Mastering Your Appraisal: A Step-by-Step Guide

Appraisal, walkthrough, and inheritance guidance.



Your one-stop source for understanding and navigating these important aspects of property transactions and inheritance planning.





Welcome!

Welcome to our comprehensive e-guide designed to provide you with valuable insights into the appraisal process, the walkthrough process, and estate inheritance. This handy guide will serve as your one-stop source for understanding and navigating these important aspects of property transactions and inheritance planning.

Prepare to embark on a journey that will equip you with the tools and knowledge you need to make informed decisions in these crucial areas, ensuring a smooth and successful experience in your real estate and inheritance endeavors.



1 The Appraisal Process

The appraisal process is a fundamental tool for assessing the value of assets and ensuring their fair and accurate valuation. It is a complex process that involves a thorough analysis of various factors to determine the worth of an asset, be it tangible or intangible. From real estate properties to artwork, the appraisal process serves as a mediator between buyers and sellers, providing a transparent understanding of the asset's value.

The appraisal journey begins with an initial consultation call, during which we focus on understanding the following aspects:

- **The subject property:** This refers to the municipal address of the property being appraised.
- **The client:** This is the individual or organization requesting the appraisal.
- **The report's objective:** The goal is to determine the property's current, future, or past market value.
- How the appraisal will be utilized: This denotes what the report can be used for, such as mortgage financing, estate/probate matters, or separations.

- The report's user: In many cases, the client and user of the report are the same; however, there might be situations where they differ.
- **The valuation date:** This is also known as the effective date when the property is being valued.

After laying the groundwork, we proceed to discuss and define what will be included in the appraisal and outline the required tasks to finish **the appraisal report**, known as the terms of reference and scope of the appraisal.

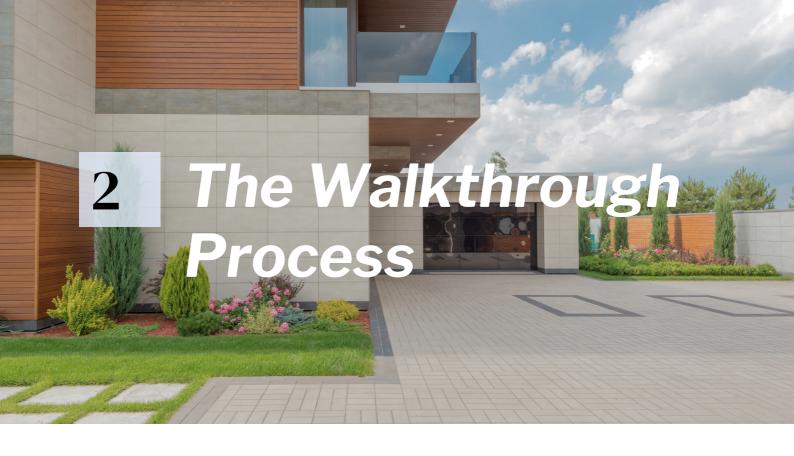
Terms of reference for an example appraisal assignment might include:

- A Photographs capturing every interior room within the dwelling
- **Maps** highlighting both the subject property and any comparable sales referenced in the appraisal report
- **C Images** showcasing fronting streets, dwelling exteriors (front and rear), and backyard views
- **Detailed examinations** of any influencing factors regarding quality and conditions that exist internally
- **E Insights** regarding floor plans, dimensions, and any attributes or drawbacks discovered by the appraiser
- **Observations** on external factors that could influence property value, which should be stated explicitly before being factored into the final valuation.

An example of an appraisal assignment's scope could be:

The appraiser will adhere to due diligence (in line with client-provided terms of reference, report purpose, and intended use) while conducting thorough research and analysis for generating a report that complies with Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP), as established by the Appraisal Institute of Canada.





When embarking on a property evaluation, it's essential to have a systematic approach to ensure all aspects of a property are considered. In this chapter, we will be exploring the walkthrough process, a vital step in examining a property's exterior and interior features, condition, and surrounding factors that may impact its overall livability and value.

Scheduling a walkthrough, sometimes known as an inspection, focuses on a surface-level examination of a property, instead of a thorough inspection performed by a professional home inspector. The primary goal is to identify major defects, assess the quality of finishes, and evaluate the construction quality.



A typical walkthrough consists of...

A Capturing exterior photographs of the front, rear, and street view of the property. Documenting details such as the property type and style, the level of landscaping, elevation, lot shape and size, window casing types, roofing material, and exterior finish. Also, record the lot orientation and neighbouring homes while observing any positive or negative influences. Positive examples include having optimal

roads for single-family homes.

privacy or being near water sources, while negatives may entail proximity to railway tracks or busy main

- Taking interior photographs of all rooms within the space. It's best to begin on the main level and snap pictures from multiple angles to represent a comprehensive view of the property. Throughout this process, note the property's condition (whether it is well-maintained or requires repairs), construction quality (e.g., brand new homes, fully renovated spaces), and types of finishes (such as hardwood or laminate flooring). Also record details about the floorplan including the number of bedrooms and bathrooms, finished and unfinished areas, basement specifics, utility room features, and mechanical components.
- Engage in conversation with the homeowner to gather information about any completed work projects such as roof replacements, new windows installations or HVAC upgrades along with renovation timelines and scope. Compile all notes and photographs to create a detailed report that grants the reader an in-depth understanding of the property in question.

3 INHERITANCE: Settling a Loved One's Estate

A Look into My Personal Experience

As an older millennial who has experienced the loss of a parent due to health issues at a young age, I can attest to the challenges that come with handling a loved one's estate. My father passed away at the age of 57, leaving behind no legal will and a family consisting of a wife and two young sons, aged 10 and 5.

