# Regulations on Real Estate Appraisal

1. Promulgated by letter Tai-Nei-Di No.9077692 of Ministry of the Interior on October 17, 2001
2. Promulgated by letter Tai-Nei-Di No.0950098790 of Ministry of the Interior on June 12, 2006
3. Promulgated by letter Tai-Nei-Di No.1020367113 of Ministry of the Interior on December 20, 2013

**Chapter I General Principles**

Article 1
This regulation is instituted in accordance with paragraph 1 of Article 19 of Real Estate Appraiser Act.

Article 2
The definitions of the terms referred to in this Act are as follows:
1. Market value: the reasonable value, expressed as a monetary amount, of a marketable real estate whose transaction is formed with willing buyers and sellers whose actions are prudent and guided by professional knowledge and under no influence of coercion. This transaction is completed through appropriate marketing and under normal conditions.
2. Specific market value: the value, expressed as a monetary amount, of a marketable real estate formed under one of the below specific market conditions; for purpose of amalgamation of ownership on a real estate with rights other than ownership, for purpose of merger of real estates, or for purpose of division of real estates that is against the economic rationality.
3. Specified market value: the value, expressed as a monetary amount, of a marketable real estate that is formed under specified market conditions.
4. Special value: the estimated value, expressed as a monetary amount, of a non-marketable real estate.
5. Market rent: the reasonable rental, expressed as a monetary amount, of a marketable real estate whose tenancy is agreed to with willing landlords and tenants whose actions are prudent and guided by professional knowledge and are under no influence of coercion. This tenancy is completed through appropriate marketing and under normal conditions.
6. Specific rent: the rental value, expressed as a monetary amount, formed for the purpose of lease renewal or amalgamation of real estates.
7. Date of value opinion: the effective date for the value of a real estate.
8. Date of property inspection: the date that a real estate appraiser undertakes investigation and analysis on the site of the subject property.
9. The subject property: land, buildings, crops and interest upon them, which is appraised by a real estate appraiser commissioned.
10. The comparable property: a property comparable with the subject property after adjusting their differences in respect of property conditions, transaction date, local factor, and individual factor.
11. Primary market area: the geographic area within which the subject property and comparable properties are substitutable and affect prices each other.
12. Neighborhood area: the geographic area with a high level of homogeneity within which a number of properties are surrounded by subject property or comparable properties which possess same or similar use purposes with those properties.
13. Similar area: the geographic area inside a primary market area but outside the neighborhood area within which a number of properties are found to possess similar use purposes with that of the subject property.
14. General factors: the common factors in respect of natural, political, social and economic conditions that comprehensively affect the real estate market and property price.
15. Local factors: the factors that affect the price of properties between different neighborhood areas.
16. Individual factors: the factors that affect the property price due to property-specific characteristics.
17. Highest and best use: the legally permissible, physically possible, appropriately justified

and financially feasible use that maximizes the highest benefit on land, and initiated by people who are objectively with reasonable sense and general capability.

Article 3
A Real estate appraiser should regularly gather information of real estate price related to supply and demand, environmental transitions, population, residents' habit, public facilities, transportation, income level, industry structure, financial market, profit level in real estate business, land use planning, regulation and present use, natural disaster, future development, and other essential data as the basis of tracing real estate price.

Article 4
A Real estate appraiser should regularly collect cases of comparable properties and information with respect to their transaction, income and cost, and also verify the reliability of collected information.
The information specified in the preceding paragraph could be obtained from the persons concerned, neighbors, other real estate appraisers, real estate brokers, land administration agents, land administration departments, financial institutions, public land management institutions, judicial institutions, mass medias, or other relevant sectors.

Article 5
A real estate appraiser should undertake appraisal, including investigation, survey, compilation, comparison, analysis, and adjustment using logic and rules of thumb in an objective and impartial manner.

Article 6
The appraised value of a real estate should be in correspondence with its value on the date of value opinion. The types of value include market value, specific market value, specified market value and special value. The types of rent include market rent and specific rent.
The type of value should be specified in an appraisal report. When appraising the specified market value, the appraisal conditions should be stated, and the market value also be appraised.

Article 7
The area of properties appraised according to this regulation is the registered area for properties already registered. The area should be investigated and specified for a property that has not yet been registered or for a property only part of it is appraised.

## Chapter II Appraisal Procedure

Article 8
The real estate appraisal procedures are as follows:
1. Identification of basic appraisal matters.
2. Drafting an appraisal plan.
3. Collecting data.
4. Verification of the conditions of the subject property.
5. Compiling, comparing and analyzing data.
6. Appraising the subject property by applying appraisal approaches.
7. Reconciliation of the value of the subject property.
8. Writing up the appraisal report.

Article 9
Basic appraisal matters identified are as follows:
1. Contents of the subject property.
2. Date of value opinion.
3. Type of value and its conditions.
4. Purpose of appraisal.

Article 10
Items included in drafting an appraised plan are as follows:

1. Identification of detailed procedures.
2. Estimation of time needed.
3. Estimation of labor demanded.
4. Estimation of expenses.
5. Drafting a progress chart.

Article 11
Data which should be collected for real estate appraisal are as follows:
1. Basic data of location description, right, legal use and zoning, etc. in respect of the subject property.
2. General factors, local factors, and individual factors, which affect the value of subject property.
3. Transactions, revenue, and cost data relevant to the subject property.

Article 12
A real estate appraiser should collect comparable properties according to the principles as follows:
1. The value of comparable properties conforms to the definition of market value, or could be adjusted to market value, or falls into the same type of value as the subject property.
2. The comparable properties are located in the neighborhood area or similar area within the same primary market area as the subject property.
3. With the same or similar use purpose or use control with the subject property.
4. Date of the formation of value is close to the date of value opinion.

Article 13
The following matters should be investigated on-site to verify conditions of the subject property:
1. Verification of the basic data and legal status of the subject property.
2. Investigation of current use conditions of the subject property and comparable properties.
3. Verification of individual data affecting property value.
4. Taking records and photographing necessary pictures in a film or electronic form.
It needs to be stated in the appraisal report if the client does not guide the appraiser to the appraised subject and that leads to the boundary of the subject property being unsure or being unable to enter the subject property.

Article 14
A real estate appraiser should apply at least two appraising approaches to estimate the value of the subject property. Nevertheless, the above requirement does not apply if special situations exist which prohibit employment of two appraising approaches and these are detailed in an appraisal report.

