

# Reserve Specialist Code of Ethics

## COMMUNITY ASSOCIATIONS INSTITUTE 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, subject to all federal, state and local laws, ordinances and regulations, if any, in effect where the RS designee 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; and not knowingly misrepresent facts to benefit the Specialist.
4. Undertake only those engagements that he/she 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 conflicts of interest between the Specialist and other parties, 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 that the original records, files, plats and surveys held by the Reserve Specialist are the property of the client and are to be returned to the client at the end of the Specialist's 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 his/her employers; maintain a professional relationship with peers and industry related professionals.
12. Conduct himself/herself in a professional manner at all times when acting in the scope of his/her 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 study firms that are considered proprietary without the expressed written permission of the author or the reserve study 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 [beginning on page 13] provided by Community Associations Institute.

*Revised 2008*

# CODE CLARIFICATION DOCUMENT

Last revised 2008

## A. Authority

The Code derives its authority from 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 that have received the 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 designee 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 for seeing that any other person or firm under his/her supervision complies with the Code.

2. **Client**—a singular term applying to one or more community association properties (condominium, homeowners 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 Reserve Specialist Code of Ethics

1. **Current standards or practices** are those numbered one through 15 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.
2. **Continuing professional education** requirements are consistent with the Reserve Specialist designation. While CAI membership is not mandatory, the Reserve Specialist must satisfy the designation requirements 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 interests of the client. Reserve Specialists should avoid exaggeration, misrepresentation, concealment and knowingly distributing misinformation.
4. **Undertake only those engagements that he/she can reasonably expect to perform with professional competence.** The Reserve Specialist shall provide accurate information within his/her area of expertise and refrain from the unauthorized practice of other professions. No Reserve Specialist should provide any service or advice that is outside of his/her field of competence, which includes dispensing of professional advice that falls under the auspices of other disciplines such as legal representatives 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 of any compensation, gratuity or other form 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. **Conduct himself/herself in accordance with the Reserve Specialist requirements.** Self-explanatory.
9. **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. Return of these items should be consistent with the timeline established for payment in full for services rendered or the completion of the engagement. 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.

While the Specialist must return all records, files, plats, plans and surveys, he/she may retain photocopies of those key materials that might be necessary for the Specialist in dealing with post-engagement client-related matters. 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 peers and industry related professionals.** Self-explanatory.
11. **Shall conduct himself/herself in a professional manner when acting within the scope of his/her employment.** Self-explanatory.
12. **Shall not engage in any form of price fixing, anti-trust or anti-competition with other Reserve Specialists or Vendors.** Subject to all federal, state and local statutes, laws and ordinances.
13. **Shall not use the work products of colleagues or competing reserve study firms that are considered proprietary without the expressed written permission of the author or the reserve study firm.** Work products that are posted on the internet, e-mailed or 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 a copyright or registration. Lists of clients and their contact and confidential contract information that are maintained by a Reserve Specialist or engineering firm are considered proprietary. *This provision does not pertain when updating previous reserve studies prepared by another individual or firm.*

#### D. Future

The Board of Trustees may expand application of this Code, and CAI reserves the right to update or amend both the Reserve Specialist Code of Ethics and Code Clarification Document. Any such revisions, updates or amendments shall be promulgated to CAI Reserve Specialist designees and, after due notice, will apply to all designees that are subject to the Code.

#### E. Disciplinary Action

After an internal investigation and hearing, as provided in CAI's Code of Ethics Enforcement Procedures, 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

