

Why get a residential appraisal?

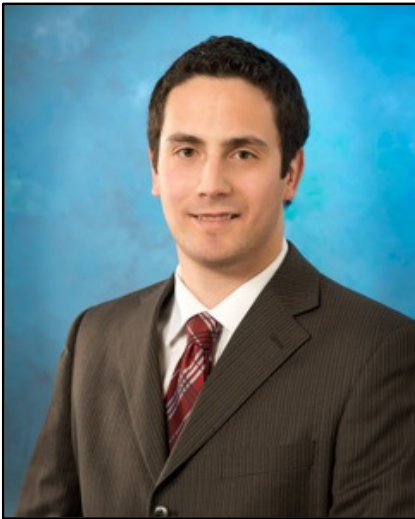
We have been completing residential appraisals since 1971 for various types of clients including: homeowners, buyers, investors, financial institutions, lawyers, government agencies to name a few. Why should you consider a residential appraisal?

Increased Market Values. With increasing values over the last decade very small differences in value add up very fast. A 1% difference in value on a \$500,000 property is \$5,000, 2% is \$10,000, 5% is \$25,000 – you get the picture. With bigger dollar values there is obviously more at stake.

The trouble with 'Rules of Thumb' or 'bench marking' You wouldn't sell your house based on the average price of homes in your City would you? You wouldn't accept an offer on your home for \$200,000 just because your neighbor sold his for \$200,000 would you? Homes sell for different prices based on a variety of factors including design, age, size, basement development, location, parking, etc. On the surface a sale on your street may seem like a good indicator of your property value – however without knowing all the details – it may not be. A professional appraisal analyses and compares your property to other properties that have sold, adjusting for differences to determine what your property is worth.

Due Diligence. The most important part of decision making when it comes to real estate, financial planning, retirement planning, estate planning is due diligence. Having a professional appraisal completed by our professional appraisers provides peace of mind that you did your due diligence and consulted with the experts beforehand. As we have appraisers who have been qualified as expert witnesses in Court of Queens Bench, and regularly have our appraisals used in legal proceedings – we know the importance of having a thorough, fair, unbiased appraisal reports.

It's important to know exactly what is reasonable and realistic in today's market. Rely on an appraisal to ensure you are accepting a reasonable amount when selling, making a fair offer when purchasing, or assigning appropriate values when completing retirement or estate planning. Our appraisal team consist of licensed Appraisal Institute of Canada members, who only complete real estate appraisals – we do not sell real estate – as such we are only concerned with providing a fair, unbiased professional report so that our clients can make the best possible decisions.

Meet the Appraiser**David A. Fortier, AACI, P.App, Bcomm (Dist.)**

David A. Fortier is a licensed professional appraiser holding the AACI, P.App designation through the Appraisal Institute of Canada. He began working with Mattila Appraisals Ltd. in May 2008, working with Howard Mattila, AACI, P.App, P.Ag up to 2013 when he purchased the company from Howard and Jack Mattila. David has diplomas in Appraisal and Assessment and Advanced Business Administration (both with Honors) from Lakeland College, a Certificate in Real Property Assessment from the University of British Columbia, and a Bachelor of Commerce Degree (with Distinction) from Athabasca University. David has completed residential assignments across Saskatchewan for various financial institutions, government authorities, and has successfully testified in Court of King's Bench (formerly Court of Queen's Bench). David owns and manages the company, working at the head office in Battleford, SK

Alex Scheidt, CRA, P.App, Bcomm

Alex Scheidt is a licensed professional appraiser holding the CRA, P.App designation through the Appraisal Institute of Canada. Alex joined Mattila Appraisals Ltd. in 2012 and works alongside David Fortier in completing commercial property appraisals across Saskatchewan. Alex draws on a strong understanding of business, economics and real estate through her University training. Alex has a diploma in Appraisal and Assessment from Lakeland College, Certificate in Real Property Assessment from the University of British Columbia, and a Bachelor of Commerce Degree from Athabasca University. Alex manages the Kindersely, SK office.

Appraisal Institute of Canada (AIC) - Founded in 1938, the Appraisal Institute of Canada (AIC) is Canada's leading real property valuation association with over 5,600 members across the country and around the world. For the last 80 years, AIC has worked collaboratively with its 10 affiliated provincial associations to grant the distinguished Accredited Appraiser Canadian Institute (AACI™) and Canadian Residential Appraiser (CRA™) designations.