Article 15
A real estate appraiser should undertake a comprehensive comparison between the indicated values obtained through different approaches, and examine those indicated values that are significantly different from others. The appraiser also needs to reconcile different values and determine the final value of the subject property, based on data reliability, differences in conditions of appraisal types and objectives, and the degree of similarity in formation of values, and specifies the reasons for reaching the final value.
When contract rent is adopted as the basis for distributing trust interest in securities of real estate securitization, income value through discounted cash flow method shall, based on the above criterion, be given a greater weight. An exception is applicable to a property under real estate securitization for the purpose of liquidation.

Article 16
A real estate appraiser should produce an appraisal report and submit it to the client, after putting a signature or seal.
The matters which should be specified in an appraisal report are as follows:
1. The client(s).
2. Basic data of the subject property.
3. Date of value opinion and date of property inspection.

4. Type of value.
5. Conditions of appraisal.
6. Purpose of appraisal.
7. Appraised value of the subject property.
8. Ownership of and other rights and interests associated with the subject property.
9. Current use of the subject property.
10. Zoning or other regulations imposed on the subject property.
11. Analysis of principal factors affecting property value.
12. Appraisal approaches and appraisal process employed, and reasons for value determination.
13. Conditions required to be specified in accordance with this regulation.
14. Other essential matters relevant to appraisal.
15. Name and certificate number of the real estate appraiser.

Pictures and other data required attaching to the appraisal report.

The required format, attached pictures and other data of an appraisal report for the purposes of administrative enforcement or compulsory enforcement shall be in compliance with relevant regulations and are not subject to the requirement of the above paragraphs 2 and 3.

Article 17

All description of facts in an appraisal report should be clear and definite. All uncertain matters should be stated in the appraisal report with regard to their possible influence on the rights or value of the subject property.

**Chapter III Appraisal Approaches**

Article 18

Sales comparison approach is a method, which based on the value of the comparable properties is through comparison, analysis, adjustment and other means to estimate the value of the subject property comparing.

The value estimated in accordance with the approach in the previous paragraph is sales comparison value.

Article 19

Definitions of terms referred to in this Section are as follows:

1. Condition adjustments: the adjustments made when some conditions in respect of price formation of the comparable properties differ from normal ones, or when other conditions exist which might influence the price of the comparable properties, such adjustments are made to the part of value which is affected.
2. Date adjustments: the adjustments, caused by the price difference resulting from the time gap between the transaction date of the comparable properties and the date of value of the subject property, such adjustments should be made to the values of the comparable properties to reach an estimated value of the subject property by percentage adjustment or dollar adjustment whichever is deemed appropriate.
3. Local factor adjustments: the adjustments needed because the selected comparable properties are not within the same neighborhood area as the subject property. The values of the comparable properties are adjusted to reflect the difference in location. Price differences due to the local factors between the comparable properties and the subject property should be analyzed and adjusted through every individual item.
4. Individual factor adjustments: the adjustments made to the values of the comparable properties where the adjustments reflect the differences in individual factor between the comparable properties and the subject property, and all individual factor should be analyzed and adjusted.
5. Percentage method: a method in which local and individual factors possibly leading to the value differences between the comparable properties and the subject property are individually compared, and the values of the comparable properties are adjusted according to their comparatively superior or inferior factors to those of the subject property in percentage terms.
6. Dollar method: a method in which local and individual factors possibly leading to the value differences between the comparable properties and the subject property are individually compared, and the values of the comparable properties are adjusted according to their

comparatively superior or inferior factors to those of the subject property in dollar terms.
7. Econometric modeling methods: the methods that, following collection of a sufficient number of representative comparables, through analysis of econometric modeling, establish the relationship between the values of comparables and principal price-influencing factors so as to estimate the percentage adjustment and dollar adjustment of those price factors.

Article 20
The following requirements should be met when applying the econometric modeling method in the previous article:
1. A number of comparables at least five times more than the number of independent variables in an econometric model are required.
2. The adjusted coefficient of determination should not be less than 0.7 if a regression model is adopted as the econometric model.
3. The probability of coefficients of all key factors, except the intercept item, simultaneously being equal to zero should not be higher than 0.05.

Article 21
The procedure of sales comparison approach are as follows:
1. Collecting and verifying data related to the comparable properties.
2. Selecting the comparable properties with same or similar characteristics to those of the subject property.
3. Undertaking condition adjustments and date adjustments to the values of the comparable properties.
4. Deciding to employ percentage or dollar adjustments after comparing and analyzing the differences in local and individual factors between the comparable properties and the subject property.
5. Calculating the indicated value of the subject property.
6. Determining the sales comparison value of the subject property.
The indicated value, stated in Subparagraph 5 of the previous paragraph, refers to the value reached after condition adjustments, date adjustments, local factor adjustments and individual factor adjustments to the values of the comparable properties.

Article 22
The following matters in respect of the collected comparable properties should be investigated and verified:
1. Sale price and how the expenses are paid.
2. Sales conditions; if there exist unusual payment methods, and how.
3. Situations in respect of the comparable properties.
4. Sales date.
Matters prescribed in the preceding paragraph that are difficult to investigate and verify should be specified in an appraisal report.

Article 23
Appropriate adjustments should be made in advance if the following conditions occur in the comparable properties, the comparable properties should not be admitted if the conditions affecting the sale prices could not be effectively taken into consideration and quantitatively adjusted:
1. Rushed buying or selling, or rushed letting out or renting.
2. Transaction affected by anticipation.
3. Transactions affected by debt.
4. Transactions among relatives.
5. Transactions of fragmented land or land to be assembled with others.
6. Transactions with dispute over the improvement upon land.
7. Auctions.
8. Auctions or sales to interested persons of public land.
9. Transactions affected by superstition.
10. Transactions including land for public facilities.
11. Contrived transactions.
12. Transactions with uses against the laws.
13. Other unusual transactions.

Article 24
When implementing value adjustments for the value differences between the subject property and the comparable properties to account for the differences in local and individual factors, the percentage adjustment method should the principal method. The dollar adjustment method could also be applied, and reasons for employing this method should be specified in the appraisal report.

Article 25
In the process of calculating adjustments to obtain the indicated value, the comparable properties should be judged to differ too much from the subject property and not to be admitted if either the local factor adjustments or individual factor adjustments, or one of the items of local factor adjustments or individual factor adjustments is over 15%, or the combined adjustments to condition, date, local and individual factors is over 30%. The above restrictions do not apply when the subject property is with special conditions or on a special location, thus with scarcity of relevant market sales information, and these are detailed in the appraisal report.

Article 26
The comparatively higher or lower indicated values of the subject property should be reexamined. Only the ones, which are examined and believed to be reasonable, could be used as the base for determining the sales comparison value. Those indicated values, after due consideration, whose figures still differ from others by over 20 percents shall be excluded from further application.
The difference of above-mentioned over 20 percents refers to the situation that the ratio of difference between the high and low values to the averaged figure of the high and low values is over 20 percents.

