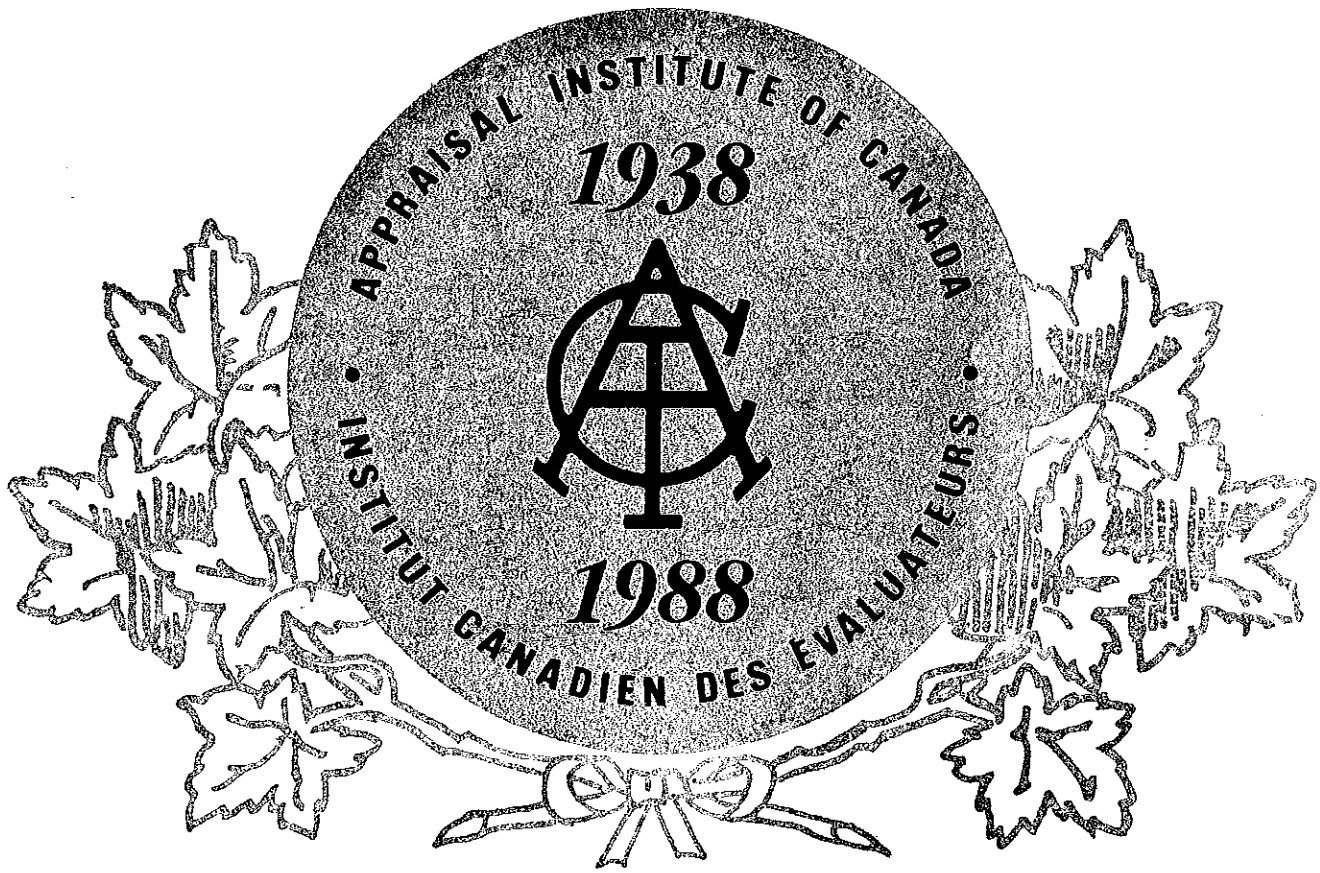
THE CANADIAN APPRAISER / L'ÉVALUATEUR CANADIEN

FIFTY YEARS OF DEDICATION



The History of the Appraisal Institute of Canada/ Institut Canadien des Évaluateurs

1938 - 1988

THE APPRAISAL INSTITUTE OF CANADA/ L'INSTITUT CANADIEN DES ÉVALUATEURS

PAST PRESIDENTS

1938	*W. B. McCutcheon, AACI
1939	*H. M. Morrison, MAI
1940	*F. W. Gulland
1941	*W. J. Smith, AACI
1942	*W. H. Gray
1943	H. R. Glover
1944	*C. N. Roger, AACI
1945	*A. R. Purchase
1946	G. C. Elliot, P.App
1947	*H. M. Morrison, MAI
1948	*A. R. Judson, AACI
1949	J. S. McPherson, P.App
1950	*T. A. McFarlen, AACI
1951	*E. R. Ransby
1952	*G. M. Bowes, AACI
1953-54	*V. E. Driver, AACI
1955	*I. Cristall, AACI
1956	*A. Turpie, AACI
1957-58	J. A. MacDonald, CAE, P.App
1959	D. G. Edmond, AACI, P.App
1960	*J. W. Egerton, AACI
1961	H. P. Hamilton, AACI, P.App
1962	*J. C. McGee, AACI
1963	L. E. Pope, AACI, P.App
1964	G. E. Rouatt, AACI, P.App
1965	A. Speed, AACI, P.App
1966	E. R. E. Hagglund, AACI, P.App
1967	H. A. Ross, AACI, P.App
1968	H. Paquet, AACI, P.App
1969	*C. R. Simonite, AACI, P.App
1970	*J. A. Crawford, AACI, P.App
1971	R. O. Leitch, AACI, P.App
1972	M. H. Bauer, AACI, P.App
1973	A. D. Poapst, AACI, P.App
1974	L. W. North, AACI, P.App
1975	M. Kvatum, AACI, P.App
1976	W. J. Dietrich, AACI, P.App
1977	R. Ter Horst, AACI, P.App
1978	V. E. Peterson, AACI, P.App
1979	D. W. Lambert, AACI, P.App
1980	G. D. Frampton, AACI, P.App
1981	D. F. Hildebrand, AACI, P.App
1982	*J. W. Oliver, AACI
1983	B. R. Jensen, AACI, P.App
1984	J. D. H. Mackenzie, AACI, P.App
1985	J. Jorgensen, AACI, P.App
1986	H. Butler, AACI, P.App

*Deceased

APPRAISAL INSTITUTE OF CANADA
INSTITUT CANADIEN DES ÉVALUATEURS
1987-88 National Governing Council
1987-88 Conseil National d'Administration

President—Président
J.M. Warren, AACI, Fraser Valley

Immediate Past President—Président Sortant
H.N. Butler, AACI, Newfoundland

President-Elect—Président Désigné
J.N. Perry, AACI, Saskatoon

Vice-Presidents—Vice-Présidents
B. Egan, AACI, Québec
K.H. Harck, AACI, Vancouver
G.K. Hayward, AACI, Fundy
R. Mason, AACI, Oshawa/Durham
K.F. Stroud, AACI, Toronto

Secretary Treasurer—Secrétaire Trésorier
T.J. Gifford, C.A.E., Winnipeg

Directors—Directeurs

G. Baillargeon, AACI, Sherbrooke
G.O. Balderston, AACI, Lethbridge
A.M. Barber, AACI, Ottawa
L. Brosseau, AACI, Montréal
R.E. Burnett, AACI, Nanaimo
R.P. Csversko, AACI, Western Manitoba
T. Fox, AACI, Regina
E.B. Lelacheur, AACI, Nova Scotia
D.P. MacLean, AACI, Prince Edward Island
B.F. McMullan, AACI, Winnipeg
G.A. Shufelt, AACI, Edmonton
K.J. Stub, AACI, London

National Publications Committee Chairman & Editor—Président du Comité national des publications et éditeur
K.H. Harck, AACI, Vancouver

Executive Editor—Rédactrice exécutive
S. McKay, C.A.E., Winnipeg

Managing Editor—Rédacteur administratif
C. Kelman, Winnipeg

The History of the Appraisal Institute of Canada/ Institut Canadien des Évaluateurs

1938 - 1988

by Samuel A. Martin

TABLE OF CONTENTS

MESSAGE FROM THE PRESIDENT/ MESSAGE DU PRÉSIDENT 2

FORWARD 4

INTRODUCTION 5

Chapter 1
PRENATAL YEARS 6

Chapter 2
THE TAPROOT
1938 - 1946 15

Chapter 3
COPING WITH GROWTH
1947 - 1958 21

Chapter 4
NATIONAL STATUS
1959 - 1966 31

Chapter 5
MATURITY
1967 - 1975 40

Chapter 6
TESTING FOUNDATIONS
1976 - 1988 45

CHALLENGES 55

Published quarterly by the Appraisal Institute of Canada, Suite 101-93 Lombard Avenue, Winnipeg, Manitoba R3B 3B1 Telephone (204) 942-0751.

This magazine is published for the primary purpose of providing a visual record of individual opinions concerning appraisal theory and practice as well as additional related subjects. The articles printed in this issue represent authors' opinions only and are not necessarily endorsed by the Appraisal Institute of Canada. The editor reserves the right to revise manuscripts toward uniformity and consistency in the publication's and the Institute's image, and supervises the magazine's form and production, but takes no position in authors' opinions as expressed herein.

Copyright 1987 by the Appraisal Institute of Canada. All rights reserved. Reproduction in whole or in part without written permission is strictly prohibited. Subscription, $20.00 per year. Articles, photographs and other accompanying documents submitted therewith will not be returned to sender unless specifically requested. Printed in Canada.

Publié trimestriellement par l'Institut Canadien des Évaluateurs, Suite 101-93 Avenue Lombard, Winnipeg, Manitoba R3B 3B1 Téléphone (204) 942-0751.

Le but premier de ce magazine est de fournir à des personnes compétentes un médium pour exprimer leurs opinions sur la théorie et la pratique de l'évaluation, et sur des sujets qui s'y rattachent. Les opinions émises dans les articles n'engagent que leur auteur, et ne représentent pas nécessairement celles de l'Institut canadien des évaluateurs. L'éditeur reste neutre face aux opinions exprimées. Son rôle se limite à superviser la mise en page et l'impression du magazine. Il se réserve, cependant, le droit de réviser les manuscrits par souci d'uniformisation et pour respecter l'image que veulent projeter cette publication et l'Institut.

Tous droits réservés 1987 par l'Institut canadien des évaluateurs. Toute reproduction totale ou partielle sans permission écrite est absolument interdite. Abonnement: $20.00 par année. Les articles fournis pour publication, ainsi que les photos ou autres documents qui les accompagnent, ne seront pas retournés, à moins d'une demande explicite en ce sens. Imprimé au Canada.

VOLUME 32 • BOOK 1 • SPRING 1988 • VOLUME 32 • LIVRE 1 • PRINTEMPS 1988

OFFICIAL QUARTERLY PUBLICATION/PUBLICATION OFFICIELLE TRIMESTRIELLE
APPRAISAL INSTITUTE OF CANADA/INSTITUT CANADIEN DES ÉVALUATEURS

ISSN 0827-2697

MESSAGE FROM THE PRESIDENT

The history of our Institute is well documented in this special anniversary issue of *The Canadian Appraiser/ L'Évaluateur Canadien*, known for most of its existence as *AIM* (Appraisal Institute Magazine). This historic year gives us a unique opportunity to reflect on the past, review our roots, applaud those members who have contributed for the good of the Appraisal Institute of Canada, and promote a wider recognition of our Institute and its designations.

The year 1938 saw a small group of dedicated men realize the need for an organization of appraisers and the acorn was planted. The seed was coaxed and nurtured into life in Winnipeg and the Appraisal Institute of Canada took root. It was primarily a rural organization at first, due to troubled economic times in western agriculture. The urbanization of our country then had its effect on appraisers who found themselves more involved in urban property with its unique emphasis on location.

During its early years, a tree is slow to gain height, and so it was with the Institute as the roots searched out the nutrients of knowledge and the branches formed. The years have passed and the tree now stands tall, strong and deeply rooted, with many branches that have spread from its Winnipeg birthplace to the east and to the west. It also tapped the knowledge of organizations to the south as demand for appraisals grew. The knowledge was tested in court, and the theories of appraisal were challenged on all sides. Precedents were established and sound theories survived to form the foundation of our current knowledge. The Canadian Institute extended its influence to other countries, as international recognition was received from other national appraisal and realty organizations. It only achieved this through the dedication of many accredited members.

Each member should use this year of celebration to spread the seeds of awareness throughout Canada. There is good reason to be proud of this organization which now has sufficient status to be consulted by our national and provincial governments. We can be proud that so many members gave, and still give, so freely of their time, energy and expertise to make us a viable, influential group. It is time to shout out that we are a national group of professional appraisers bound together by a desire to strive for ongoing educational progress, and constantly aware of new tools we can use to better meet the public's needs for highly professional property valuations and advice.

The 50th Anniversary is an excellent opportunity to show what an appraiser is and does — to make our Institute and appraising better known to the general public by members talking to their neighbours down the street and to their neighbour's neighbour. Go to your schools and sow the seeds among our young people. Make arrangements to present information about our programs at career days. Young Canadians will then know of our Institute and some will perhaps take up a career in real estate appraising. Talk to your member of parliament and your member of the legislative assembly. Tell them about our organization, our ethics and standards, and of how we are trying to have all appraisals meet our high professional standards. Tell them how the general public and the nation at large will benefit if all appraisers are within our membership.

The promotion of our Institute by each and every member will help us all and you will repay some of the benefits you have gleaned from being shaded and nurtured by our Institute. Our roots will deepen and the branches will spread wider. By extolling our work, we shall receive much more recognition, now and in the future.

An in-depth planning review for the long term has been commissioned and is underway. A strategic plan will be presented to National Governing Council in June, which will cover the next decade and give guidance and direction to future councils.

My 27 years as a member has shown me that the only way to emerge as a full profession is to gain recognition by the public. This can be accomplished only with the support of each member. Make this a priority activity over the remaining 10 months of 1988. Promote our Institute to all with whom you are in contact and we shall be much better known by the end of the year.

The past recorded in this history depicts the high-mindedness of our early members and their dedication to appraising. Recognition has increased over these five short decades. Our knowledge has expanded and the depth of reporting has increased. As we look to the future, I am sure that, with the calibre of our current membership, our Institute will continue its growth in all areas as the future unfolds. Can one be so bold as to predict that, by 2038, we shall be fully recognized throughout Canada, alongside the other established professions? I believe this will happen.

Jack M. Warren, AACI
President

MESSAGE DU PRÉSIDENT

L'histoire de notre institut est bien documentée dans cette livraison spéciale du *Canadian Appraiser/Évaluateur Canadien*, connu pendant la majeure partie de son existence sous le nom de *AIM* (Appraisal Institute Magazine). Cette année historique nous permet de méditer sur notre passé, d'examiner nos racines, d'applaudir nos membres qui ont contribué au développement de l'Institut canadien des évaluateurs et de susciter une plus vaste reconnaissance de notre organisme et de ses membres.

C'est en 1938 que quelques hommes dévoués reconnurent le besoin de créer un organisme qui permettrait de regrouper tous les évaluateurs. La semence fut donc mise en terre. Dorlotée et bien arrosée, la graine germa à Winnipeg où l'Institut canadien des évaluateurs prit racine. Au début, à cause des difficultés économiques qu'éprouvait le secteur agricole de l'Ouest canadien, ses activités furent principalement concentrées dans les régions rurales. Puis, l'urbanisation de notre pays influença les activités des évaluateurs qui furent appelés à travailler davantage en milieu urbain où l'emplacement des propriétés est fort important.

Un arbre grandit lentement. Il en fut de même de l'Institut : ses racines cherchaient les éléments nutritifs de la connaissance et ses branches se formaient peu à peu. Et les années passèrent. L'arbre s'élève aujourd'hui majestueux, puissant et profondément enraciné. Bon nombre de ses branches s'étendirent depuis Winnipeg vers l'Est et vers l'Ouest. Il bénéficia aussi des connaissances d'organismes du Sud, à mesure que la demande d'évaluation se faisait grandissante. Ces connaissances furent éprouvées devant les tribunaux. Les théories de l'évaluation furent assaillies de toutes parts. Des précédents furent établis. Les théories valables demeurèrent pour former la base de nos connaissances actuelles. À mesure que d'autres organismes nationaux d'évaluation et que des organismes immobiliers lui accordaient une reconnaissance internationale, l'Institut canadien des évaluateurs étendait son influence à d'autres pays. Cela, il le doit au dévouement de bon nombre de ses membres accrédités.

Au cours de cette année commémorative, chaque membre devrait répandre les germes de la connaissance partout au Canada. Nous avons de bonnes raisons d'être fiers de notre organisme qui possède maintenant un statut suffisamment élevé pour que même les gouvernements national et provinciaux le consultent. Nous pouvons également être fiers qu'un si grand nombre de nos membres aient partagé, et partagent encore, une bonne partie de leur temps, de leur énergie et de leur expertise pour faire de notre institut un groupe viable et influent. Il est temps de proclamer que nous sommes un groupe national d'évaluateurs professionnels, liés par un désir de formation continue et constamment à la recherche de nouveaux outils afin de mieux répondre aux besoins d'une population qui désire bénéficier de conseils et d'évaluations hautement professionnels.

Notre cinquantième anniversaire représente une excellente occasion de montrer ce qu'est et ce que fait un évaluateur. Nos membres peuvent contribuer à mieux faire connaître l'Institut et leur profession en parlant à leurs voisins et aux voisins de leurs voisins. Allez dans les écoles semer l'intérêt auprès des jeunes. Profitez des journées consacrées aux carrières afin de les renseigner sur nos programmes de formation. Les jeunes Canadiens sauront alors que notre institut existe et peut-être que certains entreprendront une carrière en évaluation immobilière. Discutez avec vos députés fédéral et provincial de notre organisme, de notre code de déontologie et de nos normes, ainsi que des efforts que nous déployons pour que tous adoptent nos normes professionnelles élevées. Parlez-leur des bénéfices que la population et le pays tout entier peuvent tirer du regroupement de l'ensemble des évaluateurs au sein de notre organisme.

La promotion des activités de notre institut par chacun de nos membres sera bénéfique à tous et cela vous donnera l'occasion d'être reconnaissant des avantages dont l'Institut a su vous faire profiter. Nos racines s'enfouiront plus profondément; nos branches auront une plus grande ramification. C'est en mettant notre travail en valeur que nous serons davantage reconnus, maintenant et dans l'avenir.

Nous avons commandé une étude approfondie de planification à long terme. Elle est présentement en cours. Elle permettra de présenter, en juin, au Conseil directeur national un plan stratégique qui avisera et dirigera les conseils ultérieurs sur ce qui devrait être réalisé au cours de la prochaine décennie.

Les vingt-sept années que j'ai passées au sein de l'Institut m'ont appris que si nous voulons que notre profession soit reconnue à part entière, il faut qu'elle soit connue du public. Pour cela, nous avons besoin du soutien de tous nos membres. Faites de cette reconnaissance l'une de vos activités prioritaires au cours des dix prochains mois de 1988. Faites connaître notre institut auprès de tous ceux avec qui vous êtes en contact de sorte que, lorsque la fin de l'année arrivera, nous serons déjà beaucoup plus connus.

Les événements qui forment dans l'histoire de notre institut dépeignent les nobles ambitions de nos premiers membres et leur dévouement envers la profession d'évaluateurs. Au cours de ces cinq courtes décennies, la reconnaissance de notre profession s'est accrue et nos connaissances ainsi que la profondeur de nos évaluations se sont améliorées. Lorsque je contemple l'avenir, je suis assuré que, grâce au calibre de nos membres, notre institut poursuivra sa croissance dans tous les domaines. Peut-on déjà prédire qu'en 2038 notre profession sera reconnue partout au Canada, au même titre que les autres professions? Je suis persuadé que oui.

Le président,
Jack M. Warren, AACI

FORWARD

The publication of this history of our beloved organization fulfills one of the dreams of past president, the late J. W. Oliver, AACI. Jim tragically passed away during his term, but one of his first acts as national president was to convince National Governing Council, in October 1982, to form a committee "to research and commit to writing events leading to the formation of the Institute and to chronicle the history of the Institute since its inception."

I was honoured to be asked to chair the National Historical Sub-committee, which eventually became known as the National Historical and Anniversary Planning Sub-committee. Its membership grew to include past national presidents D. W. Lambert, AACI, P.App; B. R. Jensen, AACI, P.App; and J. D. H. MacKenzie, AACI, P.App. The contributions of each of these members have been invaluable and have made the chairmanship an enjoyable experience.

The committee, through National Governing Council, quickly retained the services of long-time friend of the Institute, Dr. Samuel A. Martin, to author this history. Dr. Martin traveled the length and breadth of Canada as he conducted his research. His keen interest and dedication to the project will be obvious as you read on. The committee thanks him sincerely for his fine work.

It is the hope and expectation of the committee that, as you read this history, you will become increasingly cognizant and proud of the Institute and the role it has played in the development of the appraisal profession in Canada and North America. Let it be the catalyst for continuing growth and development as we begin the second half century. Let it also be a reminder of the debt we owe those hundreds of members who spent countless volunteer hours to make the Appraisal Institute of Canada the great and respected organization it is today.

David F. Hildebrand, AACI, P.App.
Chairman, National Historical and
Anniversary Planning Sub-committee

INTRODUCTION

In commissioning this 50-year history, the Appraisal Institute of Canada sought to accomplish two important objectives for its members. First was to undertake a serious, authentic documentation of the origin and growth of a durable business association; one that not only survived half a century, but now nurtures the occupations of more than 5,000 members across Canada. Like a family, an organization develops confidence and pride in the knowledge of its roots, its past struggles and major accomplishments.

Second was to provide a focus for the celebration of this significant milestone. It is healthy to pause periodically, simply to enjoy one's accomplishments. This chronicle was intended to provide members and their families with tangible evidence of their Institute's achievements; to bring to life the personalities who conceived an important new investment service, and supplied the energy and talents for its survival and growth through a world war and a dozen business cycles.

But this publication has broader significance. In writing about the men and women who participated in this one link in the chain of residential, commercial and industrial property development, the Institute has contributed to the sparse, but urgently needed, literature on Canada's business history; not the superhuman achievements of hard-driving entrepreneurs, but the human endeavours of dedicated, decent people driven simply by a wish to do a better job for their employer or client.

It is scarcely more than half a century, the time span of this story, that Canada's economy has evolved from an agricultural-resource base to the manufacturing-service dominance of the 1980s, a transformation in which real estate and finance played a major role. Real estate appraisers, members of this Institute, participated intimately in all these major property transactions, applying skills and rendering judgements that added authenticity to negotiated values. Their opinions often, no doubt, provided the confidence necessary to prod a wavering buyer to close a deal.

This history is based on original source material. Correspondence, minutes, reports, articles and working papers were accumulated by Governing Council and Institute staff over many years, from interested members, chapter executives and provincial associations, and turned over to me. Written material was supplemented by a series of tape recorded interviews, mostly conducted by myself, with 28 living past presidents and several other key contributors. This oral history enriched my understanding of events, but particularly my appreciation of the personalities who moved the Institute from inception to its present-day prominence.

I was greatly aided in this project by the professional research assistance of Christopher J. Hackett, candidate for the M.A. degree in History at the University of Manitoba. Chris brought a rigorous, methodical, historical discipline to the research work, uncovering facts, dates and events of importance. Together, we discussed their significance and relationship to the wider landscape. I am indebted to Chris for his superb contribution.

I acknowledge the encouragement, direction and support of David Hildebrand, chairman, and all the members of the Historical and Anniversary Planning Sub-committee.

Notwithstanding the generous help of others, what follows is my impression and interpretation of the people and events that shaped the Institute's first 50 years. For half those years, I was privileged to participate in various Institute projects, to meet, work with, and respect dozens of members across the country. If my writing betrays goodwill and a favourable bias, it is because that is what I feel. Crafting these words was one of the more enjoyable engagements of my professional career. May you derive as much pleasure from reading them.

Samuel A. Martin
London, Ontario

The infamous Dust Bowl was literally that on this abandoned Manitoba farm during the Depression of the 1930s. (Manitoba Archives)

Chapter 1

PRENATAL YEARS

The Dirty Thirties! Just put in your book that you met Henry Jacobson and he is 78 years old. Might I say I never took a backward step in my life until that Depression whipped me, took away my wife, my home, a section of good land back in Saskatchewan. Left me with nothing. Write that down.

Recorded by Barry Broadfoot
Ten Lost Years 1929-1939

It is one of life's ironies. Overwhelming forces destroyed Henry Jacobson and thousands like him during the dark years of the 1930s in Western Canada. Yet these very forces prodded others to shape a totally new career in real estate, a career which spawned the Appraisal Institute of Canada, durable and distinguished in the financial community of Canada.

Lost homes and farms suddenly became reluctant possessions of life insurance, trust and loan companies. For years during the immigration boom, such companies had recycled millions of dollars of premiums and deposits back to these same immigrants in the form of lucrative, well-secured mortgage loans. It was simple paper shuffling. Easy money.

But suddenly the cash flow ceased. Mortgage loans became quit claim deeds or land titles for land that produced worthless crops, or nothing at all. What was the value of an asset that yielded no income and for which there were no buyers?

It was not a trivial problem. The book value of all assets of life insurance companies in Canada in 1930 totalled $1.5 billion, of which $400 million was invested in real estate or loans secured by real property. Trust companies with a much smaller asset base had placed two-thirds of their assets in property-related investments; loan companies 80 percent.

Even for insurance companies, the institutions least exposed, the problem of real estate valuation was critical. Total net worth for the industry, after deducting liabilities, amounted to a modest $70 million based on book value of assets. A contraction of less than 20 percent of the value of real estate investments would wipe out the entire shareholders' equity for the industry. A

much smaller loss would devastate the trust and loan companies. Understandably, there was apprehension among investors, regulators and the public at large.

What was the size of the loss? The challenge was one of establishing credible estimates of real estate values, of restoring confidence in the balance sheets of a nervous financial sector.