The CRA, P.App designation requires an undergraduate degree, up to seven courses from AIC's Program of Professional Studies, completion of a residential guided case study, one year in the Applied Experience Program, and completion of both a written examination and oral interview. Individuals must also complete AIC's mandatory Professional Practice Seminar and the introductory We Value Canada workshop.

The AACI, P.App designation is the highest designation achievable through the Appraisal Institute of Canada. AACI members are qualified to offer valuation and consulting services and expertise for all types of real property including agricultural and commercial property. The AACI designation requires an undergraduate degree, 15 real estate courses through the University of British Columbia, completion of a guided commercial or agricultural case study, two years in the Applied Experience Program and completion of both a written examination and oral interview. Individuals must also complete AIC's mandatory Professional Practice Seminar and the introductory We Value Canada workshop.

Appraisal Uses

Our residential reports are commonly used for:

- Financing (1st mortgage, new builds, purchase, refinancing) by banks, credit unions, mortgage brokers
- Insurance claims (Actual cash value, replacement cost) by insurance companies
- Resale (Vendor pre-marketing, purchase negotiations) by sellers and buyers
- Relocation (including RCMP relocations)
- Estate (Preparation, Settlement) by owners, executors, family members
- Litigation (Divorce, Foreclosure, Arbitration, Expropriation) by lawyers and legal representatives.

Our office has designated residential appraisers approved by national financial institutions and regional and local credit unions. Our accredited and approved appraisers complete work for various municipal, provincial and federal government organizations including Saskatchewan Department of Highways, Saskatchewan Ministry of Agriculture, Public Works and Government Services Canada. We also complete litigation assignments and expert witness testimony for various local, regional and national law firms. David Fortier, AACI, P.App has been qualified as an expert witness by the Court of King's Bench (Former Court of Queen's Bench) and successfully testified in open court on multiple occasions.

The Residential Appraisal Process

The process of completing a residential appraisal involves the following:

1- Preliminary Consult – Our valuation team will consult with the client to ensure a thorough understanding of the project, scope, timelines and property. As lenders each have specific appraisal requirements we try to present the most cost effective solution to meet those requirements. We offer all inclusive pricing which includes travel, inspection, mileage and report writing with the cost of the project is based on the total projected amount of work involved.

2- Site visit – The appraiser completes a site visit generally accompanied by the occupant, owner, or a site contact. The appraiser will be taking photos, measurements and notes regarding the location, land, improvements. A site visit may take between 30 and 90 minutes depending on the property type, size, number of outbuildings, etc.

3- Neighborhood and area Analysis – After completing the inspection the appraiser will analyze and compile economic and area information to present an overview of the local municipality, population trends and the neighborhood.

4- Subject Analysis and documentation – The appraiser will reconcile the information gathered from the site inspection, available land titles, assessment, maps, and MLS information into a summary of the subject property. Interior and exterior photos of the subject property as well as copies of any blueprints or sketches are added. The appraiser will also be reviewing any available lease information, construction cost or renovation estimates that pertain to the subject property.

5- Highest and best use analysis – The appraiser will review *“The reasonably probable use of Real Property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value.”* A separate highest and best use ‘as if vacant’ and ‘as improved’ will be determined.

6- Valuation of Site ‘as if vacant’ – The first step in valuing the subject property will be to value the site ‘as if vacant.’ Recent sales, active listings of bare land are analyzed and compared to the subject property and an estimated value of the site ‘as if vacant’ is concluded. Note that this is NOT completed for condominiums or strata titled properties.

7- Valuation of Subject ‘as improved’ – In valuing the improvements the direct comparison, cost and income approaches will be considered:

- Direct Comparison Approach – In this approach, recent sales of similar properties are analyzed. Location, age/condition, liveable floor area, design 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.
- Cost Approach – The estimated cost to construct the residence is then determined through analysis of current construction costs and sales of new construction. The contributory value of the extra features is then estimated though a comparison of cost and market indications. An appropriate depreciation rate is developed and applied to arrive at a final estimate. The depreciated value is then added to the value of the raw land that was estimated using the Direct Comparison Approach.
- 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. For residential appraisals the income approach is more often completed on multi-family type properties than on single family dwellings.

