



Environment and
Climate Change Canada

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ECOLOGICAL
GIFTS PROGRAM

GUIDELINES FOR APPRAISALS



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Ecological Gifts Program: Guidelines for Appraisals

July 2019

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Ecological Gifts Program: Guidelines for Appraisals

Appraisal review and determination process

Those who donate ecological gifts to [qualified recipient organizations](#) are eligible for tax benefits under the *Income Tax Act*. Ecological gifts are donations of land or partial interests in land that are certified as ecologically sensitive by the federal Minister of Environment and Climate Change (the Minister). Partial interests may be in the form of conservation easements, covenants or servitudes.

Environment and Climate Change Canada (ECCC) administers the Ecological Gifts Program (EGP) in partnership with various provincial governments, environmental charities and other federal government departments.

Tax benefits are determined based on the fair market value of the gift.¹ To determine the fair market value of a gift, the donor must provide an independent appraisal² to ECCC along with the donor's Application for Appraisal Review and Determination of the Fair Market Value of an Ecological Gift (the Application). One or more qualified professionals from ECCC's Appraisal Review Panel (the Panel) review the appraisal. The Chair of the Panel then recommends the fair market value to the Minister, who determines the value.

These guidelines are intended to help appraisers³ prepare ecological gift appraisals. They include general requirements and considerations for the valuation of all ecological gifts, regardless of their fair market value. The guidelines also provide general format requirements for appraisals.

Appraisal Review Panel

The Panel reviews each appraisal to determine:

- whether it meets the guidelines contained in this document;
- the basis for a recommendation to the Minister regarding the fair market value and, in doing so, considers whether the analysis, opinions and conclusions in the appraisal are appropriate and reasonable and support the fair market value.

General requirements for all ecological gifts

Appraisals for ecological gifts must meet the requirements of the [Canadian Uniform Standards of Professional Appraisal Practice](#) (The Standards) or, in Quebec, [Les normes de pratique professionnelle des évaluateurs agréés](#) (*Les normes de pratique*). It is expected that all appraisers, whether or not they are members of the Appraisal Institute of Canada (AIC) or the *Ordre des évaluateurs agréés du Québec (OEAQ)*, will be familiar with The Standards or with *Les normes*

¹ The *Income Tax Act* provides, in the definition of “total ecological gifts”, that the value of the gift is based on its fair market value (s. 110.1(1)(d) and 118.1(1)).

² In the context of the Ecological Gifts Program, the term appraisal includes all types of valuation reports.

³ In the context of the Ecological Gifts Program, the term appraiser includes the entire range of valuation professionals, regardless of their area of expertise or professional designation.

de pratique. Because of regular updates, appraisers must ensure that they consult the most recent version of these documents.

Arm's length

All appraisals must be at arm's length from the parties to the transaction. For example, appraisals prepared by the following are not acceptable: a close friend, family member or business associate of the donor, or a corporation or partnership in which the donor holds a significant interest. Similarly, appraisals done by the recipient or the donor are not acceptable.

Definitions of fair market value

To meet *Income Tax Act* requirements, all appraisals must include a definition of fair market value.

Canada Revenue Agency

Although the term "fair market value" is not defined in the *Income Tax Act*, a policy statement issued by the Canada Revenue Agency defines "fair market value" as follows:⁴

"fair market value generally means the highest price, expressed in dollars, that a property would bring in an open and unrestricted market, between a willing buyer and a willing seller who are both knowledgeable, informed, and prudent, and who are acting independently of each other."

The Standards⁵

An acceptable definition of market value from The Standards is as follows:

"The most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.[...]"

Implicit in this definition are the consummation of a sale as of the specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well-informed or well-advised, and acting in what they consider their best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto;
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length

⁴ Canada Revenue Agency, *Charities – Summary Policy CSP-F02, Fair Market Value*.

⁵ Canadian Uniform Standards of Professional Appraisal Practice, effective August 1, 2018.

transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The definition of market value, or *valeur marchande* in [*Les normes de pratique*](#), is also acceptable.

