

Application for CAI's  
Reserve Specialist (RS) Designation

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## General Information

### Reserve Study

A Reserve Study is made up of two parts, 1) the information about the physical status and repair/replacement cost of the major common area components the association is obligated to maintain (Physical Analysis), and 2) the evaluation and analysis of the association’s Reserve balance, income, and expenses (Financial Analysis). The Physical Analysis is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates. The Component Inventory should be relatively “stable” from year to year, while the Condition Assessment and Life and Valuation Estimates will necessarily change from year to year. The Financial Analysis is made up of a finding of the client’s current Reserve Fund Status (measured in cash or as Percent Funded) and a recommendation for an appropriate Reserve contribution rate (Funding Plan).

#### Physical Analysis

- Component Inventory
- Condition Assessment
- Life and Valuation Estimates

#### Financial Analysis

- Fund Status
- Funding Plan

*continued on next page*

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# Levels of Service

The following three categories describe the various types of Reserve Studies, from exhaustive to minimal.

- I. **Full:** A Reserve Study in which the following five Reserve Study tasks are performed:
  - Component Inventory
  - Condition Assessment (based upon on-site visual observations)
  - Life and Valuation Estimates
  - Fund Status
  - Funding Plan
  
- II. **Update, With-Site-Visit/On-Site Review:** A Reserve Study update in which the following five Reserve Study tasks are performed:
  - Component Inventory (verification only, not quantification)
  - Condition Assessment (based on on-site visual observations)
  - Life and Valuation Estimates
  - Fund Status
  - Funding Plan
  
- III. **Update, No-Site-Visit/Off Site Review:** A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:
  - Life and Valuation Estimates
  - Fund Status
  - Funding Plan

# Terms and Definitions

**CASH FLOW METHOD:** A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

**COMPONENT:** The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

**COMPONENT INVENTORY:** The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s) of the association or cooperative.

**COMPONENT METHOD:** A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

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**CONDITION ASSESSMENT:** The task of evaluating the current condition of the component based on observed or reported characteristics.

**CURRENT REPLACEMENT COST:** See "Replacement Cost."

**DEFICIT:** An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

**EFFECTIVE AGE:** The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

**FINANCIAL ANALYSIS:** The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

**FULLY FUNDED:** 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

**FULLY FUNDED BALANCE (FFB):** Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

or

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$$

**FUND STATUS:** The status of the reserve fund as compared to an established benchmark such as percent funding.

**FUNDING GOALS:** Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

**Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

**Full Funding:** Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

**Statutory Funding:** Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

**Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

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**FUNDING PLAN:** An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

**FUNDING PRINCIPLES:**

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

**LIFE AND VALUATION ESTIMATES:** The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

**PERCENT FUNDED:** The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual (or projected)* Reserve Balance to the *Fully Funded Balance*, expressed as a percentage. 4

**PHYSICAL ANALYSIS:** The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

**REMAINING USEFUL LIFE (RUL):** Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

**REPLACEMENT COST:** The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

**RESERVE BALANCE:** Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

**RESERVE PROVIDER:** An individual that prepares Reserve Studies.

**RESERVE STUDY:** A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. "Our budget and finance committee is soliciting proposals to update our Reserve Study for next year's budget."

**RESPONSIBLE CHARGE:** A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

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1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
  2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
  3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
  4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

**SPECIAL ASSESSMENT:** An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

**SURPLUS:** An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit."

**USEFUL LIFE (UL):** Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

# Reserve Study Required Contents

Each Reserve Study prepared by a Reserve Specialist or Reserve Specialist applicant **must contain all of the following elements:**

PAGE	CONTENTS
_____	1. A summary of the association's number of units.
_____	2. Association physical description (legal or physical narrative).
_____	3. General statement or opinion describing the association's current reserve fund status (good/fair/poor, adequate or inadequate. Percent Funded, etc.).
_____	4. General statement describing the methods and objectives utilized in computing or evaluating the association's Reserve Fund status (Percent Funded or otherwise).
_____	5. Fiscal Year (start and end) for which the Reserve study is prepared.
_____	6. A projection of starting reserve cash balance (as-of above start date).
_____	7. A general statement describing the development or computation of the association's starting Reserve Fund balance.
_____	8. Recommended reserve contributions (minimum 20 years).
_____	9. Projected reserve expenses (minimum 20 years).
_____	10. Projected ending reserve fund balance (minimum of 20 years).
_____	11. A tabular listing of the components in the Reserve Study.
_____	12. A tabular listing of the component quantities or identifying descriptions.
_____	13. A tabular listing showing each component's Useful Life.
_____	14. A tabular listing showing each component's Remaining Useful Life, where RUL=0=initial year.
_____	15. A tabular listing showing each component's Current Replacement Cost.
_____	16. A general statement describing the Methods (cash flow, component, etc.) and Goals (Full Funding, Threshold Funding, Baseline Funding) of the Funding Plan, using National Standard terminology.
_____	17. Identification of the source(s) utilized to obtain component repair or replacement cost estimates.
_____	18. A clear description of which one of the three Reserve Study "Levels of Service" (ie: Full, Update With-Site-Visit, Update No-Site-Visit) was performed.
_____	19. A clear statement of assumption used for Interest and inflation (whether zero or otherwise).

