



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

AVM

MPAC Automated Valuation Model

The **Automated Valuation Model (AVM)** is an accurate “real-time” estimate of market value for residential properties. Our **AVM** has been developed using advanced statistical techniques combined with sound appraisal methodology.

MPAC’s AVM leverages a database of over seven million properties across Canada and utilizes the five key property characteristics used in the appraisal industry:

- > Location
- > Lot Dimensions
- > Quality of Construction
- > Building Area
- > Age of the House (*adjusted for any major renovations or additions*)

Updated monthly, **AVMs** provide accurate market value for all residential properties in the provinces of Ontario, Quebec, Nova Scotia, New Brunswick, Newfoundland and Labrador, and the City of Winnipeg.



MPAC Comprehensive Database

MPAC continually collects and updates detailed information for properties across Ontario to ensure that similar property types are valued consistently within their market area. Through sound partnership practices, MPAC acquires similar reliable data relating to properties outside of the Province of Ontario.

Our experts have an in-depth understanding of local real estate markets and work in 33 offices located across Ontario. On a daily basis, MPAC receives all real property sales data electronically from the land registry office. In order to maintain the high level of data accuracy every entry is processed through a stringent *Sales Verification* process which only utilizes open market, arms length transactions to validate property sales.

In addition to sales, our experts regularly analyze property information through a number of sources, including *On-site Inspections* and communication with property owners, *Building Permits* and *Land Title Documents*.



> On-site Inspections



> Building Permits



> Land Title Documents



MPAC's database is one of the most detailed in the world with over two billion pieces of data. Although as many as 200 different factors are considered during the residential valuation process, there are **five** major factors that account for 85% of the value: **Location, Lot Dimensions, Quality of Construction, Building Area and Age.**

Other key elements considered during the valuation process include: **Secondary Structures** (such as garages, boathouses and pools), **Basement Area** (finished and unfinished), **Type of Heating, Air Conditioning, Number of Bathrooms and Fireplaces.**



Age: 12 years
Lot Size: 100' x 250'
Location: Burlington
Building Area: 2,850 sf
Quality: Custom

MPAC has identified geographic *Market Areas* that are subject to common economic influences. Residential market areas consist of Urban, Rural, Waterfront and Condominium. Sub-neighbourhoods or Homogeneous Neighbourhoods are used to review and adjust values at a finer level (e.g. street, lake, condominium plan).

The MPAC AVM Advantage

1. VALUATION ACCURACY

MPAC's core legislated business is based solely on property valuation. The AVM product has become a trusted resource in obtaining unbiased "real-time" property values for both the private and public sectors. MPAC's AVM is monitored regularly to ensure ongoing effectiveness in representing the market value of property.

2. COMPREHENSIVE DATABASE

MPAC has one of the richest real property datasets in the world, which enables us to incorporate key property elements utilized in traditional appraisals.

3. COST SAVINGS!

Traditional appraisals cost upwards of \$250 each, where standard AVMs cost as low as only \$25.

Using MPAC's AVM, financial institutions can cost effectively calculate Loan to Value ratios and identify situations that may require a combination of appraisal processes. By integrating AVMs into collateral management

decisions at origination, renewal, and refinancing, MPAC's AVM solution will result in substantial cost savings for your business.



4. TIME SAVINGS

Valuations are provided instantly, allowing lenders to approve loan requests before clients leave their office.

5. FRAUD DETECTION

Mortgage lending institutions have lost millions of dollars to fraudsters who purposely misrepresent a property's list price to obtain a mortgage that substantially exceeds true market value.

MPAC's AVM provides not only the value estimate, but also detailed property characteristics, including last valid sale and comparable sales. When used consistently, AVM's "real-time" data can catch potential frauds before transactions are complete.





Portfolio Analysis

By utilizing MPAC's AVMs, financial institutions can calculate a market value for their complete residential property portfolio at any point of time throughout the year. This reliable form of stress testing is extremely important in times of market volatility.

Delivery Channels

Business-to-Business (B2B) Web Services

This solution integrates MPAC's AVM processes directly into your computer applications. Through your application a request is submitted to the B2B gateway. The AVM report is then instantly provided to your desktop.

propertyline™

propertyline.ca is an online e-commerce site available to anyone, either by subscription or credit card. The site enables customers to purchase AVM and other property specific reports across Ontario.