This is the chronicle of the men charged with that task, and the men and women who subsequently carved a respected niche in the sophisticated world of real estate finance.

In a country where most of the population, economic activity and wealth resides in central Canada, it is rare that an institution of such economic importance should emerge in the west. To understand why, one must look to the pattern of population growth and economic development of our country.

When Sir Wilfrid Laurier became prime minister in 1896, Canada's population was barely five million people, having grown modestly, by only one percent each year, since Confederation. Laurier's vision and inspiration, followed by Sir Robert Borden's capacity for action, attracted immigrants in unprecedented numbers during the first 30 years of this century: over 1.5 million in the first decade, 1.4 million in the second, 1.2 in the third. Canada's population doubled in one generation.

More than half these new Canadians settled in the west, causing a tenfold increase in the prairie population. Saskatchewan and Alberta were virtually uninhabited in 1900. By 1930, their populations exceeded that of Manitoba, with .9 million in Saskatchewan and .7 million in Alberta. Growth of that intensity, even in such a vast landscape, created economic euphoria, especially for established businesses and financial institutions.

None prospered more than the life insurance industry, 40 institutions long established in Halifax, Montreal, Toronto and London, controlled mostly by Canadians, but with significant British and foreign ownership. Total life insurance in force in Canada grew from $.9 billion in 1910 to $2.7 billion in 1920 to $6.5 billion in 1930. The two largest Canadian companies, Sun Life and London Life, confined their operations to eastern Canada. But most followed the immigrants west, established branch offices in the major centres, and sold them life insurance in record volume. Great West Life Assurance established its head office in Winnipeg in 1891 and, by 1933, was the third-largest Canadian-owned life insurer in the country. Trust companies experienced similar success.

"The challenge was one of establishing credible estimates of real estate values, of restoring confidence in the balance sheets of a nervous financial sector."

Mortgage lending was the natural investment vehicle for premium receipts and deposits. It was a combination that worked well in eastern Canada where the Depression had not hit with such violence. But when defaulted mortgages became titles to non-productive farms in the west, it was the regional or local manager for the insurance or trust company who was on the front line to nurse these investments back to health; on whom the companies relied for authoritative estimates of value and worth.

It was this nucleus of middle managers in the hierarchy of large financial institutions, the sturdy pioneers, who founded the Appraisal Institute of Canada in 1938.

But the prenatal story of the Institute really begins earlier in the 20th century, with the land settlement activities of four powerful western landlords: the Hudson's Bay Company, the Canadian Pacific Railway (CPR), the Canadian National Railway (CNR), and the Department of the Interior of the federal government. At the turn of the century, these four owned virtually all the uninhabited land west of the Great Lakes and were an integral part of federal immigration policies.

The first wave of immigrants, up to the First World War, settled on Crown lands in the prairie and aspen-grove districts of Manitoba. In the years following the war, many homesteads were established by returning veterans through assistance under the Soldier Settlement Board of the federal government. By the early 1920s, land settlement had levelled off in Manitoba, but much prime agricultural land in the Peace River District and the prairie and aspen-grove regions of Saskatchewan and Alberta was still owned by the Hudson's Bay Company and the two railways. Each of these companies established extensive land departments and independently engaged in widespread and aggressive development activities to attract buyers who would settle the area along both sides of the expanding lines of railway.

In the mid 1920s, the Immigration and Colonization branches of the Canadian Pacific and the Canadian National railways and the federal government, jointly formed the Canada Colonization Association (CCA) for the purpose of developing an integrated and coordinated system of selecting, transporting and establishing immigrants from other countries on Canadian farm lands. After about one year's trial, the CNR withdrew from the co-operative project and shortly thereafter the federal government did likewise. The CPR's Department of Immigration and Colonization, headed by Colonel Dennis, decided to go it alone and the CCA became a wholly-owned subsidiary company of the CPR.

Colonel Dennis and his department had been actively engaged in soliciting immigrants and establishing them on CPR, Hudson's Bay Company and Crown or private lands for many years. During the 1900 to 1925 period, they

had encouraged many well-fixed farmers and investors from the United States to purchase and settle on Canadian lands, particularly in the southern parts of the four western provinces. Field staff were constantly on the road soliciting buyers, escorting groups and individuals on land inspection trips and developing sales.

Among these field men was a young man by the name of T. O. F. Herzer who had made a favourable impression on Colonel Dennis through his energy and success in locating American farmers and settling them in Alberta and Saskatchewan. In 1925, when Dennis had the responsibility of finding a man to manage the newly-acquired Canada Colonization Association, he selected T. O. F. Herzer.

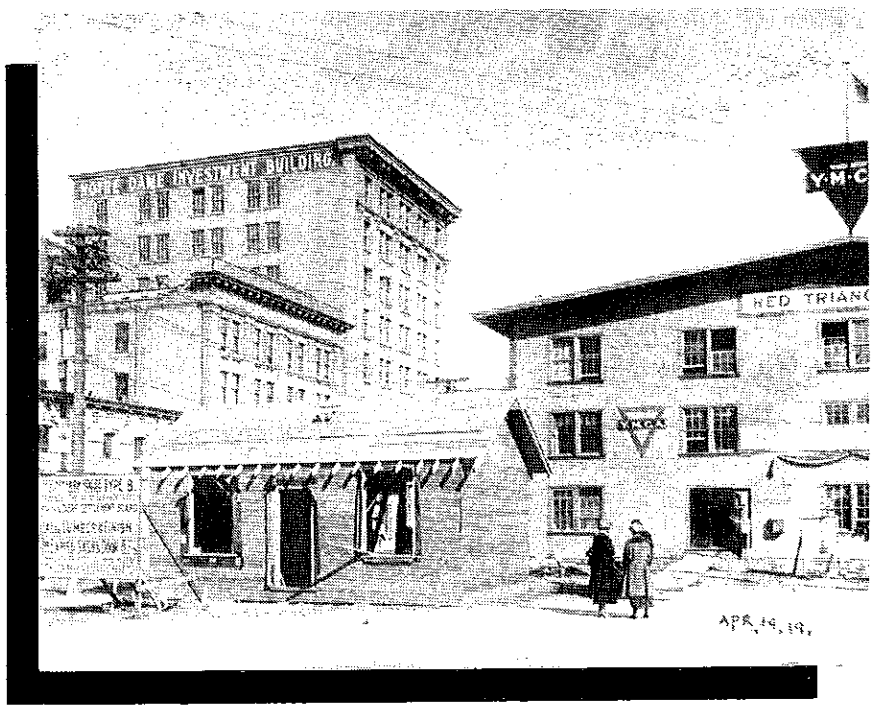
Herzer was a man of dynamic personality, a forceful and entertaining conversationalist and public speaker, keen psychologist, humourist, humanitarian and visionary organizer. He was born in 1887 in Plymouth, Wisconsin, and raised in Springfield, Illinois, where his father was a minister of the Lutheran (Missouri Synod) faith. TOF, as he became known, took his BA at Concordia College in Ft. Wayne, Indiana, and emigrated to Canada in 1910, where he became employed by the CPR, quickly attaching to its Department of Immigration and Colonization.

In accepting the management of the Canada Colonization Association, with head office in Winnipeg, Herzer brought with him some of the field men of the CPR's Department of Immigration and Colonization and gradually added more staff. These men worked with local real estate agents all over western Canada, finding settlement opportunities for refugee and non-refugee immigrants.

Herzer, himself, collaborated with the various religious groups interested in the welfare and immigration of their respective brethren in faith from Europe, England, Russia, and elsewhere. He developed a co-ordinated working group of the various Canadian denominations, including Lutheran, Catholic, Mennonite, Baptist, Greek Orthodox and others, to synchronize and consolidate their refugee assistance, particularly immigration. He even persuaded the CPR to loan funds to these groups for the purpose of advancing transportation costs to their respective destitute friends and relations from Europe. Herzer later would receive an honorary LL.D from Valparaiso University in recognition of his outstanding humanitarian services in placing refugees of the wars and revolutions in central and eastern Europe.

In the settlement activities for these immigrants during the 1920s, it was natural that Herzer and his field staff came in frequent contact with farm lending institutions, as the farms offered for sale often were mortgaged to life insurance or trust companies. During the late 1920s, and especially the early 1930s, as repossessions escalated, these companies became important sources of farms for immigrants.

In 1926, Herzer offered employment as a field supervisor to Henry J. Sie-



Returning war veterans were able to select their future accommodations from farm house specimens erected by various companies for the Soldiers Settlement Board. (Foote Collection, Manitoba Archives)

mens, who had just returned to his farm home in Altona, Man., after graduating from the University of Manitoba with the degree of Bachelor of Science in Agriculture. Siemens turned down the offer, returned to farming, took a Master of Science Degree in Agronomy and Farm Management at the University of Minnesota, joined McKenzie County, North Dakota, as County Agent responsible for agricultural extension, and married.

In the fall of 1929, Herzer approached Siemens again, but with a considerably enriched offer. It had become apparent to him and others that it was not good enough simply to place good immigrant families on substantially developed, but often neglected, farms. Although many of these families were well-experienced farmers in their native lands, they required further help and guidance to extract the highest possible income from the lands.

To meet this problem, Herzer and the top management of a number of insurance and trust companies which had sold lands to immigrants in recent years were in the process of forming a joint company to provide better-informed, locally-trained and respected farm management guidance or supervision to these purchasers and tenants. Herzer also advised Siemens that a well-experienced professional farm manager, Frank Reinoehl from North Dakota, had been selected to head the proposed farm management department. But Reinoehl would not be available for several months. Would Siemens be interested in serving as his first field man?

Siemens joined Herzer on February 1, 1930, spent four months training in Winnipeg Head Office and was stationed at Brandon, Man., where he remained until 1946. From this vantage point, he observed and participated in many of the events leading to the Institute's formation and its early years of operation.

The new farm management company was called Colonization Finance Company of Canada Ltd. (CFC). It was made up of nine member companies: Mutual Life Assurance Company of Canada, Imperial Life Assurance Company of Canada, Canada Life Assurance Company, Manufacturers Life Insurance Co., Confederation Life Insurance Co., North American Life Assurance Co., Royal Trust Company, National Trust Company, and Canadian Pacific Railways. The presidents of the first two companies respectively served as president and vice-president of the CFC. TOF Herzer was general manager.

"Top management of the mortgage investment companies was as dumbfounded as its farmer borrowers as to what had happened to the economic structure of the country."

With the American and Canadian economic collapse of late 1929, CFC drastically altered its objectives and operation. Immigration had stopped. The earnings of Canadian farmers and their abilities to meet mortgage and tax payments both were severely reduced. From 1929 to 1930, average grain prices in Manitoba dropped from $1.06 to $0.51 a bushel for wheat, $0.54 to $0.21 for oats, and $0.54 to $0.17 for barley. Even the most capable of farmers had financial difficulties. All this placed the member companies of the CFC in a position of much greater need for sound farm management guidance and increased field staff.

The CFC was in ideal form to meet this emergency. Its experienced farm management field staff would continue to serve the immigrant land purchaser of prior years. But it would expand its market to serve the thousands of Canadian farmers who, through the economic depression, were unable to meet their interest and principal commitments. How could or would agricultural investments survive and recover? Top management of the mortgage investment companies was as dumbfounded as its farmer borrowers as to what had happened to the economic structure of the country. They welcomed the close association with professional agriculturalists in order to exchange views and study the prospects of their own economic survival.

In this atmosphere, TOF Herzer continued to build his professional farm management organization, one that would serve the immigrant and non-immigrant farmers with better information about farming and help mortgage investment managers understand the farmers' trials and problems. Over the next several years, he surrounded himself with a talented agricultural staff, many of whom later played prominent roles in the early development of the Appraisal Institute. Among these were A. R. Judson, BSA, formerly District Agriculturalist at Grande Prairie, Alta., hired in August 1930 to take charge of the Dauphin, Man. zone; Ted L. Townsend, BSA, formerly manager of Tom Crerad's Dairy Farms and writer for *Country Guide*, hired in 1934 in charge of the Birtle, Man. zone; Cecil R. Bradford, BSA, formerly manager of Van Horne Farm, East Selkirk, hired in 1934 in charge of the Carman, Man. zone.

During the early 1930s, Herzer had a close association with Capp Miller, Professor of Farm Management at the North Dakota State College of Agriculture, who was also president and promoter of the North West Farm Managers' Association. Herzer encouraged CFC farm managers to become members and attend their annual conventions in Fargo, at company expense. But that organization seemed to take little interest in the field of farm appraising, a subject of growing interest among the top management of CFC member companies.

Herzer turned his attention to the younger, but more extended, interstate, American Society of Farm Managers and Rural Appraisers (ASFMRA) which had recently set up a system of training and formally accrediting its members in

the fields of Farm Management and/or Rural Appraising. ASFMRA had a wider membership of a more professional nature, so memberships of CFC farm managers were diverted to the more relevant organization. Annual conferences and training sessions were held in Chicago and, once again, CFC paid the cost of travel and expenses of attendance. This began around 1933.

In the process, Herzer informed and persuaded top officials of member companies of the CFC and others, via the Manitoba Mortgage Loans Association and the Manitoba Land Inspectors Association, to also send their own field men or branch office managers to the ASFMRA meetings in Chicago to study their system. It was here that the interests of the development companies and financial institutions began to intertwine, and the attention of both began to focus more explicitly on the problem of land valuation.

Most financial institutions engaged in mortgage lending were organized into The Dominion Mortgage and Investment Association. Institutions operating within a particular province organized into provincial bodies such as the Manitoba Mortgage Loans Association. Directors of the various lending companies determined company policy and branch offices performed the day-to-day business activities. But each institution depended on field men who were the connecting link between the mortgagor and mortgagee, and between the financial company and the properties involved.

These field men were called farm, or loan, inspectors. In the early years, they were detailed to visit and report on the properties pledged as security for loans. They made farm-to-farm inspections and collected the annual payments of principal and interest. During the growth years preceding the First World War, the work of the inspector was pleasant. It was also competitive. Senior management cautioned inspectors against fraternizing with competitors, especially in organized groups, fearful that their lending techniques and scope of operations would be revealed.

But field men were a gregarious breed. Despite the potential repercussions from senior management, about a dozen men, led by O. W. MacDonald and F. W. Gulland, organized the Regina Land Inspectors Association in February 1920. Others followed. Edmonton was organized in 1922 by John Hall and J. G. Murray; Saskatoon in 1924 by John MacDougall and M. C. Ross; Winnipeg in 1925 by D. Thurston and F. W. Gulland, now transferred from Regina; and Calgary in 1927 by E. A. Rason and Earl Newcombe.

"Each institution depended on field men who were the connecting link between the mortgagor and mortgagee, and between the financial company and the properties involved."

The decade of the 1920s was good for real estate in western Canada. Immigration continued, crops were abundant and land values soared. While it would be inaccurate to describe the inspectors associations as strictly fraternal organizations, members were careful to avoid pooling information on the critical issue of valuation practices. But the associations did promote and sponsor educational programs for their members on topics relevant to productive farming.

The first, a five-day course organized by the Saskatoon and Regina branches, was arranged in Saskatoon at the University of Saskatchewan, Department of Agriculture, in February 1925. Subjects included mortgages, leases, marketing, climate, soils, crop production, crop rotation, horticulture, weeds and economics. The course attracted 35 participants and was extremely popular among land inspectors. Expanded courses followed each year through 1928, when attendance peaked at 115, after which they were abruptly discontinued. They had been heavily subsidized by the Dominion Mortgage and Investments Association. With things going so well with their mortgage portfolios, the member firms may well have questioned the utility of education that would simply gild the lily.

The collapse of 1929, followed by the deterioration of agricultural production, caused an abrupt shift in attitude. Investment companies quickly accumulated sizeable portfolios of farm properties, much of which were carried at values that represented the outstanding balance of the mortgage debt.

For more than a decade, mortgage lending practices had been decidedly casual. Clarence Elliott, who spent the late 1920s with the federal Department of Agriculture, and later served the Appraisal Institute with distinction, recalls the process. The field man would arrive with an assistant at some small town on Monday morning, hire a cutter and team of horses from the local livery stable, and go to a farm. He would meet the farmer at the back of the barn, stand on top of the manure pile, scan the fields, and murmur numbers such as $15 or $30 an acre. He would not commit then, but go back to town, then send his buddy back saying the property was worth $40 an acre and they would offer $20. It was hardly scientific valuation.

Appraisers attached to the Soldier Settlement Board were probably the best trained. They received a 20-page instruction booklet written in 1920, titled *Inspection and Valuation of Land*. Probably the first Canadian appraisal manual, this concise booklet contained instructions on conduct and deportment, instructions on measurement, soil types, weeds, water supply, irrigation, drainage, fences, and a few examples to guide in the valuation of farm buildings and the property as a whole.

. . . such factors as the nature and fertility of the soil, state of cultivation, drainage, and the climate determine the *productive possi-*

bilities of the farm, and such factors as distance from market, condition of roads, and market facilities determine the *revenue producing possibilities*. It will, therefore, be seen that the basic value of the land for settlement will be largely determined by productive and market possibilities combined, the valuation thus reached being the *cash value of the property* . . . the speculative value must be entirely disregarded.

If the present day or replacement value is One Thousand Dollars and the buildings are serviceable and necessary to operate a mixed farm of from 100 to 160 acres, approximately 75 percent of the present day value of the buildings may be added to the value of the land . . .

The Board's ethical standards were rigid and equally succinct. "If an appraiser's good faith, honesty and fair judgement are even suspected his usefulness is destroyed and his employment by the Board must cease."

Inspectors within individual investment companies began to study alternative valuation methods and their application to farm investment. No longer was it acceptable, or even possible, to place value at whatever you could get for the property, the market value approach. Deflation required the appraiser to consider the value of the *potential* income. But even the income approach could indicate a negative value if applied strictly on a pessimistic, short-term horizon.

As the Depression deepened, so did the interest of land inspectors in the thorny issue of land values. Tentatively, then more openly, they shared problems, approaches and techniques with colleagues in competitive organizations. Most often, these contacts took place through the loan inspectors associations which, in the 1930s, were thriving in all five major western cities. None was more active or aggressive than the Manitoba Loan Inspectors Association (MLIA), which boasted members from all the major life insurance, trust and loan companies operating in the province.

In the 1930s, Winnipeg was viewed as the financial and commercial capital of the west. Conservative, stable, established and prosperous, it housed the regional offices of many financial institutions, served as the cultural capital of western Canada, and played host to many conventions and conferences.

"Inspectors within individual companies began to study alternative valuation methods and their application to farm investment."

During those crucial years, investment companies placed the very best talent they could find to manage their Manitoba offices. Some were homegrown, having been educated in a school system regarded as rigorous and enlightened. Others were trained in eastern Canada and transferred west to take control of a delicate, but potentially explosive, situation.

They all belonged to the MLIA, which for many became the centre of their professional and, for some, their social life. Regular noon luncheon meetings were held at Moore's Restaurant on Portage Avenue, where speakers dealt with subjects related to the farm and rural economy. They organized short courses, called conferences, to avoid paying university fees at the Fort Garry campus of the Manitoba Agricultural College.

And they had fun. The Minutes of the Annual Banquet held February 21, 1935, record that the meeting took the form of a "Stag Party." After dinner came a program of dancing, singing and readings put on by university students, and a community sing. "The balance of the evening was devoted to card games. Several varieties were indulged in, and it was noted that the most popular game was not bridge . . . Broke up at midnight." This was trendy entertainment in the Depression.

Along the way, the MLIA enlisted several members who swiftly established their leadership credentials in that organization, and who later would forge the framework of the Appraisal Institute of Canada. William Blake McCutcheon, the provincial loan manager of Manufacturers Life Insurance Co., was introduced as a new member on December 11, 1933, and elected to the executive January 8, 1934. McCutcheon was born in Ontario in 1900, joined Manufacturers in 1924, and came to Winnipeg in 1928.

Elected president at that same executive meeting was Major Henry M. Morrison, manager, Great West Life Assurance Co. Born in England, Morrison had served in the British cavalry, and maintained the army attitude in business. Immaculate. Influential. Inscrutable. Runner-up for president was Al R. Purchase, manager of mortgage investments for Mutual Life of Canada. Also born in England, Purchase settled in Pilot Mound, Man., took his Bachelors Degree in Agriculture from the University of Manitoba, and spent a brief time as agricultural advisor with the Soldier Settlement Board (SSB).

Dudley A. Champion joined the MLIA in March 1934. Born in Montreal, Champion had joined the Canada North West Land Co. in 1919. William H. Gray, a colleague of Purchase at the SSB, was made secretary-treasurer in November 1935.

McCutcheon became president in January 1936, and it was then that he joined forces with TOF Herzer to accelerate their mutual interests in advancing real estate appraisal practices. With the help of a now-widening group, Herzer and McCutcheon convinced the Manitoba Mortgage Loans Association to sponsor a Farm Appraisal Conference in Winnipeg in February 1936. Guest speaker at this conference was D. Howard Doane of the Doane Agricultural Service, St. Louis, Mo., founder and first president of the American Society of Farm Managers and Rural Appraisers. Doane and his associate, True D. Morse, outlined and explained the principles of the American Appraisal System, based on the income capitalization approach plus compara-

tive adjustments that led to basic or fundamental value of productive property.

About 200 attended that conference: branch managers, loan inspectors, Colonization Finance Company field staff and others. Some remember the clarity with which Doane outlined the logical steps leading to plausible real estate values. Here was a system that applied with equal relevance to the appraisal problems that plagued Canadian investors!

Several CFC farm field men and loan inspectors from other companies became so enthused that they immediately enrolled in a training course under the guidance of the American Society's Accreditation Committee. The program of study lasted for two years and terminated in regular demonstration appraisal reports and written and oral examinations held in Winnipeg under the direction of the American Committee. Assisting the committee in this program were J. H. Ellis, professor of soils; and H. C. Grant, professor of economics, University of Manitoba; and others.

Gray followed McCutcheon as president of MLIA in 1937. Also elected to the 1937 executive were Smith as vice-president, and Champion as secretary-treasurer. It was this quartet that set in motion a flurry of organizational activity to capitalize on the interest generated by the Doane conference. The minutes of the Executive Committee meeting of January 20, 1937 record, "The matter of forming an appraisal study group was brought up by W. B. McCutcheon and considerable discussion took place by all members. It was decided that a committee be formed with W. B. McCutcheon as convenor and to include all members of the executive and Mr. D. N. Thurston."

Gray brought the matter of proceeding with the formation of an appraisal organization to a meeting of the total membership on January 29, 1937. "Practically all members present" entered the discussion. It was moved by H. M. Cawker and seconded by H. M. Morrison that "an organization be formed for the purpose of the development of farm appraisals." McCutcheon was named convenor of a committee to go into the details of organization. Also named to the committee were Morrison, Gulland, Thurston and Gray.

McCutcheon wasted no time. His planning committee held seven organizational meetings in 1937, all but one of which he chaired. D. A. Champion was acting secretary at each meeting.

At the first meeting, held March 19 at the St. Charles Hotel, there were 14 men present with Messrs. Taylor and Grimble representing the Mortgage Loans Association, T. W. Canfield representing the Alberta Loan Inspectors Association and the rest from the Manitoba Land Inspectors Association. Gulland and Gray each gave reports on speaking tours they had made of loan inspectors associations in Alberta and Saskatchewan on behalf of the proposed institute.

Two committees were appointed, one to "make a report re qualifications, standards, etc. for admission" and the other "to draw up a report as to the governing body, constitutions, by-laws, etc." Taylor agreed to act as liaison with the Dominion Mortgage Loans Association and the three branches on the prairies. McCutcheon obviously was a master of the art of communications and knew where the resources were.

These committees reported at the second meeting, held March 31 at the Concordia Club. The obligatory amendments were proposed, a new committee was struck to revise the reports and pass them by the proposed institute's solicitor, and a third meeting was called for April 12, back at the St. Charles Hotel. But legal counsel, B. C. Parker, K. C., lacked the sense of urgency that propelled the planning committee. McCutcheon was instructed to pin Parker down and report back on May 31. Parker attended that meeting and read his rough draft of an application for a Dominion charter, a heady proposal for the yet unborn organization. Smith suggested that farms be selected whose appraisals could be used as a test for membership. Predictably, the matter was referred to a committee consisting of Smith, McCutcheon and Purchase.

The only business at the fifth meeting, held August 9 and chaired by Morrison, was the selection of the seven names to be put on the application for Dominion charter. They were Frederick William Gulland, Henry Melrose Morrison, Algernon Robert Purchase,

Founder and president of the American Society of Farm Managers and Rural Appraisers, D. Howard Doane explained the principles of the American Appraisal System at a 1936 Farm Appraisal Conference.

William Henderson Gray, William Blake McCutcheon, William Jeffery Smith, and Dudley Austin Champion.

The sixth meeting was delayed until word was received from Ottawa. McCutcheon relayed bad news on December 10 at the now familiar St. Charles Hotel. The application for a Dominion charter had been refused. No reason for this was given in the minutes; perhaps none was forthcoming from the federal bureaucracy. McCutcheon suggested to the deflated group that a provincial charter was still a possibility. The meeting voted to discard that option, "but in the meantime that everything possible be done to further the organization of the Institute in the West."

The seventh and final meeting of the year was the largest yet, with 31 members of the MLIA present. It was held December 16 in the Banquet Hall of Moore's Restaurant. Parker had prepared a memorandum of agreement, which allowed for the formation of the Institute as a voluntary organization. McCutcheon read out the agreement and suggested that it be adopted and a provincial charter be applied for after a year or two.

The indefatigable McCutcheon and his loyal colleagues could look back on the year with enormous satisfaction. But more work remained before calling the general meeting to found the Institute. So it was back to Moore's Dining Room on January 13, 1938 to set the membership fee ($5), appoint B. S. Parker secretary-treasurer ($50 a year), ask Morrison to have copies of the constitution printed for distribution to the members, and appoint Smith to coordinate arrangements for the inaugural meeting with a short course sponsored by the MLIA planned for February.

