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From time to time a depreciation report will be requested by the lender or the insurer underwriter for review. Below is a great info piece to help you understand what they are and why they are important.

<p><b>What is a Depreciation Report?</b> (AKA Reserve Fund Study)</p>	<p>A Depreciation Report is a legislated financial and planning document required for Strata/Condo Corporations. It contains an inventory and maintenance plan for a Corporation's Common Property components and is intended to identify all of the systems that make up a building, including all the services that support it and the occupants.</p> <p>Another way to think of the Depreciation Report is as an encyclopedia of all of the pieces that make up a building. A full and detailed list of components is included in a Depreciation Report, from the roof to the foundation and everything in between. The ability to quickly look up what type of boiler a building has, the traffic coating in a parkade, or the composition of wall cladding can be very valuable.</p>
<p><b>What is the Purpose of a Depreciation Report?</b></p>	<p>The purpose of a depreciation reports is to establish:</p> <ul style="list-style-type: none"> <li>• What is owned by the Strata Corporation</li> <li>• How much money is in the Contingency Reserve Fund (CRF)</li> <li>• When each building system will likely need to be repaired/replaced</li> <li>• Estimates the future cost for repairs/replacement</li> <li>• How to prepare a financial arrangement for the future</li> </ul>
<p><b>What are the benefits of the Depreciation Report?</b></p>	<p>As a lender, we are looking for buildings with Depreciation Reports that not only identify if the building is in good condition, but also has well-funded reserves and evidence that the strata/condo corporation is enacting a plan to deal with the long term costs of maintaining their building.</p> <p>A Depreciation Report Helps To:</p> <ul style="list-style-type: none"> <li>• Maintain the value of the overall property by contributing to a well-managed reserve fund, providing a positive impact on value of the asset.</li> <li>• Even out the essential contributions required over many years to cover future replacement costs. When the payments are more regular, there is less need for special levies.</li> <li>• Create a secure and fair financial plan that takes care of both current and prospective owners. When managed correctly, the plan will be affordable today and in the future.</li> <li>• Proactive preparation ensuring organized management of the expected deterioration of the building assets/systems well in advance of failure.</li> <li>• Become familiar with the life expectancy of all of the buildings assets/services, and the likely expenses associated with replacing each item as they reach the end of its lifetime.</li> </ul>

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