Courts

The courts have considered the meaning of “fair market value” and “market value”. For example, in *Carr v. Canada*,⁶ the Tax Court of Canada stated:

Fair market value is not defined in the *Income Tax Act*. However, the judicial definition accepted by the courts in Canada is that of Cattanach J. in *Henderson Estate and Bank of New York v. M.N.R.*, (1973) 73 D.T.C. 5471 (F.C.T.D.), at page 5476:

The statute does not define the expression “fair market value”, but the expression has been defined in many different ways depending generally on the subject matter which the person seeking to define it had in mind. I do not think it necessary to attempt an exact definition of the expression as used in the statute other than to say that the words must be construed in accordance with the common understanding of them. That common understanding I take to mean the highest price an asset might reasonably be expected to bring if sold by the owner in the normal method applicable to the asset in question in the ordinary course of business in a market not exposed to any undue stresses and composed of willing buyers and sellers dealing at arm’s length and under no compulsion to buy or sell. I would add that the foregoing understanding as I have expressed it in a general way includes what I conceive to be the essential element which is an open and unrestricted market in which the price is hammered out between willing and informed buyers and sellers on the anvil of supply and demand. These definitions are equally applicable to “fair market value” and “market value” and it is doubtful if the use of the word “fair” adds anything to the words “market value”.

Unsupported assumptions

The Panel will not accept unsupported assumptions. That includes assumptions that have an impact on highest and best use. For example, a waterfront property may be valued to reflect a marina development, but the use cannot be assumed to be the highest and best use without adequate support. Highest and best use is defined in The Standards as, “the reasonably probable use of real property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value.” *Les normes de pratique* contains a similar definition of highest and best use.

One the most problematic unsupported assumptions occurs when an appraiser assumes a property use that existing zoning or other current land use policies does not permit. Basing an appraisal on assumed rezoning or other change in land use policy requires documentary evidence supporting such an assumption. The appraisal must clearly demonstrate that the extraordinary assumption is possible, reasonable, and probable. In addition, to support an extraordinary assumption, appraisers must provide examples of properties comparable to the subject property where similar changes in zoning or other forms of land use policy have been permitted.

⁶ [2004] T.C.J. No. 319.

In accordance with The Standards, any extraordinary assumption must be properly identified in the appraisal report.

Hypothetical conditions

Both The Standards and *Les normes de pratique* require appraisers to identify any hypothetical conditions included in the appraisal. The EGP does not permit hypothetical conditions in appraisals, except where necessary for a reasonable analysis of the subject property. If an appraiser includes a hypothetical condition in the appraisal, it must relate to a potential use that:

- is reasonably anticipated;
- is demonstrated through traditional planning and valuation analysis to be a probable occurrence;
- is valued accordingly.

For example, the hypothetical condition where it is necessary to value a proposed ecological gift comprised of a new lot that is not yet subdivided from a parent parcel can be included. Another example is when it is necessary to value a proposed ecological gift that is comprised of a conservation easement, covenant or servitude that is not yet registered.

In accordance with The Standards, any extraordinary assumption or hypothetical condition (with an accompanying extraordinary assumption) must be properly identified in the appraisal.

Support for conclusions

The appraisal must be straightforward and logical, so that the reasoning supporting the appraiser's analysis and conclusions is clear. Appraisers should be fully aware of the status of title (e.g. rights of way, other easements, covenants or servitudes) and provide necessary commentary of the effect on use and value of any encumbrances, charges or notations on title. Adjustments must be based on an analysis of relevant market data, and should be supported by information on the reason for and magnitude of the adjustment.

Unsubstantiated opinions and unsupported conclusions are not acceptable.

Appraisals must address value in terms of established valuation principles. Accordingly, any previous determinations of fair market value by the Minister are not acceptable as a basis upon which an appraiser estimates the value of an ecological gift.