McCutcheon called another luncheon meeting for January 26. The committee agreed that the general meeting should be held separately from the MLIA short course. As a drawing card to ensure a good turnout, they agreed to re-invite the popular D. H. Doane to conduct the course and to ask the Mortgage Loans Association to cover Doane's fee as a "contribution to launch the Institute in the proper manner."

The committee met again on Tuesday, February 15 at 301 Huron and Erie Building to settle the time, date and location of the general meeting (Monday, February 21 at Moore's Restaurant) and the mechanism for election of the governing board. Purchase, Gray and Champion were appointed a nominating committee and instructed to propose at least one member from each of Calgary, Edmonton, Saskatoon and Regina.

Two days later, they met again in the same office. Moore's Restaurant was an unsuitable venue for the occasion and, with four days to go, the committee rented the elegant Empire Grill Room at the St. Charles Hotel. McCutcheon read a notice about the general meeting he had just mailed out to members of the MLIA and to "all present members of the Institute." Some postal service!

The show was now ready to open.

Anyone who has spent a winter in Winnipeg about that time can visualize the scene. A three-day conference at the Royal Alexandra Hotel that would attract 175 land inspectors from the three prairie provinces was an important event for the city, even more memorable for the traveller. Those from Edmonton and Saskatoon would have taken the sleeper on the CNR north branch to arrive in time to unpack, relax and enjoy Sunday dinner, perhaps at the Fort Garry Hotel. Those from Calgary and Regina were luckier still. They would arrive at the CPR station and walk directly to the Royal Alex without having to put on their overcoats.

Located in the heart of Winnipeg's bustling commercial and warehouse district, the St. Charles Hotel became the setting for early meetings to establish a formal appraisal organization. (Manitoba Archives)

About 55 of those attending the conference on Monday broke away in the late afternoon. It is unlikely that many would have walked the dozen blocks to the St. Charles Hotel, for the wind was bitter. More likely, they caught a southbound streetcar in front of the hotel, a car that would be empty, since traffic at that time of day moved north; or a taxi, if their employer was generous.

The St. Charles dining room, in the winter of 1938, ranked with those of the Fort Garry and Marlborough hotels and according to *The Winnipeg Tribune*, was "well-known throughout the Dominion." Located at the corner of Albert Street and Notre Dame Avenue, the St. Charles was a stone's throw from the corner of Portage and Main, in the very heart of the bustling commercial and warehouse district which it served. Three stories tall and 100 feet square, the hotel was designed to blend well with the landscape. It was built of dark tapestry brick set against horizontal white limestone bands, an architectural style that drew one's eye to the corner of the building, its visual centre — unpretentious and functional.

The Empire Grill Room itself had been renovated extensively in 1928. Mirrors on the walls opened up an otherwise broad, low room and the windows were overlaid inside with an arched head. The round lines of the windows were repeated in the round backs of the chairs. It was in this setting that the founding members of the Institute dined and settled back to hear Blake McCutcheon set forth his vision of the new organization.

First, he welcomed the members present. For the benefit of those who were unfamiliar with the development of the Institute, he gave a résumé of its organization and outlined the motives and feelings that were the cause of the organization. "We have gone through a period of inflation, and despite the ensuing depression still retain some of the inflation psychology."

He spoke of the uncertainty among appraisers themselves in regard to values of properties at the present time, and suggested that they should be receptive to the idea of an Institute that would foster the study of methods of appraisal. He referred to the fact that Great Britain had a well-established appraisal society; in the United States steps were being taken to the same end.

In the United States, this is partly due to the losses resulting from their system of mortgage loans by private banks. It is also partly due to a tendency to government control of appraisal. In Canada, such control may be avoided by voluntarily forming an association to regulate methods of appraisal.

McCutcheon then dwelt upon matters in which the Institute would prove personally valuable to its members. It could provide a useful source of information and make it readily available to members: statistics, data on soils, precipitation, crops, prices and values of land. It would develop basic appraisal theories, clarify terms commonly used by appraisers, and prepare forms and reports.

His closing remarks give a glimpse of the breadth of this extraordinary man.

Perhaps the greatest contribution will be to demonstrate to all persons concerned that appraisement is a professional matter requiring education and experience. (The Institute) will not create a formula that will permit 'rule of thumb' appraisals of values. It will not attempt to say who can not appraise. It will be enough if it can be said that all its members are well qualified to make appraisals.

The rest was routine. McCutcheon ran through the Memorandum of Association. Support was conveyed from Regina by O. W. Macdonald, by E. M. Taylor from Manitoba, E. A. Rason from Calgary, and W. E. Bailey from Saskatoon.

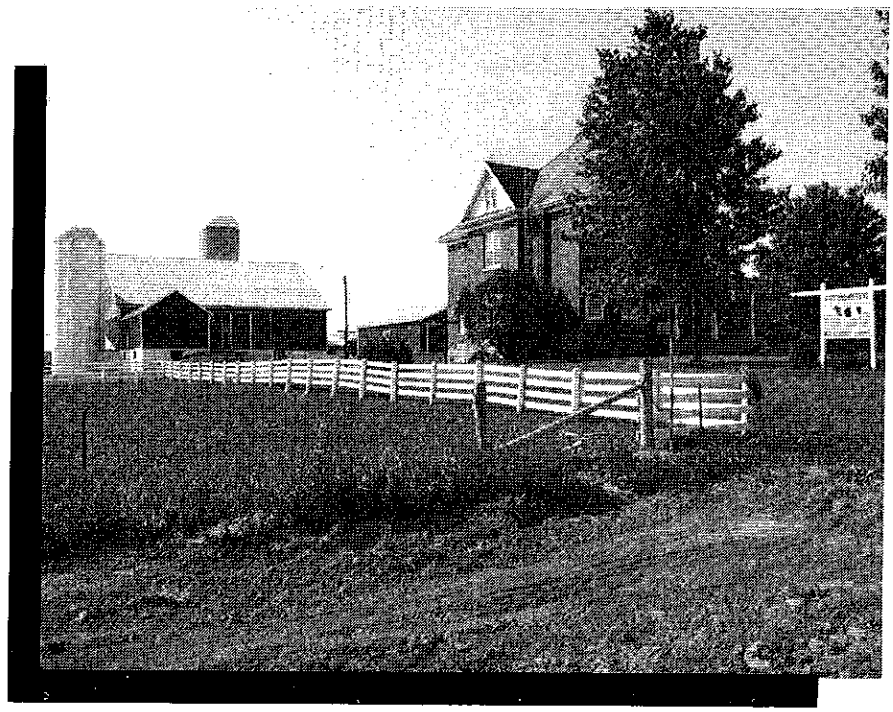
Finally, it was moved by Rason and seconded by E. W. Atkins "that the Appraisal Institute of Canada be hereby created." The motion was carried unanimously and with great applause.

B. Stuart Parker was appointed secretary of the Institute and read the recommendations of the nominating committee for membership on the Board of Governors: McCutcheon, Morrison, Smith, Gulland and Taylor from Winnipeg, Rason from Calgary, J. W. Canfield from Edmonton, Macdonald from Regina and Geo. McMorriss from Saskatoon. The slate was elected unanimously.

It was 8:45 p.m., Monday, February 21, 1938. The whole exercise — dinner, presentations, speeches and reports — had lasted scarcely more than two hours. McCutcheon must have relished the flush of success that rewarded his long years of dreaming and months of heavy organizational effort. Yet Morrison had the last word at the meeting: a hearty expression of appreciation for B. C. Parker, K. C. for the time and effort he expended in assisting the Institute.

In 1938, the elegant St. Charles dining room ranked with the finest such facilities in the Dominion and proved to be a suitable setting for the Institute's first general meeting. (Manitoba Archives)

The growing interest in appraisal techniques and standards was ideally timed to keep pace with the prospering rural properties of the late '30s and early '40s.



Chapter 2

THE TAPROOT 1938 - 1946

The first meeting of the Board of Governors began in the Green Room of the St. Charles Hotel ten minutes after the Annual General Meeting (AGM). It was in all respects a working meeting. W. B. McCutcheon was elected president. Three vice-presidents were elected, one from each of the prairie provinces: O. W. Macdonald from Saskatchewan, F. W. Gulland from Manitoba, and E. A. Rason from Alberta. W. E. Hobbs, well-regarded for his intelligence and influence, was appointed an advisory member of the Board and editor-in-chief of the Institute. He would play a role later in publishing bulletins and research documents.

The Board decided that all governors would be members of the membership committee, which would define standards of admission, and of the examining committee, which would prescribe forms of examinations for members. As the examining committee, it then decided that any appraiser with seven years experience would be accepted to membership without examination up to May 1, 1938.

To those involved, it had been a productive, historic day. Yet, in the wider world, the occasion was barely noted. *The Winnipeg Free Press* and *The Winnipeg Tribune* devoted a total of eight column inches to the conference, most of it covering the study sessions with Doane. Of much more concern to the public at large was the mounting drama in Europe as the bullying of Nazi Germany dominated the news.

At a meeting of the Board the next day, the rank of Fellow of the Institute was conferred on Doane in recognition of the distinguished role he had played in its founding.

The consummate organizer, McCutcheon held seven more meetings of the Board that calendar year, laying the foundation for the administrative, educational and research legs of the Institute. The Board formed a committee to consider different classes of membership, based on the number of years of appraisal experience. The issue of membership classes and multiple designations remains with the Board to the present day.

Much discussion revolved around

the formation of chapters. Morrison proposed that they be established wherever concentration of members warranted it. The executives of these chapters could then take charge of the interests of the Appraisal Institute of Canada (AIC) within their districts, a decentralization philosophy. Macdonald promptly requested that the Regina district be designated Chapter No. 1.

Decision on both items was put on hold until internal organizational matters were settled. It was agreed that each vice-president and each representative of a district on the Board should form a committee of five men from his district, who would act as the executive of each chapter. The newly-created chapter would then take its name from the principal city in its district.

At least one district had completed this process by the next meeting, held May 2. At that time, Gulland presented the names of the members of the executive of the Winnipeg Chapter — the five members of the Board of Governors representing Winnipeg, with Gulland as chairman. No record of the executive of the Edmonton, Calgary, Saskatoon and Regina chapters appears in the minutes of the Board but, from this point on, they are referred to as established chapters.

Turning to education, the Board decided to arrange a field day, where members would visit an actual appraisal site and participate in the valuation process. This year, it was to be sponsored by the University of Manitoba rather than the AIC. The Board then set a policy whereby a larger and comprehensive field day would be sponsored by the AIC every second year, with an appraisal conference in alternate years. Membership diplomas were approved for printing and a committee set to organize a presentation of the fellowship certificate to Doane.

In a gesture intended to deliver on the commitment made by McCutcheon in his inaugural address, the Board formed one committee to investigate the collection of information on crop yields, prices and precipitation for the benefit of members and another to collect information on share crop rental.

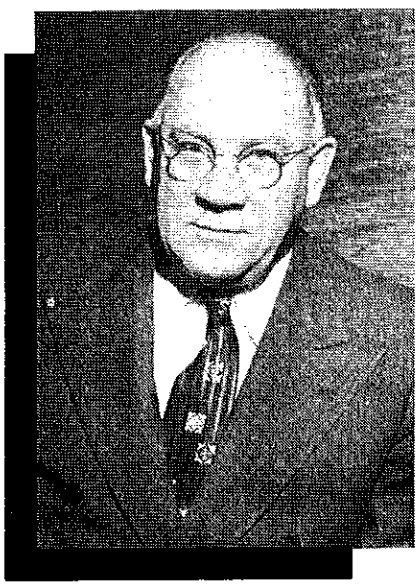
The Institute published five bulletins for the members, the first being an historical sketch of the Institute prepared by Morrison and Gulland. Two were reprints of the papers delivered by Doane in 1936 and 1938, in which he developed his theory of appraisal and determination of basic value. One by Smith presented average grain prices for a number of years, and another discussed the replacement cost of farm buildings. This was the Institute's first published research.

McCutcheon pressed the Board vigorously in the last two months of his term, holding seven Board meetings over a six-week span. The Board of Governors was increased to 30 members from the former nine (plus the secretary-treasurer). Five members were to be elected from each of Regina, Saskatoon, Calgary and Edmonton and 10 from Winnipeg. Winnipeg thus would relinquish absolute control of the Board, but would retain a significant voting block.

The second AGM was held during a banquet at the Marlborough Hotel on Friday evening, February 24, at the conclusion of a two-day conference conducted jointly by the MLIA and AIC at the University of Manitoba. McCutcheon presided over the gathering of 73 members and guests, and heard the secretary-treasurer read a report of the year's activities — the traditional president's report at the AGM would not be initiated for another year. The auditors even reported a surplus of $128 for the year, on revenues totalling $752.

Morrison once again had the last word. But this time, he spoke of the efforts made throughout the year on behalf of the Institute by its president, Blake McCutcheon. He moved an expression of appreciation "for the fine work he had done."

In retrospect, it was a superb foundation, an organizational structure that would remain virtually unchanged for years to come. Of course, it was a total team effort, but one has to wonder whether as much would have been accomplished so soon without the dominance and drive of its leader. One can visualize him in the chair, his bulk and broad features an imposing sight, his penetrating light eyes clearly visible through round steel-rimmed glasses. Discussion was fair but economical.



After successfully conveying his vision of what the Institute could mean to its members, W.B. (Blake) McCutcheon was rewarded for his years of organizational effort by being elected the Institute's first president. (Western Canada Pictorial Index)

Then decisions were called. How perceptive was the vision of this solid, solitary, enigmatic man!

But now it was Morrison's turn.

The shift in emphasis was dramatic. McCutcheon, the organizer, had conceived the structure, recruited and put in place a solid, effective organization and had signed on 146 members in the Institute's inaugural year. Major Morrison, the strategist, boldly turned his attention outward, to give the new organization a public presence.

The Institute solidified its relationships with the MLIA, holding joint conferences with that body, timed to coincide with the AGM of the Institute, a practice that continued through 1943.

The first six members of the Appraisal Institute of Canada to pass American examinations and qualify for the use of the Accredited Rural Appraiser (ARA) designation were (top row L-R) Joseph R. Racine and Howard B. Sommerfield, (middle row L-R) William Jeffery Smith and Arthur R. Judson, (bottom row L-R) Henry J. Siemens and Cecil R. Bradford.

Morrison and the Board made an exhaustive study of the Freeman Report, a Saskatchewan study critical of land assessment practices in the province. The Board swiftly approved a standard definition of appraisal for the guidance of members and the public. "The basic value of a rural property is its worth derived from earnings under typical operation and from location and other economic and home uses. The calculation of net earnings on a rental basis simplifies the process and is conducive to accuracy."

"The Board swiftly approved a standard definition of appraisal for the guidance of members and the public."

Morrison led a delegation before a committee of the Manitoba Legislature dealing with a proposed *Land Act*. It also was a prime opportunity to promote the Institute before this influential, captive audience and he used it to make a pitch for having appraisal regarded as a profession. "We were given a courteous hearing and our request was granted." Although such recognition carried no legal sanction, it served to elevate the profile of the AIC and enhance its value in the eyes of the membership.

The Institute strengthened its ties with the ASFMRA in the United States, which by now regarded the AIC with fatherly pride. True D. Morse was brought to Regina in June 1939 to conduct a field day, which was judged highly successful. Morrison struck a committee later that year that worked out an affiliation agreement with ASFMRA. All AIC members who passed the American examinations would be awarded a fellowship certificate by the AIC. They would also be entitled to use the designation "Accredited Rural Appraiser" of the ASFMRA, or the initials ARA.

Six members of the AIC who had been inspired by Doane's address in 1936 were the first to qualify: Dr. H. B. Sommerfeld, W. J. Smith, A. R. Judson, J. R. Racine, H. J. Siemens, and C. R. Bradford. They had passed rigorous examinations, prepared a demonstration appraisal, and had met the other prerequisites (five years of practical commercial appraisal experience, 250 written appraisals, a university education or its equivalent of four years of "additional reputable experience as an appraiser," presentation of three affidavits...). ASFMRA representatives would be asked to join the examining board of the AIC in 1942, when the first totally Canadian examinations were undertaken.

Turning his attention even further afield, Morrison initiated correspondence with the New Zealand Land Appraisal Institute, suggesting that they develop an interchange of ideas and papers. The relationship would be fruitful and lasting.

Morrison's presidential address, delivered at the third AGM, was typically strong and assertive. Membership had grown to 182, finances remained strong, excellent bulletins were published, the team had worked hard and well. "The Appraisal Institute is now a factor in appraising in Canada. I, for one, am proud to be a member."

Morrison turned the gavel over to Fredrick William Gulland, loan manager with the Toronto General Trust Corp., who had been one of the founders of the Regina Land Inspectors Association in 1920. Gulland was the first in a succession of six presidents who would be preoccupied with holding the Institute together through a period of consolidation and retrenchment during the years of the Second World War. The honeymoon period was over.

Gulland, too, was an Englishman who emigrated to Canada in 1906. Enthusiastic, dependable, neat and tidy in his business affairs, he would draw heavily on those skills throughout his year. He assumed leadership just as the full impact of the war effort began to disrupt the careers of Institute members. As members began to enlist, the Board encouraged chapters to form membership committees to promote and maintain their numbers. They stressed involvement by members in Institute affairs by establishing multiple voluntary committees.

Committees spanned a wide range of activities reflected in their names: Editorial, Yields, Prices, Lease Rates, and three special committees on membership examinations, affiliations, and conference arrangements. Of lasting significance, a committee was struck to study urban appraising with the goal of establishing an urban section within the Institute.

Financial problems began to emerge. Chapters were voted a rebate of $0.50 per member, and the Mortgage Loans Association was asked for a grant. Though a disappointment to many, the Board decided that it was not feasible to administer Canadian examinations in 1940.

W. J. Smith assumed the presidency in February, 1941. Manager of the mortgage department of the National Trust Company, Smith had attended Manitoba Agricultural College for three years. He was one of the original six to earn the ARA designation, and later would receive certificate number one from the Institute.

Dedicated, tidy, persistent and opinionated, Smith maintained the holding action. A blue ribbon panel of experts was convened to find a sound basis for estimating prices of farm commodities. It noted that while prices were cyclical, the variations within the cycle were such that they could not be safely predicted. They reaffirmed the

use of average historical prices in appraisal work.

In the minutes, the term "Council" began to be used interchangeably with Board. New committees were added: Library, Building, Personal Contact, Bulletin Sales. And significantly, the scope of the Editorial Committee was enlarged to embrace Ethics. The Winnipeg chapter reported that it had organized a study group in January 1942. These informal discussion sessions took place in offices, restaurants and homes of members, and provided opportunities to share appraisal theory, knowledge and information necessary to write the qualifying examinations. They are remembered affectionately by those who participated.

Other chapters were finding it increasingly difficult to maintain interest. Saskatoon was successful in having Council increase chapter rebates to $2 to support local activities. Edmonton urged, unsuccessfully, that the Institute curtail its activities for the duration of the war. By the 1942 AGM, it was still uncertain when the first qualifying examinations would be held in Canada.

William H. Gray took over the presidency in 1942 and continued the struggle. Edmonton chapter was on the verge of dissolving; Calgary was reorganized. Winnipeg was able to field only one candidate so examinations there were postponed. Seven candidates in Regina wrote the first Canadian qualifying examinations in June, with Dr. Sommerfeld representing the ASFMRA on the committee. Definitions were established for publications. Bulletins would be technical papers; journals, works of study groups; and newsletters, items of interest from chapters.

A member code of ethics was adopted in April, with one dissenting vote. And the designation "Accredited Rural Appraiser" (ARA) was adopted to distinguish those members who had qualified by examination, specifying the province in which the member qualified. The ARA thus became the highest earned designation, and Council was authorized to recall Fellowship certificates for those now entitled to the ARA. In future, Fellowships would be honorary titles awarded for outstanding service.

H. Raymond Glover succeeded Gray in 1943. A farm loan manager with Prudential of America, Glover had a distinguished career with the 27th Battalion. He was the first president who was a university graduate, having earned his BSA at the University of Manitoba. Examinations were held in Saskatoon, but once again Winnipeg could not field enough candidates.

Qualifying examinations in those days were rigorous exercises. Usually lasting three days, they consisted of a field inspection, preparation of a written appraisal report, and an oral grilling by a panel of academics and seasoned practitioners. Standards were extraordinarily high. Indeed, Clarence Elliott credits professors John Mitchell from the University of Saskatchewan and J. H. Ellis and H. C. Grant from the University of Manitoba with supplying the essential academic credibility to the Institute's designation. "Mitchell and Ellis had just come out with the first reliable soil maps of western Canadian farm lands, showing various grades of quality and fertility," recalls Elliott. "Successful acceptance of the Institute program may not have been possible without their contribution."

Council now officially replaced Board as the Institute's governing body. On recommendation of the Ethics and Advancement Committee, members would be obliged to sign and swear a copy of the Code of Ethics. The code, naive by today's standards, described 12 unethical practices, noting that "contingent fees lead to many abuses and should be avoided."

Clifford N. Rogers, BSA, became president at the 1944 AGM, held at the Bessborough Hotel in Saskatoon. It was the first held outside Winnipeg. A dependable man with good sound judgement, Rogers was employed by the Hudson's Bay Company and had declined the nomination the previous year. Under his guidance, Council began to give more attention to urban appraisal, published the papers from the 1944 annual conference and voted a library grant of $25 to each chapter. Edmonton successfully conducted exams in June.

"It had become obvious that post-war Canada would require different appraisal skills than those required for the Depression and war years."

Ill health forced Rogers to resign in November and his term was completed by Vice-president A.W. Mahaffy. Algernon R. Purchase, BSA, was elected president at the 1945 AGM in Edmonton. Al Purchase was manager of mortgage investments at Mutual Life of Canada and also had graduated with his BSA from the University of Manitoba. English born, popular, unassuming, he earned a reputation as the dean of farm appraisers. Purchase inherited an organization of barely more than 150 members, a loss of 35 members over the war years.

By now, it had become obvious that post-war Canada would require different appraisal skills than those required for the Depression and war years. The action was now in the urban communities, in industrial, commercial and residential development. Serious consideration began to be given to establishing an urban section within the Institute. The theme for the 1946 Conference emphasized urban appraising. Indeed, the Institute paid the fee for a popular lecturer in urban appraisal from Chicago "to give the urban sec-

tion the same sort of boost as the rural section in years past." A committee of past presidents was established to recommend ways and means of furthering the Institute on a national scale.

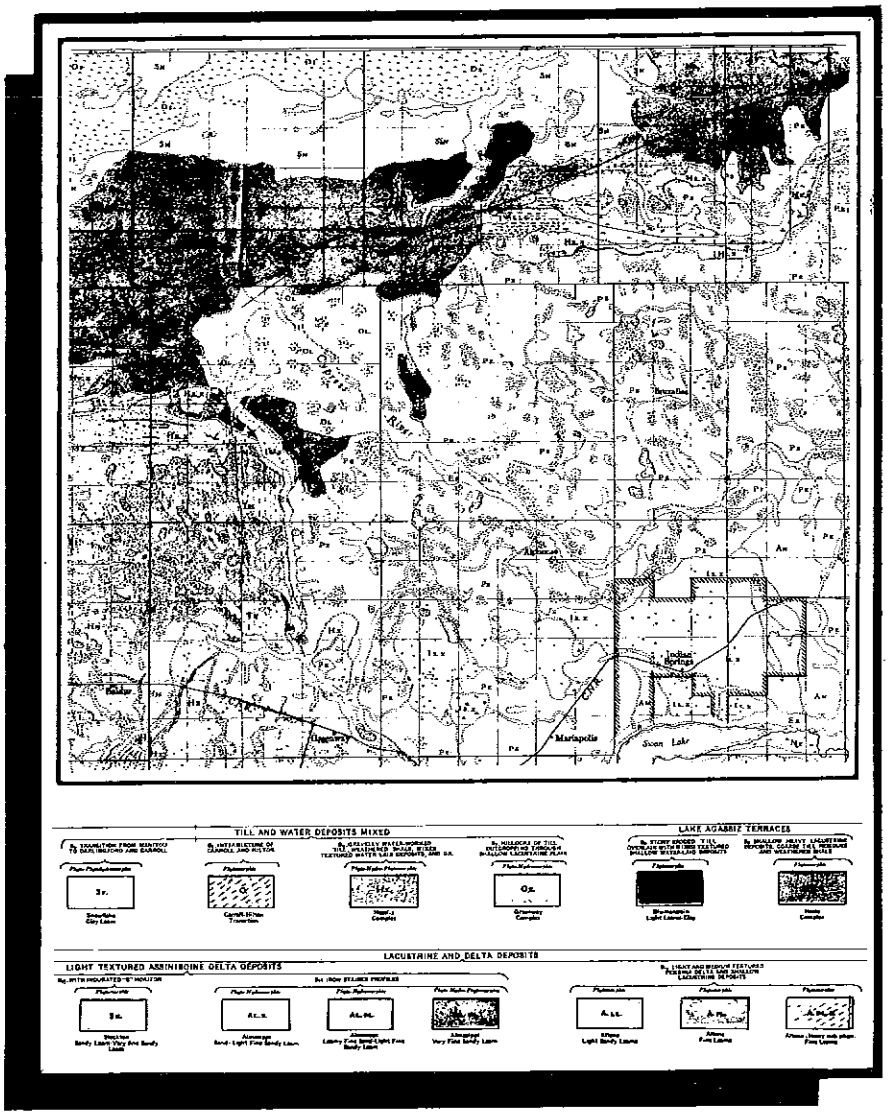
G. Clarence Elliott, BSA and MS from the University of Manitoba, presided as president for 1946. A colleague of Morrison and responsible for the mortgage and real estate investments of Great West Life, Elliott was a capable, definite, progressive leader.

It was most decidedly a year of transition. Increased attention was given to urban matters, and territorial restrictions on ARAs were vigorously challenged. The Institute began to wind down its affiliation with the ASFMRA, by now an eager suitor, and initiated closer relations with the American Institute of Real Estate Appraisers, a group with a modern, urban orientation. Sadly, the Institute's second application for a federal charter had been rejected because it might be mistaken for a government organization and because education was regarded as a provincial responsibility.

