

# TRANSACTION GUIDELINES AND VALUATION PROCEDURES



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## TRANSACTION GUIDELINES

### 1.0 PURPOSE

The purpose of this document is to establish and maintain appropriate guidelines to support Real Property transactions on behalf of the Real Property Division (RPD), the Province of British Columbia, and its agencies (“the Province”).

### 2.0 APPLICATION

These procedures apply to government staff involved with real property transactions within the Real Property Division in the Ministry of Technology, Innovation and Citizens’ Services and ministries requesting advice from RPD. These procedures are to be used in conjunction with the *Inventory Policy for Real Property (CRF and BPS Entities)*.

#### 2.1 SOLICITATION OF OFFERS

As a general rule, the principle of best value to the Crown must always guide decision making as it relates to real property transactions.

All real property transactions must be conducted in an open and fair manner that recognizes the need for the public to be given a reasonable opportunity to acquire property from the government.

With regards to dispositions, real estate branches (Branches) should begin the process of soliciting offers promptly, leaving time to consider all viable options. The principle of best value should determine which offer is selected, and the criteria that determine the best value should be identified prior to the solicitation of offers. These criteria should remain constant during the solicitation and selection process. (Criteria could include future uses by local government and/or provide a community benefit). In cases where additional criteria are identified following the initial solicitation of offers, the full circumstances and data used to substantiate any changes to the evaluation and selection process must be documented.

When soliciting offers, Branches must give a reasonable and representative number of persons or firms an opportunity to make offers. Branches can meet that policy requirement by using one of the methods listed below: public advertising, including an open bidding system;

- public notice that is consistent with generally accepted trade practices;
- use of a system that, in the Branches opinion given the subject and nature of the transaction:
  - provides a reasonable likelihood that potentially interested persons or firms will become aware of the proposed transaction; and

- promotes a fair and equitable consideration of offers.

Offers must be solicited unless the Branch is satisfied that the nature or subject matter of the transaction would make it inappropriate or not in the public interest to solicit others. Examples of such transactions include:

- a sale, lease, license, or other disposition in which the property can reasonably be disposed of to only one entity, such as:
  - a land locked remainder parcel sale to an adjacent land owner for consolidation;
  - a sale to a local government, where the property is to be used for public purposes;
  - a sale of property to interested First Nations; or
  - a sale to a long-term lessee.

(\*This list is not exhaustive, there may be other circumstances that are applicable)

Another situation that may arise is where a Branch with a particular real property requirement receives an unsolicited proposal from a public entity or private entity (e.g., a real estate agent or property owner) about how to meet that requirement. As a general rule, Branches should advise the proponent that the proposal can be studied to confirm its appeal but that, if its appeal is confirmed, the department expects to return to the market to give other parties a chance to consider and match the unsolicited proposal. Any exceptions to this approach will require applicable approvals.

In all cases when a decision is made to preclude the solicitation of offers, the full circumstances and data used to substantiate the decision must be documented.

## **2.2 Valuation**

When considering a transaction, Branches should first determine the likely value of the interests, rights, and benefits in the property by means of an appraisal or estimate as set out in the province's Valuation procedures. For transactions, the focus of the valuation is on market value.

## **VALUATION PROCEDURES**

### **3.0 PURPOSE**

The purpose of these instructions are to establish and maintain appropriate Valuation Procedures to support the disposition or acquisition of Real Property on behalf of the Real Property Division (RPD), the Province of British Columbia and its agencies (“the Province”).

When conducting transactions, Real Estate business units within government line ministries and CRF and BPS Entities (Branches) determine the likely value of the interests, rights, and benefits in the property by means of an appraisal or estimate as set out by the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)

Valuation is part of most decisions during the life cycle management of real property. It is necessary for informed decision making, benchmarking performance, and demonstrating that the value-for-money principle has been achieved.

Branches need to be sure that the process used for valuation results in a reliable, defensible approximation of value with appropriate quality control and meets the requirement of CUSPAP. This includes the requirement for written documents, as at a specified date, that evaluates the real property rights, interests, or benefits involved and provides sufficient information and analysis to support the conclusion. The processes and procedures should reflect the level of due diligence appropriate to the potential value and risk involved.

