUED

- Include a statement as to any alternative source(s) for funding, such as special assessment for the component(s) outside the reserve fund, and state the impact on the fund if the inclusion or exclusion were to occur.

3.5 Assumptions
Assumptions may be required for incomplete replacement or repairs to components at the time of inspection and/or contemplated during the financial horizon. Any assumptions must be disclosed in the study/report, such as the date of completion and quality of the work to be completed:

- Include a statement on any new or component improvements (where permitted by legislation) to be included in the reserve fund planning.
- Include a statement if any major repairs or replacements in progress or contemplated are to be completed in a workmanlike manner and with an expected date of completion as well as disclose the impact on reserve fund planning if not completed
- Include a statement of the analysis performed to develop the conclusions and/or recommendations are based on a hypothesis, specifically that the property condition is assumed to exist when, in fact, it does not:
- Include a statement if certain events need to occur, as disclosed in the study/report, before the property condition will, in fact, exist.
- Include a statement if the recommendations and/or conclusions do not consider unforeseeable events that could alter the conclusion

4.0 PHYSICAL ANALYSIS

4.1.1 Utilize the Uniformat II classification as a primary source for identifying a component inventory:

4.8 Site visual non-invasive performance-based assessment:

- Insert level of reporting (non-invasive, update with no Review, inaccessible components, etc.);
- Specify consideration of technical reports.
- State Component(s) statement of past replacement and repair cycles.
- Determine serviceable life and effective age for full replacements major repairs and allowance components.
- Recommend appropriate assessment by qualified consultant be completed where component issues are apparent (building envelope, mechanicals, structural etc.).

4.0 PHYSICAL ANALYSIS CONTINUED

4.9 Observed Condition in accordance with the scope:

- Provide condition assessment of each component.
- Provide definition to describe level of component condition when applying terms such as good bad, fair etc.
- Take into consideration maintenance of component(s) in condition assessment.
- Disclose operating budget, repair history of components that affects reserve fund planning.
- Major repairs and replacements must be of a nature that is more than annual and/or typically taken from the operating budget.
- Identify one-time expenditures.
- Provide a quantity survey take off of all components that are included in the report or contained in the work file.
- Identify any observed safety hazards.

5.0 FINANCIAL ANALYSIS

5.1 Investment returns based on the historical rates and/or defensible research:

5.2 Benchmark Depreciation Analysis:

- identify source(s) of costing information.
- Disclose costing approach so that demolition costs and taxes applicable to components are understood.
- Exclude insurance deduction allowances unless provision provided in statute.
- Apply inflation and investment rate with the determination of the projected inflation and investments.
- Demonstrate current requirements and annual assessment related to benchmark scenario.

6.0 REPORT CONTENTS

6.2 Letter of transmittal – include terms of reference:

6.6 Collection of pictures, charts and plans are optional and may be included in a working file or in a report:

6.8.1 Explanation of life expectancies and costing information:

6.9.1 Describe funding objective - Discussion related to negative balances:

6.0 REPORT CONTENTS CONTINUED

6.10 Certification:

- I am a prescribed person qualified to perform reserve fund studies in accordance with Provincial Legislation. The nature and extent of the property Review are set forth within the report.
- Certify that the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and that these are the planner's personal, impartial, and unbiased professional analyses, opinions and conclusions.
- Certify that except as herein disclosed, no other person has provided me with significant professional assistance in the completion of this assignment. [If professional assistance has been provided state name(s) and specify assistance provided]
- To the best of my knowledge and belief, the information and data used herein are true and correct. I have no interest, present or prospective, in the property or its management.
- Neither the employment to prepare the updated reserve fund study nor the compensation is contingent on the amount of reserve fund estimates reported. Moreover, I am personally responsible for the reserve fund estimates reported herein.
- The reserve fund study was prepared in conformity with the REIC CRP Reserve Fund Study Standards and the requirements of the appropriate provincial legislation.

GLOSSARY OF TERMS

COMPONENT DEPRECIATION BENCHMARK ANALYSIS: Mainstay of the Reserve Fund or Depreciation Report's financial analysis. It consists of an asset inventory along with information regarding installation dates, typical life expectancies, effective ages, remaining life, projected future renewal dates, estimated current and future costs for renewal as well as other reserve fund related financial information, including the annual reserve fund assessment values.

CAPITAL RESERVE PLAN: A formalized plan/strategy that compiles all major assets of a property and projects what major remedial actions may be required along with their costs. The term is used interchangeably with Depreciation Report (used mainly in BC), Reserve Study and Reserve Fund Study and is used more often with Housing Co-ops and commercial property.

CASH FLOW ANALYSIS: A reserve fund contribution strategy or option where contributions are designed to offset the variable annual expenditures from the Reserve Fund . The Reserve Fund is considered one large pool of money, where annual contributions (or special levies) offset the scheduled Reserve Fund expenditures from the fund, regardless of what the money is intended for on that particular year.

RESERVE FUND: A fund or financial account used to pay for asset repairs, rehabilitation work, renovations and renewals that occur less often than once per year. The fund may be built up over time through annual Condo or Strata fees so that future common expenses can be paid for partially or fully from the fund.

EFFECTIVE AGE: The age of a component or asset based on its condition. This is usually chronological by default (time since installation), but may be younger or older, depending on the asset's condition.

FUNDING MODELS: Funding models utilize mathematical framework to establish appropriate funding strategies towards the proper maintenance and asset renewal of a property. These models incorporate various parameters such as inflation rates, interest rates, predicted special levies, as well as allowances for targeted work and consulting. The purpose of proposing funding models is to quantify the level of unfunded liabilities and empower the building owners with information to make informed financial decisions.

INFLATION RATE: A sustained increase in the general price level of materials and/or services in an economy over a period of time. Also defined as the percentage rate of change of a price index over time. For renewal costs, a construction inflation rate is used, rather than the CPI.

INSPECTION: Refers to a highly detailed and systematic review of a property with a well defined scope of work and objective (e.g. roof, home). This is non invasive and not to be confused with building assessments, observations or technical reviews of buildings and/or targeted systems or equipment.

INVESTMENT RATE: This is the rate of return that can be based on the financial positioning of investment related to liquidity, short and long terms investments expected to be earned in the Reserve Fund.

LIFE CYCLE ANALYSIS (LCA): LCA is often applied to construction products, building assemblies, whole structures, building portfolios and highways. It is often referred to as cradle-to-grave or cradle-to-cradle analysis and is essential for making green decisions, whether in product manufacturing or in building design. It is life cycle thinking applied to a product: what is involved to make a product and transport it to an installation site; what inputs (e.g. raw materials) and outputs (e.g. products, waste) will occur related to making and using the product over its expected life as well as what will happen to the product when it is no longer needed.

REAL ESTATE INSTITUTE OF CANADA (REIC): An organization that provides education and designation programs for real estate industry professionals in Canada.

RESERVE FUND STUDY: Also known as a depreciation report, a report that reviews the current financial well-being of a property as well as provides a visual assessment of the quantities and conditions of common assets of the property and estimates whether there are sufficient funds available for anticipated major repairs or replacement of these common assets in the future. This report assists in long term financial planning; it strives to examine all the systems and other physical aspects and gives a reasonable expectation as to when they will need to be replaced or have non-routine repairs, and how much this will cost at that projected time in the future. BC is one of the only jurisdictions in North America that uses the term "Depreciation Report."

UNIFORMAT: Uniformat is a North American based technical standard used for building asset life cycle and cost analysis as well as building specifications. It has been adopted by ASTM (American Society for Testing and Materials).