Elliott used his 1947 presidential address in Regina to reflect on the solid accomplishment of the past decade of operation. He cited the contribution of the founding fathers of the Institute, whom he called "the sturdy pioneers." Thanks to their foresight and tenacity, the Institute was poised to play a major role in post-war Canadian development.

Nostalgically, and with genuine affection, Elliott asserted, "They built better than they knew."

Such resource materials as this Soil Map Reconnaissance Survey of South Central Manitoba were increasingly utilized to perform accurate property appraisals.



Montreal 'walk-ups' were typical of inner-city developments which could not meet the housing demands of returning soldiers and their growing families.

Chapter 3

COPING WITH GROWTH 1947 - 1958

The 12-year period from 1947 through 1958 must be regarded as one of the truly golden eras in the history of Canada. The war veteran who had enlisted as a diffident, self-conscious employee returned as a dynamic, self-confident entrepreneur. Canadians could not wait to begin to build.

And build they did. Housing starts soared and reached new records each year. Real gross national product and family incomes grew at impressive rates. Commercial and industrial construction could barely keep up with the demand for expanded manufacturing and service facilities. Everyone, it seemed, had the choice of two or three jobs. After an immediate post-war surge, prices remained relatively stable. Mortgage rates were low.

It was a period when business, labour and government functioned with mutual respect, co-operation and efficiency. Prime Minister Louis St. Laurent, who presided over virtually the entire period, seemed to set the tone. Trained in law, bilingual, with a French father and English mother, he applied his exceptional talents as a corporation lawyer to the business of running the country. Canadians respected this modest, industrious, dignified, gentle man and trusted him to care for the affairs of state while they in turn built a strong and productive economic machine.

The fortunes of the Appraisal Institute of Canada paralleled the general economic euphoria. The Institute had survived the war. It emerged with a sound, yet flexible structure and a pool of talented, committed leaders fully aware of the potential role for the appraiser in the new urban society. Ten of these leaders served the Institute as president during this period of intense growth. Three of these were called to serve a second term as president, the only ones to do so in the history of the Institute.

They were interesting personalities. Major Morrison was first. He followed his business colleague Clarence Elliott and served his second term as president during 1947. Always bold and expansive, Morrison epitomized the new image: national, urban, urbane, exciting.

Arthur R. Judson was born on an Al-

berta ranch, spent his boyhood in Saskatchewan, earned his BSA at the University of Manitoba and was one of the original six Canadians to earn the ARA from the American Society. Judson spent his business career with the Colonization Finance Corp., but before that had been a successful grain farmer, having managed a 4,000 acre grain farm in Alberta. A Rotarian, Judson was meticulous in his business affairs and sincere in his interpersonal relationships.

J. S. McPherson served as president during 1949. Unfortunately, little in the way of biographical information was located for McPherson.

T. A. McFarlen was a business associate of Blake McCutcheon at Manufacturers Life, so was steeped in the Institute's traditions. He, Gordon Bowes, Irv Cristall and Jim Egerton, all of whom would serve a term as president, formed a tightly knit group that referred clients to each other with exceptional success. McFarlen himself was serious, clean spoken and a nonsmoker. It was during his term that the Institute commissioned its first Policy and Planning Committee to reorient goals and directions.

Edward (Ted) Ross Ransby was president in 1951. Ransby was a graduate in economics from the University of Manitoba and spent most of his short business career with the Hudson's Bay Company, rising to assistant general manager of Rupert's Land Trading Company. He was closely involved with the transfer back to the Crown of many of the company's historic deed lands and developed the Bay Parkade in the early 1950s, the prototype of the modern downtown parking garage. Tragically, he died of cancer at age 43.

Gordon MacLean Bowes, O.B.E., was one of the most colourful presidents and in many respects was typical of the new breed of urban appraisers. He assumed office when he was 50 years old and brought with him a long, productive career and varied experience in the real estate community. Early in his career, he learned to form alliances that were mutually productive and rewarding. Such an affiliation helped secure him as president and general manager of Oldfield, Kirby & Gardner Limited, one of Winnipeg's leading real estate agencies. They also gained him the presidency of the Winnipeg Real Estate Board and numerous other positions of influence and prestige.

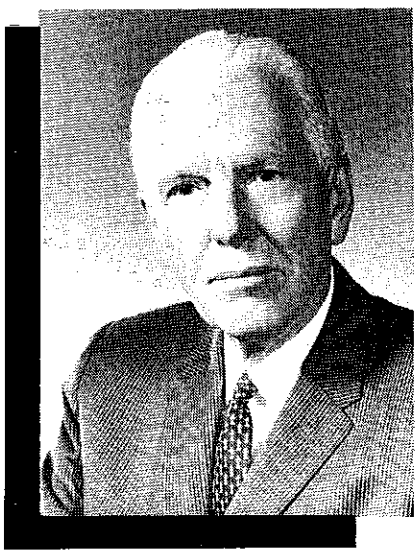
Bowes initially earned his appraisal designation, the MAI, from the American Institute of Real Estate Appraisers, the route followed by most candidates seeking urban qualifications in those early post-war years. His energy and talents were spread effectively over a wide range of activities. So respected were his opinions of value that there was hardly a major real estate transaction that took place in Winnipeg without his appraisal knowledge in the works some place in the sequence. He gave expert testimony in court on a variety of important and difficult cases, including substantial assessment appeals.

He squeezed in time to lecture in the Institute's expanding educational program. One of his students remembers that he was "dynamite and thunder" at the front of a classroom, as he imparted his substantial appraisal knowledge, punctuating it with colourful anecdotes and vivid examples. Bowes presided over Council as he managed his company. He began his year with a statement of priorities, delegated responsibility for execution and motivated his colleagues to deliver. He ended with a record of accomplishment that exceeded his ambitious goal.

Bowes was succeeded by Victor E. Driver, viewed by many as one of the most effective lecturers produced by the Institute. An appraiser with Northern Trust, which later merged with Montreal Trust, Driver teamed with McFarlen and put on a "dog and pony show" that was as effective and substantial as it was entertaining and humorous. He lectured with uninhibited enthusiasm and ribald humour. And he was a great coach to aspiring instructors. Eric Hagglund recalls getting a telephone call the morning after his maiden lecture. "You did a hell of a job," enthused Driver. "Keep it up."

Driver was equally popular as president, and was drafted to serve a second term in 1954. Gordon Edmonds, who was just then beginning his involvement with the Institute, credits Driver with coming up with the AACI designation when the name was changed by committee. Driver's original preference was AA, until Edmonds pointed out the

One of the Institute's most colourful presidents was Gordon MacLean Bowes, a man whose opinions of value were so respected that they played a key role in most of Winnipeg's major real estate transactions.



unsavoury connotations associated with that acronym.

Irving Cristall, from David Slater Ltd. real estate, followed Driver. Indeed, Driver, McFarlen and Cristall were great friends and shared many common characteristics. Like Bowes, he too developed a reputation as expert witness on major appraisal cases. Cristall was shrewd, serious and farsighted in office. He introduced a new constitution for the Institute and saw the need and advantages of stabilizing administrative affairs through a permanent office and full-time secretary.

It fell to Andrew Turpie to implement some of the changes initiated by Driver and Cristall. For instance, the Institute rented its first permanent office facilities during his year. Turpie was president of Toshack Bros. & Turpie Ltd., Winnipeg realtors. Active in the affairs of organized real estate in Canada, particularly the Canadian Association of Real Estate Boards, the Manitoba Real Estate Association, and the Winnipeg Real Estate Board, Turpie nonetheless devoted significant professional effort to appraisal and consulting. He lectured for the Institute throughout western Canada, wrote several articles for real estate and appraisal journals, gave evidence as expert witness and served as arbitrator in expropriation cases under the *City of Winnipeg Act*.

But implementation of the most significant administrative change, hiring a full-time executive director, fell on the capable shoulders of John A. (Jack) MacDonald. Indeed, it required the continuity of two full terms, 1957 and 1958, for the transition to take place. MacDonald's election to office marked the recognition of a shifting influence within the Institute membership. The early leaders were predominantly institutional men such as McCutcheon who represented real estate investment money. Then came the real estate agent/dealer/appraiser, men like Bowes and Turpie, who energized the Institute with the excitement of the realty market-place.

MacDonald was the first public servant to be chosen as spokesman for the now established and widely respected organization. His appointment recognized the reality of the mixed economy that was developing in Canada, and the growing involvement of all three tiers of government in the financial affairs of individuals. Nowhere was this more apparent than in real estate. Government departments as diverse as housing, veterans affairs, public works, trade and commerce, and of course taxation, all required expert staff to render opinions on the value of real property to protect the public interest in transactions with the private sector.

"Endorsement by the public service at the provincial and federal levels played a major role in establishing the Institute's credentials and ensuring strong membership demand for years to come."

MacDonald was assessment commissioner for the City of Winnipeg. As such, he supervised a staff whose duty it was to appraise property for assessments which in total would establish the tax base for the city. He had previously held a similar position in Edmonton, where he had been active in the local chapter. Although he himself never qualified for the AACI, he insisted that his staff of over 100 appraisers enroll in the Institute course, and the AACI eventually became the standard professional requirement for the City of Edmonton. This recognition was strong endorsement of the Institute and the quality of its educational program. Similar endorsement by the public service at the provincial and federal levels played a major role in establishing the Institute's credentials and ensuring strong membership demand for years to come.

MacDonald, the bureaucrat, was the perfect choice to effect the transition from a totally voluntary administration to a professional headquarters staff. The quintessential administrator, he was adept at serving the often contradictory whims of different political masters, a situation not unlike that in a professional organization. Stage managing the transition would have been contribution enough. But by 1959, the Institute was spread along many fronts. MacDonald became involved in a number of crucial issues ranging from misunderstandings in the province of Quebec, which reflected the growing demand for greater decentralization, to challenges to the dominance of Winnipeg members, tensions with the real estate industry, separate qualifications and designations, ethics and discipline.

Some indication of the growth of the Institute is gained by digesting the raw numbers of chapters and membership. More than 1,000 new members joined the Institute between 1947 and 1958, raising the total membership from 220 to 1,247. The Institute granted use of its 25th accreditation to C. C. Simpson on June 2, 1945. It issued certificate No. 150 to G. R. Bagg on December 9, 1958.

Analysis of the occupational profile of the membership in 1958 illustrates the shifting characteristics. More than half the members, 55 percent, worked for government departments. The Veterans Land Administration (VLA) employed 23 percent, the largest single block. Another eight percent were employed as assessors at various levels of government. Other government departments accounted for another 24 percent. Mortgage and trust companies and other financial institutions accounted for 27 percent of total membership, a significant representation, but a far cry from their original dominant position. Realtors supplied the remaining 18 percent.

More importantly, the new members were spread across the country. By 1958, the four original chapters on the prairies had expanded to 20 located in all provinces but Prince Edward Island

and Newfoundland. Their establishment, growth and development reveal much about the vitality of the new members.

Council noted in its February 1947 meeting that R. D. Grant, District Agriculturalist, Veterans Land Act, Vancouver had written the Institute notifying them that there were 40 field men with the VLA, all of whom were interested in joining the Institute. Application forms and some Institute publications were sent to Grant. The three existing B. C. members were notified.

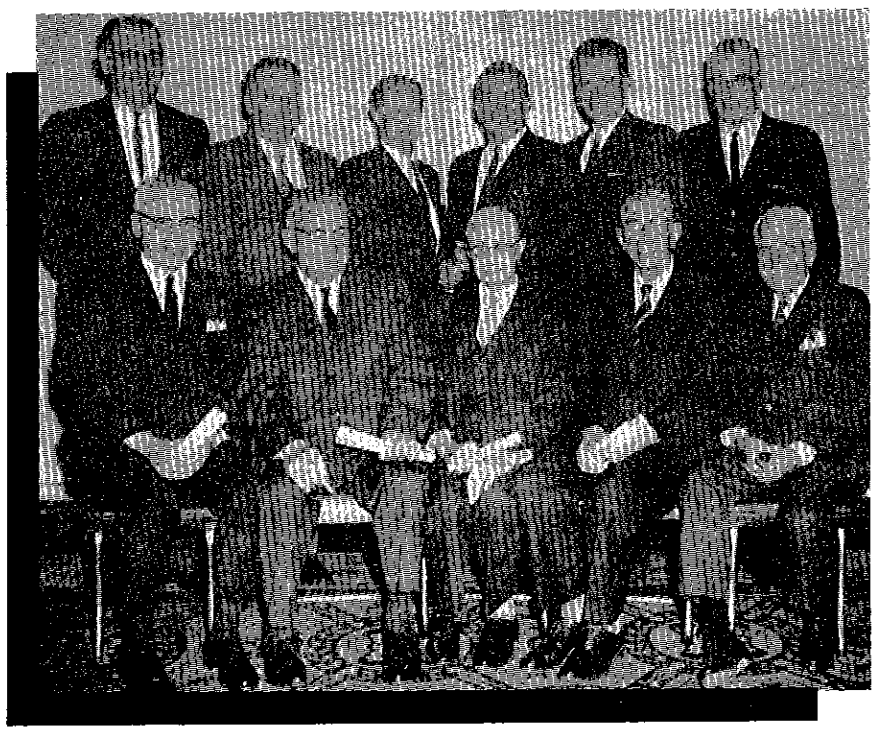
Vancouver chapter was founded sometime between then and May 1948, because President Judson reported then on his recent trip to the "newly formed" Vancouver chapter. Membership was almost entirely composed of the VLA contingent. He suggested that a special grant be given to new chapters to allow them to establish a library. While the suggestion was being studied by committee, Vancouver was sent a list of available appraisal publications. From its very inception, the B. C. chapter was the most feisty across the membership of the Institute.

In May 1947, Council received a letter from A. J. Paul advising that he was organizing a meeting in June with a view to forming an Ottawa chapter. He had sent out invitations to various institutions that employed appraisers. Council decided to ask J. Lowden of Montreal, former vice-president of AIC, to attend the meeting to assist. In January 1948, Paul again notified Council that meetings would be held that month in Ottawa and next month in London for purposes of officially establishing chapters in those cities. He mentioned that he was also contacting interested parties in Toronto to take the same step. Paul's notion was to have three chapters established for the nucleus of an eastern section of the Institute. The list of new members of the Ottawa chapter was tabled at the March Council meeting.

Paul's apostolic work proved fruitful. Toronto chapter was formed in February 1949 and the executive elected. It would become a significant force in the development of the Institute.

Acting on a suggestion from the Calgary chapter, Council decided to award the Lethbridge sub-chapter full chapter status in March 1953.

Three chapters were founded in 1954. In February, Council received 23 applications for membership and an application for a new chapter from Guelph, which Council approved. In October, Driver reported on several trips, one of which was to Hamilton. The local real estate board had promised to aid in forming a Hamilton chapter. Westbrook had organized a short course at McMaster University and 37 membership applications had been received, with more expected. Driver reported that Peterborough-Lindsay had 20 prospective members and London was being actively organized by J. W. Egerton, who had been transferred there from Winnipeg by Manufacturers Life. Council officially approved the formation of Hamilton



In 1964, 11 past presidents of the Institute were honoured for their important contributions to the national organization. (Top row L-R) V. E. Driver, AACI; T. A. McFarlen, AACI; A. Turpie, AACI; I. Cristall, AACI; D. G. Edmond, AACI; and J. A. MacDonald, AACI. (Front row L-R) G. C. Elliott; A. R. Purchase; F. W. Gulland; W. J. Smith, AACI; and G. M. Bowes, AACI.

and Peterborough-Lindsay in December.

The pace accelerated in 1955. London chapter was formed in February with 24 members and 11 additional applications on file. Egerton, chairman of the London chapter, was appointed vice-president of the eastern zone of the Institute, a new concept in the organizational structure, and one designed to recognize the growing influence of the eastern contingent. Montreal was founded in May as a result of the excellent organizational efforts of J. Lowden. In August, the Institute truly achieved a national presence with the formation of the Maritime chapter in Saint John, New Brunswick. Two months later, the Victoria chapter was officially formed, symbolic of the widespread interest across the nation. Founding officers were George Burrell, George Chatterton, Ned Porritt, George Townsend, John H. Ozard and Jack Lindsay.

Windsor was formed in November 1956. A new chapter was approved at Kelowna in May 1957, to serve the B. C. interior. Indeed, in June, it changed its name officially to the B. C. Interior chapter. At the May meeting, Council also approved the Niagara chapter to serve the region of St. Catharines, Welland and Niagara Falls. Halifax-Dartmouth held its founding meeting in January 1958 and elected its executive, R. H. Craig, C. F. Whynacht, G. G. Gomery, P. King, and M. D. Hurst.

The Vancouver chapter was particularly active. It surprised Council in March 1957 by informing it that the chapter, in conjunction with the Assessors Association of British Columbia, was sponsoring legislation to set up an Institute of Registered Appraisers. MacDonald shot off a letter immediately. The matter subsided until February 1958, when MacDonald reported that the forthcoming legislation appeared to be detrimental to the interests of appraisers, particularly members of the Institute operating in B. C. Council dispatched the new executive director, William Mulock, to Vancouver to collect further information and register a formal protest.

"The Institute truly achieved a national presence with the formation of the Maritime chapter...Two months later, the Victoria chapter was officially formed, symbolic of the widespread interest across the nation."

Mulock recalls that he was met at the airport by Dan Meakin and his brother Art, who filled him in on what was going on. The prime movers behind the legislation were the B. C. Real Estate Association, Professor Philip White from the University of British Columbia and several B. C. members. Mulock met with various groups, including the Real Estate Board, and concluded that the only way to stop the Bill was to disassociate the Institute from the movement. Mulock dispatched a telegram to Attorney General Robert Bonner, telling him bluntly that the AIC was against the Bill. After a couple of days of meetings, he arranged a hearing in Bonner's office. Mulock asked the attorney general bluntly if he was going to put forward the legislation. "Not after the telegrams I got. No way!" Bonner's desk was heaped with telegrams that Mulock had prompted as he made his rounds of friends and supporters of the Institute.

Mulock knew that the Bill was dead but Council had to complete the formalities. He distributed copies of the proposed *Act Respecting the Practice of Appraising in B. C.* to Council in November. Council opposition was based on three objectionable features. The Act did not provide minimum standards of competence, permitting automatic acceptance of experience in lieu of proof of ability by examination. Second, Council held the view that the Appraisal Institute of Canada, and the recognition being given to the AACI designation, particularly by the B. C. Civil Service Commission, provided all the requirements of standards, ethics and professional protection cited as needs for provincial legislation. Third, Council had never authorized use of the Institute's name in connection with the proposed legislation.

The Executive Office ultimatum was communicated forthwith to the B. C. chapters, which were instructed to keep Council advised of any current actions regarding legislation affecting appraisers. While the immediate problem appeared resolved, the issue of provincial licensing legislation would reappear often in the years ahead. The confrontation also strained relations with the B. C. membership for many years.

Council's decisive action reflected the strong and shrewd guidance of the newly appointed executive director. William N. Mulock had been hired in October 1957 to take charge of the affairs of the Institute which until then were handled entirely by volunteers: the president, executive, Council and committees, a secretary who was paid a modest honorarium, and only since September 1956 by a full-time stenographer.

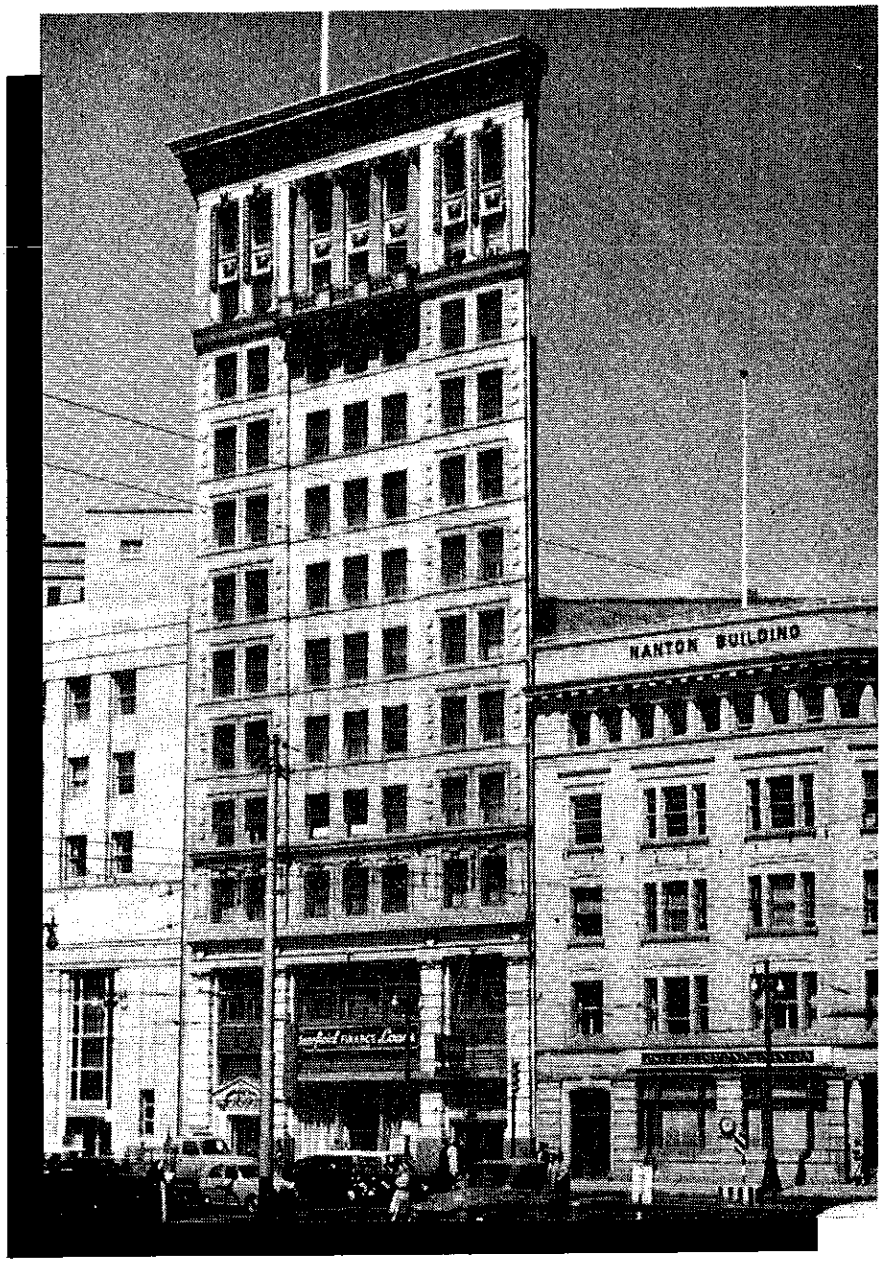
In practical terms, much of the ongoing administrative work of the Institute fell on the shoulders of the secretary-treasurer, essentially an honorary position. That position had been held since August 1946 by Jeff Smith, who had served a term as president five years earlier and was intimately familiar with Institute affairs. With 18 chapters and over 800 members to manage, it is no wonder that Council voted Smith an honorary life membership in October 1957 when he relinquished the post to Mulock.

Interestingly, Smith was only the fourth secretary-treasurer since the founding of the Institute. B. Stuart Parker served from inception until February 1940 when the Board requested his resignation. R. Ogletree held the position from April 1940 until September 1941 when he resigned for military

service. Harry Wilkins served from then until Smith's appointment in 1946. At the time, Smith was voted $300 per year to cover his fee and the use of a secretary.

Until September 1956, Smith ran the Institute from his own office in National Trust Co. But by then it was a totally impractical arrangement and Council voted the funds for the first permanent office space and the services of a full-time stenographer. Irv Cristall arranged through David Slater Ltd. the rental of suite 1207 in the Childs Building, located on the corner of Portage and Main, scarcely more than 100 metres from the St. Charles Hotel where the action first started.

To call it a suite was euphemistic. Jack MacDonald remembers it as "a small hole in the wall, but adequate." The building itself is pie-shaped, all front and no back. MacDonald maintains that the building was almost completely uneconomic in its original design. "If somebody had done a proper appraisal of the projected development, they



The Institute's first permanent office was established in the Childs Building located on the corner of Winnipeg's Portage and Main, scarcely more than 100 metres from the St. Charles Hotel where the Institute's first meetings took place. (Manitoba Archives)

would never have done it." Indeed, the building was fitted to the site by prominent architect J. H. G. Russell. It was built squat, in a thin wedge, to safely withstand a wind pressure of 30 pounds to the square foot, roughly the pressure of a good winter blow of 70 miles an hour.

The rental was $37.50 a month. "The Appraisal Institute of Canada" was painted proudly on the door. Office furniture, desk, chair, typewriter and filing cabinets cost $261.50. Stella Mermagen was hired at the monthly "honorarium" of $175. Then Council blew the bankroll and paid $580 for a dictaphone. MacDonald affectionately claims "that was Gordie Edmonds," referring to the Institute's financial guru who protected the treasury with the tenacity of a Brinks guard.

That original suite lasted only 13 months. A month after Mulock arrived, the Institute moved downstairs to more spacious quarters in suite 307, part of which was subleased.

Mulock had been chosen from 15 applicants for the position, which had been widely advertised. The duties and qualifications had been carefully drawn up by a committee comprised of McFarlen, Driver and C. R. Bradford. Mulock was to be responsible for the full-time management of business matters under the direction of Council. Duties would be "numerous": office management, records, correspondence, contact man, handling of examinations, organizer of study courses and study groups at strategic points, and lecturer if possible.

The prospective employee should possess personality, organizing ability, speaking ability, writing ability, alertness, driving energy, integrity to a high degree and he should be a young man. Accreditation as AACI was preferred, but this could be waived temporarily. Salary was $5,000 with assurance of a $1,000 raise at the end of the first year, if satisfactory.