### **4.0 APPLICATION**

These procedures apply to government staff involved with the disposition or acquisition of real property within the Real Property Division in the Ministry of Technology, Innovation and Citizens’ Services, BC Government line ministries, CRF and BPS entities requesting advice from RPD, and/or for any properties that are part of the Release of Assets for Economic Generation program. These procedures are to be used in conjunction with the *Inventory Policy for Real Property (CRF and BPS Entities)*

## 5.0 VALUATION PROCEDURE OBJECTIVES

- To provide credible Valuation advice to guide the decision-making process with respect to Real Property dispositions, acquisitions and strategic analysis
- To obtain accurate, current and appropriate market-based information
- To aid operational and strategic planning for individual properties and the portfolio
- To maximize value to the Crown and protect the interests of the Province when acquiring or disposing of real property

## 6.0 VALUATION THRESHOLDS FOR OPEN MARKET AND DIRECT TRANSACTIONS

In the valuation of real property, fair, open, and transparent transactions are the ideal comparable in estimating market value for a real property transaction. An example would be a tender for the acquisition or disposal of an asset. However, real estate markets are by nature imperfect. Prior to completing a transaction; an estimate or appraisal is required as a benchmark to ensure that the proposed transaction price/cost is representative of market value.

For those transactions in which an open market does not exist, the due diligence necessary for the valuation to support the transaction must be defensible and as such must have well-supported data and analysis demonstrating the market value as the performance measurement prior to completing a transaction. The documentation on file must be able to stand the test of public scrutiny.

The transactional thresholds outlined below for the use of External Appraisals or Estimates are intended as guidelines addressing the **minimum** requirements. Branches should also consider complexity and risk in each case.

Recommended Valuation guidelines:

- Transactions less than \$300,000 – one or more Valuations\* (see note on Estimates) or External Appraisals.
- Transactions more than \$300,000 – one or more External Appraisals (as per *Appraisal Report Types* listed on pg.1)
- All Direct Transactions over \$100,000 – one or more External Appraisals (Narrative)

For complex valuations or unconventional transactions where there is uncertainty, it is recommended that Branches obtain an External Appraisal instead of the minimum Estimate and/or obtain more than the minimum single appraisal for transactions in excess of the \$300,000 limit.

\* Note on Estimates: The use of estimates in support of real property assumes the transaction will occur in an open and competitive market or that it is not in the public interest to have a solicitation of offers, such as a direct sale to a local government. In the first instance, the

thinking is that a competitive process tests the value of the property, therefore estimates are sufficient and are intended as a cost-effective process to ensure that the principle of value for money is achieved.

For property without a solicitation of offers, where the nature or subject matter of the transactions dictated such a course of action, Branches should consciously assess whether an estimate is sufficient, based on the rationale for excluding a solicitation of bids, as well as the value, sensitivity, or complexity of the proposed transaction.

For example, Branches should not rely on transactions involving the Crown (as one of the parties to the transaction) as evidence of market behavior except under exceptional circumstances where it is impossible to obtain a sufficient number of comparables. Under those circumstances, one of the comparables may involve the Crown.

#### **a) Restricted use and public use**

Public use of land does not affect the market value of real property based on highest and best use unless there is a restriction that runs with the land (i.e., an enforceable restriction that cannot be changed by the owner or custodian). Such restrictions place legal limitations on the use of the property, thereby changing the highest and best use. Public use land that has a restriction on the use would be valued based on its restricted use.

In the case of disposals for public purpose, CUSPAP requires a valuation of the surplus property based on the highest and best use, as well as a valuation based on its restricted use (continued public purpose use) as highest and best use. The rationale for this valuation requirement recognizes that properties can be sold at the restricted use value, based on a sound case for long-term continued public purpose, but that the negotiator must also ensure that there is a condition-covenant in the transaction and on title where the property is to leave the provincial inventory to protect the Crown interest for the differentiation of value and to avoid a land flip windfall to the other public-interest party.

#### **b) Critical or extraordinary assumptions**

Any valuation that has critical or extraordinary assumptions may not be reliable, as the value is conditional upon the assumptions being true. The valuation analysis may result in a misleading value estimate if the assumptions are not true. The use of extraordinary assumptions is a useful tool for valuation, as it allows for options to be considered, typically for budget and planning purposes. Valuation of a building “upon completion,” as vacant, as if leased for 5 years, 10 years, etc., are examples of extraordinary assumptions. Therefore, extraordinary assumptions must be clearly stated in a report that relies on such assumptions in estimating value.

If an extraordinary assumption or critical assumption is used as the basis of an estimate of value in support of a transaction, the transaction should not be completed unless the limiting condition or assumption has been satisfied or realized.

