



Condominium Review Study

An Integral Role in Planning The Financial Future of Any Condominium

What is a Condominium Review Study (CRS)?

When looking at the current “health” of a condominium it is essential to understand that there are a great many factors, physical and financial, that come together to create a safe, efficient, well-functioning, well-run, and valuable property.

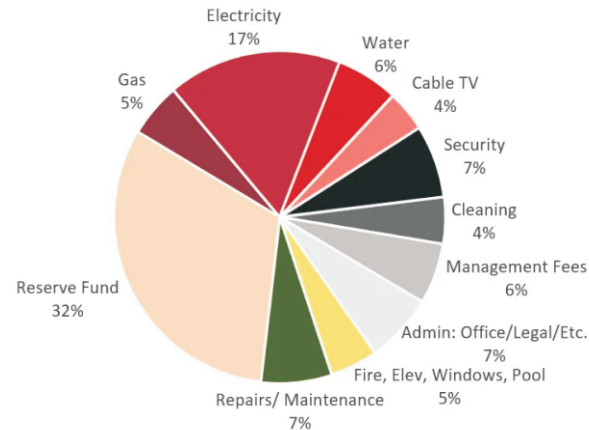
When any one of these components fail, the probability of it impacting others is often quite high.

In order to ensure a healthy property that is market attractive to both renters and unit owners, a Condominium Review Study (CRS) provides property managers, unit stakeholders, and financial administrators the complete picture of a building's well-being.

In doing so, it provides the decision maker with a valuable source of information from which to plan the condominium's future upkeep and maintenance.

A Condominium Review Study is prepared by two professionals; a Reserve Fund Planner and a Building Envelope Specialist. It looks at all the major components that make up the building to assess its state of health and long-term performance both physically and financially.

Typical Condo Annual Budget



A typical annual budget for a condominium complex does not leave much room to absorb large, costly and unexpected major repairs, and as such often leads to a special assessment charge that needs to be absorbed by the unit owners.



As common areas largely define the living and safety standards accorded to those who occupy the space, the outer skin or envelope of the building is responsible for maintaining the building's integrity; a detailed report of both make up a Condominium Review Study.

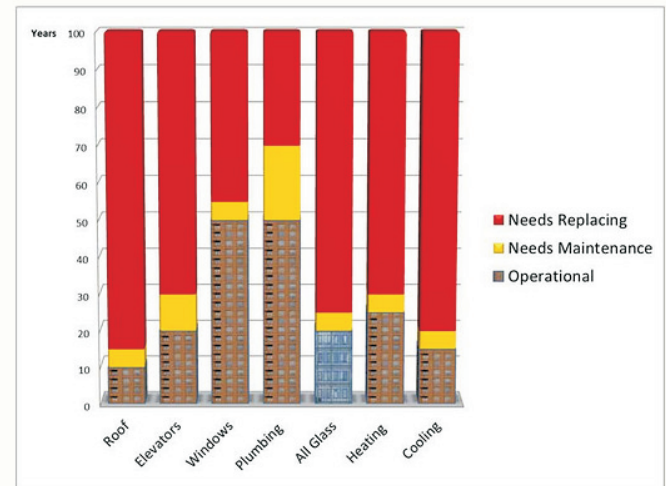


What Does A Condominium Review Study Look at?

A CRS will:

- Identify all common areas in a condominium complex, provide a description of their current condition, an estimate of when they will need to be repaired or replaced and an estimated cost of repairs/replacement within the next 25 years.
- List all common element components of the condominium corporation costing \$500 or more including, in some cases, an amount in a contingency reserve for unanticipated expenditures
- Inspect and determine the nature and extent of major repairs or replacement that will be required for each common element or class of common elements.
- Identify major repairs or replacements and when they are likely to take place; note the current costs to perform those repairs/replacements, as well as anticipated future costs.
- Review exterior wall finishes, architectural features, structural components of the outside walls, insulation and drywall on the inside face of these walls
- Review of windows, doors, flashings, waterproof membranes on balconies, foundation and parkade structures, roofing systems, exterior cladding, air barriers, floors, etc.
- Inspect areas where water ingress is common; e.g. the concrete slab and balcony waterproof membrane, detailing of window and door openings. Also included are areas prone to condensation build-up, mold growth and rot of structural components due to lack of adequate ventilation; e.g. attics and roof spaces.
- Inspect exterior sealant and mortar bridging where water may infiltrate the walls
- Inspect insulation and building paper to ensure excessive humidity is properly vented/circulated in order to prevent moisture damage
- Inspect points of air leakage as well as areas where control of internal air pressure, quality and temperature occur. Accounting for natural ventilation, minimizing drafts and leaks, using energy efficient windows, insulation and sealants are all important factors that must be considered when looking at the overall health of a condominium.