The absence of a legal will added to our stress and prolonged our grieving process. Now that my mother is in her golden years, we have learned from those past experiences. We've already discussed who will manage her estate and how it will be handled upon her passing. This knowledge brings her peace of mind knowing that there won't be any disputes or legal complications after she's gone, and her wishes are clear to everyone. As her children, we now know exactly what steps to take when the time comes.

I share this story not as a pity story, but to encourage you to initiate difficult conversations with your loved ones. It's important to cherish the good memories with them instead of focusing on the hardships left behind.

1

Initiating the Difficult Conversation

AVOIDING THE CONVERSATION WONT MAKE IT GO AWAY!

- Engaging in a conversation with a loved one about their preferences after passing away can be tremendously challenging. Nobody wants to discuss their own mortality, but evading the topic doesn't make it vanish. In fact, it can cause more complications and difficulties for those left behind after the person's demise.
- A more comfortable approach to begin the discussion is by connecting it to an event or conversation related to your own life. For instance, "I visited the bank recently, and they provided information about estate planning for the future and suggested that I create a Will. Have you made a Will?"
- Casual conversations are less invasive and encourage a more honest reaction to what might be a delicate subject. The primary objective is to initiate the dialogue and determine if your loved one has completed their Will or started working on it.
- Your goal is not to learn the contents of the Will, but merely to know where to find it when needed. If your loved one has made a will, they've considerably simplified the process of settling their estate. If they don't possess a Will yet, you've successfully opened up the topic of conversation, and guiding them towards creating a Will should be your next step.

2 The Canadian Will Registry

WHEN SOMEONE DIES, HOW DO YOU KNOW THEY HAVE A WILL?

- The Canadian Will Registry (canadawillregistry.org) can assist in locating the will. It's crucial to search the registry when settling an estate, ensuring that all pertinent documents are found.
- In situations when a family cannot locate the will, the law assumes that it was annulled. This has serious consequences for the family and their loved ones, as the estate will be distributed based on governmental regulations rather than the decedent's wishes.
- Neglecting to search for a will can lead to unintended liabilities. Obtaining a Search Certificate from the Canadian Will Registry confirms that you made efforts to discover all relevant documents.
- The Canadian Will Registry is also an excellent platform for registering a will. Estate planning documents are usually created well ahead of time and updated as we grow older. Circumstances change – lawyers retire, law firms shut down, and people relocate.
- Again, when a family cannot find a will, the law presumes revocation. Executors must locate original documents; otherwise, attempting probate of a copied will involves costly and uncertain court proceedings. Registering a will with a registry is an affordable and straightforward solution to prevent these issues in the future.

3 Settling an Estate in Ontario

A LENGTHY AND COSTLY MULTI-STEP PROCESS

Settling an estate in Ontario can be a complex, time-intensive, and potentially expensive undertaking if not diligently carried out. This e-guide outlines the general procedures involved in settling a loved one's estate in the region.

Determining the need for Probate:

- Probate is a legal procedure granting the executor permission to act on the deceased's behalf.
- To determine the appropriate course of action for your specific case, a lawyer may review the details. However, since every situation is unique, employing a lawyer is not always necessary.

Submitting the Probate application to the appropriate court:

- Accurately preparing the probate application can be difficult and time-consuming. It must be filed in the court where the deceased person lived.
- To minimize application processing times from months to mere weeks, it's crucial to act as swiftly as possible, saving precious time during this already slow process.

Application > Granting of Probate > Estate Administration

- In Toronto and the GTA, applications generally take several months, with processing times ranging between 4-6 months.
- Once probate is granted, estate administration becomes the responsibility of the estate trustee. Typically, executors have a year to administer estates.
- Obtaining a clearance certificate from the Canada Revenue Agency may take 4-6 months, leading many estates to extend beyond a year.

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Real Estate Appraisals

REAL ESTATE IS OFTEN THE LARGEST ASSET WITHIN AN ESTATE

Real estate properties often represent the most substantial asset within an estate and can be a source of disputes. Accurate appraisals are essential, both for government record-keeping purposes and for determining the property's value at the time of death. It is advisable to complete an appraisal as soon as possible to avoid increased costs.

If you conduct a market estate appraisal soon after your loved one's passing, residential appraisal fees typically stay below \$800. However, if you wait for the clearance certificate from CRA, you may need a more costly retrospective estate appraisal, potentially adding another \$500 or more to the cost.

Additionally, it is common practice to obtain a minimum of two appraisals from different firms when settling real estate matters in an estate. This ensures consistency in determining the property's value. You can complete this step following your consultation with a lawyer, helping to expedite the overall process.

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Start Sooner Rather than Later

A LONG, EMOTIONAL PROCESS THAT SHOULD BE HANDLED PROACTIVELY

Our final recommendation is to initiate the preparation process early, as it can be quite lengthy. Establishing a plan before experiencing the loss of a loved one alleviates some of the grief, simplifies the execution of their last wishes, and offers peace of mind to everyone involved.



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REAL ESTATE SERVICES

Here at B.R.E. Group, our primary focus is on the real estate aspect of your journey. Due to the nature of our industry, we have established strong connections with esteemed lawyers and accountants whom we collaborate with regularly. No matter where you find yourself in this process, we are dedicated to making it more manageable for you. If you require assistance in legal matters, accounting, or real estate, please do not hesitate to contact us for referrals to top-notch professionals within their respective fields. This eguide has been compiled to address the most prevalent concerns expressed by our clients.

If you need further information, we are just a phone call or email away!

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