## 6.1 EXTERNAL APPRAISAL REPORTS

For CRF entities, External Appraisal reports shall be prepared by appraisal firms selected from the RPD Appraisal Roster, in accordance with RPD procedures. In the event that a situation is encountered that requires deviation from the Appraisal Roster, then procurement will proceed in accordance with Procurement Policy.

External Appraisal reports shall follow industry standard formats, as appropriate for the Intended Use and Intended User and shall be prepared in accordance with the Terms of Reference and Scope of Work contained in Appendix A. Unless directed otherwise by the requestor, the Appraisal Report Type will be Narrative.

External Appraisal reports may be relied on to establish market value for all properties, regardless of the use of the report.

## 6.2 ACCEPTANCE OF COMMISSIONED APPRAISALS

Reviews of appraisals should:

- confirm the Market Value reported is substantially consistent with Terms of Reference and Scope of Work contained in Appendix 1 herein;
- confirm the report otherwise meets the requirements of RPD (Appendix A);
- confirm the level of reporting meets the applicable External Appraisal requirements for the requesting department, as outlined herein;
- highlight any extraordinary assumptions or limiting conditions by the Appraiser; and
- form an opinion as to whether the analysis, opinions and conclusions expressed are appropriate and reasonable.

External Appraisal reports must be signed by either an AACI (for commercial properties) or by a CRA (for eligible properties).

RPD will not amend the Market Value provided by an External Appraisal.

## 6.3 VALIDITY OF VALUATIONS AND APPRAISAL UPDATES

As a general rule, Appraisals will be valid for so long as it appropriately reflects the factors that supported the determination of value and will not be invalidated or require updating merely as a result of the passage of time. Requestors are strongly discouraged from requesting appraisals well in advance of when required as this may incur unnecessary updated appraisal costs.

If the requestor believes there is a material change (+/- 10%) in market value within the first 12 months then an update may be required to the Valuation. The requestor shall provide their rationale in writing to RPD for consideration. The guiding principle in determining whether a Market Value requires updating is that generally market conditions do not change quickly during a 12 month period of time without significant market dislocation that would be readily apparent to the casual observer.

After 12 months from the Valuation date, the determination of whether or not a Market Value requires updating will ultimately be made by RPD, in consultation with the applicable requestor and External Appraiser (as applicable).

It is recognized that an Appraisal is an opinion of value and not a fact. True Market Value is determined as a result of a knowledgeable seller and purchaser interacting in the market after appropriate negotiations. There shall be no requirement to update Market Value after the date of agreement (“the meeting of the minds”) unless provided for in the Agreement of Purchase and Sale

Valuations are only as good as the quality and completeness of the property information provided. In order to ensure that Valuations are completed accurately and meet the requirements of RPD, the requestor must identify any property conditions that may impact value and provide supporting documentation/links at the time.

Examples of items that commonly affect value include:

- Environmental Contamination
- Easements
- Heritage Status/Archaeology
- Existing Leases
- Property Condition/Depreciation
- Watercourses or extreme topography
- Zoning/OCP issues
- Hypothetical Conditions/Extraordinary Assumptions

The list above is provided for illustrative purposes and is not meant to be an exhaustive list.

#### **6.4 INDEPENDENCE OF VALUATION**

There must be separation of the transactional and valuation responsibilities, therefore the individual completing the valuation should not be part of the negotiation or decision making relating to the transaction.

## **APPENDIX A**

### **GENERAL GUIDELINES FOR APPRAISALS**

#### **Deliverables**

- The successful Appraiser will provide an electronic copy of the preliminary Draft report in PDF format within the specified time period.

Assignments<sup>1</sup> prepared on behalf of the RPD and government require compliance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) of the Appraisal Institute of Canada<sup>2</sup>. In addition to compliance with CUSPAP, in each report the appraiser must provide the following:

#### **Purpose of the Assignment or Type of Opinion Requested**

- A statement as to the purpose of the Assignment or type of opinion requested, as instructed by RPD or ministry real estate branch (market value, use value, market rent, etc., consistent with the property rights appraised and/or intended use of the appraisal)

#### **Intended Use of the Appraisal**

- A statement as to the intended use of the appraisal, as instructed by RPD or ministry real estate branch (disposition, acquisition, financing, financial reporting, arbitration, litigation, appraisal review, lease negotiation, etc.)

#### **Intended User(s)**

- A statement identifying the intended user(s) or user group(s) of the appraisal report as instructed by RPD or ministry real estate branch

<sup>1</sup> Assignment is defined as “a valuation service provided as a consequence of an agreement between an appraiser and a client”.

