

Fortier Mattila Appraisals Inc. our clients' questions are important. We have compiled a list of the top 10 questions more frequently asked, and asked our appraisers.

**1) What is an Appraisal?**

An appraisal is 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.

**2) What is an Appraisal used for?**

Appraisals are often requested by lenders for mortgage purposes (first mortgage, new construction, refinancing, etc.) to assist in obtaining financing. Appraisals are also used by the legal system for expropriation, arbitration, matrimonial settlement, estate settlement. Relocation companies often require appraisals when an employee is transferred.

**3) How does the Appraiser estimate market value?**

In real estate valuation there are three approaches to value:

- A) *Cost Approach* – In this approach, an estimate as to the value of the raw land is determined through analysis of land sales & listings in the area. The estimated cost to construct the home is then determined through analysis of current construction costs. The contributory value of the extra features is then estimated through a comparison of cost and market indications. An appropriate depreciation rate is developed and applied to arrive at a final estimate.
- B) *Direct Comparison Approach* – In this approach, recent sales of similar properties are analyzed. Location, age/condition, live-able floor area are of particular importance when selecting comparable sales. These sales are then compared to the subject property and adjusted for differences. The adjustment reflects the likely market reaction to the difference between the subject and each of the sales. After adjusting each of the indicators a final estimate of value is determined.
- C) *Income Approach* – In this approach, the actual and market rental revenue streams of a property are analyzed. Vacancy, bad debt and typical expenses are subtracted to estimate net operating income. Comparable sales are identified to which the relationship between sale price and income is analyzed. A market derived capitalization rate or income multiplier is applied to the subject to estimate market value.

**4) What are your qualifications?**

Our company has served Saskatchewan since 1971 and consists of six valuation consultants that are university trained and are licensed by the Appraisal Institute of Canada. Established in 1938 and based in Ottawa, the AIC is the premier real estate appraisal organization in Canada. Prior to being awarded a designation individuals are required to have a university degree, several university courses in appraisal and real estate, a written examination and oral interview. We have five office locations including: North Battleford, Warman, Meadow Lake, Kindersley, and Shellbrook with appraisers licensed and proficient in the valuation of residential, commercial and agricultural properties.

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**5) What is the assessed value of my property? Is that the same as Appraised value?**

Assessment is completed for property tax purposes. In Saskatchewan, a 'mass appraisal' type method is used. Mass appraisal means valuing a group of properties as of a given date using standard methods and statistical analysis. The values developed from the assessment are used by the municipality to set property taxes. The value estimated by assessment is not necessarily an indication as to what the property is worth as of today given that assessments are often developed using a base date in the past, i.e. January 1, 2011 is used by most municipalities across Saskatchewan. Assessed value is not the same as appraised value

**6) What is the insured value? Is that the same as Appraised value?**

Insurance policies are typically either replacement cost or actual cash value. Replacement cost refers to the cost of constructing a replacement home that is identical to your home. This is estimated by calculating the cost of constructing a replacement home excluding land acquisition costs. Actual cash value refers to the value that the improvements contribute to the property as a whole in today's market. This is estimated through estimating the value of the subject property as a whole and subtracting the contributory value of the land component, detached garages, etc. Neither is the same as appraised value.

**7) What is a home inspection? Is it the same as an Appraisal?**

A home inspection is a detailed visual inspection completed by a qualified professional that is often used to assist buyers and sellers in making informed decisions regarding real estate. Although both a Home Inspector and an Appraiser are both completing a visual inspection, the appraiser completes the inspection in order to gain a better understanding of the property to estimate its value. We do not complete home inspections; however, we do have a list of local home inspectors that can assist you.

**8) What do I need to have prepared for the inspection?**

Our valuation consultants will be taking photographs and measurements of both the interior and exterior of the home. They also have a number of questions they will be asking regarding property taxes, renovations, sale history, etc. We can email you a detailed list of our questions before hand so you know what to have ready prior to our inspection.

**9) What other services do Appraisers provide?**

Our valuation team can provide various consulting type services to our clients. These include but are not limited to; progress inspections, cost to date inspections, market rent studies, retrospective valuation, feasibility analysis and real estate consulting.

**10) How does one become an Appraiser?**

In addition to the pre-requisite four year university degree The Appraisal Institute of Canada requires completion of the required post degree courses through the University of British Columbia, comprehensive case study demonstration works, AIC testing and AIC interviewing prior to being awarded either of the two designations (Canadian Residential Appraiser or Accredited Appraiser Canadian Institute). Typically we look at hiring candidates with a university degree or that are a few courses away from a university degree. We are looking to add new members to our team, and if you or someone you know is interested in the field please contact us today.

If you have further questions please do not hesitate to call. Visit [www.fmappraisals.com](http://www.fmappraisals.com) for more!

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