

Appraisal Terms of Reference

Market Value Appraisal Requirements

1 Scope of work

1.1 The appraiser will complete an appraisal for the subject property as outlined herein.

2 Date of Appraisal

As directed by the owner the Appraiser will estimate one of the following values as directed by the client:

2.1 The “**Unaffected Fair Market Value**” of the subject property, for its highest and best use as of _____ date (**sale date**). This will be determined by using comparables from Port Hope.
(Simplified Route Claim)

OR

2.2 The retrospective “**Market Value**” of the subject property, for its highest and best use as at _____ date (**day provided by owner**). This will be determined by using comparables from Port Hope.
(Standard Route Claim)

3 Format and Methodology

- 3.1 The appraisal shall be conveyed in a form or narrative report format and must be in compliance with the version of the “*Uniform Standard of Professional Appraisal Practice*” (USPAP), or the Appraisal Institute of Canada’s “*Uniform Standard of Professional Appraisal Practice*” (CUSPAP) applicable as at the date of the appraisal report.
- 3.2 The subject property is to be appraised in fee simple as if free and clear of all encumbrances.
- 3.3 In accordance with the CUSPAP/USPAP standard, any easements, encroachments, restrictions, leases or covenants that the appraiser is aware of and would in any way affect the valuation, shall be expressly noted in the appraisal document.
- 3.4 In addition to the Standard Limiting Conditions and Assumptions to which the appraisal is subject, the Appraiser shall include any Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions to which the appraisal is subject.
- 3.5 A minimum of three to six comparable properties must be used in the appraisal report.
- 3.6 The comparable sale properties will be selected from Port Hope.
- 3.7 In cases where the appraiser is unsure about the potential for a PHAI project effect at a comparable property (in estimating UFMV for a Simplified Claim) or is unable to find comparable properties to use in the appraisal he/she should consult with PVP Staff before using a comparable.
- 3.8 The appraisal is required to include an adjustment grid for all selected comparable sale properties and will include an explanation of any location related adjustments. The appraisal report will include an estimate of the number of days after listing that the property should sell within assuming competitive pricing was utilized throughout.

- 3.9 Adjustments for adverse influences unrelated to the Project must be evident and explained in the appraisal report.
- 3.10 Requirements.
- Appraisal Opinion – In addition to compliance with CUSPAP/USPAP, any Appraisal Opinion of value using the Direct Comparison Approach must include:
- (a) That all adjustments are given a numeric dollar value
 - (b) That all objective adjustments are based on market data
 - (c) All significant differences between the Claimant's property and the comparable properties shall be adjusted using quantitative adjustments based on market data
 - (d) The following variables are explicitly accounted or adjusted for:
 - (i) If the Property is within **X** m of a railway track and/or level road crossing [where the train regularly blows its whistle]
 - (ii) If the Property is within **X** m of a large industrial facility or area
 - (iii) If the Property is on/within **X** m of an arterial route
 - (iv) If the Property is within **X** m of a site that has low level radioactive waste (or a detrimental environmental condition)
- 3.11 Adjustments should be quantitative and require reasoning in support of the adjustment as outlined in the adjustment grid.
- 3.12 If qualitative adjustments are deemed necessary, adequate background documentation must be provided to support/justify the qualitative adjustments.
- 3.13 The appraiser hereby confirms, and the appraisal report shall include a statement confirming, that the appraiser (i) has not appraised the property previously for another client within the last 36 months, and (ii) has no known potential conflict of interest with respect to the appraisal.
- 3.14 The final appraisal report must be signed or co-signed by a CRA, AACI, DAR, or DAC accredited appraiser.

