

DEMO REPORT PROPERTY SUBMISSION REQUIREMENTS – January 1, 2015

Learning Objectives and Property Selection

Introduction

One of the requirements for obtaining accreditation with the Association of Assessing Officers of Manitoba (AAOM) is the successful completion of a Demonstration Appraisal Report outlining the valuation of an income producing property. The AAOM administers their own program for completion of the report, but also accepts similar courses offered by the University of British Columbia and the International Association of Assessing Officers as being equivalent¹

Intent

The Demonstration Report is intended to test the candidate's ability to apply appraisal theory to support the assessment value of an income producing property, and to present the analysis in a comprehensive appraisal report. It is intended to be a concise but thorough examination of the candidate's level of knowledge and expertise in single property valuation. With the Association's focus on the Property Assessment industry in Manitoba, the final report should represent a self-contained brief that could withstand the rigors of expert testimony and cross examination.

Scope

The Demonstration Report is to be written within the scope of supporting the Subject Property's assessment value through single property valuation. As such the effective date of the report will coincide with a Reference Date in keeping with the Municipal Assessment Act in Manitoba. Based on the registration date of the Report, the candidate will be able to choose the current or immediately preceding reference dates used for assessments in Manitoba.

Selection of a Subject Property

One of the key steps in preparing a Demonstration Report is the selection of an appropriate Subject Property. The availability of ample market data to allow for a thorough valuation analysis of the Subject Property will help in the successful completion of the project.

The property which is chosen as the subject of this report, must allow the candidate to consider all three approaches to value and comply with one of the following Selection Requirement options:

- 1) Multi-family residential building with a minimum of 6 suites.
- 2) Mixed commercial/residential property with office/retail unit(s) and at least 2 residential suites.
- 3) Multi-tenant office or similar revenue bearing property.
- 4) Strip mall with a minimum of 3 individual tenants.
- 5) Industrial/commercial property, single or multiple occupancy.

¹ Contact the AAOM for more details on equivalent courses.

The subject property must be 10 years old in relation to the reference date chosen for the report.

The candidate should first gather data that will be needed for the preparation of the report. Prior investigation and careful property selection can help ensure that the candidate has sufficient market data for the analysis. The property which is chosen as the subject of the demonstration appraisal report, must allow the candidate to consider all three approaches to value.

Necessary market data includes, but is not limited to, sales of vacant land and improved properties, as well as paired and resale data in support of necessary adjustments. Adequate market data must be available for proper demonstration of site valuation and the sales comparison approach. Sufficient income data must also exist to justify, rental data, sales of rental properties, and gross rent multipliers.

Other considerations in the property selection process include the Highest and Best Use and the Site Valuation.

Choosing a property where the Highest and Best Use “as improved” and “as if vacant” are similar and consistent with the property’s current use will simplify the required analysis. As an example, the required analysis would become more complicated where the Highest and Best Use of the site “as if vacant” was for a single family dwelling and “as improved” was an income producing property.

To facilitate a thorough Cost Approach the candidate should ensure there is adequate data for analysis of land values. This would include sufficient sales to support required adjustments for time, location, etc.

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Getting Started

Property Registration

The AAOM maintains a Register of properties that have been used for Demonstration Reports. Once the candidate has considered the available data and chosen a Subject Property for the Demonstration Report, the Candidate must register their selected property with the AAOM.

Before approving a Subject Property for use in a report, the AAOM has the following criteria:

- 1) A property used in a completed Demonstration Report cannot be used again until after 5 years from the date of registration.
- 2) Registration of a property lasts for one year, after which the Candidate will be advised (if a report has not been submitted) that the property's current registration is cancelled and is now available for any Candidate to register.
- 3) Similar types of subject properties in close proximity must have different base years.
- 4) To change a Registered Property the member is required to send in a new form along with a request to cancel the previous Registered Property.

Application

The Candidate is required to complete an application form and submit the application with the appropriate fees (see *Fee Schedule* below) to the Registrar (AAOM Administrative Assistant). The Registrar shall check the Registry of 'booked' properties to ensure there is no duplication. Where duplication exists, the Registrar shall notify the Examining Board Chairperson.

If no duplication exists the Registrar shall send a copy of the application form to the Examining Board Chairperson who will ensure the chosen property meets the Selection Requirement criteria outlined under *Selection of a Subject Property* noted above.

Upon approval of the Subject Property, the Registrar will send an acceptance letter to the Candidate stating a Registration Number.

If the selected property has already been listed on the Registry or is deemed not to meet the Selection Criteria, the application (and applicable fee) will be returned with an explanation and the Candidate will have to re-apply.

Deadline and Submission

Once the Subject Property has been approved, the Candidate has **one year** to submit their completed Demonstration Report, to the Registrar who will duly note the submission and notify the Candidate in writing acknowledging receipt of the report.

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The Demonstration Report should be submitted as a printed and bound document. Consistent with the Intent of this program, the final document should be of a quality and format suitable for use as evidence at a Municipal Board hearing. **Three copies of the report should be submitted for grading to the Registrar.**

The Registrar will then submit all three copies of the report to the Examining Board Chairperson. The Examining Board Chairperson will review the report to determine that the report meets the Minimum Requirements as outlined in the newest guidelines

If the report has not met the minimum requirements, the report shall be returned to the candidate with documentation explaining why the report has been returned. In these instances the return of the report does not constitute an official grading.

When the minimum requirements have been met, the Examining Board Chairperson shall inform the Candidate that the report has been accepted and issued for grading.

Extensions

Candidates may make a written request for one - four (4) month extension for completion of their Demonstration Appraisal Report. The written request must be accompanied by the appropriate Extension Fee (see *Fee Schedule* below), and is subject to approval by the Education Committee.

Under extenuating circumstances the Education Committee and/or the Executive will exercise discretion on all matters related to extension requests.

Grading of Report

The Examining Board Chairperson will select 2 graders. The graders must be Accredited members in good standing. At the discretion of the Chairperson the graders must not be familiar with the candidate.

The report must be graded in accordance with the 'Demonstration Report Guidelines and Grading Criteria'.

The candidate must receive an overall grade of at least 70% and have demonstrated an acceptable understanding of all three approaches to value. If the report is successful, the Candidate will be notified in writing, by the Chairperson of the Examining Board. The Examining Board Chairperson will be in contact with the candidate to set up a date for the Oral Interview.

Re-Submission of Unsuccessful Reports

An unsuccessful report is returned to the candidate along with the Graders' comments. The Candidate will be advised to carefully review the comments on an unsuccessful report and to use them as the minimum requirement for successful revision.

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The candidate has four (4) months, from the date the report was returned, to resubmit a revised report.

If the second submission is also unsuccessful, the Examining Board Chair will make recommendation to the Education Committee to direct the Candidate complete any one or combination of the following:

- 1) Allow correction of identified errors or omissions and submit the Demo Report a third time.
- 2) Completion of one or a combination of the University of British Columbia's Real Estate Division Professional Development Courses - http://www.sauder.ubc.ca/Programs/Real_Estate_Division/Credit_Programs_and_Professional_Development_Courses/Professional_Development_Courses)
- 3) Re-register for the Demonstration Report with an alternative property.

Appeal Process

Any candidate whose report(s) are graded unsuccessful on the second grading may file an appeal within 30 days of notification to the Executive Council to review the report. The Executive Council will conduct an examination of the report and render a written decision.

Fee Schedule

Non-refundable Registration Fee for the Demonstration Report.....	\$300
Extension Fee (subject to approval of request).....	\$150

Recommended text -*Appraisal of Real Estate, Third Canadian Edition*