



Conflict of obligations

Appraisal standards speak to conflicts in many ways. A conflict of interest is addressed in *Ethics Rule 4.2.11*, which, in essence, sets out that any real or perceived conflict must be declared and pre-approval of a client obtained before you proceed. It may still be necessary for the appraiser to decline the assignment for other reasons that arise out of the conflict of interest and a careful review of business practices should be undertaken in such circumstances. A conflict of obligation can also arise. The *Practice Notes* at 12.8.5 set out some of these circumstances.

The purpose of this article is to discuss a more complicated example of a conflict of obligation. Let's begin by assuming that you are a member in good standing with the Appraisal Institute of Canada (AIC), but that you are also a member in good standing with another like-minded appraisal organization. There are many such groups including assessment associations, OEAQ in Quebec, agrology professions, or even an American appraisal association.

Much like AIC, each of these other professional bodies would have its own set of professional standards, bylaws and regulations that have become widely recognized and accepted by clients lenders, government bodies, and the courts, all of whom rely on individuals holding those professional designations.

A most complicated conflict of obligation arises routinely out of these scenarios when dual

membership is involved. At the outset, you have two sets of professional standards and rules to which you must adhere when preparing reports. Writing in Volume 50, Book 4 of the *Canadian Appraiser* (http://www.aicanada.ca/e/pdfs/Can_App_Vol_50_Bk_4_14.pdf), Allan Beatty, AACI, P. App describes how the *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)* will

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likely get you 90% towards satisfying your client's requirements, and that the remainder is about adding in what is required by the other professional standards. Thus, it may be relatively simple to resolve any disparity in the requirements of the two professional bodies.

Remember that appraisal standards are minimum standards and that exceeding these standards is reasonable and occurs in many appraisal reports, including

residential appraisals.

The problem becomes more complicated when you are asked by your client to complete something to a professional standard other than *CUSPAP*. As a member of AIC, you have pledged to abide by AIC bylaws, regulations and standards. Therefore, by your pledge, there is no AIC ‘hat’ to take off while you adhere to another professional association's requirements. You remain obliged to adhere to *CUSPAP*, and, as a professional, the onus rests with you to do so. This is the very least that your clients should expect from you and a very important aspect of professionalism that you should convey to your client's when they innocently ask that you disregard your professional standards.

CUSPAP obliges an appraiser to identify his or her membership status in a report, and to certify compliance with *CUSPAP*. An appraiser is also obliged to set out when a report or parts thereof are not covered under an Errors and Omissions insurance policy. Therefore, it is reasonable to presume that failure to do so would be a breach of the *CUSPAP* ethics.

Finally, it may be that you will have to choose between membership in AIC and continued adherence with AIC bylaws, regulations and *CUSPAP*, and membership in another association in order to remain professional and avoid the conflict of obligations that might arise from multiple memberships in like-minded appraisal associations. ☹