<sup>2</sup> CUSPAP can be viewed and downloaded from the Appraisal Institute of Canada website at: <https://www.aicanada.ca/about-our-profession/cuspap/>

## Property-Specific Requirements

Property-specific requirements will depend upon the stated *Purpose of the Assignment* or *Type of Opinion Requested*, and require the appraiser to include some or all of the following, as applicable:

- Identify the property being appraised (legal description, municipal address, location)
- Assessment roll number (PID), Assessment and Taxes (if available)
- History of the property, including any sales and/or listings of the property during the minimum 3-year period prior to the effective date of the appraisal
- Identify and define the property rights being appraised (fee simple, leased fee, leasehold)
- Effective date of the appraisal (current date, prospective date, retrospective date)
- Definition of value, including source of definition
- Physical description of the parcel/site (dimensions, size, configuration, topography, access)
- Photographs, site plan, survey, aerial photo, etc., of the property
- Physical description of the improvements (dimensions, size, use, functionality, condition, age, building materials, equipment)
- Building plans, sketches, etc., of the property
- Title Search with a copy of the abstract included in the appraisal report
- Summary of any easements, restrictive covenants, leases, etc., registered against title
- Reference Plans, Plans of Subdivision or Surveys registered on title
- Type and adequacy of services
- Adverse environmental factors on or off the property
- Lease(s) synopsis
- Land Use Controls (zoning, site-specific by-law, official plan, secondary plan, etc.) and provisions – (setback requirements, parking requirements, height restrictions, density, coverage, etc.), including statement of compliance or non-compliance of the subject property
- Definition of Highest and Best Use, including source of definition, and analysis and statement of Highest and Best Use, taking into consideration any potential or prospective changes in land use regulations
- Any other property-specific factors (legal, physical, economic, etc.) considered relevant to the Assignment.

## Scope of Work

A *Scope of Work* section must be included in every report disclosing the type and extent of research, and analysis conducted in the preparation of the Assignment and achieving government's objectives in the context of the *Intended Use* of the appraisal. The disclosure should address the following, as applicable to the *Intended Use*.

- Municipal, Provincial, and Federal governmental agencies/departments and Crown Corporations contacted, including names and phone numbers of contacts
- Non-governmental companies contacted or retained to assist in the preparation of the Assignment, including names and phone numbers of contacts
- Studies and reports relied upon in the preparation of the Assignment (environmental audit, building condition audit, planning report, etc.)
- Market analysis, consistent with the Intended Use, discuss relevant macro-and micro-market conditions, trends and other factors that impact value of the subject property, provide government with an awareness of property and market risks that are pertinent to the subject
- Sources of transactional data relied upon (Marsh Report, RealTrack, RealNet, Geowarehouse, MLS, in-house records, trade publications, other professionals, etc.); geographic (market) area searched; and time-frame covered
- Confirmation of transactional data in the Land Titles/Registry Office (Disclosure also required if transactional data not confirmed in the Land Titles/Registry Office)
- Physical inspection of the subject property, including extent and date(s) of inspection (Disclosure also required if subject property not inspected, accompanied by an explanation)
- Physical inspection of the comparable sales and/or leases, and sale and/or lease offerings, including extent of inspection (Disclosure also required if comparables not inspected, accompanied by an explanation)
- Methods and techniques relied upon in reaching the opinions of value or conclusions, including appropriateness in achieving Assignment objectives
- Adverse environmental influences evident either on or off the property

Any other factors (legal, physical, economic, etc.) considered relevant to the proper completion of the Assignment

### Special Case – Non-viable Parcel/Site

A parcel/site that is landlocked and/or of a size and configuration for which there is no independent highest and best use must be appraised in contribution to an adjoining property (i.e., the *Larger parcel*) in its highest and best use. Depending on the locational attributes of the subject property, there may be more than one *Larger Parcel*, and a requirement for a value opinion in contribution to each adjoining property.

### Comparable Sale/Listing Summary Sheet

A separate summary sheet must be provided in the valuation section for every comparable sale/listing relied upon in developing an opinion of value for the subject property. If a sales transaction is more than one year old, the appraiser will explain why it has been included in the analysis as well as the economic and market conditions under which it occurred.