**Applicants MUST INCLUDE THE ABOVE TABLE with their work product submission, noting the page number where all the above required elements can be found in their sample work product.**

# Reserve Study Required Disclosures

Each Reserve Study prepared by a Reserve Specialist or Reserve Specialist applicant must contain all of the following disclosures:

PAGE	DISCLOSURE
_____	1. <b>General:</b> Description of other involvement(s) with the association, which could result in actual or perceived conflicts of interest.
_____	2. <b>Physical Analysis:</b> Description of how thorough the on-site observations were performed: representative sampling vs. all common areas, destructive testing or not, field measurements vs. drawing take-offs, etc.
_____	3. <b>Personnel Credentials:</b> State or organizational licenses or credentials carried by the individual responsible for Reserve Study preparation or oversight.
_____	4. <b>Completeness:</b> Material issues which, if not disclosed, would cause a distortion of the association's situation.
_____	5. <b>Reliance on Client Data:</b> Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant.
_____	6. <b>Scope:</b> The Reserve Study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
_____	7. <b>Reserve Balance:</b> The actual or projected total presented in the Reserve Study is based upon information provided and was not audited.
_____	8. <b>Reserve Projects:</b> Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.

**Applicants MUST INCLUDE THE ABOVE TABLE with their work product submission, noting the page number where all the above required elements can be found in their sample work product.**



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# Reserve Specialist (RS) Application

The purpose of this form is to provide information concerning the applicant's background, experience, work product, references and continuing experience. All sections of the application must be completed to apply for the designation.

An initial non-refundable application fee is required. An annual maintenance fee will be assessed on an ongoing basis every August 1. A redesignation application every third year is required to maintain the RS credential.

## Payment Information

RS Application Fee:

- Member \$300
- Non-member \$525

Enclosed is my check # \_\_\_\_\_

Please charge my Credit Card:  Visa  MasterCard  AmEx  Discover

Credit Card # \_\_\_\_\_ Exp Date: \_\_\_\_\_

Billing Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Cardholder Name: \_\_\_\_\_

Signature: \_\_\_\_\_

This non-refundable RS application fee is due in full with this application. The application will not be processed without this application fee. Please do not combine this payment with any other candidate fees or amounts.

## Please submit application and payment to:

Reserve Specialist Designation  
Community Associations Institute  
6402 Arlington Blvd., Suite 500  
Falls Church, VA 22042  
Phone (888) 224-4321  
Fax: (703) 970-9558

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## GENERAL INFORMATION

(Please print or type)

Name \_\_\_\_\_

Present Position \_\_\_\_\_

CAI Member # \_\_\_\_\_

Firm/Association \_\_\_\_\_

Office Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Office Phone \_\_\_\_\_ Office Fax \_\_\_\_\_

Email \_\_\_\_\_ Mobile \_\_\_\_\_

## I. BACKGROUND

All applicants must satisfy at least one of the following criteria. Indicate with your initials in the space provided which of the minimum background criteria you meet.

\_\_\_\_\_ College bachelor level degree in construction management, architecture, or engineering;  
Degree: \_\_\_\_\_  
Institution: \_\_\_\_\_  
Completion Date: \_\_\_\_\_

\_\_\_\_\_ Four years prior related experience (prior to and in addition to direct Reserve Study experience) in a field servicing community associations (i.e.: accounting, association management, construction, etc.)  
Describe: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ Trade school diploma and two years prior related experience (prior to and in addition to direct Reserve Study experience)  
Describe: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ Other college bachelor level degree and three years working under the direction of active RS designee. Please indicate the degree information and the active RS designee's name, RS#, and years worked in this apprenticeship:  
Degree: \_\_\_\_\_  
Institution: \_\_\_\_\_  
Completion Date: \_\_\_\_\_ RS Number: \_\_\_\_\_  
Years: Start \_\_\_\_\_ End \_\_\_\_\_

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## II. EXPERIENCE

Please complete the following certification:

"I, \_\_\_\_\_, certify that at least 30 Reserve Studies for Community Associations based on visual on-site observations have been prepared by me, or under my responsible charge, over the last three calendar years. No other RS applicant will claim these same associations under their experience qualification."