Article 27
A real estate appraiser should adopt at least three comparable properties, and through the process of estimation and review stated in the preceding Article, to arrive at the indicated values of the subject property. The reliability of collected data for comparable properties, and the degree of similarity in formation of values between the comparable properties and the subject property are then taken into account to determine the sales comparison value of the subject property. In addition, details of all adjustments undertaken need to be stated.

Article 28
Income approach refers to those methods such as direct capitalization method and discounted cash flow method. The value estimated according to this approach in the previous paragraph is income value.

Article 29
Direct capitalization method is a method to estimate the value of the subject property which apply an appropriate capitalization rate on the date of value opinion to capitalize the average objective annual net operating income in the future into an indication of value.

Article 30
Direct capitalization method operates as follows:
Income value = the average objective annual net operating income in the future / a capitalization rate

Article 31
Discounted cash flow method refers to the method that sums up the discounted net operating incomes over the future periods of analyzing cash flow and the property value at the end of the analysis periods using appropriate discounted rates to estimate the value for the subject property.
Discounted cash flow method mentioned in the preceding paragraph is applicable to real estate investment appraisal for investment purpose.

Article 32

The equation of discounted cash flow method reads as follows:

$$P=\sum_{k=1}^{n'} CF_k/(1+Y)^k+P_{n'}/(1+Y)^{n'}$$

where
P: income value
$CF_k$: net operating income of individual period under analysis
Y: discounted rate
n': periods of discounted cash flow analysis
k: respective period
$P_n$: property value at the end of analysis periods

Article 33
Estimation and calculation of the objective net operating income of the subject property should be based on its highest and best use, and should take into account the income of neighboring similar properties based on their highest and best uses.
When discounted cash flow method is adopted as the appraisal method for the purpose of real estate securitization, contract rent shall be taken to represent the net operating income over analysis periods for the subject property. This restriction does not apply if special conditions exist thus contract rent is deemed inappropriate and the conditions are detailed in the appraisal report.
When the above contract rent is unknown, the market economic rent shall be used to estimate the objective operating income.

Article 34
The procedures of income approach are as follows:
1. Collecting the data in respect of potential gross income, total expenses, and capitalization rate or discount rate and etc.
2. Estimating effective gross income.
3. Estimating total expenses.
4. Calculating net operating income.
5. Determining capitalization rate or discount rate.
6. Calculating the income value.

Article 35
Data in respect of potential gross income, total expenses, and capitalization rate or discount rate, over the last three years, of the subject property and comparable properties with same or similar characteristics should be gathered when income approach is applied.
If difficulties are encountered with collection of the above last three-year data, relevant details shall be stated in the appraisal report.
When the data specified in paragraph 1 are colleted, their reasonableness should be comprehensively judged to verify the usefulness of those data. The data could also be adjusted according to their persistence, stability, and growth situation.
When collecting potential gross income data according to Article 34, property rent can be estimated so as to verify the reasonableness of the income data.

Article 36
The steps of calculating effective gross income are as follows:
1. Analyzing and estimating the potential gross income of the subject property.
2. Estimating the loss of income caused by vacancy and other reasons.
3. The remaining sum of deducting the loss of income stated in the preceding paragraph from potential gross income stated in the paragraph 1, is the effective gross income of the subject property.

The potential gross income, specified in subparagraph 1 of the preceding paragraph, refers to the amount of rent or revenue, derived from the legal lease or operation of the subject property under normal conditions on the date of value opinion.

Article 37
The following data should be checked and compared with when calculating potential gross income and effective gross income:
1. Potential gross income and effective gross income of the subject property in previous years.

2. Potential gross income and effective gross income in the same industry or of the substitutable comparable properties.
3. Potential planned income, at present or in the future.

Article 38
When estimating total expenses of the subject property, including land value tax or land rent, house tax, insurance premium, management fee, repair costs and etc, the estimation should be based on the expenses or number in accounting reports from identical or similar properties. The total expenses should include operating expenditures for revenue-generating properties.
When appraisal purpose is for real estate securitization, the total expenses in the discounted cash flow method shall be estimated based upon the trust plan.

Article 39
When estimating the total expenses of the subject property, the replacement allowance for the components of the property that need to be replaced during its economic life shall be inferred, and these expenditures be allocated on an annual basis based on its effective life and consumption ratio.

Article 40
When estimating the total expenses of the subject property, in addition to all individual expense of this property, for a subject property that comprises a building, the recapture allowance of the building should also be included. Or in the case of estimating income value, not only the capitalization rate or discount rate for building shall be taken into account, but also the future recapture rate, based upon the value as of the date of value opinion for the building.

Article 40-1
The recapture allowance of a building can be estimated using the following formulas
1. Equal depreciation type:

$$C \times (1-s) \times \frac{1}{N}$$

2. Sinking fund type:

$$C \times (1-s) \times \frac{i}{(1+i)^{N} - 1}$$

where
C: building total costs
s: ratio of salvage value
i: interest rate for own capital
N: building economic life

Estimation of the above building total costs, ratio of salvage value, interest rate for own capital, and building economic life shall follow the relevant rules specified in the cost approach.

Article 41
The future recapture rate as of the date of value opinion for a building can be inferred through the following formula:
1.Equal depreciation type:

$$d = \frac{(1-s)/N}{1-(1-s)n/N}$$

2. Sinking fund type:

$$d = \frac{i}{(1+i)^{n'} - 1}$$

where
d: The future recapture rate as of the date of value opinion for a building

$(1-s)\frac{1}{N}$: depreciation rate

n: the building age
n': the number of future years that the building remains revenue-generating
i: interest rate for own capital
The above depreciation rate is estimated according to relevant rules specified in cost approach.

Article 42
Net operating income equals effective gross income with deduction of total expenses.
For net operating income described in the preceding paragraph accrued to a revenue-generating property, the net operating income should exclude other net operating income not accrued to the property.