Anyone who knew Bill Mulock would agree that the job requirements might have been written specifically with him in mind. He was not an AACI, but he did have the degree of B. Sc. from the University of Manitoba. Indeed, the Institute lured him away from the University of Manitoba Alumni Association where he was executive secretary, but itching for a position with greater challenge and scope.

If it is true that a professional organization reflects, to a large extent, the characteristics and attitudes of its executive director, then the AIC was to become thick-skinned, stubborn, opinionated, single-minded, productive, personable, engaging, and persuasive. Bill Mulock worked hard and played hard. He loved a meeting and he loved a party. Mostly, he loved people, and he was most effective one-to-one rather than with a group. His gravelly voice was twice the size of his physical stature. His very presence could dominate a meeting although he rarely spoke. He was respectful of the president and Council and never hogged the limelight. Yet no one questioned that Mulock was both the engine that propelled the Institute and the glue that gave it cohesion.

"The Institute's influence began to be felt on a larger scale as members remained alert to opportunities to be of service to the broader community."

Mulock's appointment was the culmination of years of discussion and planning, which began in earnest in 1950 with the appointment of a planning committee composed primarily of past presidents: McCutcheon (chairman), Bowes, Ransby, McPherson, Judson, McFarlen, joined by A. W. McArton, Dr. Hudson, R. D. Grant and C. R. Jones. Not only did they conclude that the Institute required a full-time secretary if it was to cope with demand, but made sweeping recommendations across a wide range of issues.

The Institute should embrace both the urban and rural appraisal field, but it was undesirable to have separate sections and all qualified members should receive the same designation. Studies should include the appraisal and valuation of properties for all purposes, including insurance, assessments, and so on. The Institute should aim to be national in scope. Headquarters should remain in Winnipeg for the time being, simply because of the numbers of truly dedicated volunteers. But the committee was pragmatic. In the longer term "it should be where the business of the Institute can best be carried on." A system of regional vice-presidents should be considered. An eastern and western zone or section should be created. The office of president might fairly be held by anyone across the country with an executive vice-president at headquarters.

Membership should be limited to accredited members and general members, plus honorary members and fellows. The Institute should use every bit of educational material developed, no matter by whom. Until a full-time secretary was on board, the task of preparing uniquely Canadian material was out of the question.

Perhaps the most contentious recommendation concerned affiliation with the Canadian Real Estate Board. The rationale was strictly financial. The cost of a full-time secretariat required a broader membership base. Recruiting and servicing new members was a full-time job. Catch 22. The solution "would be an affiliation with the Canadian Real Estate Board (CAREB) whereby the Association would remain as it is, completely autonomous and independent but affiliated . . . for the purpose of using their Secretariat and Head Office staff."

Affiliation with CAREB was approved at the 1951 AGM, but CAREB turned down the proposal. One of the stumbling blocks was that affiliation would only be acceptable to CAREB provided all AIC members joined that organization. Such a suggestion provoked considerable hostility among

AIC members and the matter was dropped.

The courting ritual between CAREB and AIC would be a recurrent theme over the years. It was a love/hate relationship. Both organizations needed each other, but knew they could not, or should not, live together. The AIC coveted access to the vast membership of the real estate industry for its courses and educational program. CAREB wanted the prestige associated with the AACI designation. The AIC feared that, once affiliated, it would lose control over quality and ethics, the very sources of its strength. CAREB saw affiliation with the Institute as vertical integration in a field of expertise that was a natural function of the real estate agent....

An affiliation agreement of sorts was negotiated by MacDonald and approved by the membership at the 1958 AGM. It was more form and goodwill than substantial integration. CAREB would recognize the Institute and encourage its members to take the Institute's course of study. The AIC would help provide the real estate appraisal education facilities which CAREB desired for its membership.

More substantive were the relations with the American Institute of Real Estate Appraisers. So popular was the AIREA program that large numbers of candidates earned their MAI designation. The Institute recognized the designation as equivalent and granted the AACI without further examination. Had the Institute not been successful in forming chapters rapidly in the major centres, it was widely understood that the American Institute likely would move in to fill the void.

While relations with the AIREA were ascending, contact with the ASFMRA diminished. The Institute had moved with the times and, while not abandoning its rural membership, recognized that growth lay in urban appraisal. For whatever reason, the ASFMRA failed to grasp the new opportunities. As the years passed, they vigorously pursued opportunities for joint conferences in Canada, many of which were politely declined. It is a testament to the skill of the Canadian leadership that, once recognized as necessary, the shift in emphasis from rural to urban took place smoothly and deliberately.

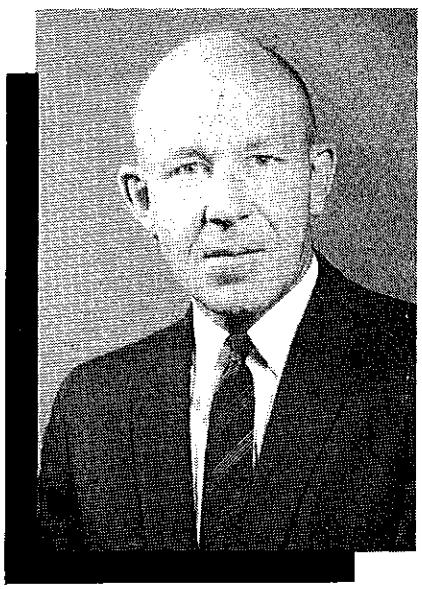
The Institute's influence began to be felt on a larger scale as members remained alert to opportunities to be of service to the broader community. The Winnipeg chapter prepared and presented a comprehensive brief before the City of Winnipeg Fact-Finding Board on Taxation and Assessment in 1949.

Member involvement in the aftermath of the Winnipeg Flood that devastated so much of the city's riverfront property in 1950 was more substantial. Council decided in May that the AIC would offer the services of its members to inspect properties affected by the flood, assess the damage and estimate the cost of rehabilitation, provided employers co-operated with time off. The Flood Relief Commission, appointed by the federal government, gave the AIC 14 sample houses which were to be used as benchmarks in estimating the total flood damage to single family dwellings in the city. The same houses were appraised independently by a group from the Winnipeg Builders Association and by the Central Mortgage and Housing Corporation (CMHC). The three reports were compared and differed substantially on only two houses. Council passed a special vote of thanks to Messrs. Morrison, Ibbotson and Farmer, who did most of the appraisal work.

The AIC was also asked by Grant McEwan, chairman of the Provincial Flood Commission, to name a member to that board. McCutcheon persuaded Manufacturers Life to spring him loose for the required time. McCutcheon served until he learned that the Commission had employed its own appraisers "being other than members of the Appraisal Institute of Canada." Council promptly decided that AIC involvement in the flood work was done.

The AIC was gaining acceptance in Ottawa. G. C. Simpson of the Dominion Department of Agriculture wrote Council saying that he was endeavouring to establish the AIC credentials with the Civil Service Commission and requested information on the organization and its educational programs.

But the real efforts to establish the Institute with the civil service came from Brig. Thomas John Rutherford, CBE, LD, director of the *Soldier Settlement &*



Having been selected as the Institute's first executive director in 1957, Bill Mulock was both the engine that propelled the Institute and the glue that gave it cohesion.

Veterans' Land Act. A one-time farmer at Owen Sound, Ontario and often-decorated war veteran, Rutherford totally embraced the philosophy and values of the Institute and eventually insisted that the AIC program would be the required professional standard in the VLA.

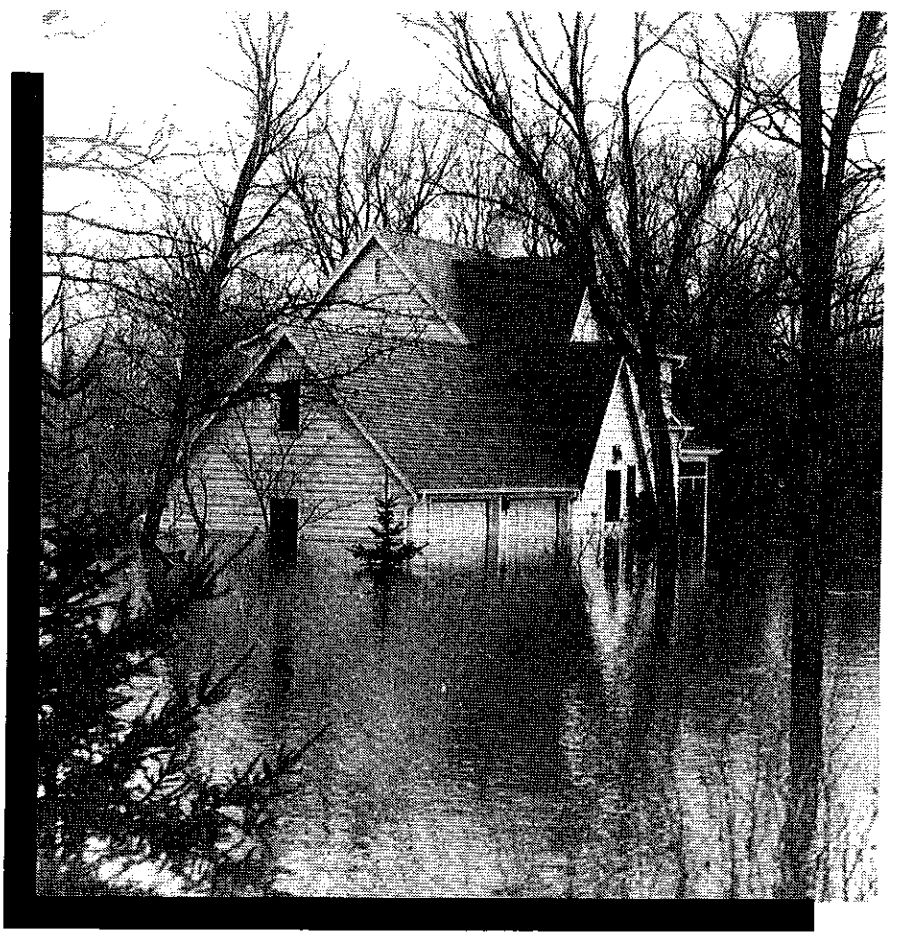
Once that decree was made, the flood gates opened. Council received a letter in 1955 from Mr. Grant at the VLA, saying that a major influx of new members could be expected in the prairie provinces in the near future. Townsend was appointed to chair the rural appraisal section of the Institute to accumulate material to assist the prairie chapters in their educational efforts with these candidates.

A similarly strong relationship was beginning to develop with CMHC, which also employed a large appraisal staff. E. R. Collins, chief appraiser for the Corporation, wrote Council in 1956, suggesting the possibility of holding joint examinations with the Institute. Once again, the liaison expanded the inflow of candidates across the country.

The membership explosion was not without its difficulties. These candidates were looking to the Institute for some means to qualify them as urban appraisers. But just as in 1938, when the Institute had no Canadian program in rural appraisal and turned to the ASFMRA, a decade later it turned again to the United States to solve its problem in urban appraisal.

Until 1953, the Institute was in the anomalous position of granting the designation of Accredited Urban Appraiser, but had no Canadian examination on which to base its judgement. What the Institute did do for its members, through its nucleus of dedicated volunteers on Council and the Education Committee, was provide study material, and sometimes a lecturer, to the various chapters. Usually study material was published by the American Institute of Real Estate Appraisers, modified to Canadian requirements by one of the lecturers.

There were no formal lecturers to conduct a systematic program of study. Typically, chapters formed small study groups, each member of which took a turn as meeting chairman to review the



An example of community involvement occurred following the 1950 Winnipeg Flood when the Institute's Governing Council decided to offer the services of members to inspect flood damaged properties, assess the damage and estimate the cost of rehabilitation. (Manitoba Archives)

material and lead the discussion. When members felt ready, they wrote to Chicago to sit for AIREA examinations, which were written in two parts. When candidates qualified for the MAI designation, they were automatically granted the AUA designation by the AIC.

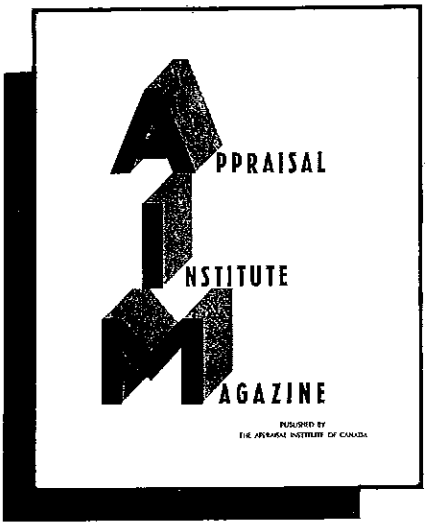
The first "Canadian" examinations were set and conducted by Tom McFarlen and L. V. McPherson in 1953 at the request of an Edmonton study group. McPherson had just written the American Institute exams and based the Canadian version on the American format. By 1958, the number of candidates writing Part I reached 404. In addition, 151 wrote Part II and 125 submitted an Appraisal Report, which was a requirement for accreditation. The burden of marking and grading the exams and reports was borne by public-spirited, accredited members. The sheer volume made it necessary for President MacDonald to urge every AACI to assist the Examining Committee with this important work.

In order to consolidate the Institute's position regarding membership, examinations and accreditation, the membership passed a resolution at the 1956 AGM that there would be one designation for accredited members, both urban and rural: Appraisal Institute Member Accredited, or AIMA. However, the designation was found to conflict with that of other organizations, so Council revoked it at its June meeting and substituted Accredited Appraiser Canadian Institute, AACI. New accreditation certificates were approved at the July meeting. Each would be numbered consecutively and redistributed in the order, according to date, that each member became accredited.

It took more than two years of legal wrangling before the AACI designation was officially registered. Approval was noted on February 10, 1959. The AACI was protected as a registered certification mark, registration No. 113.074, by the Registrar of Trademarks, Ottawa.

The first AGM held outside of Western Canada took place in 1957 at the Royal Connaught Hotel in Hamilton, acknowledging the shifting concentration of the membership. Council was now composed of nine members: President MacDonald; Western Vice-president D. G. Edmond, Winnipeg; Eastern Vice-president G. W. Phinney, Hamilton; R. N. Palmer, Winnipeg; C. R. Bradford, Winnipeg; N. J. Denholm, Guelph; J. Fraser, Ottawa; J. R. Klinck, Ottawa; M. Wilson, Vancouver; plus the secretary, Bill Mulock.

The Hamilton conference was also distinguished for hosting the debut of the Institute's first quarterly magazine.



The first issue of AIM, the Appraisal Institute Magazine, was distributed at the 1957 Annual General Meeting in Hamilton, the first AGM ever held outside Western Canada.

Council had authorized the Education and Publication Committee to enlist the assistance of all members, particularly accredited members, in submitting material relevant to the work of practising appraisers. The first issue of the Appraisal Institute magazine, called *AIM*, was printed in Winnipeg just days before the annual meeting. Gordon Edmonds, later to become president, recalls stuffing a bundle of the journals, with their garish covers, into his suitcase and lugging them to Hamilton for distribution at the conference. In 1984, *AIM* was renamed *The Canadian Appraiser/L'Évaluateur Canadien* and has provided an outlet for professional articles continuously for over 30 years.

A new constitution, to be called By-law No. 1, was drawn up, ready to place before the 1959 AGM. Council would be expanded to 20 members, allowing for representation from all provinces in which there were chapters. Provision would be made for three vice-presidents. A new code of ethics would be adopted as By-law No. 2.

Finances were strong. The year 1957 closed with a surplus of revenue over expenditure of more than $4,000, and cash reserves totalling $8,000. The 1957 surplus would be offset by an equivalent deficit in 1958 as the Institute adjusted to the additional expenses of the executive director and national office staff. But the budget going into 1959 was a return to a surplus of $2,000 on expected revenues of $25,000.

The Institute honoured many of its members and friends for distinguished service over these years of growth. Honorary life memberships were awarded to W. Gray, F. W. Gulland, H. M. Cawker, and A. F. Forsythe in 1955; to Dr. S. Laird and Dr. Anderson of the University of British Columbia in 1953; to W. E. Hobbs and T. J. Rutherford in 1955; and to A. R. Judson in 1958.

The organization was now a well-disciplined team comprised of experienced veterans and enthusiastic rookies, dedicated volunteers and a formidable professional administrator. Now was the time to consolidate its national position.

By the 1960s, Canada's booming economy had resulted in a proliferation of residential sub-divisions.

Chapter 4

NATIONAL STATUS 1959 - 1966

It has often been claimed that Canada matured as a nation in the decade that preceded the celebration of Expo in 1967. Instead of receding, the economy seemed to gain momentum from year to year, growing in real terms from three percent in 1959 to seven percent in 1966. As the housing boom fell off in the early 1960s, it was replaced with a surge in non-residential fixed investment that moved from a loss of three percent in 1959 to a growth of 16 percent in 1966. Long-term borrowing rates held steady at five percent. The only disquieting signal was the persistent upward movement in the consumer price index, which crept steadily to 3.7 percent from an average of less than one percent in the previous 12-year period. There was ample demand for real estate appraisals.

The Institute rode the boom with growing confidence. Total membership grew at the rate of nine percent per year from 1959 to 1966, the number of designated members increased fivefold. Six of the eight presidents to hold office were chosen from outside Manitoba: Halifax, Whitby, London, Saskatoon, Calgary and Victoria. And while national office remained in Winnipeg, the annual general meetings and conferences were routinely held across the country.

It was a period that began with a formal assertion of national status, the attainment of a Dominion charter recognizing the Appraisal Institute of Canada as a non-profit corporation, and ended with a provocative external assessment of the Institute's strengths, weaknesses, goals and directions for the future. Bracketed between were significant developments in the educational program, general pressures for provincial autonomy and licensing, specific confrontation in the Province of Quebec, an emerging critical mass of members engaged exclusively in fee appraisal and more sophisticated professional activities involved with expropriation proceedings and expert witness, which in turn focussed attention on professional ethics, peer review and the discipline of wayward members.

The issues now were much more complex, as befitted a national organization which had to reconcile the disparate interests of five distinctive

regions. Leadership still depended on strong, dependable, dedicated individuals. The governing body remained the council of elected representatives, but was now expanded in size to reflect the widespread regions and interests. The demands on the president required an enlargement of the executive to five vice-presidents. The role of the president was evolving into the office of the president. Increasingly, the president and Council relied on the wisdom and advice of committee chairmen who took responsibility for specialized functions.

What truly transformed the Institute into an efficient and powerful body was the national office under the direction of the executive secretary. Here was the permanent bureaucracy, the continuity, that linked the efforts of presidents with one-year terms to the longer term goals and policies of the total organization. By 1966, the permanent staff had grown to five full-time employees, including an administrative assistant who was fluently bilingual to serve the needs of an expanding French-Canadian membership.

D. Gordon Edmond was the first of eight presidents to lead the Institute through this era. Edmond was assistant manager of mortgage investments for Sovereign Life Assurance Co. in Winnipeg and in many respects represented the qualities of the typical accredited member. He left university in 1946 when he was 20 years old, got a job with Sovereign, discovered he liked the work and looked around for the means of gaining more education tailored to his requirements. When he enrolled in the Institute's course in 1950, the total program was expected to take five years. "It took me seven years to the day to qualify, which was probably the norm for most people holding down a full-time job and studying at night."

Edmond was a dedicated servant of the Institute. It was his careful stewardship of resources that enabled the Institute to retain its financial integrity throughout the period of enormous expansion of administrative overhead. Throughout his active service on Council, he saw annual fees increase from $15 to $25 to $40 in an effort to balance the books. Fee increases are guaranteed to be unpopular and controversial proposals in a voluntary, professional organization. Edmond rode the waves with equanimity and good humour. He had the ability to look on the bright side of issues. To provide comic relief, he would compose songs about people and sing them to the tune of "Tiptoe Through the Tulips." Pip Hamilton affectionately remembered Gord as his "good old buddy."

"What truly transformed the Institute into an efficient and powerful body was the national office under the direction of the executive secretary."

The 1959 Council still numbered 10 plus the past president and secretary treasurer. The Executive Committee was composed of MacDonald as past president, Edmond as president, and three regional vice-presidents: A. Keenlyside from New Westminster, representing the western provinces; J. W. Egerton, London, the eastern region; and C. R. Bradford, Winnipeg, the central area. Councillors at large were A. Budd, N. Simpson, and L. K. Johnson from Winnipeg; R. V. Dredge, Calgary; J. I. Stewart, Toronto; and G. W. Phinney, Hamilton.

It was a workable size. And it set out deliberately to structure an administrative framework for the work ahead. Council became known as Governing Council, a subtle but significant signal of centralized authority. The long-sought Dominion charter was put on the front burner. The lawyer who had tried unsuccessfully to land a charter was fired and Mulock was put on the case. Fees for incorporation, estimated at $1,000, were recovered by withholding $1 per member from chapter rebates that were then still $3 per year.

It was also becoming clear that a large number of long-standing members never would qualify for the AACI, a hurdle that presented a formidable challenge in commitment and difficulty. In many cases, these were senior people in major organizations, often those in a position to employ the newly-minted AACI graduates. As a means of keeping their interest and commitment in the Institute, and at the same time giving them recognition for accomplishment, Council explored the creation of a Property Counsellors' section within the Institute. The notion was to expand the scope of recognized expertise beyond real estate appraisal. Indeed, the real estate counsellor's function was envisaged to embrace "any conceivable service in which real estate 'know how' is required." Those who qualified would be awarded the designation Property Counsellor Canadian Institute (PCAI).

To protect the copyright, the PCAI was awarded to Mulock and a committee invited reactions from the membership at large and the executive of CAREB. It soon became clear that PCAI was a non-starter, plagued with objections and difficulties from all sides, and the matter was dropped.

Keenlyside persuaded Council that a provincial organization in B.C. was absolutely necessary to co-ordinate the activities of chapters in order to deal with an ambitious university and provincial bodies of other organizations. Approval was given to a constitution for a body known as the B.C. Society of the Chapters of the Appraisal Institute of Canada, but the B.C. controller of companies rejected it as unacceptable. However, if the AIC were to become a federal corporation it would be possible to form a provincial body under those auspices.

The prod was useful. Mulock, the Magus, intensified his efforts and Governing Council received Letters Patent dated April 11, 1960 incorporating

The Appraisal Institute of Canada from the Companies Division, Department of the Secretary of State of Canada. Within 60 days, Council initiated application for Supplementary Letters Patent to expand the name to include its French equivalent, *Institut Canadien des Évaluateurs*. The application was granted in February 1962. Steps were taken to register the AIC in each province, beginning with Manitoba in September 1960 and B.C. in November 1960.

In October 1959, the national offices were moved once again, this time to suite 909 Electric Railway Chambers, 213 Notre Dame Avenue, around the corner from the Childs Building. When first built in 1913, the 11-storey building was "the latest word in office building construction." Its simple, polished granite facade on the lower floor, and lion-masked gargoyles at the top of each pier, gave it a slick, clean, modern image not unlike that projected by the Institute.

James W. Egerton from London, Ont. took over as the Institute's 21st president at the 1960 AGM held in Hamilton. Egerton's appointment marked the first time the presidency was entrusted outside Winnipeg. He had ideal credentials to carry out the transition. Born in Winnipeg, Egerton joined Manufacturers Life in 1947 as a protégé of Blake McCutcheon and became a powerful influence in the Winnipeg chapter and at the national level. Manufacturers moved him to London as branch manager of mortgages in 1954 and he set out immediately to promote the Institute by lecturing through the extension department of the University of Western Ontario and recruiting the nucleus of the London chapter.

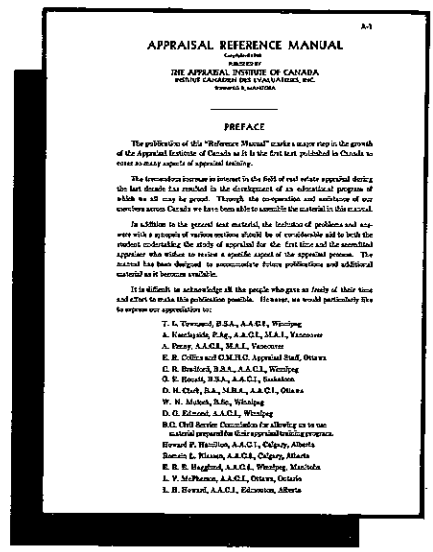
Egerton established Egerton Associates Ltd. in 1965 and devoted full-time to a career in fee appraisal. A large man in both physical and personal terms, he was quiet-spoken, self-assured and very effective in his business and personal relations. He retained an interest in the affairs of the Institute even after his term as president. For instance, in 1970 he led a delegation to the House of Commons Committee studying income tax reform to point out the implications of the taxation of capital gains on the value of real estate.

It was during Egerton's year that the Institute published its first official textbook, the *Appraisal Reference Manual*, as a resource for candidates. While the project was under the overall direction of the Education and Examining Committee, Bill Mulock is given credit for the bulk of the work. It was called a manual and printed in loose leaf format because it was expected to be quickly dated and contain errors and omissions that would require frequent correction. The manual was a collection of notes gleaned from the corps of lecturers in various chapters, who in turn had adapted their material from the American Institute. Mulock freely admits that most of the material was shamelessly plagiarized, but at least with the tacit blessing of their American cousins.

The manual was born of necessity. The peripatetic Mulock had called on colleges and universities across the country, urging them to hold appraisal courses to serve the bulging membership. None agreed to offer degree courses, but did offer the use of their extension facilities. Without blinking, Mulock accepted and promised to provide lecturers and course material. With the gun now to his head, Mulock drove himself, and the committee, to get the manual out in time for the fall term of 1960. Succeed they did. Not only did they deliver the manual, but a travelling lecture team of Driver, McFarlen, Edmond and others put on seminars to train local lecturers. Despite the deficiencies in the material, the very availability of the courses attracted even more members and reinforced the Institute's prominence.

But the membership in British Columbia was still restive. In order to find some acceptable formula for provincial expression, Governing Council prepared a draft proposal, Regulation No. 5, guidelines governing provincial associations of chapters of the Appraisal Institute of Canada. Regulation No. 5 provided that chapters in a province could apply to Governing Council to form a provincial association, provided the application was endorsed by all the chapters concerned. The provincial associations were to co-ordinate, promote, develop and encourage the objectives of the AIC within the province, and co-operate with private and public bodies within the province to the mutual benefit of both.