"I prepared, or was the responsible charge for, at least one Reserve Study in each of the last three calendar years."

"I personally have the skill and training to perform, and have performed, the five basic tasks of a reserve study as defined on page two, "I. Full" study. If the work is done under my responsible charge, this work has been performed by professionals who have the appropriate skills."

If accepted to receive my Reserve Specialist designation, I agree to abide by the designation's Code of Ethics (see Appendix 1).

\_\_\_\_\_  
Signature

\_\_\_\_ / \_\_\_\_ / \_\_\_\_  
Date

**Volume of Experience.** Provide a list containing the following information for at least 25 Reserve Study clients over the last three calendar years:

- Community Association Name
- Location (City and State)
- Date Prepared
- Reserve Study Level of Service

No other RS applicant will claim these same associations under their volume of experience qualification.

## III. SAMPLE WORK PRODUCT

### Attach One Sample "Full" Reserve Study Work Product

One sample "Full" reserve study must be submitted to demonstrate that minimum report requirements and disclosures have been met. This Report must be an actual report prepared recently by the applicant (or under their responsible charge) for a client, not a "marketing sample".

- Remove or disguise any names or logos (including company letterhead) identifying your firm or the client.
- Attach the list of required contents and disclosures (see pages 6 & 7), complete with page numbers identified. Note: Applications will be automatically rejected that are missing any required contents or disclosures.
- Note that all required information and disclosures must be contained within the Reserve Study document, not in cover letters or separate transmittal letters.

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Date Sample Work Product was Prepared: \_\_\_ / \_\_\_ / \_\_\_

## IV. REFERENCES

Provide five references from different clients or client representatives for whom reserve studies have been prepared.

### Reference 1:

Contact Person Name/Title \_\_\_\_\_  
Phone \_\_\_\_\_  
Association Name: \_\_\_\_\_  
Association City & State: \_\_\_\_\_  
Level of Service Performed \_\_\_\_\_ Report Date \_\_\_\_\_

### Reference 2:

Contact Person Name/Title \_\_\_\_\_  
Phone \_\_\_\_\_  
Association Name: \_\_\_\_\_  
Association City & State: \_\_\_\_\_  
Level of Service Performed \_\_\_\_\_ Report Date \_\_\_\_\_

### Reference 3:

Contact Person Name/Title \_\_\_\_\_  
Phone \_\_\_\_\_  
Association Name: \_\_\_\_\_  
Association City & State: \_\_\_\_\_  
Level of Service Performed \_\_\_\_\_ Report Date \_\_\_\_\_

### Reference 4:

Contact Person Name/Title \_\_\_\_\_  
Phone \_\_\_\_\_  
Association Name: \_\_\_\_\_  
Association City & State: \_\_\_\_\_  
Level of Service Performed \_\_\_\_\_ Report Date \_\_\_\_\_

### Reference 5:

Contact Person Name/Title \_\_\_\_\_  
Phone \_\_\_\_\_  
Association Name: \_\_\_\_\_  
Association City & State: \_\_\_\_\_  
Level of Service Performed \_\_\_\_\_ Report Date \_\_\_\_\_

**References:** Submit two completed detailed reference forms from your Reserve Study clients. Reference forms can be found in the Appendix of this application document.

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## **APPENDIX 1:**

# Reserve Specialist Code of Ethics

## **COMMUNITY ASSOCIATIONS INSTITUTE PROFESSIONAL RESERVE SPECIALIST (RS) CODE OF ETHICS**

The Reserve Specialist Shall:

1. Comply with current standards and practices as may be established from time to time by CAI, the Reserve Specialist (RS) Designation Review Board, subject to all federal, state and local laws, ordinances, and regulations, if any, in effect where the RS practices;
2. Participate in continuing professional education through CAI and other industry related organizations as required;
3. Act in the best interests of the client; refrain from making inaccurate or misleading representations or statements; not knowingly misrepresent facts to benefit the Specialist;
4. Undertake only those engagements that they can reasonably expect to perform with professional competence;
5. Exercise due care and perform planning and supervision as specified in the written client engagement agreement;
6. Disclose all relationships in writing to the client regarding any actual, potential or perceived conflict of interest between the Specialist and other vendors, including, but not limited to, management companies, insurance carriers, contractors and legal counsel.
7. Provide written disclosure of any compensation, gratuity or other form of remuneration from individuals or companies who act or may act on behalf of the client.
8. Conduct himself or herself in accordance with the Reserve Specialist requirements;
9. Not represent to anyone as being a Reserve Specialist designee until such time as he or she receives written confirmation from the Reserve Specialist Designation Review Board or CAI of receipt of the designation;
10. Recognize the original records, files, plats and surveys that are the property of the client are returned to the client at the end of the Specialists engagement; maintain the duty of confidentiality to all current and former clients.
11. Refrain from criticizing competitors or their business practices; Act in the best interests of their Employers; Maintain a professional relationship with our peers and industry related professionals.
12. Conduct themselves in a professional manner at all times when acting in the scope of their employment.
13. Not engage in any form of price fixing, anti-trust, or anti-competition.
14. Not use the work products of colleagues or competing Reserve Specialist firms that are considered proprietary without the expressed written permission of the author or the reserve specialist firm.
15. Abide by the re-designation policy of CAI.

Compliance with the Professional Reserve Specialist Code of Ethics is further amplified in the Code Clarification Document provided by the Community Associations Institute.

Draft Revision April 2008

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## CODE CLARIFICATION DOCUMENT

Last revised 05/04

### A. Authority

The Code derives its authority from the Community Associations Institute (CAI). CAI's Board of Trustees has established a minimum standard of professional ethical performance for those individuals who receive recognition or designations from CAI.

Those individuals or entities that have received professional Reserve Specialist (RS) designation from CAI are subject to this Code.

### B. Definitions

The Code shall apply in any Reserve Specialist-client relationship where the RS receives some form of compensation for professional services offered or provided to the client.

1. **Reserve Specialist (RS)**—a singular term which shall apply to all of the following persons or entities providing or offering some form of reserve studies, transition warranty inspections, construction defect reports and other facility inspection reports or consulting services to one or more clients:
  - a. A single practitioner functioning as a client employee, or
  - b. A single practitioner employed by a firm contracted by one or more clients, or
  - c. A principal or supervisory staff member for a firm which is contracted by one or more clients, or
  - d. A firm, which is contracted by one or more clients, whether it is organized as a corporation, partnership, or other entity.

Because the Code is designed to establish a standard of conduct for the practice of preparing and providing the services and products mentioned above to community association clients, it is equally applicable to individuals and firms. An individual who agrees to abide by this Code shall also be responsible to see that any other person or firm under his/her supervision shall comply with the Code.

2. **Client**—a singular term applying to one or more community association properties (condominium, homeowner association, cooperative, PUD, PRD, etc.) and their governing body. The client may employ the Reserve Specialist directly or be under some form of independent contract with the Reserve Specialist.

### C. Amplification

CAI to further explain and define the Code of Ethics provides the following information.

#### **The following explanations correspond to the numbered paragraphs in the Professional Reserve Specialist Code of Ethics**

1. **Current standards or practices** are those numbered one through fourteen in the Code. Reserve Specialists who practice in states with legislative requirements must comply with those laws. Reserve Specialists shall not discriminate in any relationship, with any individual or firm, based upon race, color, religion, sex, national origin, familial status, or handicap and shall comply with all federal, state and local laws concerning discrimination. Reserve Specialists shall not engage in any form of price fixing, anti-trust, or anti-competition with other Reserve Specialists or Vendors.
2. **Continuing professional education** requirements are consistent with that Reserve Specialists designation. While CAI membership is not mandatory, the Reserve Specialist must satisfy the designation requirement in order to use said designation. Additionally the Reserve Specialist has a duty to remain informed on relevant matters affecting the industry.
3. **Act in the best interests of the client; Not make any inaccurate or misleading representations or statements to a prospective client; Not knowingly misrepresent facts to benefit the Reserve Specialist;** the Reserve Specialist has a fiduciary duty/responsibility to the client and should at all times act in the best inter-

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ests of the client. Reserve Specialists should avoid exaggeration, misrepresentation, concealment, and knowingly distributing misinformation.