Qualification of appraisers

Appraisers must hold one of the designations listed in Annex 3. The designation must qualify the individual to value the specific ecological gift. An Accredited Appraiser Canadian Institute (AACI) member may value all gifts. A Canadian Residential Appraiser (CRA) may value only property types permitted by the CRA designation. Depending on the province, some appraisers may require additional registration or licensing in addition to holding one of the designations in

Annex 3. Since the registration or licensing requirements for various jurisdictions are subject to change, appraisers must adhere to the current requirements.

Gifts of easements, covenants or servitudes

Where the gift is an easement, covenant or servitude, the appraiser must carefully read the related document. The appraiser must explain the impact on highest and best use and fair market value of the subject property.

Regarding the valuation of partial interests in land, the *Income Tax Act* provides that the fair market value of an ecological gift of a servitude, a covenant or an easement to which land is subject is the greater of “the amount by which the fair market value of the land is reduced as a result of the making of the gift” (the “before and after” method), and the “fair market value otherwise determined of the gift.”⁷

“Before and after” method

The “before and after” method may be used to value an ecological gift of a conservation easement, covenant or servitude, where the “after” value reflects the impact of the easement, covenant, or servitude on the highest and best use of the subject property. If using this valuation method, the appraisal must include both the “before” and “after” values of the subject property and a conclusion that the value of the gift is the difference between the two values.

In some markets, there may be sales of properties that are encumbered by a conservation easement, covenant or servitude available for analysis. In this case, it may be possible to compare these sales to sales of similar properties that are not subject to a conservation easement, covenant or servitude. All other factors being equal, the difference in value may be attributable to the impact of the conservation easement, covenant or servitude.

Direct comparison approach

Alternatively, it may be possible to estimate the fair market value of an easement, covenant or servitude by the direct comparison approach. The appraiser compares transactions that involve the acquisition of an easement, covenant or servitude and the rights acquired to the donated rights from the subject property. As with the appraisal of a fee simple interest, it is important to compare “like with like”.

Regardless of the methodology employed, when an easement, covenant or servitude only encumbers a portion of a property, the appraiser must consider any betterment to the unencumbered portion of a property and account for any increase in its market value in the appraisal of the easement, covenant, or servitude.

Possible sources of data

It is critically important that the best available market data support the analysis and conclusions in the method used.

A possible source of direct transactional evidence is from the EGP recipient community itself, because some recipients have acquired an easement, covenant or servitude in an “arm’s length”

⁷ *Income Tax Act*, s. 110.1 (5) and s. 118.1(12).

manner.

When direct transactional evidence is lacking, the appraiser must gather and analyze relevant secondary data to support their conclusion. This may include the acquisition of partial interests for non-conservation purposes. Sufficient information and analysis must be included to ensure that the Panel understands the comparative process used. Secondary data that would not typically support a conclusion for an ecological gift is the acquisition of a property that occurred in an expropriation scenario, for instance.

Another source of data to measure the impact of use restrictions involves the analysis of land sale pairs, where one is subject to significant use restrictions (e.g. land use regulations, topographical conditions, etc.) and the other is not. If there is a difference in market value, one may conclude that the difference is attributable to the restrictions on use and the alteration of highest and best use that results from the restrictions. While this may not be completely analogous to the proposed easement, covenant or servitude, it can illustrate how the market reacts to various restrictions on use.

Timing of appraisals

The information below constitutes general guidance on timing of appraisals. The Panel reserves the right to refuse an opinion of value in an appraisal that meets the timing guidance, but does not accurately reflect the market value of the ecological gift owing to circumstances such as unusual volatility in the real property marketplace or changes to the legally permitted use of the land.

Before the gift is made

Where the donor submits the Application to ECCC *before* donating an ecological gift, the effective date of the appraisal must be no earlier than six months before the date when the donor submits the Application. This applies whether the donor submits the Application at the same time as the information to have the gift certified as ecologically sensitive or after receiving a Certificate of Ecologically Sensitive Land, Recipient Identification and Approval Pursuant to the Income Tax Act of Canada or, in Quebec, a letter of intention for the *Visa pour dons de terrains ou de servitudes ayant une valeur écologique*.

