

## Appraisal Guidelines, Strive (Prime) Underwriting

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Strive does not maintain a list of 'approved appraisers', as such originators may choose a known appraiser in their region or alternatively through an Appraisal Management Company (AMC). At a minimum, the appraiser must meet the criteria listed below.

Strive accepts appraisals from the following AMCs;

- Value Connect
- Solidifi

Strive reserves the right to request the selection of another appraiser should the one selected be restricted based on past dealings.

### Appraisers

Appraisers must have a real estate designation of AACI or CRA - no DAR designation is permitted.

### General

- Appraisal reports must be signed by an approved designated appraiser.
- Appraisal reports must be addressed and issued directly to Strive.
- Appraisers must complete the appraisal on a current full appraisal form approved by the Appraisal Institute of Canada.
- Ensure the report is CUSPAP/USPAP compliant and meets any special instructions contained within the order.
- Ensure the appraisal report is written and submitted in English.
- Produce the appraisal report in a manner consistent with all applicable provincial requirements.
- Complete an appraisal on each property. The appraisal report must be signed or co-signed by a designated member in good standing with the AIC. (*Maximum lending on 4 units.*)
- Appraisal reports submitted directly by the Broker will **NOT** be accepted.

### Red Flag Consideration

- Appraiser to make note in the appraisal if they were denied access to any part of the property.
- Appraiser to make note if any bedroom doors had/have dead bolts.  
(*e.g., any signs of property being used as a rooming house*)

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### Approach To Value

The appraisal report must:

- Include a current market value.
- Confirm access to all interior rooms of the property in the appraisal report.
- Confirm that there are no adverse external factors that may affect the marketability of the property.
- If an appraiser does not include the cost approach to value, he/she must provide an explanation supporting the facts within the appraisal report.
- Rural properties should be accessible from a publicly maintained road and have adequate sewage, water, and utilities.
- Working farms are not acceptable.
- Derive value based on the house and maximum 15 property acres for insured/insurable, maximum 5 acres for uninsured.
- Do not include outbuildings in the value except in the case of a laneway home.
- Indicate the values of the outbuildings in the narrative of the appraisal report.
- Provide an 'as completed' final value for new construction properties, stating the percentage complete in the appropriate field.
- New construction must be 98% finished when indicating completed value.

### Attachments - Location Map

- The appraisal report must contain a current street map showing the exact location of the subject property and comparable properties, as well as the location of other properties mentioned within the report as affecting the value of the subject. This includes neighboring properties exhibiting negative characteristics.
- State location and proximity of comparable sales in terms of blocks or fractions of a kilometer in urban areas.
- Seek comparable sales within the same neighborhood, preferably within 3 or 4 blocks or 1 kilometer for suburban areas and 5 to 10 kilometers for rural areas.
- If you include comparable sales from other neighborhoods provide justification of the reasons for obtaining comparable sales outside the subject neighborhood within the narrative comments.
- A description of the neighborhood characteristics, negative as well as positive, should include:
  - The residential setting (e.g., *declining, stable or developing*)
  - The conformity of the property to the market
  - Supply and demand characteristics
  - Neighborhood age, proximity to services and any adverse factors

### Photographs

The appraisal report must contain current, clear and well-framed color photographs of the following:

- Front of subject property
- Rear of subject property
- Street scene

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The following photographs are considered minimum requirements:

- Kitchen
- Main living area
- Main bedroom
- Main bathroom
- Basement (where applicable)
- Examples of physical deterioration (if present)
- Examples of recent updates (e.g., restoration, remodeling and renovations, if present)
- Front views of all comparable sales used within the appraisal report

### Comparables

- Use a minimum of 3 comparable sales from the immediate area.
- Comparable sales should reflect arms-length transactions and occur within 180 days of the appraisal date.
- Comparable sales must have closed and be available from MLS.
- Provide MLS photos and listing information in the appraisal report.
- Clearly explain subjective adjustment(s) in the report. (e.g., views, appeal, condition, location ratings)
- If you use comparable sales greater than 6 months from the effective date of the appraisal report, you must indicate the reasons why you chose that comparable.
- Appraiser must choose at least one condo unit comparable sale from an outside but comparable condo building. If there are no comparable properties from outside the building the individual reviewing the appraisal must provide mitigation.
- Provide the listing price and the length of time to sell for each of the comparable sales.

The final adjusted sale price of the comparable sales, after dollar adjustments, should not exceed 20% of the original sale price of the comparable. Include supporting details if the adjustments exceed 20%. If they do, the individual reviewing the appraisal must provide mitigation.

## Appraisal Result Requirements

Item	Requirement
Net Adjustments for Comparables	<20%
Price	Typical for the area as supported by 3 or more comparables. Sales dates need to be within last 6 months.
Marketability	Property demonstrates strong marketability.
Economic Life	Prime marketable residential properties where economic life exceeds amortization by 5 years.
Condos	The property must conform and the appraisal must indicate market acceptance of the subject condo complex or building.

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*Condos cont.*

Appraisals should include at least one comparable within and one comparable outside the subject development.

Acreage

The value will be based on the home and a maximum of 15 acres of land only for insured/insurable and 5 acres for uninsured, UNLESS otherwise directed by Strive; other buildings may only be included if there is not attached garage/structure. The outbuilding will not be included in the valuation if it is income generating.

Electrical/Heating Requirements

Properties should have a permanent conventional heating system.

Properties should have a minimum electrical amperage of 100, exceptions required if below.

Water Source and Sewage Disposal

All properties must have a permanent year around potable water supply and sewage disposal system (municipal services or private well and septic systems are acceptable). Shared wells, cisterns and holding tanks will be reviewed case by case where it is typical for the area, and full disclosure to insurer.

Business Use in Subject Property

Partial business use in the subject property is considered on a case by case basis subject to:

- Property serves as residence
- At least 80% of total floor space is used for personal residency.
- Property must be appraised as residence only.
- The business must not require structural changes that would affect the value or marketability of the real estate.

New Home Warranty New Construction

For new home purchases, a Certificate of Completion (where applicable) and/or possession letter and New Home Warranty (NHW) are required.

The final appraisal (or inspection) must indicate the property is at least 97% complete (minor items such as landscaping, trim, driveway may not be complete).

In the case of self-build homes or other homes which may not be eligible for NHW, an occupancy permit (to confirm compliance with building code/zoning) together with a

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*New Home Warranty New Construction cont.*

with building code/zoning) together with a satisfactory home inspection are required. Appraisals on newly constructed homes should contain a minimum of one comparable within and one outside the development.