



Introduction of AIC 2018 Residential Forms

- AIC has updated its suite of residential forms to help Members meet CUSPAP 2018 and provide protection from claims
- Fillable PDF forms are available free on the Member Section of the AIC website:

<https://www.aicanada.ca/forms-templates/>

Introduction of AIC 2018 Residential Forms

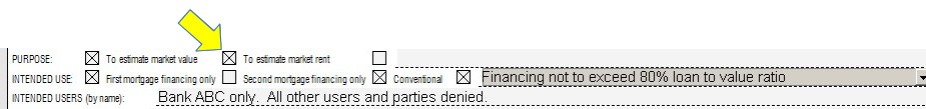
- AMCs and software providers integrated the new forms in early 2018
- Updated forms including Desktop/Drive-by will be implemented by July 31st, 2018

Requirement to Use the AIC Form

- If you are using an AIC Form, you must use the most current AIC form (see CUSPAP 2.53)
 - Use of 04/04 or 09/12 versions contravene CUSPAP
- If you are using an AMC's form, a software provider's form, or any other report form:
 - You are required to ensure that it meets CUSPAP 2018
 - CUSPAP has always required that Members ensure that EVERY report is CUSPAP compliant.

Key Changes

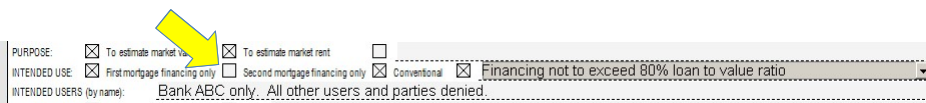
- “Appraiser” to “AIC Member”
 - It is an AIC Form exclusive to AIC Members
- Added “Market Rent” to Purpose
 - It must follow the Real Property Appraisal Standard
 - “One-liners” are not CUSPAP compliant



PURPOSE: To estimate market value To estimate market rent []
INTENDED USE: First mortgage financing only Second mortgage financing only Conventional Financing not to exceed 80% loan to value ratio
INTENDED USERS (by name): Bank ABC only. All other users and parties denied.

Key Changes

- Added “Second Mortgage only” to Intended Use
 - Members need to be aware that reports are being used for second and third mortgages and other uses
 - Search CANLII or other legal databases for “intended use” and “appraiser” to find cases in the last few months



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Key Changes to Site Section

- Added “Land Use Controls”
 - It has always been in CUSPAP 6.2.11
 - Zoning is not the only control
 - Community plans, floodplains, EPA, heritage are occasionally missed

SITE	ZONING: Residential (R2 Medium Density and Townhouse)	DRIVEWAY: <input checked="" type="checkbox"/> Private <input type="checkbox"/> Mutual <input type="checkbox"/> None <input type="checkbox"/> Single <input checked="" type="checkbox"/> Double
	Source: Online Municipal Zoning Map	<input type="checkbox"/> Underground <input type="checkbox"/> Laneway
	Saugeen Official Community Plan	Surface: Poured Concrete
	OTHER LAND USE CONTROLS (see comments)	PARKING: <input checked="" type="checkbox"/> garage <input type="checkbox"/> carport <input checked="" type="checkbox"/> Driveway <input checked="" type="checkbox"/> Street
USE CONFORMS: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO (see comments)	LANDSCAPING: <input checked="" type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor	CURB APPEAL: <input checked="" type="checkbox"/> Good <input checked="" type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor
ASSEMBLAGE: <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES (see comments)		
TITLE SEARCHED: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO (see comments and limiting conditions)		
COMMENTS: <input type="checkbox"/> Detrimental Conditions Observed		
<p>The subject is located in the north east section of Barge Town in the Marl Lake Neighbourhood. The type of improvements in the area include similar, smaller and larger detached homes, seasonal dwellings, as well as some agricultural uses outside of the immediate neighbourhood. Landscaping consists of sod, trees and shrubs that appear healthy and well maintained. The double driveway is concrete. The site is level with a gentle slope to the front street and is a typical size for the area. The site fronts onto Marl Lake, a desirable location in this around-lake community. The subject property conforms to the existing zoning in place and is located within the Environmental Protection Zone 2, prohibiting tree cutting and clearing, similar to most properties in the neighbourhood.</p>		

Key Changes to Site Section

- Added “Assemblage”
 - It has always been in CUSPAP 6.2.18
 - Assemblage is occasionally missed
- Added “Detrimental Conditions Observed”
 - Separate Addendum available