If the effective date of the appraisal is more than six months before the date when the donor submits the Application to ECCC, the appraiser who completed the appraisal must verify and confirm in writing that there has been:

- no material change in the use of the subject property and include an explanation of how this was determined (e.g. the property was re-inspected by the appraiser, the property was revisited by the recipient and the appraiser has relied on their observations, etc.); and
- no material change to the market in the area of the subject property and include an explanation of how this was determined (e.g. a review of recent sales activity, interview with pertinent realtors or other market participants, etc.)

If the appraiser cannot verify both of these statements, either:

- a new appraisal must be completed; or
- the appraiser who completed the original appraisal must prepare an updated appraisal.

In these circumstances, the donor must submit with the Application either the new appraisal or the updated appraisal together with the original appraisal.

If an appraiser prepares an updated appraisal, the updated appraisal must follow the mandatory format for all appraisals set out below.

After the gift is made

If a donor has already made a gift of land or of an easement, covenant, or servitude (not yet an ecological gift), the donor has three years from the end of the taxation year in which the donor made the gift to submit the Application. This allows a donor to take advantage of the tax benefits of an ecological gift.

In such cases, where the gift of land or of an easement, covenant, or servitude (not yet an ecological gift) has been made, the donor must submit an appraisal along with the Application to ECCC. The effective date of the appraisal must be either:

- no more than six months before the date of the gift; or
- the date of the gift if the appraisal is completed after the date of the gift

If the effective date of the appraisal is more than six months before the date of the gift, the appraisal may be used if the appraiser verifies and confirms in writing that, between the date of the original appraisal and the date of the gift, there was:

- no material change in the use of the subject property and includes an explanation of how this was determined (e.g. the property was re-inspected by the appraiser, the property was revisited by the recipient and the appraiser has relied on their observations, etc.); and
- no material change to the market in the area of the subject property and includes an explanation of how this was determined (e.g. a review of recent sales activity, interview with pertinent realtors or other market participants, etc.).

If the appraiser cannot verify both of these statements, either:

- a new appraisal must be completed; or
- the appraiser who completed the original appraisal must prepare an updated appraisal.

In these circumstances, the donor must submit with the Application either the new appraisal or the updated appraisal together with the original appraisal.

If an appraiser prepares an updated appraisal, the updated appraisal must follow the mandatory format for all appraisals set out below.

Mandatory format for all appraisals

An electronic copy (PDF) or a single-printed colour copy of the appraisal shall be submitted with an Application. For appraisals of eligible interests or rights in land, a copy of the signed final or dated draft agreement for the easement, covenant or servitude must be attached to the appraisal.

The appraisal must be accompanied by a **letter of transmittal** from the appraiser, printed on letterhead that:

- clearly indicates the name, address and type of business carried on by the appraiser and the appraiser's designation; and
- includes the appraiser's conclusions, with references to attached exhibits and appendices.

All appraisals submitted with the Application must contain the following at a minimum:⁸

Purpose and scope statement: The purpose of the appraisal is to estimate the fair market value of the donation for the issuance of a tax receipt under the *Income Tax Act*.

Valuations must be of the current fair market value of the land or interest in land in accordance with an acceptable definition of fair market value (or market value). A definition of fair market value (or market value), together with the source of the definition, and the effective date of the valuation must appear in the appraisal.

The appraiser must specify the scope of the appraisal by describing the interest being valued, including fee simple, partial interest, non-realty interests (such as mineral or timber values) or any other interests.

Property description must include the following information:

- name and address of the present owner(s) of the land or interest in land being valued (name should be identical to name on documentary evidence of title, such as the title abstract);
- location and complete legal description of the land or interest in land being valued and that of any comparable property (legal description should be obtained from documentary evidence of title, such as the title abstract);
- description of all parcels (and/or portions thereof) that comprise the proposed ecological gift;
- declaration of the interest or interests being valued, whether it is fee simple, partial interest, non-realty interests (e.g. mineral or timber values) or any other interests;
- exhibits such as maps, sketches, surveys, and photographs (colour is recommended).

