

Understanding Valuation Solutions in the Canadian Market

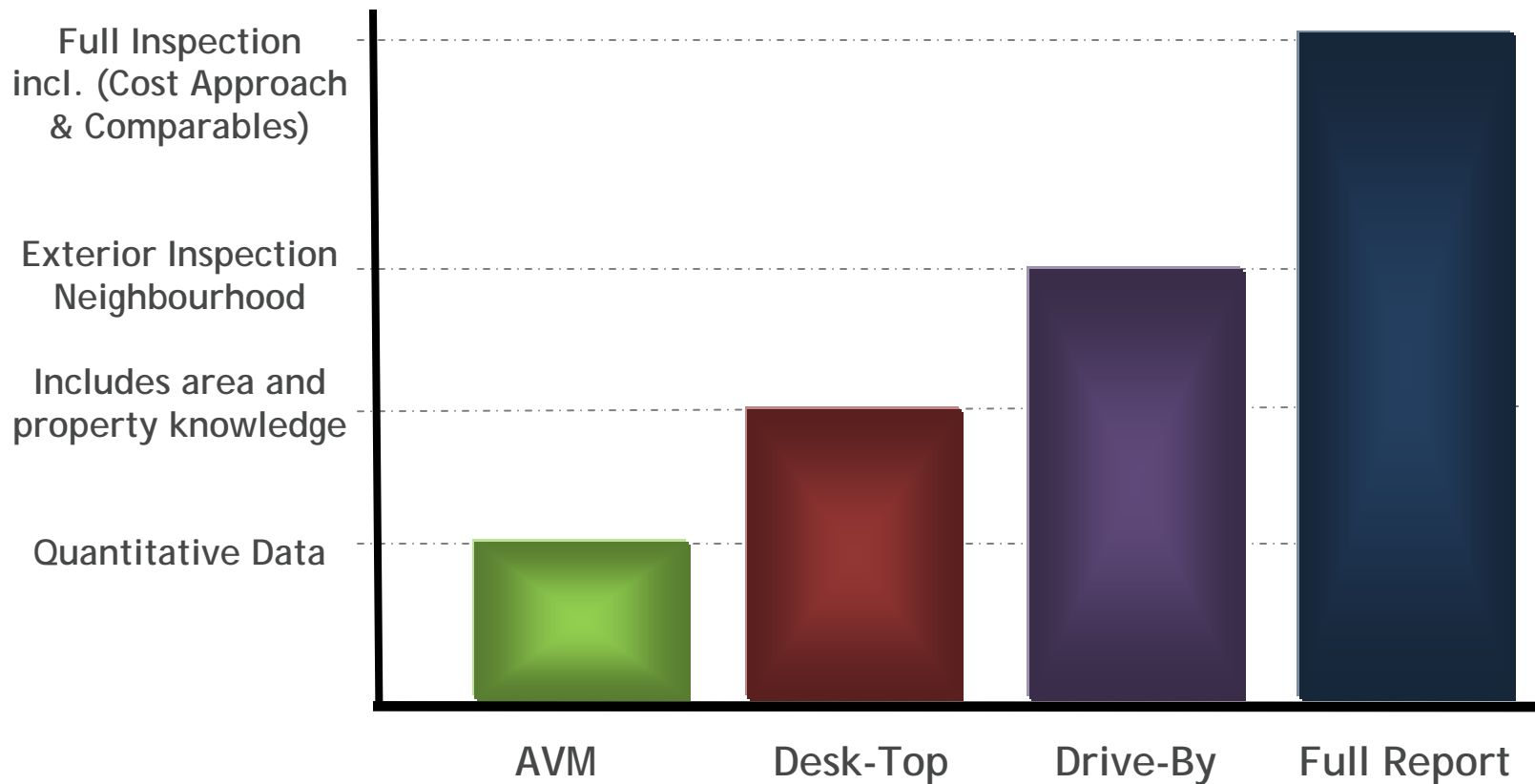


CANADA
GUARANTY

Definition of Market Value

The most probable price that a property should bring in a competitive and open market as of the specific date, under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Types of Valuations



Importance of Appraisals

An appraisal provides a timely, professional and independent review of:

- Real Estate/Collateral
- Neighborhoods
- Market Indicators
- Sustainability of value and marketability

The Valuation Challenge



Assessed value: \$370,000



Assessed value: \$1,710,000

These houses share a postal code and are across the street from one another!

Question

Who suffers the greatest loss if the property is incorrectly valued?

1. The Lender
2. The Insurer
3. The Client

The Answer

While there is financial loss for the lender and insurer, the client loses:

- a) Presumed equity in their dream home
- b) Credit reputation & ability to borrow
- c) Financial security
- d) Loyalty and belief in their broker/lender

Definition of Appraisal

A formal opinion of value.

