



RESIDENTIAL APPRAISAL REQUIREMENTS

PREAMBLE

These guides are to aid appraisers in completing satisfactory appraisal reports and alleviate back and forth between the appraiser and underwriter. These guidelines are not meant to be exhaustive or replace CUSPAP guidelines.

If there are any questions or the appraisers cannot complete the report according to these guidelines, please contact your underwriter immediately to discuss.

GENERAL

Format:	Complete the appraisal on a current full appraisal form approved by the Appraisal Institute of Canada. The appraiser must hold a CRA, AACI or OEAQ designation.
Language:	English only
Value:	Do not discuss the value with the borrower/homeowner.
Purchases:	The appraiser must review the purchase contract . If not, the appraiser must indicate this in the report.
Payment:	In all cases, payment of appraisal fees will be the sole responsibility of the mortgage broker and the borrower , unless otherwise stated by Neighbourhood Holding Company Ltd. in writing.
Inspection:	The appraiser must enter all rooms and ask the following questions: ☐ Who let you into the property? ☐ Were they aware that a transaction (refinance or sale) is pending on their property if it was the owner?

CLIENT

Client:	Neighbourhood Holding Company Ltd.
Attention:	Underwriting
Address:	440 - 355 Burrard Street, Vancouver, BC V6B 2W9
E-Mail:	appraisals@neighbourhoodholdings.com
Phone:	604-658-4063



ASSIGNMENT

Purpose:	To estimate market value
Intended Use:	Indicate first or second mortgage financing
Intended User:	Neighbourhood Holding Company Ltd.
Requested By:	Either the Mortgage Broker or Lender. We <u>do not</u> accept reports ordered by the borrower or property owner.

NEIGHBOURHOOD

- ☐ A description of the neighbourhood characteristics, negative as well as positive
- ☐ State neighbourhood boundaries (north, east, south, west)
- ☐ Provide a brief description of any factors affecting the neighbourhood's marketability as a residential area; include external depreciation (locational); if there are no negative factors, state this

SITE

- ☐ Provide additional detail and explanation as required concerning factors relevant to marketability and value of the site
- ☐ For acreage properties, the value must be based on a **maximum of 5 acres** and must not include outbuildings
- ☐ Note that the zoning is conforming, non-conforming or illegal

IMPROVEMENTS

- ☐ Provide additional detail and explanation as required concerning factors relevant to marketability and value of the site
- ☐ Note any required repairs to the subject property and the cost to cure, when possible
- ☐ Include specific comments on any unusual or detracting property features
- ☐ Note if there is any indication of foundation dampness, settlement, cracks or infestation
- ☐ Must advise if UFFI, mould, K-tech plumbing is present or not
- ☐ Any known environmental risks must be disclosed



- ☐ The Appraiser must review/assess all rooms of the subject property (including basement, garage and outbuildings).
- ☐ Property services must be confirmed (heating source and amperage)
- ☐ Effective Age + Estimated Remaining Life **not to exceed 75 years**
 - ☐ If there is a substantial difference between actual age and effective age, the appraiser **must** comment that the property is well-maintained to support the lower effective age

HIGHEST AND BEST USE

- ☐ Present use must be the highest and best use as improved. The highest and best use must be residential
- ☐ If the highest and best use is not residential, please call the underwriter or lender for instructions

COST APPROACH

- ☐ Note if the land-to-value ratio is high for the area

DIRECT COMPARISON APPROACH

- ☐ Comparable sales must:
 - ☐ Bracket the subject's market value
 - ☐ Be of similar style and size
 - ☐ Have sold in the past 6-months. If not, the appraiser must adequately explain the reasoning for using comparables older than 6-months
 - ☐ Be located within the subject neighbourhood. If not, the appraiser must adequately explain why they have chosen comparables outside of the neighbourhood and why a competing neighbourhood is comparable to the subject neighbourhood. Report the distance to the comparable sales
 - ☐ For new construction comparable sales, the appraiser must indicate whether GST or HST is included in the sale price.
 - ☐ Have gross adjustments of less than 25%
 - ☐ If the subject property is a strata or condominium, the appraiser must include at least one comparable that is in the same strata or condominium building and one comparable that is **not** in the same strata or condominium building

SALES HISTORY OF SUBJECT PROPERTY



- ☐ Note if the property had any prior sales within the past 36 months preceding the appraisal date. If yes, provide further information on the previous sale (this is Standards rule 1-5 of CUSPAP)

EXPOSURE OR MARKETING TIME

- ☐ Exposure or marketing time **must be less than 120 days**

RECONCILIATION AND FINAL VALUE

- ☐ As-is values are accepted, as complete values will not be accepted
- ☐ Note if the comparables support the purchase price or market value

PHOTOS

- ☐ Three colour photographs of the exterior of the property (front, rear and street scene)
- ☐ The report must include a photo of every room, including the basement, garage and outbuildings, plus pictures of any unusual/noteworthy/derogatory conditions noted on site. Minimum of 5 interior photographs.

LOCATION MAP

- ☐ Must show the location of the subject in relation to the comparable properties
- ☐ All comparable sales should be from the same neighbourhood as the subject

COMPARABLE PROPERTIES

- ☐ Comparable sale photos must be clear and legible

TIMELINES AND COMMUNICATION

- ☐ Providing timely status updates
- ☐ Notify any issues regarding appointment scheduling or report completion.
- ☐ Notify any unexpected delay