Article 43
A capitalization rate or discount rate should be determined from a comprehensive review of the following methods:
1. Risk premium method: The fixed deposit interest rate, government bonds rate, real estate investment risk, money supply-demand variation, the trend of real estate value and etc. should be taken into consideration to decide the likely rate of return on the most common investment as a basis in order to derive the capitalization rate or discount rate. The differences of individual characteristics between the above most common investment and the subject property should be compared in terms of their liquidity, risk, appreciation, and management.
2. Market extraction method: Selecting several comparable properties, which are identical with or similar to the subject property, followed by dividing their respective net operating income price and comparing the resulting to determine quotients the capitalization rate.
3. Weighted average capital cost method: The formula based upon weighted average capital cost is as follows:

Capitalization rate or discount rate

$$= \sum_{i=1}^{n} w_i k_i$$

where
$W_i$: the ratio of the ith capital source to the total capital cost
$K_i$: interest rate or required rate of return for the ith capital source
4. Debt coverage ratio method: The formula based upon debt coverage ratio is as follows:
   Capitalization rate or discount rate = debt coverage ratio x mortgage constant x the ratio of mortgaged capital to property price
5. Effective gross income multiplier method: The formula based upon the due net operating income rate that is derived as the ratio of annual net operating income to annual effective total income for similar properties in the market, and based upon effective gross income multiplier that is derived as reasonable price divided by annual effective gross income is as follows:
   Capitalization rate or discount rate = net operating income rate / effective gross income multiplier

Relevant details are required to be stated in the appraisal report shall a need arise to employ other methods than those specified in this Article to determine capitalization rate or discount rate.

Article 44
Land income value is estimated according to the following calculations:
1. With no building on land:
   Land income value = land net operating income / land capitalization rate
2. With buildings on land:
   Land income value = (built-up property net operating income - building net operating income) / land capitalization rate

Building net operating income is estimated according to the following calculations:
1. With deduction of recapture allowance from net operating income:

Building net operating income = building cost value × building capitalization rate

2. Without deduction of recapture allowance from net operating income:
   Building net operating income prior to recapture allowance = building cost value × (building capitalization rate + the future recapture rate based upon the value on the date of value opinion)

Article 45

Building income value is estimated according to the following calculations:

1. With deduction of recapture allowance from net operating income:
   Building income value = building net operating income / building capitalization rate
   Building income value = (built-up property net operating income - land net operating income) / building capitalization rate
2. Without deduction of recapture allowance from net operating income:
   Building income value = building net operating income prior to recapture deduction / (building capitalization rate + the future recapture rate based upon the value on the date of value opinion)
   Building income value = (built-up property net operating income prior to recapture allowance - land net operating income) / (building capitalization rate or discount rate+ the future recapture rate based upon the value on the date of value opinion)

Land net operating income stated in the above paragraph may be calculated by estimation of land value through sales comparison approach multiplied by land capitalization rate.

Article 46

Built-up property income value is estimated according to the following calculations:

Built-up property income value = built-up property net operating income / built-up property capitalization rate

Built-up property capitalization rate could be estimated, in addition to specification in Article 43, according to the following formula:

1. With deduction of recapture allowance from net operating income:
   Built-up property capitalization rate = land capitalization rate × land value ratio + building capitalization rate or discount rate×building value ratio
2. Without deduction of recapture allowance from net operating income:
   Built-up property capitalization rate = land capitalization rate × land value ratio + (building capitalization rate + the future recapture rate based upon the value on the date of value opinion) × building value ratio

Determination of land value ratio and building value ratio mentioned in the preceding paragraph should take into consideration the analysis of data collected from the local property market or the result of other appraisal approaches.

Article 47

The income value over a certain period of time is estimated according to the following calculations:

$$P = a \times \frac{1 - \frac{1}{(1+r)^{n'}}}{r}$$

where

P: income value

a: average annual net operating income prior to consideration of recapture

r: capitalization rate

n’: the period of years that the property is able to generate income

Average annual net operating income prior to consideration of recapture could be derived by applying the above formula if the income value is known.

If a period-end value is present, when the period that generates income comes to an end, the discounted present period-end value can be added to the income value. In addition, costs relevant to the disposal of this property at the end of the period can be subtracted from the period-end value.

Article 48

Cost approach refers to an approach to estimating the value of the subject property, by deducting the accrued depreciation or other item due to be subtracted from the reproduction or replacement cost, based on the date of value opinion.
The value estimated according to the approach in the previous paragraph is cost value.
It is the reproduction cost that should be estimated in appraising a building. But the replacement cost could be adopted in the case that the materials in the building construction are no longer in production or the construction method has been changed.
Reproduction cost refers to the cost for duplication of a building using identical or highly similar material standard, design, layout, and construction quality with the subject property on the date of value opinion.
Replacement cost refers to the cost for construction of a building using modern material standard, design, and layout to provide utility equivalent to the subject property on the date of value opinion.

Article 49
The procedures of cost approach are as follows:
1. Collecting data.
2. On-site survey.
3. Investigating, compiling, comparing, and analyzing individual cost and related expenses and etc.
4. Choosing a proper method to estimating construction or building cost.
5. Estimating other costs and profits.
6. Calculating total costs.
7. Estimating accrued depreciation of the building.
8. Calculating cost value.

Article 50
In addition to collecting data specified in Article 11, the following data for land and building are to be applied for and collected if necessary:
1. The proposal of land development and construction outline.
2. Design blueprint.
3. Relevant permission or license.
4. Construction plan booklet.
5. Drawing of a completed building.
6. Operating license.
7. Registration transcript or flat location drawing of a building.

Article 51
In applying cost approach, the following data within the same primary market area with the subject property should be collected:
1. Price level of individual construction material and labor.
2. Costs for building, construction, planning, design, advertisement, sales, management, tax, and etc.
3. Interest rate on capital.
4. Profit rate on development or construction.

Article 52
Total costs of the subject property should include the following costs and related expenses:
1. Building or construction costs.
2. Planning and design fee.
3. Advertisement and sales fee.
4. Management fee.
5. Tax and other burden.
6. Capital interest.
7. Development or construction profit.
For the subject property stated in the preceding paragraph that is land or includes land, its total costs should include the land value on the date of value opinion.
Every calculation process should be accurately stated in the cost value calculation sheet.

Article 53

The construction or building costs of the subject property consist of the following items:
1. Direct material cost.
2. Direct labor cost.
3. Indirect material cost.
4. Indirect labor cost.
5. Management fee.
6. Tax.
7. Capital Interest.
8. Construction or building profit.

Article 54
Construction or building cost of the subject property can be derived according to one of the following methods:
1. Direct method: Investigating the kind, grade and volume of materials employed and kind and time duration of labor needed for the component or whole parts of the subject property, and on the basis of the respective unit price of materials and labor on the date of value opinion in the area where the subject property is located to calculate the construction or building cost.
2. Indirect method: Following the selection of the comparable properties similar to the subject property or the standard building within the neighborhood or similar area of the primary market area, the differences of conditions in respect of construction or building costs between the comparable properties or the standard building and the subject property are compared and adjusted by price to derive the construction or building cost of the subject property.