SITE	ZONING: Residential (R2 Medium Density and Townhouse)	DRIVEWAY: <input checked="" type="checkbox"/> Private <input type="checkbox"/> Mutual <input type="checkbox"/> None <input type="checkbox"/> Single <input checked="" type="checkbox"/> Double
	Source: Online Municipal Zoning Map	<input type="checkbox"/> Underground <input type="checkbox"/> Laneway
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USE CONFORMS: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO (see comments)	LANDSCAPING: <input checked="" type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor	CURB APPEAL: <input checked="" type="checkbox"/> Good <input checked="" type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor
ASSEMBLAGE: <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES (see comments)		
TITLE SEARCHED: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO (see comments and limiting conditions)		
COMMENTS: <input type="checkbox"/> Detrimental Conditions Observed		
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Key Changes to Improvements Section

- Changed “Building Type” to “Property Type”
 - To encourage consistent terms for reporting of building, property, design/style
- Removed Depreciation – Added “Comments”
 - This analysis belongs in the Cost Approach
 - Effective Age / Remaining Economic Life may only capture part of the depreciation

YEAR BUILT (estimated)	1901	PROPERTY TYPE:	Single Family Dwelling
YEAR of ADDITIONS (estimated)	1999	DESIGN/STYLE:	Bungalow
EFFECTIVE AGE:	20 years	CONSTRUCTION:	Wood Frame, 2" x 6"
REM. ECONOMIC LIFE:	50 years	WINDOWS:	Dual, Low-E, Argon, PVC Thrml & Csmt
COMMENTS:		BASEMENT:	Full

Key Changes to Improvements Section

- Removed Construction/Percentage Complete
 - This is analysis that belongs in a Progress Inspection
 - It can be confusing – if a home is under construction, do I put 50% “as is” or 100% for “as if complete” hypothetical?
 - Replaced with “Comments”

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COMMENTS:		BASEMENT:	Full

Key Changes to DCA

- Added “Days on Market”
 - Days on Market should be considered in the analysis of reasonable Exposure Time (CUSPAP 6.2.5)
- Added “Site Dimensions” to “Lot Size”
 - Some appraisers prefer to include the dimensions

123 Smith Street Hometown, ON
DATA SOURCE
→ DAYS ON MARKET
DATE OF SALE
SALE PRICE
LIST PRICE
Approx KMs to Subject
LOCATION
→ SITE DIMENSIONS / LOT SIZE
BUILDING TYPE
DESIGN / STYLE
AGE / CONDITION
LIVABLE FLOOR AREA
ROOM COUNT
BATHROOMS
BASEMENT
PARKING FACILITIES

Key Changes to DCA

- Separated “Bathrooms” from “Room Count”
 - Allows for separate adjustment
- Ensure adjustments are consistent

123 Smith Street Hometown, ON
DATA SOURCE
DAYS ON MARKET
DATE OF SALE
SALE PRICE
LIST PRICE
Approx KMs to Subject
LOCATION
SITE DIMENSIONS / LOT SIZE
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LIVABLE FLOOR AREA
ROOM COUNT
→ BATHROOMS
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Key Changes to History Section

- Added checkboxes for Sales History
 - Some history is occasionally missed
- Added checkboxes for Listing History
 - Some current and historic listings are occasionally missed

Both require analysis, not simply reporting

HISTORY	SUBJECT SOLD WITHIN 3 YEARS OF EFFECTIVE DATE: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	No history of listings or sales were located for the subject on MLS but a search of Manitoba Assessment Online data revealed transfers on July 7, 1993 for \$192,000 and on December 20, 2007 for \$365,000. Renovations to the bathrooms, kitchen, shingles, heating system, insulated and inground pool have been completed since the December 2007 purchase.
	ANALYSIS OF SALE TRANSFER HISTORY: (minimum of three years)	
	SUBJECT LISTED WITHIN 1 YEAR OF EFFECTIVE DATE: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	SUBJECT CURRENTLY LISTED: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	ANALYSIS OF AGREEMENTS FOR SALE, OPTIONS, LISTINGS OR MARKETING OF THE SUBJECT: (minimum of one year)	The extent of our investigation was limited to a search of MLS information and SABRE Solds data. The home has not been marketed within the past year and there are no pending sales, according to the owner.

