

Appendix 4B

CONSERVATION EASEMENT – REQUEST FOR APPRAISAL SERVICES

Request for Appraisal Services

The [name of land trust] wishes to establish the current fair market value in support of an offer to donate a conservation easement. A conservation easement places covenants on title which restricts the future use and development of land. The agreement runs with the land and binds future owners.

The property is located __, (see attached map) more particularly described as __. The property comprises approximately __ acres and is [vacant/contains residence] land. The attached summary of restrictions are the subject of the valuation.

The appraisal required at this time is a report as to the market value of the subject property in its current highest and best use and a report as to the market value of the subject property in its "after" highest and best use. Under the *Income Tax Act (Canada)* this "before and after" method of valuation is required to determine the market value of such agreements. The market value definition as utilized in the report will be the Appraisal Institute of Canada's standard definition which includes stipulations with respect to a normal market exposure period and the lack of any unusual or special conditions. Based on past appraisals the [name of land trust] has commissioned, it may be most appropriate to prepare a Limited Scope, Summary Report. The limitations would be that:

1. You will not carry out a detailed title search which could possibly reveal encroachments, easements, or other factors which could affect value
2. The report will rely on information as reported by listing and selling agents, our appraisal colleagues, and as set out in MLS records and not all comparable sales data will be personally confirmed.

The appraisal report will be prepared by an Accredited Appraiser Canadian Institute designated member of the Appraisal Institute of Canada. Upon review of the enclosed material, we invite you to submit a Proposal for Real Estate Appraisal Consulting Services on the form provided before [set deadline]. Upon review of the proposals received, the [name of land trust] will select an appraiser, with the appraisal being completed by __. Please advise of any cost difference in preparing the report within a 20, 30 or 45-day time frame.

If you would like to discuss this matter or require additional information, please contact me.

Thank you for your consideration.

Yours sincerely,

Enclose the following form:

THE [NAME OF LAND TRUST]

Proposal for Real Estate Appraisal Consulting Services

TO: PROPERTY COMMITTEE, [NAME OF LAND TRUST]

I, _ of the firm _, hereby offer my services to carry out an appraisal of market value of the property of Mr(s). _, more particularly described as _, comprising _ acres more or less, for the [name of land trust].

In the event that our proposal is accepted, the following terms and conditions will apply in the resulting contract:

1. The appraisal will be an estimate of the devaluation of the fair market valuation of the fee simple interest in the property, as of [date], based on the effect of the restrictions on future use and development of the property, or injurious affection thereto, as provided under the proposed restrictions (attached), and on the basis of the special terms of reference for this assignment as specified in Schedule A hereto.
2. Four (4) copies of a written appraisal report will be delivered to the [name of land trust] within _() days of the receipt of your authorization to carry out the work.
3. Our fee for undertaking the work will be \$ _ per day plus out-of-pocket expenses. It is estimated that the work will take _ days to complete. It is agreed that the total ceiling price will not exceed \$ _ including out-of-pocket expenses and the Goods and Services Tax.
4. Our account for services rendered will be submitted to you in duplicate with the completed appraisal reports and will contain full details of the days worked, charges per day and out-of-pocket expenses.
5. It is understood that payment of our account will be made within thirty (30) days of delivery of the completed report.
6. If we require more time than originally estimated to carry out the work, we shall notify you immediately and request your approval to extend the time for the delivery of the final report.
7. If required, the appraiser in charge of the work will appear as a witness for the [name of land trust] at any arbitration or hearing related to the subject property. Our fee for court appearance is \$ _ per day.
8. For the purpose of our report, the definition of market value of a conservation easement agreement shall be:

"the fair market value of an easement to which land is subject is deemed to be the greater of its fair market value otherwise determined and the amount by which the fair market value of the land is reduced as a result of the making of the gift."

9. All work under this contract shall be done by or under the direct supervision of _ whose qualifications are as follows: _____
_____.
10. The appraiser warrants that neither he/she nor his/her firm have a present, past, or future contemplated interest in the ownership of the property which is the subject of this contract.
11. All working papers shall remain in the property of the appraiser or firm which performs the work, but copies shall be made available to the [name of land trust] upon request.
12. This proposal constitutes an offer to perform the work in accordance with the recognized professional standards of the Appraisal Institute of Canada and may be accepted, subject to prior written notice of revocation, within fifteen (15) days of the date it is received by the [name of land trust].
13. It is agreed that during the course of the work, we shall not undertake any work for another client that could reasonably result in a conflict of interest without obtaining the prior written consent of the [name of land trust].
14. We agree upon request to update the appraisal report within _ months of the completion of the original report, at a cost not to exceed \$_ including disbursements.
15. The appraiser shall keep detailed records of the hours worked and fees charged under this agreement, including the hours and fees pertaining to any sub-consultant. Such records shall be kept for four (4) years following completion of this assignment and upon request, shall be made available to the [name of land trust].
16. The appraiser shall at all time indemnify and save harmless the [name of land trust], its officers, employees, and agents from and against all actions, damages, claims, demands, and losses, including legal expenses incurred as a result of any claim, demand, or action by whomever made, brought or instituted, arising out of or in any way related to this contract by the negligence of an officer, employee or agent of the appraiser.
17. The [name of land trust] may terminate this contract at any time upon giving twenty-four (24) hours written notice in which case the appraiser shall be paid a reasonable amount for the work completed to the satisfaction of the [name of land trust] to the date of termination, such amount not to exceed the agreed -upon ceiling price.
18. The appraiser agrees that this contract will not be assigned or let to a subconsultant without the prior consent of the [name of land trust].
19. The appraiser, his servants or agents shall treat as confidential and shall safeguard all knowledge or information acquired by it or its officers, employees, or agents or subconsultants during the course of performing this assignment.
20. Acceptance shall be made by regular mail and/or facsimile transmission addressed to us at the address set out below.

Schedule A

- (a) The report will be prepared by a member in good standing of the Appraisal Institute of Canada.
- (b) The report will be acceptable to the [name of land trust] and the landowner related to meeting the requirements of Revenue Canada for substantiating the value of a receipt for income tax purposes.
- (c) Four (4) certified copies of the report will be provided to the [name of land trust].
- (d) The appraisal value is to be shown as both a before and after value and include the total value of the Conservation Agreement interest and a price per acre basis.
- (e) The cost estimated to complete the appraisal report is to show a breakdown between professional fee, disbursements, and the Goods and Services Tax.
- (f) The deadline for completion of the appraisal is [date].
- (g) The appraisal is to be in a comprehensive format and completed consistent with the Code of Ethics and Rules of Professional Conduct and the Standards of Professional Practice of the Appraisal Institute of Canada.
- (h) The appropriate geographic area should be considered for comparable sales. Full details on all comparables and the rationale for any adjustments are to be included in the report.
- (i) For the purposes of appraisal, it may be assumed that there are no First Nation Aboriginal People claims to the property.
- (j) Your report must address the possibility of the presence of any hazardous waste that may be or may have been stored on or in the immediate vicinity of the subject property.
- (k) This matter is to be treated in confidence between the [name of land trust] and your company.