Article 55
The direct method comprises two approaches as follows:
1. Quantity survey method: Multiplying the unit price and wage by volumes of needed building materials and labor for the subject property added by management fee, tax, capital interest and profit.
2. Unit-in-place method: Multiplying the unit price by volumes of individual item for constructing a building and sum them up.

Article 56
The indirect method comprises two approaches as follows:
1. Building cost comparison method: Comparing the differences of individual preliminary construction items between the subject property and the comparable properties or the standard building to derive the construction or building cost through adjustment by construction price and construction volume ratio.
2. Unit square (or Cubic) method: On the basis of unit square (cubic) construction or building cost of comparable properties or the standard building to adjust price for the differences between them and the subject property by comparison, multiplied by the square (cubic) units of the subject property to derive the construction or building cost of the subject property.

The standard building stated in the above paragraph refers to the building constructed or built in accordance with the construction or building cost standard table.
The construction or building cost standard table stated in the preceding paragraph should be announced by the National Association of Real Estate Appraiser Guilds (“National Association” is hereafter called) based on different kinds of main building structure and areas. Prior to announcement being made, the construction or building cost is estimated on the basis of the standard unit price table for the purpose of investigating land value promulgated by Special Municipality or County / City government.

Article 57
In the case that the subject property is a building, planning and design fee is calculated, according to the architect service fee table instituted by the Ministry of Interior and the construction cost table for the building license promulgated by Special Municipalities or County / City governments, or estimated as 2% to 3% of actual construction or building cost.

Article 58

Capital interest of the subject property should be calculated, according to capital installments and duration of capital invested, to derive interest amount respectively for own capital and capital loaned. The ratio of own capital to loaned capital is estimated on the basis of bank's general mortgage percentage.
The capital interest stated in the preceding paragraph should be derived by multiplying interest rate by the sum of building or construction fee, planning and design cost, advertisement and sales fee, management fee, tax and other burden.
For the subject property stated in paragraph 1 that is land or one that includes land, land value shall be added into the sum depicted in the previous paragraph.

Article 59
The interest rate for own capital should not be higher than annual rate of a saving account and not be lower than the rate of a current account, and the interest rate for loaned capital should be based on the bank's short-term loan interest rate. Capital resulting from pre-sale income should not be counted in calculating interest.

Article 60
Construction or building profit of the subject property should be estimated by multiplying the sum of construction or building cost, planning and design fee, advertisement and sales fee, management fee, tax and other burden by a proper rate of return after taking into consideration the project scale, project duration, economic conditions and other factors.
The rate of return stated in the preceding paragraph should be regularly announced by National Association regularly, and determined by reference to the average operation rate of return in construction or building industry before National Association has announced it. The rate of return for different types of construction or building could also be adjusted after taking into consideration the operating risk and duration of construction or building.
The duration of construction or building stated in the preceding paragraph refers to the uninterrupted period of time between the applications of a building permit through completion of the building ready for transfer.
For the subject property stated in paragraph 1 that is land or one that includes land, land value shall be added into the sum depicted in the previous paragraph.

Article 61
Advertisement fee, sales fee, management fee and tax should be determined as the total costs multiplied by respective tariffs of various fees. The respective tariffs for various fees shall be regularly announced by the National Association.

Article 62
Advertisement fee, sales fee, management fee, tax or construction or building profit are allowed not to be included in cost estimation depending on the nature of the subject property.

Article 63
An unfinished building should be appraised on the actual completed parts, or based on the construction or building cost standard table of a standard building together with reference to the cost ratio table of building construction progress.
The National Association should announce cost ratio table of building construction progress stated in the preceding paragraph.

Article 64
For investment on land or buildings whose cost is not commensurate with the normal revenue, the cost is allowed not to be included in total cost or be deducted by depreciation, which should be detailed in the appraisal report.

Article 65
Depreciation of a building should be estimated based on its economic life, but is allowed to be estimated based on its physical life if necessary.
Economic life refers to the duration of years for a new building to become unworthy to use due to the deterioration of function or utility of the building.
Physical life refers to the duration of years for a new building to become unusable due to the fragile structure caused by natural wear or damage of external force.

In case the age of a building has exceeded its economic life, the economic life should be adjusted.

Article 66
The table of economic life of building should be announced by the National Association in respect of different kinds of building structure and different regions, based on economic function and utility of buildings.

Article 67
The ratio of salvage value of a building should be announced by the National Association, and this ratio shall in principle not exceed 10%.
If there is no salvage value on a building at the end of its life; the salvage value will not be taken into account while estimating depreciation.
The ratio of salvage value stated in paragraph 1 refers to the ratio of the sales value of the residual structure and internal equipments of a building in the market to the total building cost, on the date when the economic life of this building expires.
When determining the salvage value of a building based on the ratio of salvage value stated in paragraph 1, the clearance costs involved when the building has reached the end of its life shall be taken into consideration.

Article 68
The calculation of accrued depreciation for a building shall take account of features of the building and market conditions, so as to determine the appropriate method of depreciation among the straight-line depreciation, convex-type depreciation or concave-type depreciation.
As for estimation of accrued property depreciation amount, in addition to consideration of physical and functional factors, component parts of individual buildings and their uses shall be considered from the economic perspective, and the maintenance and renovation of buildings be observed, to estimate the remaining economic life of the building. The above remaining economic life is then added to the passed years to arrive at the economic life of the building, and the calculation should be detailed in the appraisal report.

Article 69
The calculation formula of cost value is as follows:
1. Land value = land total cost.
2. Building cost value = building total cost - building accrued depreciation.
3. Built-up property total cost = Land value + building cost value
The land value stated in the previous paragraph may be estimated by sales comparison approach or income approach if land value is difficult to ascertain, and the details should be specified in the appraisal report. When sales comparison approach or income approach is employed to estimate the land value, the rationality of advertisement fee, sales fee, management fee, tax, capital interest and profits associated with land needs to be considered. When the formula in paragraph 1 is applied to estimate land value, the value diminution of capital invested on land may be taken into account and deducted from land total cost.

Article 70
The method of land development analysis is estimate the land development analysis value prior to development or construction, by deducting the direct cost, indirect cost, capital interest and profit during the development period, from total sales price of properties after completion of development or construction. This analysis acknowledges the changes in utility of land through development or improvement in accordance with legal use and density of the land.

Article 71
The procedures for the method of land development analysis are as follows:
1. Identifying the content of land development and estimating the duration of development needed.
2. Investigating individual cost and related expenses, and collecting current market prices and etc.
3. On-site survey and investigating and analyzing the degree of development in the local environment.
4. Estimating the marketable area of land or building after construction or building.

