



Simplified Appraisal Checklist

In the case of a voluntary repayment or at the 25-year mark, an appraisal is required.

Here is some key information the appraisal report must contain:

The appraiser must clearly indicate the intended use of the report (determining the fair market value of the property for the repayment of the FTHBI) and be addressed to both the borrower and the Program Administrator.

The appraiser must use two approaches to establish the market value (cost approach and comparison approach). The market value of the property must be based on the condition of the property on the date of the appraiser's visit.

The appraisal report must include photos of the property (interior and exterior) as well as a list of repairs and improvements performed in the last 5 years or since the incentive was approved. Any potential environmental or structural issues must be identified in the report.

The appraisal report should include comparable sales along with their descriptions (MLS or internal analysis with pictures) that should not be more than six months old (in urban zones) and no more than twelve months old in rural zones. Where acceptable comparable sales are not available, the report must provide rationale as to why older sales have been utilized.

An analysis of comparable sales is mandatory even if the subject property is located in a remote area or on-reserve. The appraiser must use precise and adjusted gross and net percentage adjustments to avoid comparing with non-comparable sales. Net adjustments must be less than 30%. A time adjustment factor must be applied in the event of rising or declining market conditions, as applicable. In a situation where good comparable sales are not available, at least one sale within a variance of 10% of the value is required.

For condominium units, comments on the following items must be provided:

- i. common expenses (e.g. maintenance fees);
- ii. state of the replacement reserves;
- iii. repairs (e.g. special assessments) and the quality of the project management.

In the case of a sale, the borrower must specify to the appraiser the agreed upon inclusions per the purchase and sale agreement (e.g. spa, appliances, home theatre, etc.)

A title search must be performed and commentary on any outstanding arrears must be included, as applicable.

All assumptions made must be identified.