The Appraisal Reference Manual, *The Institute's first official textbook, was published in 1960. It marked the beginning of a concerted educational effort designed to attract members and reinforce the Institute's prominence.*



APPRAISAL REFERENCE MANUAL

THE APPRAISAL INSTITUTE OF CANADA

PREFACE

Provincial associations were to be managed by a council composed of the provincial representatives on Governing Council plus the chairmen of the various chapters in the province. Clearly, they were very much under the umbrella of the national organization. Regulation No. 5 was put to the chapters for ratification, but failed to receive the required two-thirds approval. The desire for local autonomy was still very much a regional issue in British Columbia, Quebec, Toronto, and a handful of other chapters. Only six chapters approved the regulation, three were against and 13 chapters did not even respond. The straw vote was a good test of the effectiveness of the newly-organized national office in satisfying the needs of the sprawling membership.

Almost as a concession to regional aspirations, the presidency moved to Calgary in 1961. Howard P. Hamilton, or Pip as he was affectionately known, not only was the first president from Alberta, he was the first to earn his living exclusively from fee appraisal work. Having trained under the uncompromising eye of Ivan C. Robison, who operated one of the first firms devoted exclusively to fee appraising in Calgary, Hamilton launched his own appraisal firm in 1964.

Hamilton was a worthy example of the new breed of independent appraisers willing to risk their livelihood on the quality of their service to the public. Tough-minded and technically competent, Hamilton was regarded as one of the most dedicated appraisers of his time, one who always did his homework and backed his opinion with quality research. He also had a warmth and sincerity that attracted long, firm friendships. Perhaps it was his ability to relax, with his saxophone or on the golf course, that gave him an inner tranquility, as beneficial to him as it was attractive to others.

Hamilton's interpersonal skills were tested quickly. The British Columbia government had appointed Judge J. V. Clyne as a one-man royal commission on expropriation in the province. One reason for the appointment stemmed from a case involving three members of the Institute who were alleged to have acted improperly on expropriation proceedings. It was a potentially explosive matter, one that could blemish the widely-respected reputation of the Institute if it became a public issue. Governing Council turned the matter over to the Expropriation and Review Committee under the chairmanship of Egerton. The committee brief to the commission that eventually emerged was one that took the high road on appraisal standards in expropriation, without addressing directly the incident involving the three members.

"The very availability of the courses attracted even more members and reinforced the Institute's prominence."

Ivan Robison from Calgary was retained to present the brief to Judge Clyne. It must have been a superb presentation. When the commissioner's report was published in 1965, it elicited unanimous praise from a special review committee of Council. But the incident pointed to the increasing concern over professional standards, competence and discipline of members.

Despite its concern over the Clyne proceedings, the Institute launched its own attack against the manner of expropriation of private property by the B. C. Electric Company. Acting under the *Power Development Act*, 1961, B. C. Tel had compulsorily taken certain assets of Peace River Power in exchange for securities in B. C. Tel, which did not possess the same income tax advantages for the holder. The Institute objected to this blatant disregard for property rights. Council passed a resolution reaffirming the principle that no property rights should be compulsorily acquired without provision for an independent and impartial determination of the value of the property taken. Copies of the resolution were sent to the Attorney General of B. C. and the Winnipeg newspapers, and published in *AIM* magazine.

One of the last actions of the 1961 Council was the creation of a French liaison committee to facilitate relations with francophone members and the general public. It was chaired by G. Vincent of Montreal. Committee members were J. Gosselin of Quebec City and F. Viau of Montreal. While it was the first formal recognition of the Institute's bilingual imperative, it was not the first action to accommodate the needs of francophone members. At the same time the committee was formed, Council was notified that the french translation of the *Reference Manual* was 25 percent complete.

J. Clint McGee succeeded Hamilton as president at the Institute's 25th AGM, held for the first time in Toronto, which by now had the largest chapter. McGee lived in Whitby, Ont. and was employed by the Ontario Department of Highways as their chief appraiser. A native of Ontario, McGee had attended Queens University and served four years in the RCAF. He was awarded the MBE for his engineering and pioneer contributions to the war effort.

McGee moved naturally into the now well-oiled national organization. The smooth meshing of the efforts of a vast army of volunteers directed by the national office staff can be judged from a review of the 1962 organization structure. Council was now 20 members elected from coast to coast: Victoria, Vancouver, B.C. Interior, Calgary, Edmonton, Lethbridge, Saskatoon, Regina, Winnipeg, Western Manitoba, Toronto, Ottawa, London, Montreal, Quebec City, Saint John and Halifax.

McGee had six vice-presidents: L. E. Pope from Victoria; G. E. Rouatt, Saskatoon; C. R. Simonite, Winnipeg; R. A. Davis, Toronto; G. Vincent, Montreal; and L. A. Mersereau, Fredericton. The committee structure was sophisticated and responsibility diffused across

regions. Committee chairmen were as follows: Executive, McGee, Toronto; Finance, Edmond, Winnipeg; Administration, Simonite, Winnipeg; Membership, Mersereau, Fredericton; Ethics, N. B. Simpson, Winnipeg; Publications, Mulock, Winnipeg; CAREB Liaison, Egerton, London; French Liaison, Vincent, Montreal; Expropriation Review, R. J. Wooley, Toronto; Research, Davis, Toronto; and Nominating, Hamilton, Calgary.

The Examining Committee was under the general chairmanship of Egerton, who co-ordinated the efforts of nine sub-committees: Admissions, Bradford, Winnipeg; Examinations, J. Skinner, Winnipeg and Rouatt, Saskatoon; Residential Appraisal Reports, A. E. Jellis, Edmonton; Multi Family, L. Howard, Edmonton; Commercial, Bowes, Winnipeg; and Rural, Bradford, Winnipeg and N. J. Denholm, Toronto. Egerton himself acted as chairman of the Experience Rating Committee.

By August 1962, national office had once again outgrown its space, sublet the remaining term on its five-year lease, and moved to a more prestigious address, 201-203 Chamber of Commerce Building, 177 Lombard Avenue. Designed by architect John D. Atchison in 1909 as the headquarters of Great West Life, the four-storey structure was a gem among the many handsome creations of this talented artist in Winnipeg's historic warehouse district. By coincidence only, the building was ornately finished in Kootenay marble from British Columbia, no doubt a daily reminder to Mulock of the vitality and durability of the west coast membership.

It was a time when members expanded their outreach. Ted Townsend, who had lectured extensively throughout western Canada, published *Rural Appraising in Canada*, which became the definitive word on the subject. Ivan C. Robison, who had represented the Institute with such distinction at the Clyne hearings, was appointed chairman of a committee to prepare a brief to the federal Royal Commission on Taxation. McGee, Egerton, M. Constam and Jos. Strung were asked to study the implications of the report of the Ontario Select Committee on Expropriation. Strung also was asked to study the Glassco report for its effect on the duties and obligations of members.

Leslie E. Pope from Victoria was installed as president at the 1963 AGM held in Vancouver. Like Hamilton, Pope was a full-time fee appraiser as director of Ker & Stephenson Ltd. in Victoria. And like many of his predecessors, he had served as a major in the Lake Superior Regiment of the Canadian Infantry Corps, where he was decorated with the Military Cross.

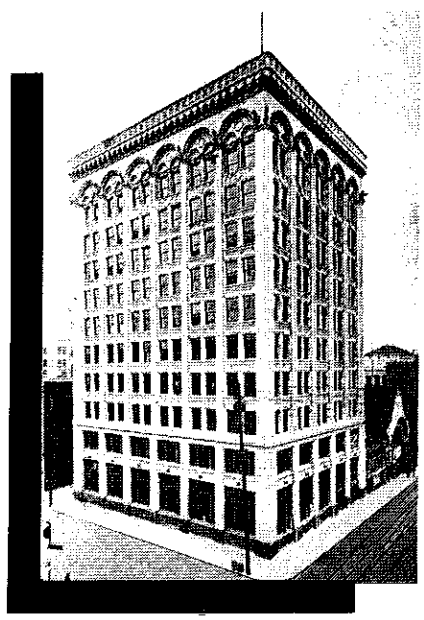
Pope was determined to give the Institute a national presence. He moved Council meetings across the country: Bayshore Inn, Vancouver; Minaki Lodge, Ontario; L'Esterel Hotel, Quebec. He gamely resolved to visit all 28 chapters in two trips, a pledge that the more experienced Mulock tried to talk him out of. Mulock recalls the experience.

We got through half the eastern chapters when I got the flu in Quebec City. Then we went to Montreal where Pope got sick. So we packed it back to Winnipeg and I put Pope in the Royal Alec Hotel to rest up. When he finally got a room, all Les wanted to do was have a hot bath. But when he went to fill the tub, nothing but pure mud came out of the faucet. Next day, he said the hell with it and headed home to Victoria without his bath.

Council once again wrestled with the problem of specialized designations. Approval in principle was given to the notion of a separate section confined exclusively to the appraisal of residential property. Qualified members would be awarded the designation Canadian Residential Appraiser (CRA). Copyright protection was received for the designation Certified Real Property Consultant (CRPC), and Certified Real Property Appraiser (CRPA). The much-honoured Mulock was awarded both designations, pending a decision on their adoption.

G. Earl Rouatt, BSA, MBE, regional supervisor of the VLA in Saskatoon, succeeded Pope in 1964. A graduate in agriculture from the University of Saskatchewan, Rouatt had been a major with the Regina Rifle Regiment. He typified the strong ties between the VLA and the Institute, particularly in the field of education. Rouatt was one of those who took the in-house appraisal

In 1959, the Institute's national office moved to the Electric Railway Chambers in Winnipeg, which projected a clean, modern image in keeping with that of the Institute. (Manitoba Archives)

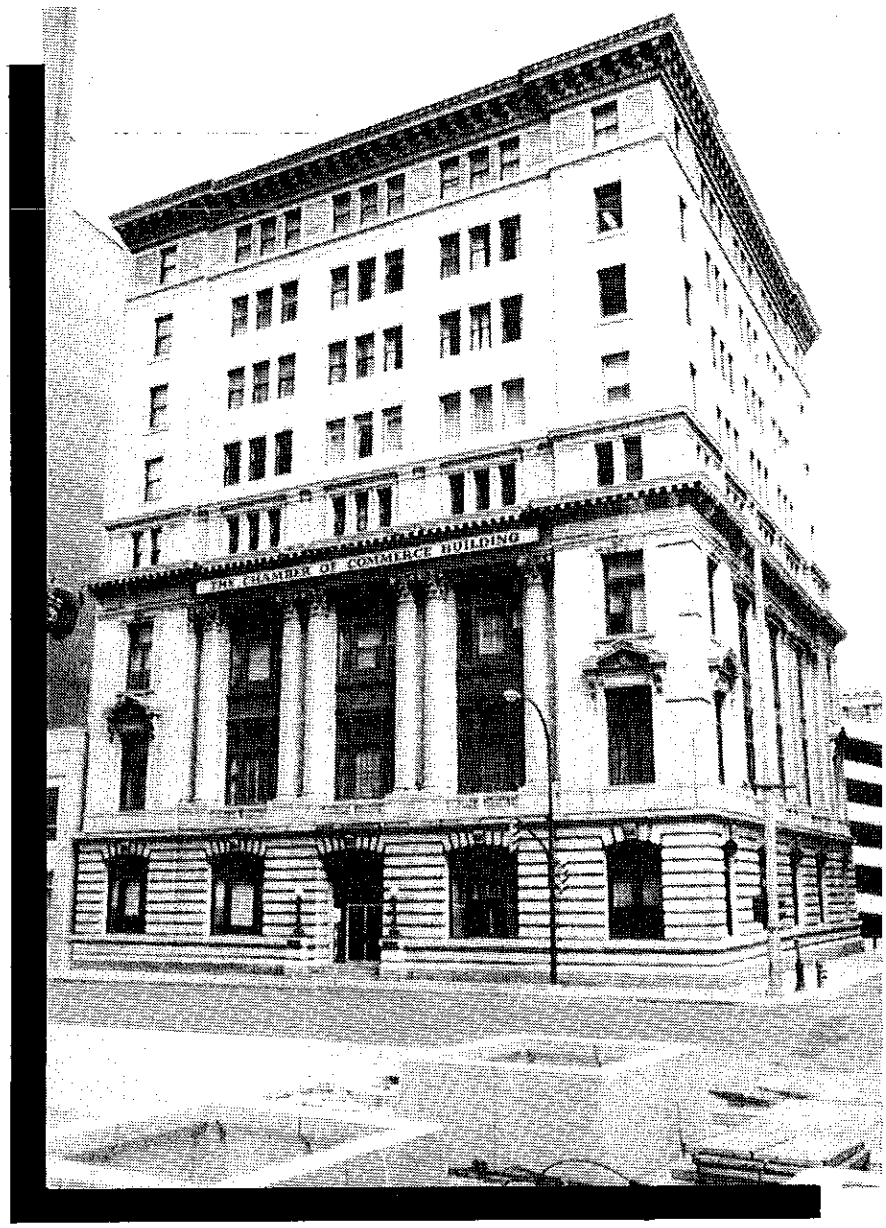


course, qualified for the AACI, then spent the next 20 years lecturing in appraisal through the extension department of the University of Saskatchewan.

A thoughtful, analytical man, Rouatt had invested countless hours as chairman of the Education Advisory Committee from 1961 to 1964 while it conducted a comprehensive overhaul of the total curriculum for the AACI program. His committee recommended the expansion of the program to three parts. Course I would cover basic economic theory, the cost approach and market approach. Course II would cover the more difficult income approach. Course III would be made up of report writing, case studies, expropriation, property law and other related topics. Examinations would be held after each course. The requirement of submitting three demonstration appraisal reports would continue. These recommendations would form the framework of the Institute's educational program for many years.

Once again there were signals of discontent with the organization of the Institute. They began at the 1964 AGM

With continued growth during the early 1960s, the national office moved to the prestigious Chamber of Commerce Building in Winnipeg's historic warehouse district. (Manitoba Archives)



with a resolution proposed by B. St.L. Robison, chairman of the Calgary chapter, but not seconded, urging the Institute to appoint a commissioner charged with responsibility for conducting a complete appreciation of the affairs of the Institute. F. J. Shankland of the Toronto chapter, who had earlier voiced concern over the lack of liaison with chapters, supported the Calgary initiative and offered to split the cost of the study. Hints of discord bubbled up again in September when Toronto invited all Ontario chapters to a meeting to organize a provincial association, but was spurned by Ottawa and Kingston who wished to go on record as being satisfied with the status quo.

Toronto forced a confrontation in April 1965 by passing a 14-point resolution of discontent and dissatisfaction with a wide range of issues involving education, research, administration and public relations. Council responded in May by appointing Rouatt, Egerton, Pope and Purchase as a long-term planning committee to recommend a course of action.

Arthur Speed inherited this hot potato when he was elected president at a crowded AGM in Winnipeg later that month. Speed was born in England, served in the Royal Navy in World War II, then emigrated to Halifax, where he and his wife established the partnership of Speed & Speed Ltd., real estate appraisers and consultants. He was a fortunate choice because he possessed a blend of the attributes required to diffuse a potentially explosive situation: bright, personable, cool, analytical, a good listener, decisive. Yet, he had a light touch. His instincts seemed to lead him to propose the right course of action, often a totally novel solution to a problem. Martin Bauer claims that Arthur Speed was "as solid a piece of presidential machinery as this Institute has ever seen."

Speed became preoccupied with two major issues during his year. First was the appointment of a long-term planning consultant. Second was the growing threat of appraisal licensing legislation in Quebec which might freeze out the Institute as the pre-eminent qualifying body. However, he did have the pleasure of awarding the AACI to the first woman ever to qualify, certificate No. 37 to Janina Milisiewicz of Toronto. Milisiewicz practised in the private sector, then spent twelve years as review appraiser with the Ontario Ministry of Government Services. She reflects fondly on her professional career and recalls attending appraisal lectures by personalities such as Bora Laskin, later to be a Chief Justice of the Supreme Court, and J.I. "Hud" Stewart, educator and author of *Appraisal in a Nutshell*, a delightful, pithy insight into the appraiser's world.

"The committee was looking for an individual in Canada who could take a long, critical and objective look at this wide spectrum of Institute affairs, and make some recommendations that would act as guideposts in the decade or two ahead."

The committee of past presidents chosen to draft the terms of reference for the long-term planning commission tabled its guidelines shortly after the AGM. They contained 14 major areas of investigation covering virtually every aspect of activity: admission, education, multiple accreditation standards, national office, provincial organizations, educational needs for the 1970s and 1980s, professional status. . . . The committee was looking for an individual in Canada who could take a long, critical and objective look at this wide spectrum of Institute affairs, and make some recommendations that would act as guideposts in the decade or two ahead.

Governing Council selected Samuel A. Martin, the author of this chronicle, to undertake the study in the summer of 1966. Egerton, Mulock and Speed were named a liaison committee to keep the study on track and ensure delivery of the report by October. In retrospect, it was a breathtaking assignment. During the month of May, I conducted 17 days of hearings in 15 different cities in Canada, beginning in Vancouver on May 2, and finishing in Halifax on May 27, just prior to the Institute's 29th AGM held at the end of May in that beautiful city.

In all, I received a total of 50 written briefs containing over 300 pages of information, and heard eight additional oral briefs. I held formal discussions with more than 100 members. By the time I began writing my report, I felt that I knew the Institute well. The final report was delivered on August 31, two months earlier than the target date.

The report contained dozens of recommendations around a central theme, that the Institute should pursue the goal of professional status by upgrading its entrance standards, education program and the ethical behaviour and discipline of members. The Institute should begin the process of decentralization of its administrative and educational functions into six provincial organizations which, under the Canadian constitution, have the authority for education. Chapter activity should be strengthened and chapter formation more disciplined. National office would remain in Winnipeg, but be scaled down by the transfer of much administrative and educational activity to the provincial organizations.

A board of governors would be down-sized to a president, vice-president and one representative from each provincial association. It would be concerned with national policies and minimum professional standards and perform the role of adjudicator to perpetuate the federation.

The Institute should hire a director of education. Minimum admission stan-

dards for candidates should be raised to the entrance standards that apply for admission to a degree program in a Canadian university. The program should be extended to four years with courses added in the areas of economics, law, accounting, finance, taxation and sociology. A program of continuing education should be made available to accredited members. Research activity should be stepped up. The AACI should be replaced with the the single, simple designation P. App., Professional Appraiser. And Council should enforce a much stronger code of ethics to ensure the continued privilege of self-government.

The report ignited considerable debate, but generally was respectfully received. Indeed, for the next 20 years it would be dusted off from time to time when Council confronted a particularly thorny issue involving education, administration or autonomy.

Council immediately appointed a policy and planning committee of past presidents to review the report and recommend an implementation program. Hamilton acted as chairman and committee members were Speed, Egerton, Edmond, Pope, McGee, L. W. North and the new president, Eric Hagglund.

The recommendation concerning provincial associations acted as a lightning rod for those regions pressing for autonomy. The Quebec case, as always, was unique. By the end of 1966, the three Quebec chapters had more than 300 members and enjoyed amicable relations with national office and Governing Council. Indeed, the Institute had recognized its obligations to its francophone membership long before it became politically fashionable to do so. Thanks to the efforts of L. Titley, the Part I examination was made available in French in 1960, Part II and the appraisal report requirement in 1961. By 1962, there were 150 francophone students enrolled in Part I. The Reference Manual had been translated into French in 1963 and 500 copies printed at a cost of $6,500. Simultaneous translation facilities were available for the 1964 AGM in Montreal. The AACI diploma had been translated into French.

"The report contained dozens of recommendations around a central theme, that the Institute should pursue the goal of professional status by upgrading its entrance standards, education program and the ethical behaviour and discipline of members."

But despite the warm relations within the membership, it was clear that the Institute's position would be challenged in the general wave of independence sweeping the province. The first salvo came in the form of a private member's bill in the Quebec legislature, which proposed the formation of a corporation of appraisers for expropriations. Bill 151 would restrict appraising and court appearances for purposes of expropriation to members of the corporation. *Déjà vu*. Council saw this as the thin edge. As it had done in B. C., it authorized the president and executive director to take any steps necessary to oppose the Bill.

It soon became apparent that law, sociology and politics in Quebec were much more complex than on the west coast. J. Duchesneau, the lawyer hired to press the Institute's case, advised that, because of Napoleonic law, any official opposition on behalf of Quebec members must come from a body incorporated in the province of Quebec. It was a position that ultimately gained the support of the three Quebec representatives on the 1966 Governing Council, H. Paquet, L. W. North and R. Hébert. They argued eloquently for the incorporation of the Institut Canadien des Évaluateurs du Québec, Inc., not to give Quebec members autonomy, but to harness the full force of the law in opposing licensing legislation. Council unanimously approved the request under the general guidelines of Regulation No. 5. It would prove to be a fruitless gesture.

Eric R. E. Hagglund presided over Council in the year leading up to Canada's 100th birthday celebrations, the Institute's 30th. It was fitting that the presidency should revert to a Winnipeger for this historic occasion. Hagglund began his career as a self-employed house builder. When things slowed in the winter of 1951, he answered an ad for the position of Estimator II in the assessment division of the City of Winnipeg. Hagglund got the job over 65 other applicants, enjoyed the work and stayed on as part of MacDonald's team.

Leadership in the Institute had undergone another significant shift over the past decade. By the end of 1966, there were 540 AACIs, slightly more than 20 percent of the total membership. Surveys showed that 41 percent of these were available for full-time fee appraisal engagements, another 24 percent were available part-time. These were the men who each day put their reputation on the line by signing an appraisal report, giving evidence for one side or, the other in an acrimonious expropriation, or the toughest test of all, taking the stand under oath to testify as expert witness, then defending the quality of their opinion of value under rough cross-examination.

Increasingly, it was this nucleus of members who shouldered the burden of committee work, who demanded a quality educational program that insisted on strict standards of professional ethics and the discipline of unworthy

peers. As a public servant, not directly subject to the day-to-day market pressures of the fee appraiser, Hagglund could view many of these issues with some objectivity, even detachment, especially perhaps those dealing with questions of ethics, report review and discipline.

Ethics, professional standards and the discipline of wayward colleagues is the essence of professionalism, the fundamental underpinnings of, and ultimate justification for, self-governance. It is discipline, as much as educational standards, that engenders public trust and respect, that ultimately determines whether a group is regarded as a self-serving fraternity or a profession.

The Institute passed its first code of ethics in 1942. Complaints and criticisms were monitored through an ethics and advancement committee until 1947, when its duties were resumed by Council as a whole. A new ethics committee was struck in 1957 and ordered to draw up terms of reference for a more effective code. It was empowered to review reported cases of ethical breaches, and recommend to Council various degrees of disciplinary action: reprimand, censure, suspension or expulsion. Yet, despite the obligation of members to report specific cases of unethical behaviour, it was not until December 11, 1959, 20 years after the Institute's founding, that the national Ethics Committee reported its first infraction of the Code of Ethics to Council, who directed that it be investigated.

Part of the reason is that, by and large, most members of the Institute, and indeed most bodies aspiring to professional standards, do act with high principles and exemplary conduct. Some, of course, do not. The first difficulty is learning about the infraction, finding a member who will report the incident. Second is collecting the facts, building a case, which itself can be extremely expensive and messy. At stake are reputations, a person's career and livelihood. If there is no case, or if it is sloppily prepared, the aggrieved member may have grounds for a lawsuit which could damage the reputation of the organization more than the incident itself. Enforcement in the best of professions is a most difficult, and distasteful, process.

Nonetheless, the Institute made a serious attempt to police member activity. As expropriation work increased and court appearances became more common, the written opinions of appraisers became much more open to public scrutiny. When an opinion of value depends on professional judgement, there will always be room for honest differences, even among professionally competent practitioners. But in order to monitor those cases where opinions varied widely, in 1960 the Institute established a process for peer review of appraisal reports prepared by members for clients. Council ruled that the Ethics Committee had the right to ask for such reports, and that Governing Council had the right to demand them.

"Increasingly, it was the nucleus of members who shouldered the burden of committee work, who demanded a quality educational program that insisted on strict standards of professional ethics and the discipline of unworthy peers."

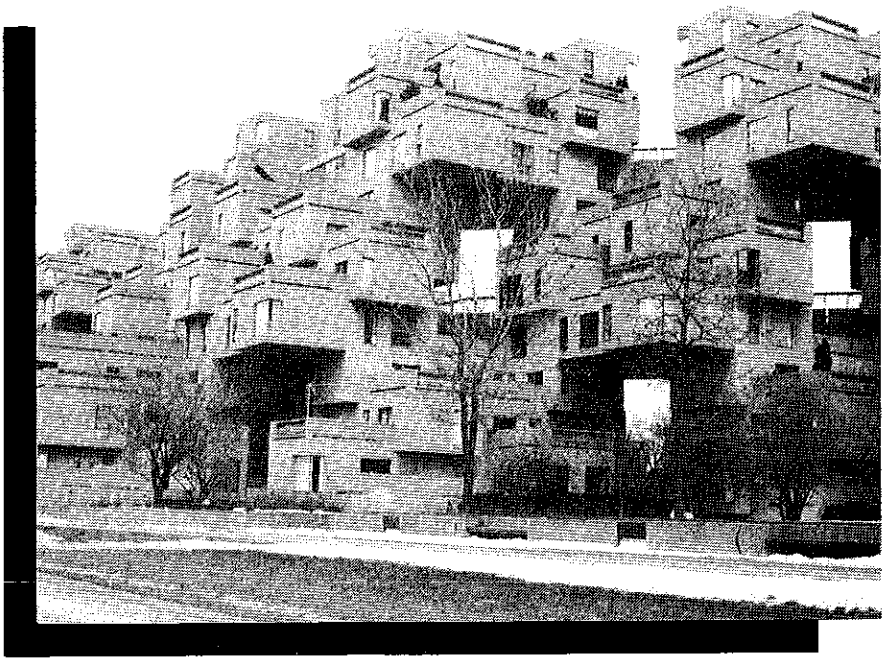
The committee did investigate the incident involving the members who had been responsible for triggering the Clyne Commission in 1961. Questions on ethics and professional standards were added to Parts I and II examinations the following year. In 1963, H. S. Kent from Calgary was suspended for having advertised himself, inaccurately, as an AACI in the Yellow Pages. Kent threatened to appeal at the 1963 AGM but did not respond when the item came up on the agenda.