Information is refreshed weekly to ensure customers have access to the most accurate and current property values available.



AVM Reports

The **AVM Comparable Report** provides an **AVM** on a subject property and detailed information on up to three comparable properties that have sold recently within the subject neighbourhood. Statistics included in the valuation: address, roll number, municipality, postal code, province, sale date, sale price, "real-time" market value, **AVM** valuation date, **AVM** rating, lower and upper **AVM** value, property style, year built, total floor area, basement finished area, number of bedrooms, number of full and half bathrooms, frontage, depth, site area, and site area unit of measure.

mpac **AVM - Comparable Report**

Comparable Sequence	0 - Subject	1 - Comparable	2 - Comparable	3 - Comparable
Address	123 Ontario St	40 Great Rd	126 Great Rd	140 Ontario St
Roll Number	123411122233300	123411122233401	123411122233302	123411122233303
Municipality	Anytown	Anytown	Anytown	Anytown
Postal Code	M9X 1A2	M9X 2B2	M9X 1C2	M9X 2C3
Province	ON	ON	ON	ON
Comparable Sale Date (yyyy/mm)	-	2007/05	2007/04	2008/01
Comparable Sale Price	-	\$ 455,000	\$ 428,000	\$ 485,000
Subject Real Time Market Value (AVM)	\$ 431,000			
AVM Valuation Date (yyyy/mm/dd)	2008/04/01			
AVM Rating (H=High, M=Medium, L=Low)	H			
Lower AVM Value	\$ 408,000			
Upper AVM Value	\$ 451,000			
Property Style	Detached	Detached	Detached	Detached
Year Built	1981	1981	1981	1983
Total Floor Area (Above Grade)	2260	2260	2260	2360
Basement Finished Area	-	890	2260	290
Number of Bedrooms	4	4	4	4
Number of Full Bathrooms	2	2	2	2
Number of Half Bathrooms	1	1	1	1
Frontage	50.8	49.21	49.21	49.05
Depth	-	-	-	-
Site Area	5344	5500	5526	5356
Site Area Unit of Measure	F	F	F	F

Copyright © All rights reserved Municipal Property Assessment Corporation. Not to be reproduced by any means or distributed in any manner, in whole or in part, without prior written permission.

AVM Solutions at Your Fingertips



Business Development
1340 Pickering Parkway, Suite 101,
Pickering, ON L1V 0C4



propertyline.ca



products@MPAC.ca



905 837-6109

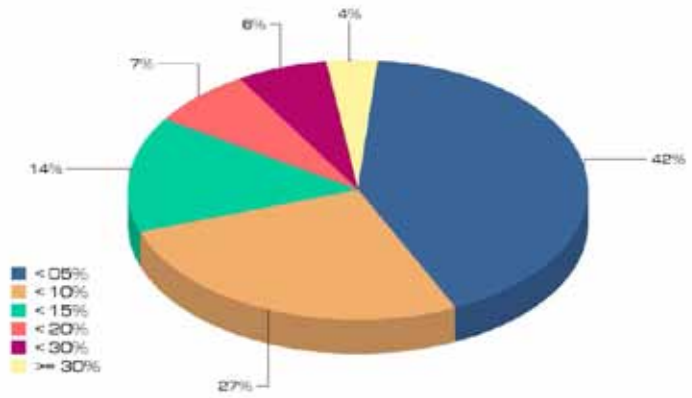


877-671-6722

Overall Market Activity

The Ontario market, as represented by the AVM Product in the 3rd quarter of 2011, indicates a relatively close relationship between the estimated market value (AVM) and open market sales transactions.

On average, over 82% of the valuations are within 15% of the sale price, demonstrating the accurate predictive power of the AVM.



	<05%	<10%	<15%	<20%	<30%	>=30%	Total
Q3 2011	37,156	23,882	12,799	6,531	5,626	3,299	89,293

AVM Confidence Rating

	Low	Medium	High
Property Characteristics	Atypical Property	Typical / Average Property	Homogeneous Property
AVM Value	No Market Activity	Market Activity	Consistent Market Activity

The matrix above indicates how the AVM confidence rating is developed.

For example, a property may have sold for a premium value in an active market, yet be atypical for the immediate neighbourhood, thus resulting in a Low confidence score.



MUNICIPAL PROPERTY ASSESSMENT CORPORATION