Repair & Maintenance Cycle of Major Components



*Courtesy of Market Watch



In an ideal world, condominium owners are satisfied with the way their corporation is run, fees are comparable to the condominium down the street, major repair and replacement projects are well-managed, and the reserve fund maintains a healthy balance.

Then again, in a perfect world, condos never leak! The unfortunate reality is that many corporations have underfunded reserves, which can limit available options.

An underfunded reserve is one where the reserve fund contributions are not enough to cover the expenses expected to crop up over the span of the reserve fund study.

This puts the long-term durability of the property at risk, will usually diminish property value, and may compromise safety.

Benefits of a Condominium Review Study (CRS)

1

A “2 in 1” Study Reduces Costs

Every CRS contains two sections. (1) An independent Reserve Fund Study that can be submitted to the condo board in accordance with legislative requirements and (2) a Building Envelope Study.

Why pay top dollar to have a Reserve Fund Study done, only to discover, months later, that overlooked major repairs have minimized the document's value and validity? Furthermore, doing both studies at the same time affords beneficial cost and time efficiencies.

2

Engineering Expertise In Every Study

Every CRS completed by TOK includes the expertise of an engineer. A CRS includes technical areas of concern in the study that would not necessarily be considered by a lay Reserve Fund Specialist.

3

Warranty Review

A CRS provides a technical audit for newly built condominiums. By having a third party inspect and pinpoint current/potential failures, any issues that are still covered under a builder's warranty can be addressed and fixed before expiration.

4

More Precise Financial Planning

By performing a Building Envelope Study in advance, a CRS makes the data collected during the Reserve Fund Study portion of the CRS more relevant for informed and realistic financial planning.

5

Avoid Special Assessments

When a condominium board becomes proactive and adopts a preventative maintenance policy via a CRS, owners can potentially save significant amounts of money in the long run and avoid the need for special assessments.

6

Retention of Assets

Helps maximize lifespan of building assets and keeps the building safe, up to code and more marketable

7

Less Downtime

Minimizes disruption to daily business and occupants by better planning leaving less room for downtime

8

Minimizes Hazards

By ensuring that all building components are in good working order, a healthy building reduces safety risks of occupants, and reduces safety liabilities held by the Board

9

Lower Long-Term Costs

Much of the “every day” repairs needed in a condo are usually low dollar amounts compared to the costs incurred should the deficiency be missed or neglected. A CRS allows for a more intricate inspection of areas that normally a Reserve Fund Study may topically mention, therefore identify possible major areas of concern before they impact other components and possibly double repair costs.

10

Increased Building Efficiencies

A CRS identifies areas for energy efficiencies (heating, air flow, moisture control, etc.) so that proper maintenance and repairs can be done to increase the buildings overall building effectiveness when it comes to heating, energy and electrical costs.

11

Increases Properties Current & Resale Value

A CRS helps preserve the integrity and property value of any building, in so doing, helps in resale value as well of units which is important to any condominium owner.

Report & Study Options For Condominiums

Option #1: Performing a Reserve Fund Study by Itself

This will not identify, in-depth, the extent of technical problems of a mechanical nature (e.g. HVAC), of a structural nature (e.g. balconies, roofing) or of a geotechnical nature (e.g. foundation cracks).

The result of this will be to minimize the validity of the existing reserve fund study's financial predictions and therefore undermine its value.

Option #2: Performing a Building Envelope Review by Itself

The building envelope review, by itself, may be years out-of-sync with the timing of the next scheduled reserve fund study.

These anticipated costs/expenditures that could be more smoothly planned for, by way of graduated condominium fees, now need to be addressed by more "financially traumatic" special assessments.

At the very least, smaller problems/expenditures may be allowed to grow unaddressed and larger until the next financial review.



Option #3: Performing a Condominium Review Study

A Condominium Review Study is an all encompassing study that aims to provide the Condominium Board & Unit Owners with an accurate, detailed overview of the condition of a property by including expertise from a qualified Engineer on areas that could not be professionally diagnosed by a Reserve Fund Specialist.

Major components such as a parkade, the architectural structure of a building and foundations in a condo are prone to damage and wear. In many cases these components will give a sign of structural compromise that can be detected early on by a trained professional such as an Engineer.

Early detection can potentially prevent exorbitant repair costs if left unnoticed, and also allows a condo to incorporate the cost of repairs (should they be deemed non-urgent) into its financial budget alleviating the need for a special assessment.

A Condominium Review Study allows early detection and diagnosis of possible problematic deficiencies of components that may only be obvious by a designated engineer due to technical training and experience.