4. **Undertake only those engagements that they can reasonably expect to perform with professional competence;** the Reserve Specialist shall provide accurate information within his area of expertise and refrain from the unauthorized practice of other professions. No Reserve Specialist should provide any service or advice that is outside his or her field of competence which includes dispensing of professional advice that falls under the auspices of other disciplines such as legal representatives, certified engineers and contractors. The Reserve Specialist should not undertake engagements that he/she cannot perform in the required time-frame and with professional competence.
5. **Exercise due care and exhibit planning and supervision as specified in the written client engagement agreement.** The intent of this statement is for the Reserve Specialist to make a good faith effort to operate within the framework of the applicable engagement agreement and to abide by the terms of said agreement. The Reserve Specialist must plan his or her own work and adequately supervise his or her employees' work to ensure the work is performed with professional competence.
6. **Disclosure of any possible conflict of interest is the key here.** An example may be of assistance. A Reserve Specialist (individually or through a company) may have financial interest in a service contractor, supplier, or professional firm that is being considered by that Reserve Specialist's client. Disclosure must be in writing and sufficiently in advance of the selection process to allow full consideration of the possible conflicts and any alternatives. The fact that the client may still choose the Reserve Specialist's related entity is not a violation of the Code, provided ample disclosure was given.
7. **Provide written disclosure to the client any compensation, gratuity or other from of remuneration from individuals or companies who act or may act on behalf of the client.** Written disclosure shall be made to the client by the Reserve Specialist, confirming receipt of all commissions, rebates, discounts, payments, or other benefits received in excess of \$200.00 annually by the Reserve Specialist from any vendor or vendor related client.
8. **Original records, files, plats, plans and surveys** are those items that were given to the Reserve Specialist at any time prior to, during or at the conclusion of his or her engagement or were developed by the Reserve Specialist and/or the client during the period of the Reserve Specialist's engagement. This definition may be further expanded by the engagement agreement. Unless provided in such an agreement or otherwise, the Reserve Specialist has no obligation to provide the client with client-related computerized data unless the client owns the computer and software and such data can be separated from that data and software which are proprietary to the Reserve Specialist. Those items that the Reserve Specialist brought to and used during the engagement, such as operation or procedure manuals, remain the property of the Reserve Specialist.
9. The Reserve Specialist shall maintain a **duty of confidentiality to all current and former clients**, commencing the effective start date of the relationship and continuing through infinity.
10. **Refrain from criticizing competitors or their business practices; Act in the best interests of their Employers; Maintain a professional relationship with our peers and industry related professionals.**  
Self-explanatory.
11. **Shall conduct themselves in a professional manner when acting in the scope of their employment.**  
Self-explanatory.
12. Work products that are posted on the internet, e-mailed, presented as part of an education session or industry related networking exchange are not considered proprietary unless they are clearly labeled as proprietary documents or subject to further protection under the copyright or registration. Lists of clients along with their contact and confidential contract information that are maintained by a Reserve Specialist or Engineering Company are considered proprietary.

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**D. Future**

The Board of Trustees may expand application of this Code, and CAI reserves the right to update, or amend both the Professional Reserve Specialist Code of Ethics and the Code Clarification Document. Any such revision, updating or amendment shall be promptly promulgated to CAI Reserve Specialist members and, after due notice, will apply to all members subject to the Code.

**E. Disciplinary Action**

After an internal investigation and hearing as provided in CAI’s Ethics Enforcement Procedures Policy, a Reserve Specialist found to be in violation of this Code shall face a sanction in accordance with the enforcement policies adopted by the CAI Board of Trustees. The extent of such sanction shall be commensurate with the nature, severity, and intent of the violation. In a situation where a firm, principal(s) or supervisory staff are involved, sanctions may be imposed on more than one individual or the firm itself.

Please answer the following questions.

- Have you ever been involved in reorganization for the benefit of creditors or in bankruptcy as a debtor? If yes, attach a detailed explanation.  Yes  No
- Have you ever been convicted of fraud, misrepresentation, misappropriation of funds or property? If yes, attach a detailed explanation.  Yes  No
- Do you know of any reason why you would be unable to obtain bonding? If yes, attach a detailed explanation.  Yes  No
- Have you ever been subject to disciplinary action by any professional organization? If yes, attach a detailed explanation.  Yes  No

**F. Signature**

By signing below, I agree to abide by the CAI Professional Reserve Specialist Code of Ethics and to be subject to disciplinary action as adopted by the Board of Trustees. All of the information provided by me is complete and correct to the best of my knowledge and belief. If I made or at any time make statements with knowledge of its falsity, I understand that it shall be cause for denial or revocation of the RS designation.