5. Estimating the total sales price of properties after completion of completion of construction or building.
6. Estimating individual cost and related expenses.
7. Deciding an appropriate rate of return and an overall capital interest rate.
8. Calculating land development analysis value.

Article 72
Besides collection of data stated in Article 11, the following information should be gathered where necessary for undertaking the method of land development analysis.
1. Proposal of a development project.
2. Design blueprint or land plan layout.
3. Application or permit of construction.
4. Construction or building costs.
5. Expenses for planning, design, advertisement, sales, management, tax, and etc.
6. Capital interest rate
7. Rate of return for construction or building.

Article 73
On-site survey and investigation and analysis of the development degree in local environment include the following matters:
1. Investigating factors affecting total sales amount, cost, expense, and etc.
2. Ascertaining the progress of project, and construction on the subject property and the environmental conditions, and taking necessary photos or making electronic films.
3. Gathering and investigating transaction data in the market.
4. Development degree of land and buildings and public facilities in the surrounding environment.

Article 74
The marketable areas of land or building after completion of construction or building should be estimated according to the following principles:
1. The areas estimated based upon the building permit, architecture design drawing or in documents of land development permission and map plan layout.
2. The areas estimated which take into account terrain, topography and local market circumstances and the highest and best use of the land in accordance with the relevant regulations in the case that building permit or permission of land development on the land has not been obtained.

The calculation process of the marketable areas stated in the preceding paragraph should be illustrated for later examination.

Article 75
Total sales price after completion of construction or building should be estimated by multiplying the marketable areas, of land or building after completion of construction or building, by the anticipated unit sales price.
In the case that the unit sales price for individual parts of the marketable areas differs, areas of each part and its respective unit price should be listed in detail.
The unit sales price stated in the previous paragraph should take account of the price expected to be realized as of the date of value opinion, and be derived by sales comparison approach or income approach.

Article 76
The items of the direct cost and indirect cost of building and development on land are as follows:
1. Direct costs: Building or construction cost.
2. Indirect costs consist of:
(1) Planning and design fee.
(2) Advertisement and sales fee.
(3) Management fee.
(4) Tax and other burden.

Article 77

Advertisement fee, marketing fee, management fee and tax payment shall be calculated as total sales price multiplied by respective tariffs. The respective tariffs shall be regularly announced by the National Association.

Article 78
Calculation of planning and design fee and the rate of return for the method of land development analysis shall follow the of Articles 57 and 60.

Article 79
Estimation of capital annual interest in respect of the overall capital interest rate for the method of land development analysis shall be based upon the Articles 58 and 59, and makes reference to the following formulae:
Overall capital interest rate = capital annual interest rate x (land value ratio + building value ratio x 1/2 ) x development years.
For those subject properties that bear unusual capital interest, or whose construction of buildings does not start immediately after acquisition of land, their overall capital interest rate can be further adjusted on the part of 1/2 specified in the above paragraph, and be detailed in the appraisal report.
Building value for the building value ratio in paragraph 1 can be estimated based upon the sum of construction costs and planning and design fee.

Article 80
The duration of construction refers to the period of time between the dates of value opinion through the completion of construction without interruption.

Article 81
The calculation formula for the method of land development analysis value is as follows:
$V = S \div (1 + R) \div (1 + i) - (C + M)$
where
V: land development analysis value.
S: the expected total sales price after completion of construction or building.
R: the appropriate rate of return.
C: the direct cost for construction or building.
M: the indirect cost for construction or building.
i: the overall capital interest rate for the total costs of construction or building.

Article 82
Information announced by the National Association according to Articles 56, 60, 61, 63, 66, 67 and 67 should be reported in advance to the central competent authority for reference.

**Chapter IV Land appraisal**

Article 83
Land appraisal in anticipation of later land assembly or partition should take account of the possible value changes before and after assembly or partition, and adjustments to land value are made accordingly.

Article 84
For an appraisal of several contiguous parcels of land to be assembled to be one for land use purpose, the appraised value should be based on the assembled land parcel and values apportioned to respective land parcels are in proportion to their relative share of land value prior to assembly.
For several contiguous parcels of land that are under the same ownership but whose land use purpose is not to assemble them into one, appraisal for those land parcels follows regulations stated in the previous paragraph.

Article 85
While several different legal uses are found on a parcel of land, the value of this land parcel could be derived as the sum of values for individual portions with different legal uses or

appraised based on the primary use, after taking consideration of the highest and best use, the relationship among those different legal uses, and the difficulty for partitioning this land parcel.

Article 86
The influence on land value caused by the building upon the land should be considered when this parcel of land is appraised. This rule does not apply when the appraised subject is assumed to be vacant land and the assumption is stated in the appraisal report.

Article 87
The method of land development analysis may be applied in appraising the value of land assumed to be soon developed. The value thus derived should be compared with the sales comparison value or income value to decide the final appraised value.

Article 88
For a parcel of land whose use is restricted due to facilities passing through above or below, the normal market value without the restriction should be estimated at first, followed by consideration of the effects of the restriction. The expected diminution of land value associated with the land use restriction will be deducted from the normal market value to arrive at the value of land appraised.

Article 89
As for land whose soil or underground water is contaminated, the normal value for the land without such contamination shall be first appraised. Based on the test results supplied by clients in respect of soil and underground water contamination and their possible impacts, the diminution in land value is therefore estimated, and this value diminution is subtracted from the normal value to arrive at the value for this contaminated land.

Article 90
The appraisal of hot spring land should consider factors such as content of water rights, development cost, water volume, water quality, water temperature, local transportation, relevant facilities, tourist number and etc.

Article 91
The appraisal of a golf course should take into consideration factors of membership system, course facilities, development costs, revenue and operation costs etc.

Article 92
The appraisal of woodland can employ sales comparison approach income approach, or cost approach depending on the growth of the wood. When the cost approach is applied, forestation cost, land improvement cost, and road excavation cost should be considered in calculation of total costs.

Article 93
The appraisal of farms or postures should in principle apply sales comparison approach. In the case that there is no previous sales data, the value could be estimated based on the value of land parcels in the neighborhood, and by comparison of the location, shape, topography, soil characteristic, and land use between the neighborhoods land parcels and the subject farm or pasture to arrive at the final appraised value.

Article 94
The appraisal of saltpan should in principle apply sales comparison approach. In the case that there is no previous sales data, the value could be estimated based on the value of land parcels in the neighborhood, and by comparison of the sunshine, ventilation, location, and shape between the neighborhoods land parcels and the subject saltpan to arrive at the final appraised value.

Article 95
The appraisal of pond, swamp or graveyard should in principle apply sales comparison approach. In the case that there is no previous sales data, the value could be estimated based on the value of land parcels in the neighborhood, and by comparison of the location, shape,

and land use between the neighborhoods land parcels and the subject pond to arrive at the final appraised value.