Copy of title to property: A legible copy of the title to the property must be attached as an appendix to the appraisal and show all registered encumbrances, charges or notations on title.

If the appraisal is for a proposed ecological gift comprised of a new lot that is not yet subdivided from a parent parcel or a conservation easement, covenant or servitude that is not yet registered, a copy of the title to the parent parcel or the property against which the partial interest is to be registered must be attached as an appendix.

For easements, covenants or servitudes: The appraisal must include a clearly dated copy of the formal document, including property description, terms, restrictions and appendices.

If the easement, covenant or servitude does not cover the total property, explain and include a copy of the survey, plan or sketch depicting the encumbered area.

The document does not have to be registered at the time of the valuation. The appraiser must value the signed final or dated draft agreement. If changes occur to the easement, covenant or servitude

⁸ See Annex 4 for a checklist of specific requirements for appraisals of ecological gifts.

after the appraisal is completed, the new version of the agreement must be clearly dated and the appraiser must identify and review the changes to determine any change in value.

Basic information: A full analysis and discussion of basic information must be included. Basic information includes all aspects that govern the appraiser's analysis of highest and best use, zoning, official plans, as well as registered restrictions on the property and new ones that would result from an easement, covenant or servitude. All conclusions must be well-supported.

Assumed rezoning: If the valuation is based on the hypothetical condition that the property can be rezoned to allow a change of use, an extraordinary assumption is required. The appraiser must also reasonably support the imminence or probability of the assumed rezoning.

Valuation process and rationale: In support of the estimated fair market value, the appraisal must include an explanation and justification of the valuation approach used and an explanation of the steps taken in conducting the valuation. This includes any analysis, consultations, references and current market context along with appropriate documentation.

If the direct comparison approach is used, the appraisal could also include a map showing the location of comparable indexes relative to the subject property.

Certification Statement: If the appraisal is completed by a member of the Appraisal Institute of Canada (AIC) or the *Ordre des évaluateurs agréés du Québec* (OEAQ), the certification statement in Annex 1 must be signed.

If the appraiser is not a member of the AIC or OEAQ, he/she must sign and include the certification statement in Annex 2.

Appraisers must ensure that all statements in the appraisal are consistent with those in the certification statement (refer to The Standards or *Les normes de pratique* for the latest version requirements of the certification).

Appraiser's qualifications: The appraisal should provide information about the appraiser, including the appraiser's market knowledge, experience and competence (education, professional qualifications, employment and business affiliations, association with other appraisers or experts); or steps taken to ensure competency, such as an association with another appraiser or expert in such matters or the commissioning of a supplementary report.

The appraisal should also state whether the appraiser has completed the EGP's appraiser training workshop for the valuation of ecological gifts. The workshops are held periodically across Canada. Contact the [EGP regional coordinator](#) for more information.

In provinces that require appraisers to be registered or licensed to estimate the fair market value of real property, individuals must be properly registered or licensed in that province. Appraisers must have a professional designation from one of the professional associations listed in Annex 3.

Appraiser's signature: The appraiser's printed name must appear under the signature.

Currency used: Canadian dollars.

Appraisers should be familiar with and refer to the current version of The Standards or *Les normes de pratique*, whichever is applicable, for additional requirements regarding the preparation of an appraisal.

Updated appraisals

An updated appraisal is an extension of a prior appraisal that changes the effective date. An updated appraisal must identify and report any changes in the status of the subject property, in market conditions, or in any aspect affecting value since the prior appraisal. An updated opinion is based on analyses of these changes. The updated appraisal must clearly show that it can only be relied upon by a reader familiar with the original appraisal.⁹

If an appraiser prepares an updated appraisal, he/she must consider the impact on market value of:

- changes in legal status of the subject property (e.g. creation of an easement, covenant or servitude);
- changes in land use controls (e.g. zoning or other land use restrictions);
- changes in physical condition of the property (e.g. erosion of shoreline or removal of merchantable timber);
- changes in market conditions since the prior appraisal (e.g. new sales data and fluctuations in supply and demand).

