



Appraisal Institute
of Canada

Institut canadien
des évaluateurs

CASE SUMMARY

Spring 2010-03

Facts:

The allegation made by the complainant was that an appraisal report prepared by the Member falls short in terms of lease descriptions, comparable sales analysis and rationalization, zoning analysis, Highest and Best Use and the Certification of the Appraiser. The complainant viewed the report to be unprofessional in its form and presentation.

Issue:

The report did not provide sufficient sales evidence to support the conclusions within the report and that the analysis ignored the terms and conditions of the leases in place. In addition, the report failed to identify a reasonable exposure time linked to the market value estimate.

Holding:

After considering the facts of the case, the Adjudicating Hearing Panel concluded that the most appropriate discipline would be Censure without publication, no fines, and no costs.

Reasoning:

A generic statement of reasonable exposure time is included in the report but it is not directly linked to the subject property. Furthermore, as reasonable exposure time is a retrospective estimate of the time the subject property would have required to be exposed for sale on the open market in an appropriate manner prior to the effective date of the appraisal, it should be presented in past tense. As presented within the appraisal, it does not demonstrate sufficient understanding of the concept of reasonable exposure time.

While a form report format does provide some latitude with respect to the information presented, in the case of the report in question, the provision of only two sales comparables in the Direct Comparison Approach and only a single, two year old investment transaction in the Income Approach does not meet the reasonable appraiser test. Based on the limited information presented within the report, a reasonable appraiser could not arrive at any meaningful conclusion.

As a number of standard infractions have been proven, the member is found to have failed to adhere to the Bylaws, Regulations, and Standards of the AIC.

Relevant CUSPAP (2003):

Standard Rules 6 and 15

Ethic Rules 3 and 6

Related Claims Prevention Bulletin:

PP-6- Appraisal Methods

PP-13- Use of Generic Appraisal Reports

PP-17- Use of Comparables