

AIC's *Standards Rules* – the ethical nuances

Ethics charges are serious matters. It is one thing to do something wrong by mistake. It is another matter entirely when one does something wrong on purpose.

The Standards Committee is proposing to add the word 'knowingly' to certain *Ethics Standards Rules*. For example, *Ethics Standards Rule 4.2.1* states that "it is unethical for a member to fail to comply with Bylaws, Regulations and Standards....." That does not mean that, if a member is charged with an Appraisal *Standards Rule* infraction, he or she is automatically charged with *Ethics Standards Rule 4.2.1*. But, if a member 'knowingly' breaks a *Standards Rule*, this ethical rule would also be broken.

Ethics are a set of rules imposed by society to ensure that members of society act in a manner acceptable to society. Honesty and integrity are the cornerstones of ethical rules. Standards Rules, on the other hand, deal with issues of competency.

When a member is charged with an ethical violation, he or she, in essence, is being told that they have acted dishonestly. Anyone who has ever served on the Professional Practice Committees (Investigating, Adjudicating or Appeal) will tell you that not only are ethics charges very serious, they are also very hard to prove.

How does one prove that a member acted dishonestly, or knew that they were purposefully doing something wrong? The most common way this is proven is with cases of repeat offenders. If an appraiser is charged with a breach of a *Standards Rule* a second time, chances are they will be told "We pointed out this mistake before; therefore, you **knew** that it was wrong, but you did it again anyway."

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Not all ethical rules require the word 'knowingly,' and not all ethical rules are hard to prove. For example, the word 'knowingly' may be applicable to *Ethics Rule 4.2.3*, which states that "it is unethical for a member to act in a manner that is misleading." Sometimes an appraiser can unwittingly make a mistake that misleads. For example, if an appraiser correctly measures a house, but incorrectly calculates a living area, that mistake would carry through to the value estimate and the intended user may be misled by both the value conclusion **and** the size of the house. If it results in damages, this type of mistake is covered by our insurance. On the other hand, if the appraiser correctly calculates the living area,

but chooses larger houses as comparables and ignores the sales of similar sized houses, the reader may be purposefully misled and an ethical violation may be charged. If this is proven and damages sought, insurance coverage may be denied.

Ethics Rule 4.2.4 does not require the word 'knowingly.' It states that "it is unethical for a member to act in a manner that is fraudulent." The word 'fraud' already connotes criminal deception. The insurance program does not cover fraudulent activities.

The Standards Committee is hoping to emphasize and clarify the seriousness of ethical rule violations by adding the word 'knowingly.' If you would like to comment on this, please contact the Standards Committee at: Appraisal Institute of Canada, 403 – 200 Catherine Street, Ottawa, Ontario, Canada K2P 2K9, or at the email shown below. 🐣

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