The updated appraisal must clearly state whether or not the appraiser re-inspected the subject property at the time of the update. If the property was not re-inspected, the appraiser must explain the steps taken to ascertain the physical condition of the property as of the effective date of the updated appraisal; for example, the appraiser relies on the observations of the recipient who revisited the property.

Appraisers should be familiar with and refer to a current version of The Standards or *Les normes de pratique*, whichever is applicable, for the latest requirements regarding an updated appraisal.

For more information

For more information on the Ecological Gifts Program, please contact your EGP regional coordinator. Additional information, such as contact details, new publications and announcements, are posted on the Ecological Gifts Program's national website at www.canada.ca/ecological-gifts.

⁹ Canadian Uniform Standards of Professional Appraisal Practice, Effective January 1, 2018.

Annex 1: Certification Statement for Members of the Appraisal Institute of Canada (AIC) or Members of the Ordre des évaluateurs agréés du Québec (OEAQ)

I certify to the best of my knowledge and belief that:

1. the statements of fact contained in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my impartial and unbiased professional analyses, opinions and conclusions;
3. I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict of interest with respect to the parties involved with this assignment;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. my engagement in and compensation is not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client, or the occurrence of a subsequent event;
6. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with The Standards or *Les normes de pratique* in Quebec;
7. I have the knowledge and experience to complete the assignment competently, and, where applicable, this report is co-signed in compliance with The Standards or *Les normes de pratique* in Quebec;
8. except as herein disclosed, no one has provided significant professional assistance to the person(s) signing the report;
9. as at the date of this report, the undersigned has fulfilled the requirements of the AIC's Continuing Professional Development Program for designated members or a similar program offered by the *Ordre des évaluateurs agréés du Québec*;
10. the undersigned is (are all) members in good standing of the Appraisal Institute of Canada or the *Ordre des évaluateurs agréés du Québec*;
11. I acknowledge that Environment and Climate Change Canada can rely on the opinion (regardless of who commissioned the report) and that the purpose of the report is to estimate the fair market value of the donation for the issuance of a tax receipt under the *Income Tax Act*;
12. I acknowledge that Environment and Climate Change Canada can make additional copies of this report for the purpose of review by the Appraisal Review Panel.
13. based upon the data, analyses and conclusions contained herein, the market value of the interest in the property described, as at (insert date), is estimated at (insert value);

Signature and date of certification

(Note: If more than one person signs this certification, it must clearly specify which individuals did and which individuals did not carry out a personal inspection of the appraised property.)

Annex 2: Certification Statement for Non-Members of the Appraisal Institute of Canada (AIC) or Non-Members of the Ordre des évaluateurs agréés du Québec (OEAQ)

I certify to the best of my knowledge and belief that:

1. the statements of fact contained in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal impartial and unbiased professional analyses, opinions, and conclusions;
3. I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict of interest with respect to the parties involved with this assignment;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. my engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client, or the occurrence of a subsequent event;
6. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (The Standards) or *Les normes de pratique du Québec*;
7. I have the knowledge and experience to complete the assignment competently, and where applicable this report is co-signed in compliance with The Standards or *Les normes de pratique* in Quebec;
8. except as herein disclosed, no one has provided significant professional assistance to the person(s) signing the report, and, where applicable, at the date of this report, the undersigned has fulfilled all mandatory recertification requirements of the professional association with which the undersigned holds his/her designation;
9. that Environment and Climate Change Canada can rely on the opinion (regardless of who commissioned the report), and that the purpose of the report is to estimate the fair market value of the donation for the issuance of a tax receipt under the *Income Tax Act*;
10. that Environment and Climate Change Canada can make additional copies of this report for the purpose of review by the Appraisal Review Panel;
11. based upon the data, analyses and conclusions contained herein, the market value of the interest in the property described, as at (insert date), is estimated at (insert value).