The summary sheet for each comparable sale/listing should include the following list of items, as applicable:

- Address and/or Location (with Photograph)
- Sale Date/Registration Date
- Instrumental /Document No.
- Legal Description/Property Identification Number (PIN)
- Vendor
- Purchaser
- Source of Data and Contact (name and/or company and telephone number)<sup>3</sup>
- Type of property and use
- Building area
- Land area, including dimensions
- Availability of Services
- Income particulars
- Zoning category, Official Plan and/or Secondary Plan designations
- Sale Price, including details of any existing and vendor-take-back mortgages/charges. For a Listing provide Asking Price
- Days on Market, if available
- Provide appropriate physical and/or economic unit(s) of comparison (price per acre, price per square foot of land/building, price per square foot of permitted density, gross income multiplier, overall capitalization rate, discount rate, etc.)
- Cash-equivalent Sale-Price (atypical financing must be adjusted to a cash-equivalent amount)
- Any environmentally sensitive and/or undevelopable land must be identified and accounted for in the analysis of the transaction
- A “remarks” section providing a brief narrative of the relevant attributes of the comparable (i.e., legal, physical, economic, etc.)
- The rationale employed should reflect the way active market participants would approach this valuation exercise

<sup>3</sup> A reasonable effort must be made to confirm the particulars of the transaction with a party to the transaction or a party with knowledge of the transaction. If no “contact” is available indicate “none”.

### **Direct Comparison Analysis**

In the Direct Comparison Approach provide a narrative commentary discussing the degree of comparability of each comparable sale as well as the reasoning and justification behind required adjustments. The adjusted sale price must be given for each comparable. The commentary should state which sale or sales are considered as the best indication of value for the subject and the reasoning for the appraiser's final estimate of value. The valuation analysis should lead the reader to a logical understanding of the value conclusion.

- The Direct Comparison Approach should provide the following commentary for each comparable sale/listing in the appraisal report:
  - i. Brief description of the comparable
  - ii. How the sale/listing compares to the subject property
  - iii. Description of the adjustments
  - iv. Reasoning and justification behind required adjustments
  - v. Adjusted sale price
- The commentary should state which sale(s)/listing(s) are considered to reflect the best indication of value for the subject and the reasoning for the appraiser's final estimate of value
- The valuation analysis should lead the reader to a logical understanding of the value conclusion

The Comparable Sale/Listing Summary Sheet should be found in this section

### **Comparable Sale/Listing Adjustment Grid**

The adjustment grid may be qualitative or quantitative, but should summarize the appraiser's overall adjustment factors of each sale in relation to the Subject. From the grid a final analysis of the value/value range can be achieved. An adjustment grid must be included in the valuation section with every appraisal report.

### **Comparable Sale/Listing Location Map**

A map showing the location of the comparable sales/listings in relation to each other and the subject property must be included in the valuation section with every appraisal report.

### **Delivery of Draft Report**

A "draft" report must be emailed or delivered/couriered to the RPD or Ministry representative by the preliminary completion date for the Assignment. Failure to complete an Assignment on time may result in a review of status on the RPD qualified list of approved appraisers. Failure to complete an Assignment on time will have an impact on the appraisers Vendor Performance rating. The appraiser is encouraged to contact the RPD or ministry representative during the preparation of the Assignment should any

aspect of the Assignment require clarification and/or additional documentation from RPD or the ministry representative, so as to facilitate successful and timely completion of the Assignment. If there are extenuating circumstances that preclude completion of the Assignment on a timely basis, the appraiser must contact the representative responsible for commissioning the Assignment prior to the scheduled preliminary completion date for further instructions.

The “draft” report will be reviewed by a representative and/or third-party representative retained to act on behalf of the ministry representative to ascertain compliance with CUSPAP and RPD requirements in the context of the *Purpose of the Assignment/Type of Opinion Requested and Intended Use*.

The appraiser may be required to discuss Assignment opinions and/or conclusions with an RPD representative either by phone or in person.

RPD may request amendments prior to finalizing the “draft” report for a variety of reasons, including the following:

- Non-compliance with Assignment instructions
- Non-compliance with CUSPAP
- Non-compliance with Assignment requirements
- Errors of commission and/or omission
- Unsupported opinions or conclusions
- Use of inappropriate methods and/or techniques
- Failure to produce credible results

Repeated Assignment shortcomings, including untimely Assignment completion and delivery, may be cause for removal from the RPD list of approved appraisers.