8- Reconciliation – The results from the three approaches are stated and reconciled into a final estimate of value. The final report and addendum are compiled and the report is signed by a professional appraiser.

9-Report Compilation and Submission- A Residential Appraisal is typically completed in a residential form format. The finished report including addenda may range in size from 15 to 40 pages or more depending on complexity of the file. A typical residential report will include:

- Cover Page, letter of transmittal,
- Client name, intended user, intended user
- Profile of the community to which the property is located including population and amenities.
- Analysis and description of the neighborhood and site
- Analysis and description of the building(s) and site improvements
- Highest and best use analysis of land “as if vacant” and subject property “as improved”
- Value of Site as if Vacant – based on sales/listings of raw land*
- Direct Comparison Approach to Value – based on sales/listings of similar properties
- Income Approach to Value* – based on market rents and capitalization rates
- Cost Approach to Value* – Raw Land Value + Cost of Improvements LESS Depreciation
- Exposure time estimate (based on recent sales activity)
- Final estimated market value conclusion (signed by Professional Appraiser – P.App)
- Addenda items typically include:

– Assessment Sheets (SAMA)

– Parcel Picture (Via ISC)

– Declared Value Summary (Via ISC)

– Title Audit History (Via ISC)

– Subject Photographs

– Subject Leases*

– Subject Location Map(s)

– Aerial Map(s)*

– Subject MLS History

– Building Sketches/blueprints*

– Map of Comparable Sales

– Comparable Sale Photos

**May or may not be included based on availability of data and relevance to report*

Once the appraisal is finalized and signed, a digital copy of the appraisal and paid invoice are sent (both in pdf format).

Why Choose Fortier Mattila Appraisals?

Our office has served western Saskatchewan as a full service real estate appraisal firm since 1971 (52 years). Together our firm builds upon the knowledge and legacy built by Howard Mattila while taking advantage of new and exciting tools, analysis and methods introduced by David Fortier and associates. David Fortier, AACI, P.App, Bcomm (Dist.) has been a member of the Appraisal Institute of Canada since 2009 and has completed thousands of residential appraisals for various purposes including financing, settlement, litigation, expropriation. David has been qualified as an expert witness and successfully testified in court on multiple occasions. Why do people choose us?

1. We listen – Each situation is unique, as is each client. We listen to our clients to understand how we can best assist them. When we provide a quote we are careful to ensure we understand the client, the appraisal problem, the property, the deadline, the intended user/users, potential conflicts of interest, points of contention. In that way we can ensure that we are able to provide the best possible solution.

3. We Are Fair – We work hard to ensure we arrive at fair and well reasoned conclusions. Regardless of the client, the scope of work, the purpose – we just want to be fair. We don't list farmland for sale, nor are we actively buying or selling farmland, in that sense we have no interest in the property – it doesn't matter to us what the property value is – as long as it's fair.

3. We Pride Ourselves on Quality – We take pride in providing the highest quality appraisals we can and always striving to improve our work. We are constantly monitoring the residential real estate market and work hard to make sure that the value conclusions are well supported by market evidence. We listen to feedback from lenders, lawyers, farmers to improve our work and take pride in walking the reader through each step of the process so that they have a thorough understanding of the local market, the comparable sales, why we choose them, how we came up with our value conclusions and why. We work hard to provide maps, visuals, charts to better aid the reader as well as clearly indicating calculations and rationale for those calculations.

4. We put our name on it – Howard Mattila started appraising in the Battlefords in 1971 and trained and mentored David Fortier for 5 years prior to him acquiring the company in 2013. When a report is signed at Fortier Mattila Appraisals Inc. we put both the Fortier and Mattila family name on the line, every time – that is something we take seriously. Perhaps using a family name in your company name is outdated, or a thing of the past – but we feel you are only as good as your name. We are proud of our company history, the work we provide for our clients and we're also confident enough to stake our names and reputations on it.



David Fortier and Howard Mattila Accepting 'Heritage Business Award' at Battlefords Business Excellence Awards



Alex Scheidt and David Fortier Accepting 'Best New Business Award' at Kindersley Business Excellence Awards



Geri Krelow 'Customer Service Star' nomination and David Fortier 'Young Entrepreneur of the Year Award' winner at Battlefords Business Excellence Awards