Signature and date of certification.

(Note: If more than one person signs this certification, it must clearly specify which individuals did and which individuals did not carry out a personal inspection of the appraised property.)

Annex 3: Acceptable Professional Associations and Designations

Appraisal Institute of Canada (AIC)

- Accredited Appraiser Canadian Institute (AACI)
- Canadian Residential Appraiser (CRA)

Canadian National Association of Real Estate Appraisers

- Designated Appraiser Residential (DAR)
- Designated Appraiser Commercial (DAC)

Ordre des évaluateurs agréés du Québec (OEAQ)

- Chartered Appraiser (C.App./EA)

Foreign professional associations and designations, such as the examples below, may also be acceptable, pending approval from Environment and Climate Change Canada and the Appraisal Review Panel.

American Society of Appraisers

- Accredited Senior Member (ASA) – Rural Property Appraisal Option

American Society of Farm Managers and Rural Appraisers

- Accredited Rural Appraiser (ARA)

American Appraisal Institute

- Member Appraisal Institute (MAI)
- Senior Residential Appraiser (SRA)

Royal Institution of Chartered Surveyors

- Member Royal Institution of Chartered Surveyors (MRICS)
Chartered Valuation Surveyor
- Fellow Royal Institution of Chartered Surveyors (FRICS)
Chartered Valuation Surveyor

Annex 4: Appraisal Checklist

4.1 Summary of general requirements

- Appraisals submitted to the Ecological Gifts Program (EGP) must:
 - comply with the requirements of The Standards or *Les normes de pratique*;
 - be at arm's length from the parties to the transaction;
 - include a definition of fair market value (for the purposes of the EGP, the definitions of market value contained in either The Standards or *Les normes de pratique* are acceptable);
 - be straightforward and logical, so that the reasoning supporting the appraiser's analysis and conclusions is clear.
- Unsupported assumptions are not permitted in the preparation of appraisals;
- Conclusions regarding highest and best use must be well-supported;
- Hypothetical conditions are not permitted in appraisals done for the EGP, except where necessary for a reasonable analysis of the property;
- In accordance with The Standards, any extraordinary assumption or hypothetical condition (with an accompanying extraordinary assumption) must be properly identified in the appraisal;
- Unsubstantiated opinions and unsupported conclusions are not acceptable;
- The valuation approach(es) must be properly explained and supported;
- Appraisers must hold one of the designations listed in Annex 3.

4.2 Specific requirements for appraisals

The following is a checklist of the specific requirements for appraisals prepared for the Ecological Gifts Program.

An appraisal must include the following:

- letter of transmittal printed on letterhead with the appraiser's designation, conclusions, etc.;
- statement that the purpose of the appraisal is to estimate the fair market value of the donation for issuance of a tax receipt under the *Income Tax Act*;
- definition of fair market value, together with the source of the definition;
- name and address of the current owners;
- legal description;
- declaration of interest being appraised (fee simple, easement, covenant or servitude, etc.);
- a signed Certification similar in content to the examples included in Annex 1 and Annex 2. The Certification must contain the following two statements:
 - I acknowledge that Environment and Climate Change Canada can rely on the opinion (regardless of who commissioned the report), and that the purpose of the report is to estimate the fair market value of the donation for the issuance of a tax receipt under the *Income Tax Act*;
 - I acknowledge that Environment and Climate Change Canada can make additional copies of this report for the purpose of review by the Appraisal Review Panel.
- information regarding the appraiser's market knowledge, experience and competence, as well as a statement as to whether or not the appraiser has completed the Ecological Gifts Program's Appraiser Training Workshop;
- addenda with:
 - copy of title abstract (or other authoritative title document);
 - copy of easement, covenant or servitude (if applicable) in final version or draft;
 - any additional information necessary to assist in the resolution of the appraisal problem (e.g. photographs, maps, etc.);
 - the appraiser's qualifications and experience.