Key Changes to Scope Section

- Changed from “Inspection” to “Observation”
 - Inspecting has a connotation of testing or examination
 - To align with CUSPAP Definitions 2.28 and 18.23
- Revised Scope for different forms
 - A Desktop/Drive-by are limited in Scope

Always fully explain the Scope – what you did and did not do.

Add additional narrative for Scope – did you completed a paired sales, statistical analysis, graphic, trending, costing, ranking analysis, personal interviews or use secondary data?

Key Changes to A&LC's

- Added “Disclaimers and Limitations of Liability”
 - Clients need to be aware of the limitations
 - If the limitations are not perfectly clear, it can be more difficult (and costly) to defend an insurance claim.
 - It is mandatory under CUSPAP 7.10.5
- Added OSFI diligence clauses
 - Occasionally an unregulated lender is reckless and relies on you as default insurance

Search CANLII or other legal databases for “appraiser” and “liability”

New Forms

- Market Rent Appraisal Report
 - A “stand-alone” Market Rent Report on an **identifiable property** must comply with the Real Property Appraisal Standard

Just like appraisals, market rents can be qualitative or quantitative.

New Forms

- “Market Rent” Addendum
 - An “add-on” to an appraisal report
 - In demand under new stress test rules.
 - Require proper supporting data and analysis (listings, Kijiji)
 - If an opinion of market rent on an **identifiable property** is required within an appraisal assignment, that portion of the report must be developed in compliance with the Real Property Appraisal Standard.
(See CUSPAP 11.1.2)

New Forms

- “Market Rent” Consulting Report
 - Market Rent Reports on a **type of property** are considered consulting assignments.
 - If a formal opinion of rent on an **identifiable property** is required within a consulting assignment, that portion of the consulting report must be developed in compliance with the Real Property Appraisal Standard.
(See CUSPAP 11.1.2)


New Forms

- “As Is” and “As If Complete” Addendum
 - It can be confusing when two values are in the main body of an appraisal.
 - “As Is” may be a home under construction or mid-renovation“
 - “As If Complete” will typically assume 100% completion

REFERENCE	“As If Complete” Addendum	FILE NO.
COMMENTS:	The property is currently under construction and will have a floor plan as follows. The front door will open into a foyer with a single closet. To the left, will be a two-piece washroom and a mud room that contains the laundry connections and a door leading into the garage.	
IMPROVEMENT	The stairs leading up to the second floor will be off the foyer. Toward the rear of the dwelling there will be an open kitchen, dining area and great room. There will be a corner pantry and an island with an eating bar in the kitchen. The kitchen will contain adequate cabinets complete with a double stainless steel sink, tiled backsplash, quartz counter top and soft-close drawers and doors. Patio doors off the dining area will lead out to a future deck. The third floor will contain three bedrooms, an ensuite bathroom and a main bathroom. The master bedroom will contain a walk-in closet while each of other bedrooms will have a single closet. The main bathroom will contain a one-piece moulded acrylic tub and surround while the ensuite will have an oversized one-piece moulded acrylic walk-in shower.	

New Forms

- “Limited Uses/Detrimental Condition” Addendum
 - Lenders may require additional information or may require it in a checkbox format
 - Members were being asked to comment on items outside their scope of practice (such as the whether contamination or pyrite exists)

LIMITED USES AND LIMITED DETRIMENTAL CONDITIONS ADDENDUM				REFERENCE	FILE NO.		
CLIENT	CLIENT:	ADDRESS:		APPRAISER	APPRAISER:		
	E-MAIL:	PHONE:			ADDRESS:	E-MAIL:	
	PHONE:	FAX:			PHONE:	FAX:	
	PROPERTY ADDRESS:						
SUBJECT USES		OBSERVED	NOT OBSERVED	NOT OBSERVABLE	Comments/Source		
Recreation Only		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Rental Unit		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Special Uses		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
SUBJECT BUILDING		OBSERVED	NOT OBSERVED	NOT OBSERVABLE	Comments/Source		
Asbestos		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			

Updated Forms and Templates

- Updated Desktop and Drive-by Reports
 - Updated to reflect 2018 CUSPAP
 - Added and modified A&LC to reflect industry changes
 - To meet lender demand for Desktop and Drive-By
 - May only be used for low risk assignments (CUSPAP 7.1.5)

Updated Forms and Templates

- Use of available templates will help to minimize liability
 - Letter of Engagement
 - Letter of Reliance
 - Interior Photo Consent Form

Thank-You!
Any Questions?