Article 96 (Deleted)

Article 97
The appraisal of land for construction of pubic facility or land reserved for construction of public facility should in principle apply sales comparison approach. In the case that there is no previous sales data, the value could be estimated by comparison of zoning and land use density between neighboring land parcels and the subject property, and taking into account the possible value diminution, together with the average value of the neighboring land parcels.

**Chapter V Built-up property valuation**

Article 98
The appraisal of a condominium unit jointly take account of exclusively owned areas, co-owned areas and the share of rights on the site, and appropriate adjustments are to be made between the comparable properties and the subject condominium unit by reference to the different utility ratio among different floors and the location differences within a floor.
The utility ratio for individual floor stated in the preceding paragraph is to be announced by the National Association by areas through collection of relevant cases. The above information is for the reference of adjustment to be made stated in the preceding paragraph, and the ratio is estimated also by reference to the market conditions and local custom.

Article 99
When the value of a built-up subject property is used as a basis to estimate its value of land portion, the following rules can be employed:
1. Land value of the built-up subject property = value of the built-up subject property – building cost of the built-up subject property..
2. Unit land value of the built-up subject property = land value of the built-up subject property / land size of the built-up subject property

In the case that the land value ratio and building value ratio are known, the following rules also apply to estimate the unit land value based upon the value of the built-up subject property:
1. Land value of the built-up subject property = value of the built-up subject property x land value ratio
2. Unit land value of the built-up subject property = land value of the built-up subject property / land size of the built-up subject property

The land value ratio and building value ratio in the preceding paragraph shall be estimated through appraisal methods and with reference to data surveyed in the local market.

Article 100
When the subject property stated in the preceding Article is a condominium unit, the following rules can apply to estimate the unit value of the site where the condominium stands based upon the value of this subject property:
1. The value of a share of rights on the site for a condominium unit = the value of a condominium unit - the building cost value of the condominium unit
2. The unit value of a share of rights on the site for a condominium unit = the value of a share of rights on the site for a condominium unit / the site area owned by the condominium unit
3. The unit value of a site for a condominium = the unit value of rights to use a condominium site x average vertical allotment ratio of land value / vertical allotment ratio of land value for the condominium unit

The vertical allotment ratio of land value stated in the subparagraph 3 of the preceding paragraph is calculated as follows:
Vertical allotment ratio of land value for a condominium unit = the floor utility ratio for the condominium unit - the average floor utility ratio × the ratio of the cost value of the whole building to the whole built-up property value.

Article 101
In the case that the land value ratio and building value ratio for the subject property is known,

the following rules also apply to estimate the unit site value for the condominium based on the value of the subject property stated in the preceding Article:

1. The value of a share of rights on the site for a condominium unit = the value of a condominium unit x land value ratio
2. The unit value of a share of rights on the site for a condominium unit = the value of a share of rights on the site for a condominium unit / the site area owned by the condominium unit
3. The unit land value for the site upon which a condominium unit stands = the unit value of a share of rights on the site for a condominium unit x averaged floor utility ratio / the floor utility ratio for this condominium

The land value ratio and building value ratio in the preceding paragraph shall be estimated through appraisal methods and with reference to data surveyed in the local market.

Article 101-1
In the case that both the land value ratio and building value ratio for the subject property are known, the product of value of the built-up subject property and building value ratio can be regarded as the estimated building value.

Article 102
When appraising a property whose existing floor capacity ratio is over the legal one, this appraisal shall be based upon the current conditions of the legitimate part of the subject property, and impacts of the law-permissible floor capacity on appraisal need to be detailed in the appraisal report.

Article 103
For appraisal of a property where part of which is illegal, the illegal part will not be appraised. The above restriction does not apply when the clients require the appraisal and the respective values of legal and illegal parts of the subject property are stated in the appraisal report.

Article 104
For appraisal of a property that is at present not in its highest and best use, the normal value based on its highest and best use shall be first estimated, followed by adjustments to reflect the current low use condition.

Article 105
For a legal property whose originally permitted use is in conflict with the present land use control, the appraisal shall be based upon the uses that are allowable by the current zoning regulations, and the value difference between the current use and the law-permissible uses be specified in an appraisal report.

Article 106
A built-up property could be regarded as a vacant land if the building upon it becomes worthless. However, the demolition cost of the building should be considered to make necessary value adjustments.

## Chapter VI Land improvements valuation

Article 107
The classification of the land improvements is in accordance with Article 5 of the Land Law.

Article 108
The cost approach is in principle applied to building valuation.
The auxiliary installations could be included in building valuation.

Article 109
The appraisal of crops in this Regulation refers to the appraisal of fruit trees, tea trees, canes, ornamental flowers and trees, forestation trees, and other various types of which are attached crops land.

Article 110

The appraisal of crops should be estimated, based on their categories, in consideration of factors such as production environment, agricultural disaster, production technique, production period, age of trees, growth condition, fruiting pattern, management, agricultural facility, and etc.

Article 111
Crops valuation methods are as follows:
1. For crops that are young and still far away from its harvest time, the value of crops should be estimated based on planting and nurturing expenses, together with growing condition of crops.
2. For crops that are close to their harvest, the value of crops should be estimated based on expected yield and market price, and the expenses needed between the date of value opinion and the harvest could be deducted if necessary.
3. For crops whose harvest time is over a year away, and the harvest value can be expected, the value of crops should be estimated based on the price in the local area. The future price in harvest is estimated and discounted to the date of value opinion. However, the expenses needed between the date of value opinion and the harvest should be deducted.

Article 112
The cost approach should in principle be applied for works and improvement to irrigation and soil attached to land. However, the indicated values of sales comparison approach and income approach could also be considered to arrive at the final appraised value.

Article 113
For a building where the soil or underground water underneath is contaminated, the normal value for this building without such contamination shall be first appraised. Based on the test results supplied by clients in respect of soil and underground water contamination and their possible impacts, the diminution in land value is therefore estimated, and this value diminution is subtracted from the normal value to arrive at the value for this contaminated building.

## Chapter VII Valuation of Interests

Article 114
The valuation of interests consists of valuation of superficies, dien, yungtien, easement, agricultural right, servitude of real property, cultivation, mortgage, lease, urban land readjustment, transferable development right and exchange of right.

Article 115
The valuation of interests should consider factors affecting value of interests such as contract, lease terms, registered rights, relevant regulations, social custom, status of rights in the normal market and etc.

Article 116
The valuation of superficies right should consider factors such as purposes, duration of right, whether rent is paid, restriction on right transfer, the spatial location of the right and etc.