Prepared as a result of a retainer; intended for reliance by identified parties and for which the appraiser assumes responsibility. It can be written or oral.

Canadian Uniform Standards of Professional Appraisal Practice; Appraisal Institute of Canada

Why do You Need an Appraisal?

- Automated Value Model does not support value
- Changing neighborhoods and markets
- Past sales data is not indicative of current market trends
- “Red Flag” or fraudulent deal

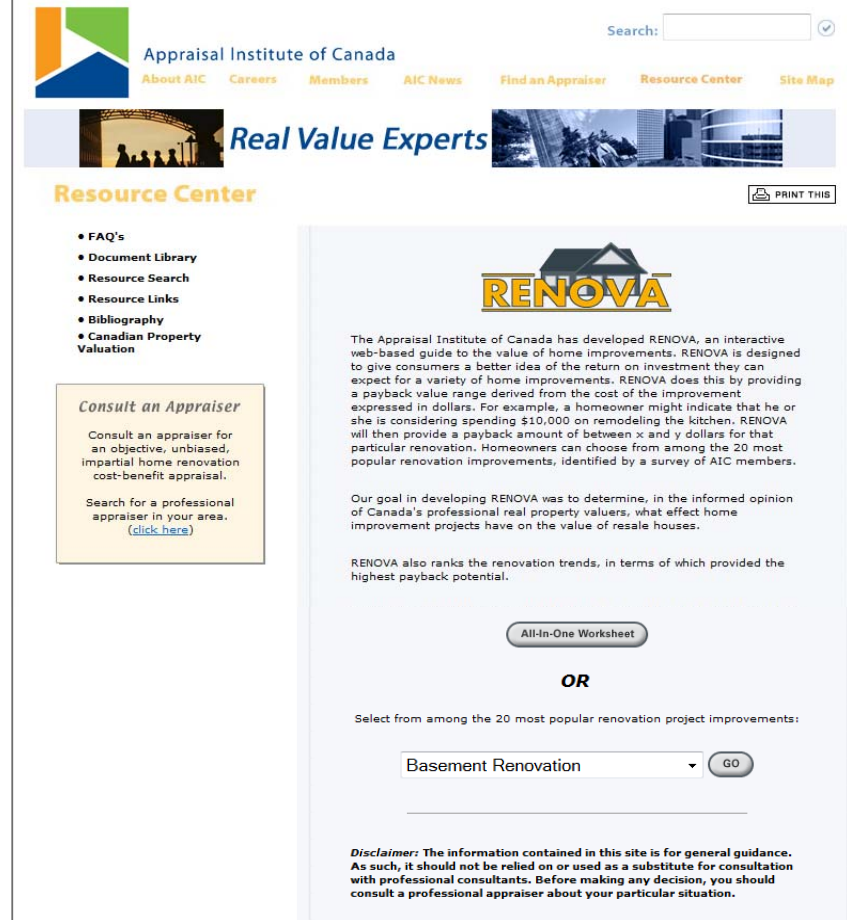
Appraisals reduce risk and protect the client from overpayment

Final Tip - RENOVA

Calculates the value-added common home renovation projects

Can be accessed through:

<http://www.aicanada.ca>



The screenshot shows the AIC website's 'Resource Center' page. At the top, there is a search bar and navigation links: 'About AIC', 'Careers', 'Members', 'AIC News', 'Find an Appraiser', 'Resource Center', and 'Site Map'. Below the navigation is a banner for 'Real Value Experts' with a 'PRINT THIS' button. The main content area is titled 'Resource Center' and lists several categories: 'FAQ's', 'Document Library', 'Resource Search', 'Resource Links', 'Bibliography', and 'Canadian Property Valuation'. A highlighted box titled 'Consult an Appraiser' contains text about finding an appraiser and a link to 'click here'. The main feature is the 'RENOVA' tool, which is described as an interactive web-based guide. It explains that RENOVA provides a payback value range based on the cost of improvements. For example, if a homeowner spends \$10,000 on remodeling the kitchen, RENOVA will provide a payback amount between x and y dollars. The tool also ranks renovation trends and provides an 'All-In-One Worksheet' button. Below this, there is a section for selecting from 20 most popular renovation project improvements, with a dropdown menu currently showing 'Basement Renovation' and a 'GO' button. A disclaimer at the bottom states: 'Disclaimer: The information contained in this site is for general guidance. As such, it should not be relied on or used as a substitute for consultation with professional consultants. Before making any decision, you should consult a professional appraiser about your particular situation.'

Contact Us



To view the unabridged presentation, please contact your dedicated Account Executive or speak directly with an underwriter:

National Underwriting Centre
1.877.244.8422