

# Standard Appraisal Guidelines

Please see below for guidelines and instructions on completing an appraisal for RFA Bank of Canada. All instructions set out in this document must be adhered to.

## Appraiser(s)

All appraisers listed on the RFA Bank of Canada Approved Appraiser List must have real estate appraiser designations as granted by at least one of the following associations:

- Appraisal Institute of Canada (AIC)
- Accredited Appraiser Canadian Institute (AACI)
- Canadian Residential Appraiser designation (CRA)
- Canadian National Association of Real Estate Appraisers (CNAREA)

## General

- Appraisal reports must be signed by an approved designated appraiser.
- Appraisal reports must be addressed to RFA Bank of Canada and its assignees.
- Complete the appraisal on a current full appraisal form approved by the Appraisal Institute of Canada and/or CNAREA.
- Ensure the report is CUSPAP/USPAP compliant and meets any special instructions contained within the order.
- Ensure the appraisal report is written and submitted in English.
- Produce the appraisal report in a manner consistent with all applicable provincial requirements.
- Complete an appraisal on each property. The appraisal report must be signed or co-signed by a designated member in good standing with the AIC and/or CNAREA (maximum lending on 4 units).

## Special Instructions

- Appraiser to make note in the appraisal if they were denied access to any part of the property.
- Appraiser to make note if any bedroom doors had/have dead bolts (ie. any signs of property being used as a rooming house).

## Approach To Value

- The appraisal report must include a current market value.
- Confirm access to all interior rooms of the property in the appraisal report.
- Confirm that there are no adverse external factors that may affect the marketability of the property.
- If an appraiser does not include the cost approach to value, he/she must provide an explanation supporting the facts within the appraisal report.
- Rural properties should be accessible from a publicly maintained road and have adequate sewage, water and utilities.
- Working farms are not acceptable.
- Derive value based on the house and maximum 5 property acres.
- Do not include outbuildings in the value.
- Indicate the values of the outbuildings in the narrative of the appraisal report.
- Provide an 'as completed' final value for new construction properties, stating the percentage complete in the appropriate field.
- New construction must be 97% finished when indicating completed value.

## Attachments – Location Map

- The appraisal report must contain a current street map showing the exact location of the subject property and comparable properties, as well as the location of other properties mentioned within the report as affecting the value of the subject. This includes neighboring properties exhibiting negative characteristics.
- State location and proximity of comparable sales in terms of blocks or fractions of a kilometer in urban areas.
- Seek comparable sales within the same neighborhood, preferably within 3 or 4 blocks or 1 kilometer for suburban areas and 5 to 10 kilometers for rural areas.
- If you include comparable sales from other neighborhoods provide justification of the reasons for obtaining comparable sales outside the subject neighborhood within the narrative comments.
- A description of the neighborhood characteristics, negative as well as positive, should include:
  - The residential setting (For example: declining, stable or developing),
  - The conformity of the property to the market,
  - Supply and demand characteristics,
  - Neighborhood age, proximity to services and any adverse factors.

## Photographs

The appraisal report must contain current, clear and well-framed color photographs of the following:

- Front of subject property
- Rear of subject property
- Street scene
- The following photos are required:
  - Kitchen
  - Family/Living room
  - All bathrooms
  - All bedrooms
  - Basement (where applicable)
- Examples of physical deterioration (if present)
- Examples of recent updates (e.g., restoration, remodeling and renovations, if present)
- Front views of all comparable sales used within the appraisal report

## Comparables

- Use a minimum of 3 comparable sales from the immediate area.
- Comparable sales should reflect arms-length transactions and occur within 90 days of the appraisal date.
- Comparable sales must have closed and be available from MLS.
- Provide MLS photos and listing information in the appraisal report.
- Clearly explain subjective adjustment(s) in the report (For example: views, appeal, condition, location ratings).
- If you use comparable sales greater than 90 days from the effective date of the appraisal report, you must indicate the reasons why you chose that comparable.
- You must choose at least one condo unit comparable sale from an outside but comparable condo building.
- Provide the listing price and the length of time to sell for each of the comparable sales.
- The final adjusted sale price of the comparable sales, after dollar adjustments, should not exceed 10% of the original sale price of the comparable. Include supporting details if the adjustments exceed 10%.

## Disclosure

- Any form of confirmable misrepresentation will lead to termination of approved status as well as the filing of REDX incident reports.

\*The RFA Standard Appraisal Guidelines and Approved Appraiser List are subject to change at any time and without notice. Please refer to our website [rfa.ca](http://rfa.ca) for the most current document. RFA Bank of Canada reserves the right to deem an appraisal inadmissible or to request more information.