Article 117
The valuation of dien right should be based on dien payment and consider factors such as duration of right, restriction on right transfer and etc.

Article 118
The valuation of yungtien right should consider factors such as rent payment, social custom and etc.

Article 118-1
When agricultural right is valued, the following factors shall be taken into account: purposes, method of agreement, duration of interest, the amount of land rent, restriction on conveyance of rights, social conventions, special improvement on land to improve productivity or convenience of use.

Article 119
The valuation of servitude of real property should consider factors such as conditions of use on the properties that provides and demands the rights respectively, duration of right, nature of servitudes, social conventions and etc.

Article 120
The valuation of cultivation right should consider factors such as cultivation period, registered right, relevant regulations and etc.

Article 121
The valuation of mortgage should be based on the normal value of the subject property on the date of value opinion. On the basis of the actual mortgage amount, adjustments are made after taking into account factors such as other mortgages on the same property, liquidity, risk, appreciation, the difficulty of implementation and etc. to arrive at the final appraised value.

Article 122
The valuation of tenancy should consider factors such as contract, function, duration of lease, method of rent payment, use purpose, use condition and etc.

Article 122-1
When the purpose of valuation is for urban land readjustment projects, the items examined before and after readjustment shall be based upon Act of Equalization of Land Rights and Its Enforcement Rules, Enforcement Regulations of Urban Land Readjustment, Regulations of Promoting the Involvement of Land Owners in Urban Land Readjustment and other relevant legislations.

Article 123
The valuation of transferable development right should consider site from which development right is transferred, site receiving development right, other factors affecting real estate price, relevant regulations and etc.

Article 124
For the valuation of rights exchange in an urban renewal scheme, the items examined shall be based upon Urban Renewal Act and Regulation on Implementation of Rights Exchange for Urban Renewal and other relevant legislations.

Article 125
For the subject property that is a condominium unit prior to rights exchange scheme, the respective value of each unit for its share of rights on the site shall be estimated by means of the site value ratio of the whole property following the rules as below:
The value for share of rights on site of individual condominium unit = the value of individual condominium x site value ratio
Formula for calculating site value ratio stated in the preceding paragraph is as follows:
Site value ratio = unit value of land as if vacant x site size / unit value of land as if vacant x site size +【unit construction cost x (1-accrued depreciation rate) x size of the whole building】
Should the estimated value for share of rights on site based on the rule of the above paragraph be apparently unfair due to unusual conditions of the subject condominium, its value can be further adjusted in reference to the value estimated based on Article 126-2.

Article 126
In the case that prior to rights exchange scheme the present value of the site where condominium units stand is lower than the value of the site as if vacant, the values of share of rights on sites associated with respective condominium units are calculated as follows:
1. Following the rules set up in the preceding Article to derive site value ratio.
2. Value for the share of right on site associated with respective condominium units = respective values of condominium units x site value ratio.
3. Ratio of value for the share of right on site associated with respective condominium units = value for the share of right on site associated with respective condominium units / Σvalue for the share of right on site associated with respective condominium units.

4. Adjusted value for the share of right on site associated with respective condominium units = value of site as if vacant where condominiums stand x ratio of value for the share of right on site associated with respective condominium units.

Article 126-1
For buildings other than condominium units prior to rights exchange scheme, the value for the right of site shall be estimated as the figure of total property value multiplied by site value ratio. In the case that the value for the right of site is lower than the value of site as if vacant, the value of site as if vacant will prevail.

Article 126-2
In the case that condominium units are in place prior to rights exchange scheme but some owners of the site do not possess ownership of the building, the respective value for the share of rights on land for those owners are estimated based on the rules below:
1. If their respective share of rights on land is able to correspond to a specific part of the building, their respective value for the share of rights on land shall be the residual of the value for share of rights on building subtracted from the value for share of rights on the site estimated based on Article 125 or Article 126.
2. If their respective share of rights on land is unable to correspond to a specific part of the building, the following rules apply:
2-1 The price per unit of the site is estimated based on Article 125 or Article 126.
2-2 The above price per unit of the site times the size of site to which the part of building that is not possessed corresponds to.
2-3 Estimate the value of rights for the whole building.
2-4 Estimated value of rights for the whole building times the percentage of size of site to which the part of building that is not possessed corresponds to.
2-5 The figure derived from 2-4 is subtracted from the figure derived from 2-2.
If an agreement is reached between the holders of the share of rights to the site who do not possess rights to the building, and the owner of the part of building whose share of rights to the site corresponds to, their agreement applies.

Article 127
In the case that a site has not developed prior to the rights exchange scheme, the value of land rights for this site is estimated as if vacant.

Article 128
The allocated part of building and land for a condominium after a rights exchange scheme is completed shall take into consideration the architectural plan, material standards, equipment quality, construction costs specified in the rights exchange plan of urban renewal scheme, and the relationship between floor utility ratio before and after the urban renewal scheme and other relevant factors. This appraisal shall be based upon the value of a newly completed property on the date of assessing this urban renewal scheme.

Chapter VIII Estimation of Rent

Article 129
Estimation of rent for a property shall consider contract contents, lease duration, lease purpose, tax liabilities, rent level, transition conditions, lease renewal, renewal conditions and other relevant factors.

Article 130
It is in principle to estimate the real rent for the subject property when property rent is the appraisal assignment.
The real rent stated in the preceding paragraph refers to the sum of rent payment paid for each rental period by the tenant, and benefits generating from deposit, guarantee fees under landlord's disposal, and amortization of non-refundable deposit.

Article 131
New lease and lease renewal shall be distinguished when estimating rent for property.

Article 132
The following rules can be applied to estimate property rent under a new lease:

1. Estimation of rent using comparison method through cases of new leases as comparable properties.
2. Estimation of net income through multiplying the value of the subject property by rental income rate, with necessary costs included.
3. Estimation of net income during a certain period of time through the analysis of the total income of a business operation, with necessary costs included.

Article 133
The following rules can be applied to estimate property rent under renewal of a lease:

1. Estimation of rent using comparison method through cases of lease renewal as comparable properties.
2. Estimation of net income through multiplying the normal value of the subject property on the date of value opinion by rental income rate for a renewed lease, with necessary included.
3. Estimation of rent through the net income of the rent specified in the original contract for the subject property, with the rent adjustment after considering the rent trend, and with necessary costs included.
4. Estimation of rent through the part of difference between the original contract rent and the economic rent in the market that shall be attributed to the landlord, and with contract rent added.

**Chapter IX Supplementary Provision**

Article 134
This Regulation should come into effect at the date of its promulgation