The same year, President Pope had the unpleasant task of investigating the spread of opinions as to the value of land for the Deas Island Tunnel expropriation in British Columbia. The compensation award was much higher than the B.C. government thought was appropriate and, since there were several members involved, asked the AIC to investigate. One of the members was H.P. Bell-Irving, who later became lieutenant-governor of the province. Pope had to go to the government at the end of the investigation and tell them that, despite the wide divergence of opinion, there was no evidence of unethical practice. The government was still dissatisfied and eventually passed a special act to lower the compensation. It was a nasty affair.

In 1965, the Ethics Committee changed its name to the Ethics and Professional Standards Committee, and reaffirmed its commitment to call forward appraisal reports of questionable quality. The function of review was taken over by a special committee headed by B. St.L. Robison in 1966. Reading the minutes of committee activities points out the very real difficulties the committee encountered in trying to upgrade professional standards.

Yet, despite its many difficulties, the Institute moved into Canada's centennial year with the same confidence, optimism, and pride as the rest of the country. There were more than 2,500 members. Revenues were $136,000 and the 1966 surplus reached $21,000. Assets exceeded $70,000. One could say that the Institute was becoming part of the Establishment.

Montreal's famous Habitat '67 provided an example of the innovative attempts being made to meet the growing demands for accommodation.



Chapter 5

MATURITY 1967 - 1975

The period from 1967 to 1975 spanned the tail end of the longest running period of uninterrupted economic growth in the history of Canada — a boom that lasted 13 years from January 1961 to June 1974. As it ran out of steam, economic growth was replaced with a surge of inflation that reached 11 percent in 1975. Conventional mortgage rates, the engine of the real estate market, followed inflation upward. For appraisers, this was a mixed blessing. True, high inflation acted as a benign cushion against optimistic estimates of value. But high interest rates meant high capitalization rates, which translated into volatile present values when applied against variable income streams.

For the Institute, it meant addressing those issues that are the routine business of a mature, established organization. Provincial associations in Ontario and British Columbia became a reality. Emphasis was placed on education and research, and the Canadian Residential Appraiser program was introduced with a formal designation (CRA) subordinated to the AACI. Increased attention was focussed on forging relations with world-wide appraisal bodies through conferences and policy seminars. The Institute became more conscious of its public relations and worked to improve its projected image. Major changes took place at national office. But, through it all, Council took time and care to honour its own.

The office of president now routinely moved back and forth across the country, stopping only twice in Winnipeg over the nine years. By now, the majority of the incumbents were full-time, self-employed fee appraisers willing to sacrifice time and income to maintain and upgrade standards. In contrast to the earlier years, only two presidents were employed by government departments or financial institutions.

Harold A. Ross from Vancouver was the fourth mortgage manager from Manufacturers Life to serve the Institute as president. A native of Weyburn, Saskatchewan, Ross had attended both the University of Manitoba and Queens before joining Manufacturers in 1939, then gradually worked his way west. A genial and principled man, Ross en-

gaged the best efforts from his peers. At his first Council meeting in Calgary in 1967, he said, "May all of you realize how much our Institute membership depends on you." He delegated the workload and spread the credit generously.

There was much accomplished that year. First, however, national office had to move once again to more spacious quarters, this time upstairs to 502 Chamber of Commerce building. Acting on the advice of the Policy and Planning Committee, the Institute retained Dr. Richard U. Ratcliff early in 1967 as the education consultant. At the time, Ratcliff was an exchange professor at Berkeley, and slated to return full-time to the real estate faculty at the University of British Columbia. He was well respected in the appraisal field and given responsibility to overhaul the educational program of the Institute. In the meantime, correspondence courses were made available through national office to serve those areas of the country not covered by the lecture program of the chapters.

The suggested curriculum would cover a wide range of courses, including basic subjects such as principles of economics, urban land economics, real estate financing, land law, and professional topics such as real estate investment analysis and advanced real estate problems. Development would be expensive, estimated at $85,000. Through the efforts of Mulock, Ross and others, the Institute persuaded Central Mortgage and Housing Corporation to contribute $60,000 on a pro rata basis towards the development program, as a contribution to the advancement of real estate education in the country. Much of the credit for the successful negotiations was due to the understanding and goodwill of E. R. Collins, chief appraiser for CMHC. In recognition, Collins was awarded a life membership in the Institute in 1971.

About the same time as the Institute received the CMHC grant, Council was notified by the widow of T. L. Townsend that he wished to donate his library to the AIC. Council gratefully acknowledged the gift and established the T. L. Townsend Memorial Library at national office, where it remains today.

On December 9, 1967 an historic meeting was held of all chapters in Ontario and attended by Ross, the national vice-presidents and executive director, at which time it was agreed that an Ontario Provincial Association would be formed under Regulation No. 5. M.W. (Merv) Hall of London, Ont. was elected provisional president; H. W. (Harold) Croft, Toronto, vice-president; and D. W. Patten, London, secretary-treasurer. While there would be growing pains with the new entity, it was almost with a sigh of relief that Council noted the amicable resolution of a difficult problem.

"The suggested curriculum would cover a wide range of courses including basic subjects such as principles of economics, urban land economics, real estate financing, land law, and professional topics such as real estate investment analysis and advanced real estate problems."

The Ontario Association prospered, particularly after the appointment of Peter E. Burton as full-time executive director in 1975. Burton, like Mulock at national office, provided the interpersonal skills and administrative continuity to focus the activities of a rotating, voluntary board. He speaks with unconcealed pride of the succession of presidents since inception, all of whom he came to know intimately: M.V. Hall, H.W. Croft, W.S. Button, W.H. Reimer, A.L. Smith, E.M. Constam, J.D.H. Mackenzie, G.A. Rouleau, N.W.J. Gillis, B.B. Humphreys, D.W. Keep, G.E. Eagle, G.W. Kowalchuk, M.E. Brock, R.E. Wade, K.J. Stub, H.I. Bulloch and R.M. Robson.

Four more designations were heaped on Mulock in order to protect the patent for possible future use: CRA, EAIC, EA and PA.

Henri Paquet, a self-employed independent fee appraiser in Quebec City, became president in 1968. A native of Quebec, Paquet graduated in aeronautical engineering from the Curtis Wright Institute in California, then joined his father's real estate firm. Paquet was the first French Canadian to hold the office of president. He had played a major role in monitoring the movement for an independent Quebec corporation and was steadfast in his loyalty to the Institute as the preeminent appraisal body, even after the corporation became a reality. Composed, articulate, and loaded with Gallic charm, Paquet handled his presidential duties with seemingly effortless grace.

He soon was called to exercise his charm in two personnel matters. Ratcliff's contract was terminated because of growing friction as to objectives. The already heavily overworked Mulock had little difficulty persuading Council to hire a new executive assistant. Mulock mentioned that he was impressed with a young man named William T. O'Brien, who was with the Real Estate Institute of Canada in Toronto, but doubted the Institute could persuade him to move. Paquet had met O'Brien at conventions, and agreed to go after him. They talked at length over a casual dinner in Toronto, and Paquet explained how much the Institute wanted him. By the end of the evening, O'Brien allowed, "I believe we have a deal." It was a major coup for the Institute. O'Brien moved easily into the milieu of the AIC, infecting all around him with his Irish ebullience, his warmth, tact and energy.

Council approved the formation of the B.C. Association of Chapters in Oc-

tober 1968, moving it towards the autonomy it had sought for so long. Draft requirements for the CRA designation were distributed for comment. Wilfred Chislett Associates Ltd., public relations consultants, were hired to work in reshaping public perceptions of the Institute and its members. Paquet's presidential speech, delivered at the 1969 AGM, was published in both French and English.

Charles Russell Simonite, president of C. E. Simonite Ltd., Winnipeg, followed Paquet. A congenial man, and considered a good friend by many members, Simonite had attended the University of Manitoba, and split his career between real estate and appraising, at one time being president of the real estate board.

In the fall of 1969, Council received notice that Bill 204, *An Act to Incorporate the Corporation of Chartered Appraisers of Quebec*, had been passed into law by the National Assembly. It was accompanied by an unofficial invitation to meet with representatives of the new corporation. But despite their desire for more information, Council decided that no action would be taken without an official request, accompanied by reasons why such a meeting should be held. The reaction was consistent with Council's rigid policy of total opposition to the movement toward provincial licensing of appraisers. Viewing the vitality of the Quebec corporation today, one wonders whether a strategy of early co-operation and conciliation might have achieved a different outcome.

Two chapters got into difficulty with Council. The executive of Niagara chapter was suspended and replaced by a provisional executive committee because the chapter had been charging a chapter fee without Governing Council approval. An audit of the Quebec chapter disclosed that the accounting procedures were in a "deplorable situation." The Quebec chairman made peace with Council and offered to make a donation to the research and development fund.

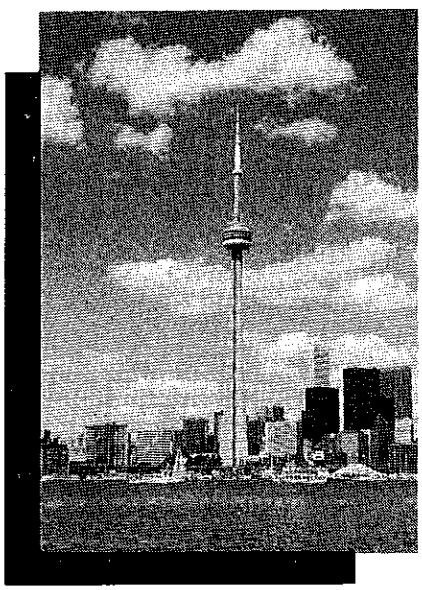
The resolution affirming the CRA program was ratified at the 1970 AGM. It would be the privilege of the new president, James A. Crawford, head of Crawford Realty Ltd., Ottawa, to award the first CRA certificate to Mrs. L. E. Gueland on August 27, 1970. A big, friendly man, Crawford had been a captain in the armoured corps, joined his father's firm and spent most of his adult life in appraisal and real estate.

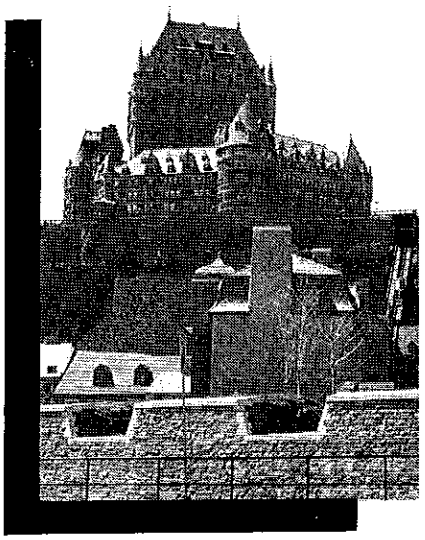
Crawford moved to strengthen relations with the Corporation des Évaluateurs Agréés du Québec. Council passed a resolution granting non-exclusive rights to *la corporation* to translate the Institute's educational material into French. It was a gesture of goodwill that recognized the mutual aims of the two bodies in advancing education in the province.

Council gave Ontario the right to incorporate in the name of the Ontario Association of the Appraisal Institute of Canada/Institut Canadien des Évaluateurs. It later became a vigorous, productive administrative and educational arm.

Robert O. Leitch, director of the land department of the City of Calgary, was elected president in 1971. Leitch was an American by birth and served in the RCAF during the Second World War. Throughout his life he had maintained an active involvement in community

While there were structural landmarks such as Quebec City's Chateau Frontenac (R) in Quebec and Toronto's CN Tower (L) in Ontario, there were also landmark decisions made within each province's internal appraisal structure.





activities, at one time holding memberships or advisory roles on 17 boards, including the Calgary Stampede. He recalls with good humour the circumstances surrounding his election. "The presidency was to go west in 1971 and Basil Flynn from Kamloops had been groomed to take the job. Two hours before the announcement, Flynn backed off and Mulock hustled me. I had half an hour to get my wife Peggy to agree, and prepare my acceptance speech."

Fortunately, it was a relatively routine year. Among other activities, Council granted credits to graduates of the UBC diploma course for all but the Appraisal III requirement. In addition, Leitch negotiated a formal affiliation agreement with *la corporation* that pledged the principle of close co-operation and the formation of a six-man committee to identify fields of common interest and submit a program of action. It was an important, if tentative, declaration of peace.

The next three presidents became known as the terrible threesome, because, it seemed, they were cut from the same cloth and shared common goals and mutual respect and admiration. Martin H. Bauer, district supervisor of the Farm Credit Corporation in Guelph, came first in 1972. Bauer was born in Perth county, farmed there, enlisted for the duration in 1939, then joined FCC. Bauer's special interest was in rural appraising and he helped develop special rural examinations as an optional program of study for the AACI.

During his year, Council granted exemption for all but Appraisal III and report writing requirements for graduates with an MBA, B.Comm., or M.Sc. degree. Approval was granted the B.C. Association to incorporate in June 1972. Also, a research and development trust fund was established conforming to standards of the *Income Tax Act*. Now donations to the fund, for the advancement of the education and research program, would be tax deductible.

By the time Bauer turned the gavel over to his successor, Allan D. Poapst, the organization of the national office was as streamlined as any modern corporation. The formal organization chart, with all its boxes and lines of authority, covered three pages. Six committees reported directly to Governing Council, seven more reported to Council through an Executive Committee, the office of the president. Executive Committee also co-ordinated activities of the Admissions Committee, which handled all matters pertaining to education, including experience rating, educational advisory functions, examining and admission through chapters.

Poapst, who was a vice-president of S. S. Stevenson & Co. (1972) Ltd. in Winnipeg, was one of the city's prominent fee appraisers. Smooth and outgoing, a man of spotless ethics, he is credited with being most responsible for upgrading the public relations image of the Institute. He grasped the values and direction of the AIC and then simply mixed well with people to communicate the story. In the words of Bauer, he made the Institute "user friendly."

Poapst initiated a survey of chapters on public relations perceptions and needs and used the results to formulate policy. Waldemar H. Reimer, president of the Ontario Association, negotiated a complimentary article on appraisal and the Institute in the *Toronto Star* in late 1973. Each member of Council was provided a public relations kit with suggested ways and means of enhancing and advancing the public interest in the AIC.

Poapst really was formalizing the publication of a wide range of networking activities that gave the Institute prominence in Canada and abroad. The Institute enjoyed considerable prestige in international appraisal circles. The president was routinely invited to conferences of appraisal organizations in the United States, Europe and the Pacific Rim. For instance, Ross and Mulock attended a meeting of the Council of Appraisal Organizations in Washington D.C. in November 1967, called by the president of the Society of Real Estate Appraisers to discuss licensing and education. Other organizations included were the American Institute of Real Estate Appraisers, the American Society of Appraisers, The American Society of Farm Managers and Rural Appraisers, and the American Right-of-

In 1968, William T. (Bill) O'Brien was persuaded to leave his position with the Real Estate Institute of Canada in Toronto and join the Appraisal Institute of Canada in Winnipeg. After six years as executive assistant to Bill Mulock, O'Brien became executive director in 1974.

Way Association, as observers. Ross reported that the group was so interested in the AIC educational program that it became the main subject of discussion for the entire conference. The AIC hosted a similar meeting in Winnipeg in December 1969, attended by the same group.

Poapst also won Executive Committee approval for tougher policies on disciplinary action under the by-laws. The new rules provided for the widespread publication of the definition of, and action resulting from, admonishment, censure, suspension and expulsion.

Poapst also presided at a special meeting of the Executive Committee on January 4, 1974, called to grant retirement to Bill Mulock. After 15 years at the helm, responsible for the entire administrative back-up that carried out the directives of Council, and having logged hundreds of thousands of miles on Institute business, he was simply tired. Presidents, councillors and members grew to rely, perhaps too heavily, on his capacity and knowledge. It was time for a change at the top. Bill O'Brien succeeded Mulock as executive director.

"The new rules provided for the widespread publication of the definition of, and action resulting from, admonishment, censure, suspension and expulsion."

The third member of the trio, Lincoln W. North from Montreal, brought a youthful zest to the office of president. North was an American by birth, served in the U. S. Army and graduated with an honours degree in civil engineering from Michigan Technological University. He moved to Montreal and established his credentials as appraiser, analyst, counsellor and expert witness. He was president of North, Hughes & Associates, Limited during the term of his presidency.

North took a keen interest in the educational program of the Institute. He authored a textbook, *Real Estate Investment Analysis and Valuation*, then toured the country offering seminars to members on the application of the more sophisticated methods of earnings capitalization to valuation problems. He also lectured in appraisal at McGill. Even with such an active schedule, he found time to enjoy skiing, sailing and recreational travel.

North continued the outreach program initiated by Poapst. Council hired an administrative assistant responsible for public relations, and commissioned a new logo. Council protected the P.App. designation by awarding it to O'Brien, but then rejected, at least for now, adopting it in place of the AACI. Council also gave serious consideration to requiring the BA degree as the minimum educational standard, but also rejected the notion. It did pass a resolution lowering the annual dues of retired members to $10 per year, a sensitive gesture to senior colleagues, many of whom had supported the Institute since its inception.

Bauer was appointed to work with the metric commission as it wrestled with the implementation of a system that would alter drastically the calculations and reports of appraisers. His reports to Council revealed the enthusiastic, conscientious manner with which he threw himself into the work of the Institute and the Government of Canada.

At the end of North's term, it was clear to Council that the time required by the president to carry out his duties demanded an unwarranted financial sacrifice, particularly for a self-employed fee appraiser. The membership agreed, and, at the 1975 AGM, authorized Council to begin to pay an honorarium to the national president to help compensate for the loss in income.

"Council retained Price Waterhouse Associates to design a computer system for membership records at national office. It would be the Institute's window into the emerging data processing technology."

M. (Joe) Kvatum from Edmonton was the last president of this era. He, too, was an independent fee appraiser operating as principal in Alberta Appraisal Company Ltd., a firm with a long-established reputation in Edmonton and area. Kvatum had been born in Torpa, Norway, emigrated to Canada as a boy, and grew up and was educated in Veteran, Alberta.

The Institute paused to take its breath after 38 years of intense activity. Kvatum was able to see North elected chairman of the ninth Pan Pacific Conference to be held in Vancouver in May 1977. AACI diplomas were redesigned in a bilingual format, and Council retained Price Waterhouse Associates to design a computer system for membership records at national office. It would be the Institute's window into the emerging data processing technology.

Then Council looked back at the work of the long succession of dedicated presidents who had served with unselfish commitment, and decided that it was good. All living past presidents were awarded the rank of Fellow if they were accredited members, and Honorary Life Member, if not. "It appears to me," reflected Kvatum in his presidential address at the conclusion of his term, "that the Institute is slowly coming of age."

With the construction of complex developments such as the incredible West Edmonton Mall, the need for continually refined appraisal techniques was never more evident.

Chapter 6

TESTING FOUNDATIONS 1976 - 1988

The maturation was timely. The boom peaked in 1976 when gross domestic production grew six percent in real terms. Then the economy plunged into depression, second only to the havoc of the 1930s. But the trough, reached in 1982 when GDP contracted 3.3 percent, was disguised. Uncontrolled inflation, which coincidentally peaked at 13 percent about the same time, gave the illusion of growth, adding to the confusion and frustration. Interest rates spun out of control. Five-year conventional mortgages hit 21 percent in September 1981, literally bankrupting many who faced the burden of contract renewals that often doubled their monthly carrying costs. The devastation accelerated and the debris accumulated. Foreclosures. Bankruptcies. Layoffs. Unemployment soared, peaking at 1.7 million Canadians in March 1982.

As always, the cycle reversed. Inflation subsided. Interest rates eased. Consumption resumed, at first cautiously and tentatively. Industrial production recovered laboriously. As 1988 approached, both inflation and real economic growth were at the respectable level of four percent. But the recession left a legacy of lingering apprehension. Unemployment remained unacceptably high at more than nine percent, public and private debt accumulations impeded long-run stability, and technology threatened to widen the gap between the haves and the have nots. The mood was one of cautious optimism but sober realism. The tough had survived. But the world threatened to get tougher.

Such was the environment that spanned the terms of office of the 12 remaining presidents of the Appraisal Institute of Canada. They cluster into three groups, each reflecting the undulations of the economic cycle through which they passed. Dietrich, Ter Horst, Peterson and Lambert served during 1976 through 1979, coping as best they could with the turbulence of growth and inflation in the external economy, and near chaos internally, created by an unprecedented surge of interest and activity in the Institute. In 1979 alone, 1,020 new candidates enrolled in educational programs, pushing total

membership to an all-time peak of 7,737 the following year.

Frampton, Hildebrand, Oliver and Jensen toughed out the middle years from 1980 to 1983 when the economy collapsed. Panic hit the real estate market. Prices in Toronto soared 90 percent from January to June 1981, then fell seven percent over the next 15 months. Corporate profits shrunk 30 percent in 1982. Such volatility fuels speculation, which leads to losses. Losses provoke investigations. Investigations expose mistakes of judgements in multi-million dollar real estate deals. As elected leaders of the Institute, these men faced critical demands from their peers to preserve the integrity of professional conduct so as not to tarnish a reputation earned painstakingly over 40 years. Their steady hand, moderate public statements and careful actions provided the stability that prevented over-reaction to fast-moving, provocative events.

Mackenzie, Jorgensen, Butler and Warren presided over the recovery period from 1984 through 1988. These were the years to face realities from the fall-out of the long, undigested economic boom; years of reassessment, reorganization and ultimately reaffirmation of the ideals and goals of the Institute. Like the businesses of its members, the Institute trimmed its sails, cleaned its cupboards and emerged from the exercise with renewed confidence and determination.

The Institute was now firmly in the control of fee appraisers. Eight of the 12 presidents since 1975 were engaged as full-time principals in their own firms devoted exclusively to fee engagements. The first, William J. Dietrich, from Peterborough, typified the emerging new breed. Dietrich began his real estate career in 1953, and trained in both brokerage and appraisal work. He became active in the Peterborough/Lindsay chapter, moved to the executive of the Ontario Association and eventually became partner and secretary-treasurer of Rishor, Barnes & Dietrich Limited, where he specialized in the appraisal function. Dietrich's year was marked by four significant events. Council adopted a policy that encouraged the formation of provincial associations in all provinces. These would engage directly in discussions with provincial governments on matters affecting the appraisal profession, most noticeably the issue of licensing and provincial recognition of appraisal standards. Associations in Manitoba and Nova Scotia were founded in 1976. By 1988, they had been established in all provinces but Quebec, Prince Edward Island and Newfoundland.

"Like the businesses of its members, the Institute trimmed its sails, cleaned its cupboards and emerged from the exercise with renewed confidence and determination."

National office moved to its present location in May 1977, timed nicely to accommodate the installation of a new computer, purchased to store and retrieve member records, and to welcome J. P. Abela as the newly-appointed educational consultant. By streamlining administration, O'Brien trimmed physical requirements from 3,800 to 3,100 feet, exactly the space available in a trendy, newly-restored warehouse-turned-office building at 93 Lombard Avenue.

From his corner office on the third floor, with its reclaimed yellow brick interior walls, O'Brien and his visitors looked out on a scene of classic Winnipeg heritage. Immediately beneath the window, looking north, was the butt end of an abandoned CPR spur line, a reminder of the roots of Winnipeg's commercial prosperity. To the east of the tracks, on the gentle bends of the Red River, stretched a beautiful, newly-reclaimed park, lined with Manitoba maples, benches, foot paths and cycling trails. First evidence of an ambitious project to reclaim the river bank from Winnipeg to Lockport, it signified a commitment by Manitobans to restore their premier city to its original, natural beauty.

Richard Ter Horst, who became president in 1977, continued the focus on education, given new impetus with Abela's appointment. Ter Horst was a graduate in agriculture from the University of Manitoba, and had worked since 1959 as an appraiser with the Manitoba Agricultural Credit Corporation. After witnessing years of sweeping changes at all levels of the educational program, including course requirements, content, report grading and examinations, Ter Horst decided to devote his presidential year to explaining these changes to committee members and the general membership. It was an attempt to digest past changes. But with an eye to the future, he set in motion a committee to study a program to accommodate the re-education of accredited members, with the possibility of formal recertification at some future date.

Recertification became a central theme of Verne E. Peterson, who succeeded Ter Horst in 1978. Peterson was born in Regina and gained his early appraisal training and experience with CMHC, Revenue Canada and the Saskatchewan Department of Highways. At the time he became president, he was Regina branch manager of Insmor Mortgage Insurance Co. (since merged with MICC).

An easy-going westerner, Peterson set out to make things less formal at Council meetings as well as the AGM. Since he did not own a pair of black shoes, he wore cowboy boots with his tuxedo to the President's Ball, and presented Linc North with a buffalo hat to wear at the head table. Peterson chaired two annual conferences, having filled in for Ter Horst, who suffered a heart attack mid-way through his term. He also organized the 1975 Regina conference which drew 179 to the AGM, the largest attendance to that time. Peterson recalls that the drawing

card to the conference was Bill Shinkel, a popular American lecturer who had agreed to speak but had been vague as to his fee. When Shinkel landed in Regina in his private plane, Peterson braced for the expensive news, cursing himself for not having been more explicit. When he did muster the courage to broach the subject, he was ecstatic when Shinkel wondered if $200 Canadian would be too much to ask.

