



Appraisal Institute
of Canada

Institut canadien
des évaluateurs

CASE SUMMARY

Spring-2010-05

Facts:

This matter was learned to involve a total of 7 appraisals on 6 properties on which the member prepared appraisals. The lender's complaint concentrated on 3 appraisals involving 2 properties, performed by Jean Clive both located in Regina, Saskatchewan. Referencing comments pertaining to one of the subject properties, the complainant noted it had been appraised on April 6, 2006 at \$57,900 and then on June 22, 2006 at \$83,500. It was further noted that it had sold on March 22, 2006 for \$15,000 and that this latter sale price was not disclosed. Additional complainant comments indicated that a Cost Approach had not been completed; there appeared to be some discrepancy in building size; zoning was not reported correctly; and, the market rents incorporated into the report were inflated. Similar concerns were expressed with respect to the second property.

The complainant stated that *"our audit investigation raised doubts relative to a possible collusion between the buyer/investor and appraiser to obtain mortgages well in excess of what the properties were worth"*.

Issue:

The reports fail with respect to numerous Standards Rules and lack support for many of the conclusions, while the conduct of the member breaches numerous Ethical Rules.

Repeated requests for copies of the reports and work files were made and the member was also asked questions on two occasions to assist the investigation with respect to those properties.

Regarding two files the appraiser has produced no work product or research and the answers to questions put to Jean Clive by the Investigator were unsatisfactory. Of particular significance is Jean Clive's failure to provide copies of her work files. Also concerning two of the files Jean Clive noted in her response that she did not maintain work files after 30-40 days.

Holding:

After a thorough review of all the evidence, the Adjudicating Committee has decided that the most appropriate discipline to be imposed is one of Expulsion with publication of the Case Summary including the member's name on the Institute's public website.

Reasoning:

Jean Clive did not include an analysis of exposure time linked to the market value estimate.

Relative to the market rent estimates, no support was provided. In addition, certain Direct Comparison Approach adjustments did not seem logical.



Appraisal Institute
of Canada

Institut canadien
des évaluateurs

In developing the report Jean Clive excluded the Cost Approach, however, offered no explanation as to its absence.

Jean Clive did not provide any indication of having undertaken an analysis of the recent agreements of purchase and sale for the subject properties.

Jean Clive neither mentioned nor analyzed prior sales occurring within three years of the effective date of appraisal.

It appears that Jean Clive was either negligent or fraudulent in her duties.

Certain adjustments appear illogical and inconsistent and no support for market rents was provided.

Despite numerous requests Jean Clive could not provide copies of her work files.

Identifying Jean Clive by name is considered by the Adjudicating Committee to be necessary in the interest of public confidence and consumer protection.

Relevant CUSPAP (2006):

Appraisal Standard: 6, 15, 17, 23, and 24

Ethic Standard: 1, 3, 5, and 7

Related Claims Prevention Bulletin:

PP-5- Information Sources

PP-6- Appraisal Methods

PP-17- Use of Comparables