

THE PROGRESS REPORT

Newsletter of Niemi LaPorte & Dowle Appraisals Ltd.
Summer 1997

"our service makes you feel like you're our only client"

Assessments - How accurate are they??



It is important to understand the market place with today's value trends and Annual Assessment Roll. The Annual Roll is intended to make the Assessment Authority's values more accurate, but are they at market levels?

As with most businesses in today's economy, there is pressure to cut costs. To this end, many Banks have adopted the policy of waiving the requirement for independent appraisal reports for mortgages at 65% or less of assessed value. Although this appears to be a good idea from an economic point of view, one must be careful in practice.

The BC Assessment Authority's 1997 assessed values are actually based on a **July 1996** effective date. With market trends in a downward slide, relying on this value may be dangerous.

In our experience the Actual Assessed values seldom if ever equal current market value. This is particularly apparent in the downtown condominium and West Side markets.

We urge lenders to be careful of this practice, particularly when lending on condominiums in today's market.

What appears to be a conventional loan to value ratio may end up as high ratio!

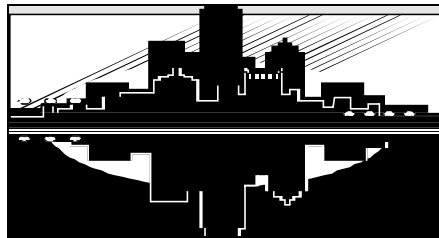
In order to reduce this risk, lenders should rely on accurate appraisals completed by designated appraisers. Whether this is a complete summary appraisal or a limited restricted appraisal, it is better to be safe than high ratio!

Here are a few examples of where relying on assessments could prove to be dangerous banking practice:

1. 4316 Hazelwood Cres, Burnaby Assessed @ \$395,700 Sold 07-97 @ \$329,900. **At 65% of Assessed Value the loan amount would actually be 78.0% of the purchase price.**

2. 1606-888 Pacific St, Vancouver Assessed @ \$189,500 Sold 07-96 @ \$148,000. **At 65% of Assessed Value the loan amount would actually be 83.2% of the purchase price.**

3. 6288 Churchill St, Vancouver Assessed @ \$1,410,400 Sold 04-97 @ \$ 1,060,000. **At 65% of Assessed Value the loan amount would actually be 86.5% of the purchase price.**



We would like to thank all of you who participated in our Spring Promo Fee. As the summer is now upon us, even if the weather man does not agree, the Spring Promotion has come to an end. You will still receive our outstanding service and quality work under our regular low fee of \$150 including GST.

Once again, we at Niemi LaPorte & Dowle Appraisals Ltd thank you for your patronage.

Expansion

To better service your needs and facilitate the growth of the company, we have hired two new staff members. Gordon Glover is our new appraiser focusing in the Fraser Valley area and Elly Lai is our additional office support staff.

This expansion will enable us to maintain the excellent service and quality you have come to expect.

Company Outlook

Currently we are conducting appraisals on a variety of properties from Abbotsford to Whistler.

Our company is using state of the art software and hardware to ensure our product is the best on the market.

Furthermore we incorporate the latest standards as governed by the Appraisal Institute of Canada. Our report content and format is unique to our company and, in our opinion, superior to the industry standards.

Niemi LaPorte & Dowle are dedicated to providing the best service at a reasonable price.

Niemi LaPorte & Dowle Appraisals Ltd.

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