## 7.0 DEFINITIONS

### **AACI**

Accredited Appraiser Canadian Institute designation

### **Appraisal Report Types**

Types include:

- **Form Report:** A one to four page standardized format combining check-off boxes and narrative comments giving basic details of property and comparable sales. This is the most common format for single-family residential appraisals and vacant single-family lots
- **Short Narrative:** The narrative is the most common format of report for acreages, subdividable land, existing subdivisions, commercial, industrial and agricultural appraisals. A narrative report usually contains extensive zoning details, neighbourhood and/or regional data, a detailed description of the subject property (including maps), and

descriptions of any comparable sales properties used, including the adjustments and rationale for those adjustments made to comparable properties. A short narrative format report usually uses only one or more of the three approaches to estimating value, i.e. replacement cost, comparative sales or analysis of income stream, with a description of the rationale for selecting the chosen approach. If more than one approach is used, there will be a reconciliation section describing how each of the approaches contributed to the final opinion of value.

- **Full Narrative:** Similar to the short narrative format outlined above, but in a more detailed form. The full narrative report is mainly used where complete information on city, neighbourhood and region, including population trends, traffic, present and future development plans and trends, are required. The full narrative report will more likely use more than one approach to determining value, and will include a reconciliation of the various approaches.

### **Appraisal Roster**

A list of appraisers qualified by the RPD required to be used by all line Ministry real estate branches, and entities selling properties that are part of the RAEG inventory, along with its usage guidelines.

### **Branches**

Real Estate business units within government line ministries and CRF and BPS entities that are responsible for the disposition and acquisition of real estate.

### **Consulting**

The act or process of analysis of real estate data and recommendations or conclusions on diversified problems in real estate, other than an appraisal or appraisal review.

### **Depreciation**

A loss in property value from any cause.

### **Direct Sale**

A sale of real property that is not offered to the open market i.e.: sale to local government or First Nations.

### **Estimate**

Both appraisals and estimates are written documents providing an opinion of market value. The difference is generally the level of due diligence reflected in the use of established appraisal procedures.

Estimates are intended to reflect the relatively low level of risk associated with transactions based either on an open solicitation of offers in a competitive market or transactions between ministries that are routine and/or of nominal value.

### **External Appraisal**

An adequately supported written opinion of the Market Value of the Real Property Asset on a specified date that evaluates the Real Property Asset involved according to accepted appraisal practices and is obtained from and signed by a person who is a real property Fee Appraiser accredited by the Appraisal Institute of Canada either as an AACI or CRA as required.

### **Extraordinary Assumption**

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

### **Highest and Best Use**

The reasonably probable and legal use of property that is physically possible, appropriately supported and financially feasible, and that results in the highest value.

### **Hypothetical Condition**

That which is contrary to what exists but is supposed for the purpose of the analysis.

### **Intangible Property (Intangible Assets)**

Non-physical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, mineral rights, securities, and contracts, as distinguished from physical assets such as facilities and equipment.

### **Intended Use**

The use or uses of an appraiser's reported appraisal, consulting, or review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

**Intended User**

The client and any other party as identified, by name or type, as users of the appraisal, consulting, or review report, by the appraiser based on communication with the client at the time of the assignment.

**Internal Valuation (also Internal Estimate)**

An internal review of the available property characteristics for the purposes of developing an estimate of value. May be used for determining Market Value for properties with an estimated value under \$300,000. It is not considered an Appraisal as defined by the Appraisal Standard Rules.

**Valuation**

An appraisal or estimate of property value. May be completed internally or externally.

**Limiting Condition:**

A statement in the appraisal identifying conditions that impact the value conclusion.

**Market Analysis:**

A study of real estate market conditions.

**Market Value**

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming that the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing the title from seller to buyer under conditions whereby:

- 1) buyer and seller are typically motivated;
- 2) both parties are well informed or well advised, and acting in what they consider their best interests;
- 3) a reasonable time is allowed for exposure in the open market;
- 4) payment is made in terms of cash in Canadian Dollars or in terms of financial arrangements comparable thereto; and
- 5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales or concessions granted by anyone associated with the sale.

**Open Market Sale**

Real property that is exposed to a broad market for purchase for an appropriate period of time.



**Real Estate:**

Land, buildings, and other affixed improvements, as a tangible entity.

**Real Property:**

The interests, benefits, and rights inherent in the ownership of real estate.

**Scope of Work:**

The type and extent of research and analysis in an assignment.

Scope of work includes, but is not limited to, the following:

- the degree to which the property is inspected or identified;
- the extent of research into physical or economic factors that could affect the property;
- the extent of data research; and
- the type and extent of analysis applied to arrive at opinions or conclusions.