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Printed name and signature

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Firm name (if employed by a firm or are a principal or supervisory staff member of the firm)

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Printed name and signature of an officer of that firm, if applicable

Acknowledged before me on this day:

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Notary Signature

Notary commission expiration date



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**APPENDIX 2:**

# Reference Form

To: (name and address of reference)

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From: (name and address of applicant)

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Dear Sir/Madam:

I have filed an application with the Community Associations Institute for Designation as a Reserve Specialist (RS). I have given your name as a reference and authorize any individual, company or institution with whom I have been associated to furnish the Reserve Specialist Designation Review Board with any information concerning my qualifications as a Reserve Specialist

I appreciate your sending the information requested directly to the Reserve Specialist Designation Committee in the stamped-addressed envelope, which I have provided.

**Reserve Specialist Designation Review Board:**

This Board is required to obtain evidence of the good character and qualifications of applicants for accreditation as a Reserve Specialist. Statements by responsible persons with actual personal knowledge of the applicant's character and qualifications will be filed with the Board for consideration as evidence in such connection. All information is kept confidential.

The Board desires to emphasize that evidence submitted on this form should not be perfunctory nor made for the mere purpose of aiding the applicant to be registered. On the contrary, the execution of this statement by any person will be accepted by the Board as a deliberate act made with full knowledge of the responsibility toward the public interest involved. It should be borne in mind that the applicant is not being considered for membership in an organization, but for registration as an accredited Reserve Specialist by CAI, qualified to provide reserve schedules throughout the country.

Since the Board cannot consider an applicant for accreditation until replies are received from references, a prompt reply will expedite our handling of the applicant's request. Completed reference forms are to be mailed directly to the Reserve Specialist Designation Review Board in the enclosed stamped-addressed envelope. Thank you.

**Note instructions to applicant: Send a copy of this form to your reference with a stamped, addressed envelope and send the original to the CAI Reserve Specialist Designation Committee at 6402 Arlington Blvd., Suite 500, Falls Church, VA 22042.**

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Name of Applicant: \_\_\_\_\_

For this application, the following definitions apply:

**Above Average:** Performance unquestionably of a professional level demonstrated through competence and creative ability.

**Average:** Work not distinguished in content or level, but adequate for preparation of reserve schedules indicating an ability, under some supervision, to produce workable schedule.

**Below Average:** Barely adequate performance, needing careful checking and rather close supervision to meet requirements.

**Unsatisfactory:** Work of poor quality, not up to minimum professional standards. Work requires review and revision by associations or supervisors before execution.

1. How well do you know the applicant:       Very Well     Well     Slightly     Not At All
2. List dates (month and year) of contacts with applicant: \_\_\_\_\_/\_\_\_\_\_ to \_\_\_\_\_/\_\_\_\_\_
3. What is your professional relationship to the applicant: \_\_\_\_\_
4. What is your opinion of applicant's personal integrity and general character? \_\_\_\_\_  
\_\_\_\_\_
5. Is your knowledge of the applicant's experience based exclusively on your relationship described in item 3?  
 Yes     No    If no, please indicate the basis of your knowledge. \_\_\_\_\_  
\_\_\_\_\_
6. Using the interpretations above, how do you rate the practice and quality of performance of the applicant's work:

	<b>Above Average</b>	<b>Average</b>	<b>Below Average</b>	<b>Unsatisfactory</b>
Reserve Study	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development of Component Inventory	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Condition Assessment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Preparation of Life and Valuation Estimates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evaluation of Estimated Fund Status	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development of Funding Plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Responsible Charge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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7. Please explain from your personal knowledge the type of work the applicant has performed and details of responsibility: \_\_\_\_\_  
\_\_\_\_\_

8. Do you consider that the applicant demonstrated a professional level of competence in his/her work?  
 Yes  No If no, please indicate why. \_\_\_\_\_  
\_\_\_\_\_

9. Remarks: The Committee will appreciate any additional information or amplifying information regarding the applicant's experience, capabilities, or limitations, if any:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. Do you recommend the applicant for the Reserve Specialist designation?  Yes  No

**I certify that the above statements are correct to the best of my knowledge.**

Signature \_\_\_\_\_ Date \_\_\_\_\_

Present Position \_\_\_\_\_ Telephone \_\_\_\_\_



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