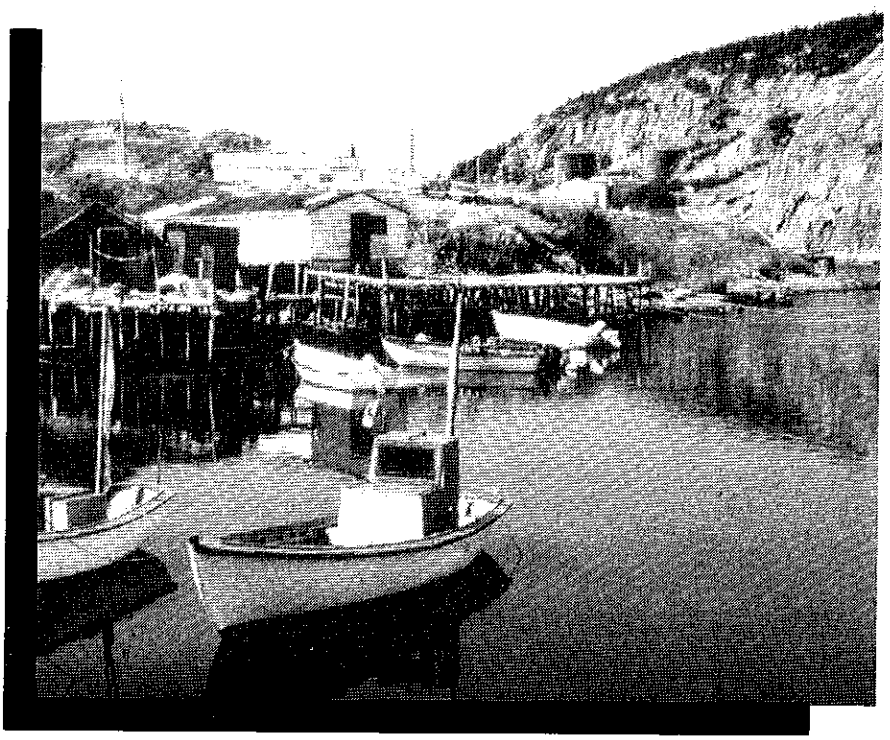
Peterson's Governing Council adopted a unanimous resolution to proceed with some form of recertification. Council asked the advisory committee of past presidents to review the status of the Professional Appraiser designation to see if somehow the two could be joined in the re-education process.

Donald W. Lambert of London, Ont. followed Peterson as president and injected renewed enthusiasm into the educational program. Lambert had trained in appraisal with Past President Jim Egerton, then became senior regional appraiser with MICC Appraisals & Inspections Limited in London. A self-confessed workaholic, whose life centered on Institute affairs during his active years on Council, Lambert fashioned a career of mortgage appraisal, real estate investment and litigation work for fee; and lecturing, writing and committee work for fun. He organized report and examination grading seminars, authored an AIC brief on current value accounting to the Canadian Institute of Chartered Accountants, and represented the Institute at its first invited lecture to a major international conference, the 10th Pan Pacific Conference held in Tokyo in October 1979.

Membership in the Institute peaked during Lambert's term. He presided as the 2,000th AACI certificate was awarded to M. Berthelot and the 1,000th CRA certificate granted to R. O. Holmes in the early months of 1980.

Gordon D. Frampton burst into the office of president at the 43rd annual meeting held in Moncton, New Brunswick in 1980, bringing with him a new style of leadership and a new set of priorities. The first of a string of self-employed fee appraisers, Frampton had gained his appraisal training with the B. C. Department of Lands and Department of Highways, then established himself as president of Frampton Appraisals Ltd. in Vancouver. A large, outspoken man, of boundless energy and unequivocal opinions, Frampton soon earned respect for his work as fee appraiser and his success as expert witness in hearings before the Supreme Court of British Columbia. Politically astute, Frampton served the province through the Assessment Appeal Board, acting as chairman and senior chairman. Frampton ruled Council with an iron fist. Described variously as intimidating, political, insensitive, abrasive and hard-driving, he believed

From large commercial or residential developments to this Newfoundland fishing village, and everything in between, the need for highly-skilled real estate appraisers continues to grow.



passionately in the market system. "If Council is fighting, then things are getting done. It is when things are smooth that there is trouble."

He established the goal of offering 12 continuing education seminars during his year, and, among others, engaged Ian Campbell, a prominent business valuator from Toronto, to lecture to members. He forged personal relationships with the presidents of the Canadian Institute of Chartered Accountants and the Canadian Bar Association, and called personally on deputy ministers in the Department of Public Works, Revenue Canada, the Farm Credit Corporation and CMHC.

Frampton related well to the special needs of the members in Quebec, "perhaps because both B.C. and Quebec are isolated from the mainstream." His Council approved an articling program for candidates, although it would not be implemented until 1983.

Frampton had thrust the Institute boldly into the national spotlight, asserting its claim of pre-eminence in appraisal affairs. Though his style was decidedly less bombastic, the next president, David F. Hildebrand from Fredericton, continued the public relations offensive. While he dubbed his term "a year of consolidation" and instituted a freeze on new initiatives, Hildebrand kept his ear to the grass roots, then went public to comment on matters well within the competence of real estate professionals. During a two-day media blitz in Toronto, for instance, he appeared on four radio interviews, two television shows and gave six newspaper interviews. His theme was moderate and sensible for the times. With high interest rates, low construction activity and demand for high ratio mortgage loans, Hildebrand cautioned that Canadians must lower their expectations for housing, and settle for smaller, more energy-efficient units.

Perhaps he could foresee the forthcoming shakeout in the industry. Certainly he was well trained to read the danger signals and communicate them with clarity and authority. Hildebrand began his career as an elementary school teacher in Fredericton, then switched to the assessment branch of the New Brunswick Department of Municipal Affairs, completed the AACI, and lectured in the program continuously since 1966. He established Appraisals (Fredericton) Limited in partnership in 1977 and became part of a closely-knit network of fee appraisers located across Canada to provide standardized, high quality valuation services to clients engaged in national activities. Among other duties over the years, he chaired the Ethics and Appraisal Review Committees. He became president at 39, one of the youngest ever to serve.

Following the untimely death of James W. Oliver, president of the Institute in 1982, Mrs. Joyce Oliver presented the presidential address which her husband had prepared prior to the 1983 Annual General Meeting in Edmonton.

His gentle, mild, laid-back Maritime manner betrayed a tough inner core. He chaired meetings with a deceptive nonchalance, allowing each member the opportunity to express views and criticism. Then, with exquisite timing, he would recapitulate, call the vote and make things happen. Fittingly for only the second Maritime president, Hildebrand's Council approved the founding of the Fundy chapter, by-laws for the New Brunswick Association and reaffirmed the continuation of simultaneous translation at all national conferences.

James W. Oliver from Hamilton succeeded Hildebrand in 1982, landing immediately in the eye of a hurricane. Toronto was aghast at the revelation of a great apartment building scandal, a deal that had turned sour as a result of allegedly questionable valuation techniques by several real estate appraisers. The controversy was to mar the term of one of the most decent men to assume the office of president, a term truncated by Oliver's tragic death in April 1983.

Oliver had trained with MICC, then became mortgage manager in the Hamilton Branch of Canada Permanent Mortgage Corporation. His acceptance speech reflected the values of the man. "The Institute will continue to strive for a common sense approach to real estate appraisal." Oliver refused to be swept up in the widening chorus of doom and gloom, asserting always that "the future of the Institute is bright."

Oliver worried about the Institute, and involved himself with great zeal in his presidential duties. Conservative, he often posed as the devil's advocate to explore implications and problems associated with new ideas. His meetings often were marathons, one lasting until 11 o'clock on Hallowe'en night. His Council did stamp formal approval on a candidate articling program. Under the system, a candidate would attach himself to a practicing AACI who would act as volunteer sponsor to ensure the candidate was exposed to diverse, high quality, practical appraisal assignments during his period of training. Oliver's widow added a poignant moment to

the 1983 AGM when she read her husband's presidential report, which he had partly drafted before his death.

Bert R. Jensen from Calgary finished Oliver's term and assumed the office officially in 1983. In Jensen, the Institute gained the talents of a thoughtful, thorough public servant and skilled bureaucrat, who also was experienced in real estate sales and appraisal. Director of the Land and Appraisal Department of Alberta Housing Corporation and formerly trained in appraisal with the real estate capital gains section of Revenue Canada, Jensen adapted his administrative skills to the complex affairs of the Institute. He argued eloquently for a long-range plan to guide the Institute in its dealings in the sophisticated world of real estate finance; and drafted his own long-range plan for Council consideration in 1985.

Jensen inherited much of the intense aftermath of the Cadillac-Fairview-Seaway apartment building scandal that pervaded the media and preoccupied the real estate industry from 1982 through 1985. At issue was the method used to establish value-for-mortgage of a block of high-rise apartments in Toronto. Appraisal theory argued for a final judgement based on three distinct approaches to value: value based on cost to reproduce or replace the building, value based on recent market prices of comparable properties, and value based on the worth of the asset calculated from the earnings or revenue it would produce in the future.

Appraisal practice was reasonably standardized and uniform on the cost and market approaches to value. It was far less consistent on the income approach. Typically, value based on income was determined by applying an appropriate capitalization rate (or required return on investment) against the expected net operating income of the property. The most conservative estimate of future operating income was often thought to be an average of the actual income earned in the past, since that amount had been demonstrated and was not theoretical.

But what if expected inflation rendered historical rent levels irrelevant? What if lease clauses incorporated complex formulae for calculating rents unrelated to any historical experience? What if a new building projected losses for the first few years before becoming profitable? To handle these complexities, modern financial analysis employed a technique called discounted cash flow (DCF), which was built on the foundation of statistics and probability theory. Harnessing DCF theory to the calculating power of the computer, an analyst was able to develop sophisticated models to generate the present value, or probable investment value, of the most complex configuration of future events.

"Jensen presented evidence to show that the Institute had earned the privilege of being recognized as the foremost appraisal body in the country, and asked for recognition of the AACI as the standard to protect the public interest."

Despite its power, DCF was simply a device for predicting the future, and its utility depended on the quality of the estimates and judgements fed into the formulae. It was here that the experience, training and judgement of the professional appraiser was called on to produce plausible conclusions. And it was on the values so generated that even experienced, competent, honest practitioners often disagreed. Such discrepancies were of little concern provided they were small. They became crucial when actual sales took place at prices based on optimistic expectations of events which later failed to materialize.

It was this painstaking public scrutiny of appraisal practice that preoccupied Jensen's attention as president. He engaged in protracted discussions with financial institutions and government agencies, explaining the operation of the Institute, the quality of the educational program, the control, evaluation and disciplinary procedures for members. In the process, he discovered, for instance, that *the Bank Act*, which governs the investment practice of Canada's chartered banks, failed to define the terms "value" or "market" in relation to the collateral value of real property. Jensen pressed governments at the federal and provincial levels, as well as private lending institutions, to sharpen their regulations over appraisal requirements. He presented evidence to show that the Institute had earned the privilege of being recognized as the foremost appraisal body in the country, and asked for recognition of the AACI as the standard to protect the public interest.

In pressing the case, Jensen was on familiar territory and firm ground. Long interested and involved in ethics and discipline in the Institute, Jensen knew the difficulties and progress that had been made in enforcing By-law No. 1 since it was first introduced in 1940. Progress had been made. By 1976, long before the attention of the 1980s, the Ethics Committee investigated an average of 35 complaint files at any given time. A decade later, the National Professional Practice Committee of eight members plus a permanent staff member, met four times a year for three days, hearing evidence, making judgements and meting out various levels of discipline befitting the severity of the breach of ethics by the member.

In the year 1986, for instance, the committee examined 193 active files, including 90 new complaints. It took action on 134 cases. It dismissed 79 complaints for no grounds and accepted undertakings from 15 members. The remaining 40 members were disciplined as follows: eight admonishments, nine reprimands, 13 censures including seven with publicity, nine suspensions and one expulsion. Two

members had been expelled during the previous two years. That record demonstrated diligence over standards and supported the Institute's claim of responsible self-government, even if it meant stripping wayward colleagues of their credentials. Communicating disciplinary action without appearing cruel, arbitrary, or vindictive on the one hand, or orchestrating a belated witch hunt to appease the critics on the other, was a totally different matter.

Jensen was ideally suited to carry out this sensitive, diplomatic task. Determined, quiet, even judged constructively manipulative, he had a talent for getting people to work for him. Happily they invariably enjoyed the experience of working closely with the Great Dane with a crinkly smile, probing green eyes and a dry, delightful sense of humour.

Jack D. H. Mackenzie from St. Catharines succeeded Jensen in 1984, inheriting an organization now beginning to feel the first pangs of contracting membership that mirrored the real estate cycle. With the worst of public criticism of appraisal practices behind him, Mackenzie plunged into the task of rebuilding momentum and restoring confidence within the ranks. It was a task that required the skill and drive of the entrepreneur with the enthusiasm and inspiration of the cheerleader.

Mackenzie had characteristics of both. As president of J. D. H. Mackenzie Appraisals Limited, he managed a significant appraisal practice with offices in St. Catharines and Niagara Falls. Like many men with talent and energy, he reached out to serve the profession that gave him his livelihood. He served as examiner, grader and lecturer, panelist and seminar leader, and as president of the Ontario Association in 1976.

People liked to be around Jack Mackenzie. He was a good speaker, but not glib. He made friends, smoothed rough edges, brought people together, and reconciled conflicts. He looked successful, and was a self-made success. He and his wife Dawn Marie were gracious hosts and enjoyed a life-style that reflected prosperity without pretension.

"Council declared that, as of October 1986, all applicants would be required to submit proof of university entrance attainment before being admitted as candidates."

Indeed, the presidential team, husband and wife, was the hallmark of the office of president from inception. The president's wife played a special role. Not only was she the president's partner in their home, she was the first lady of the Institute who often accompanied her husband, adding a touch of grace and cordiality to social occasions. It was an added responsibility, one which all accepted with goodwill, many with enthusiasm. To those experienced as hostess at public functions, the transition from member's wife to first lady was smooth. Always in the background, lending support, advice and guidance based on long experience, was the wife of the executive director, who quietly took the first lady under her wing, as her husband did with the president. It was this four-way partnership that contributed much to the warm memories that virtually all past presidents concede marked "their year" in office.

Mackenzie set out to implement a program of member recertification. Under this concept, a member would retain his designation only after demonstrating completion of a prescribed level of study. The designation retention committee was renamed the National Recertification Committee and tabled a discussion paper which Council approved in February 1985. Council also recommended, but did not require, that university entrance or equivalent educational attainment, be the minimum for admission to candidacy. The Professional Appraiser designation was formally recognized in the by-laws. Members who engaged in fee appraisal assignments were required to carry liability insurance for the protection of themselves and the Institute.

Council also awarded Fellowship status, posthumously, to E. J. Fuger of Montreal. At a time when the Quebec Corporation dominated the appraisal field in the province, Fuger was cited for single-handedly holding the Montreal chapter together and tirelessly working to improve relations between the Corporation and the AIC.

Ivan Jorgensen, president of Jorgensen Appraisals, Ltd., Prince George, B. C., followed Mackenzie. The pressure was building. At the first meeting of his new Council, Jorgensen was forced to implement a directive to suspend all special projects requiring new expenditures in order to staunch the now serious financial drain. Financial discipline was not a new art. Jorgensen was born in Drumheller, Alberta, but when Ivan was 16, the family moved to Langley, B. C. where he completed high school, then worked a year with the Royal Bank of Canada, long enough to convince him to take a year off to reassess his career goals. He joined CMHC in 1958, stayed 16 years, joined an appraisal firm in Prince George for four years, then launched out on his own. Conservative in his habits and outlook, Jorgensen developed his practice carefully and deliberately through a wide range of engagements, including expert witness in litigation assignments.

Jorgensen tackled several chronic problems that now appeared near to resolution. He worked closely with George Hayward, chairman of the National Recertification Committee, exploring the implications of alternative programs. Strong believers in mandatory recertification, Jorgensen and Hayward nonetheless recognized realities. The program recommended to Council, and approved at the 1986 AGM, accepted voluntary participation in approved courses and seminars, contri-

bution as report grader or lecturer, and other activities that would be recognized as re-education. Members who accumulated 60 hours of credits over a five-year period would be permitted to include that accomplishment in their appraisal reports. While it was a compromise, the expectation was that the new attainment would set the standard, and exert subtle pressure on all members to conform.

Closely related was the long outstanding issue of minimum educational entrance standards. Council declared that, as of October 1986, all applicants would be required to submit proof of university entrance attainment before being admitted as candidates. Ironically, what tipped the scales in the close debate was an income tax provision that disallowed tax deductibility for fees other than for post secondary educational programs. At the other end of professional attainment, Council awarded the P. App. designation to all living past presidents in a move to test public acceptability of this more familiar-looking acronym.

Jorgensen's Council also negotiated two significant reciprocal agreements that confirmed and enhanced the stature of the Institute in the appraisal field. After years of estrangement, the Real Estate Association of British Columbia and the Institute agreed to recognize equivalence in their standards. RI(BC)s would be granted the AACI and vice versa, a move that effectively absorbed competition for preeminence in British Columbia. A similar concession was reached with the Real Estate Institute of Canada (REIC). In the short run, the Institute recognized equivalence between the FRI and CRA designations. In the longer term, each agreed to concede the other's territorial claim. The AIC was recognized as the appraisal body, while the REIC was acknowledged as foremost in brokering real estate deals.

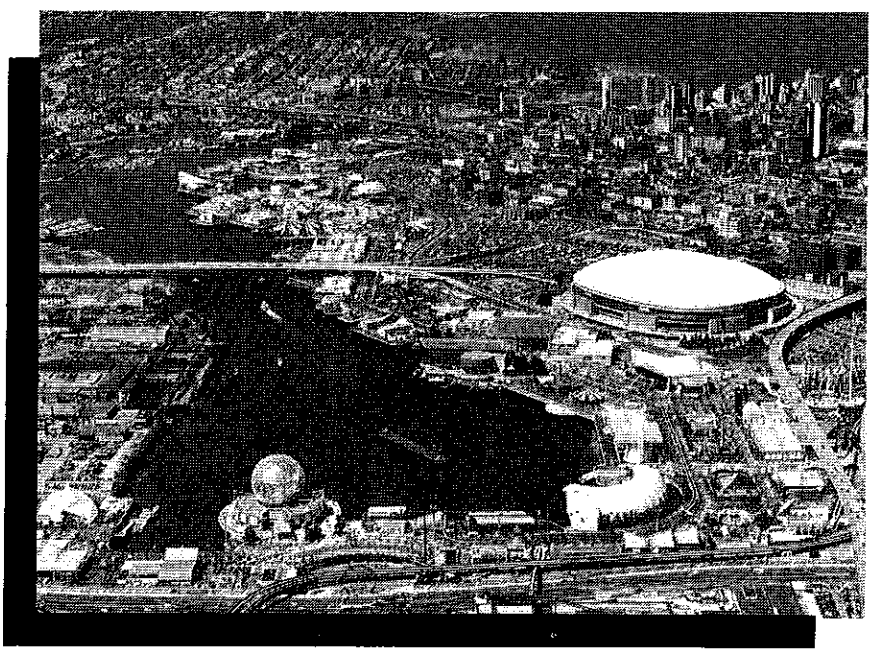
Important as these accomplishments were, Jorgensen judged the most gratifying experience was his appearance with Robert Mason before the House of Commons Standing Committee on Finance, Trade and Commerce. As official spokesmen for the Institute, the two men put forward their views on appraisal standards and the role of the appraiser in attesting to the quality of investments by Canada's financial institutions. That appearance led later to an invitation to the Institute for specific commentary on a federal bill to regulate lending practices in the insurance industry.

Echoing the sentiments of countless predecessors, Jorgensen viewed his presidential year as the highlight of his career. "I met people, saw sights, and became involved in activities that otherwise never would have come my way. It is a heady experience to appear before a Commons Committee, a great privilege for any Canadian."

Council awarded one Fellowship during Jorgensen's term. Romain L. Klaasen from Victoria, practitioner, educator, author, and a man who truly loved and respected his calling, was cited for "freely giving of time, appraisal knowledge, education and administrative skills to enhance the appraisal profession."

The crunch came soon after Harold N. Butler assumed the presidency at the 1986 annual meeting. The festivities

Expo '86 in scenic Vancouver showcased Canada to the world and set the stage for an exciting, dynamic future.



and buoyancy of Vancouver's Expo 86, and the smooth, exciting program developed by Karl Harck and his conference committee, masked the problems accumulated from seven straight years of shrinking membership. It fell on Butler to initiate and enforce distasteful, deep-cutting measures to correct the now debilitating imbalance between expenditures and revenue.

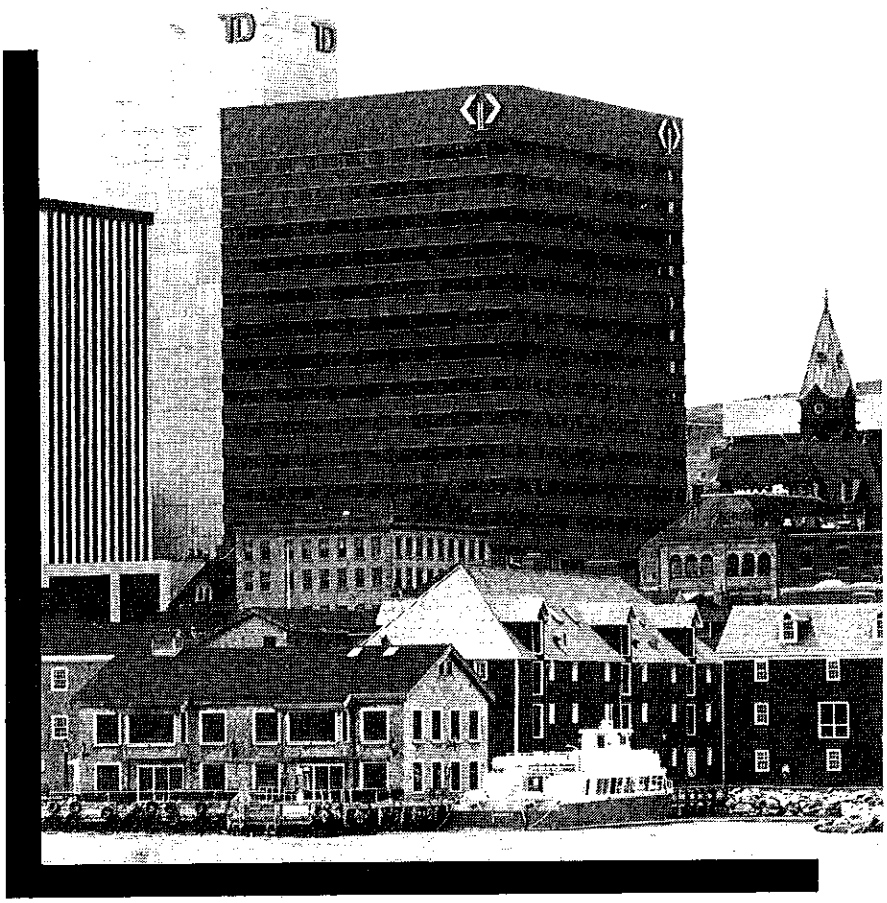
It was not a role calculated to satisfy a craving for ego reinforcement. Fortunately, in Butler, the Institute had a man who faced issues squarely, a Newfoundlander to whom the phrase "fiscal restraint" was a fact of everyday life, and a person who knew himself well enough to be satisfied in the knowledge that he had done his best in difficult situations.

Butler was managing director of Butler Surveys and Appraisals Limited, in St. John's, Newfoundland, a firm he founded after training as a land surveyor, specializing in geodetic and engineering surveys. A one-time pilot and radio broadcaster, he was a deceptively powerful orator, deceptive because his unassuming manner betrayed an engaging, even charismatic style. One colleague recalls that after Butler spoke at one Council meeting, a lawyer attending that portion of the meeting leaned over to inquire if Butler was a minister.

The Institute problems were severe, but not intractable. The economic recession brought with it the inevitable disaffection with the real estate industry. Hundreds who had flocked to enrol enthusiastically as candidates in the boom years of the seventies, lost interest and withdrew from membership in the eighties. The freeze on federal government spending, downsizing of some departments, and deregulation in some sectors meant fewer jobs and opportunities for appraisers in the public service. The Institute lost 1,982 members from 1980 through 1986.

The shrinkage in revenues occurred at the very time when pressures for spending on education, re-education, discipline and public relations were at an all-time high. No less than 27 committees of Council required servicing by permanent staff as well as a budget for travel and communication. Routines were entrenched. Costs had be-

Just as this Halifax skyline blends historic harbour-front properties with today's high-rise office towers, so too does the profession of real estate appraisal blend the best of the old and the new.



come fixed. The organization was top heavy.

Under Butler's guidance, Council bit the bullet. First, it reaffirmed the Institute's mission and standards. Then it retained management consultants to help guide them through the steps necessary to reorganize the administration and reshape the budget to regain fiscal balance. Bill O'Brien took early retirement in October 1986. He is now engaged in a new career in real estate sales, a change that rekindled the *joie de vivre* noticeably absent in recent years. After 18 years with the Institute, 12 as chief administrative officer, O'Brien has accumulated an encyclopedic knowledge of facts and personalities possessed by no one else. He agreed to serve the Institute for two years as presidential consultant and resource to the Historical and Anniversary Planning Sub-committee then very actively engaged in designing activities to mark the 50th anniversary of the Institute in 1988.

Earlier that year, V. N. "Vicki" Dillabough had retired from the staff of national office after 22 years of service. Her departure was deeply felt by all who had come to know her over the years. A quiet, gentle and intensely loyal employee, Vicki possessed a photographic mind, and there was literally nothing about the Institute she did not remember, or know where to locate. In an unprecedented move to show their gratitude and esteem, Council voted Vicki an honorary member of the Institute in October.

In honoring Vicki, Council was acknowledging the strength and quality of the administrative staff in national office. A staff of 13 processed all the paperwork necessary to register and track the progress of 3,000 candidates, communicate with 2,000 AACIs and 1,000 CRAs, back up the president and Governing Council, and serve as resource for Council's 27 committees. In the best tradition of public service, the staff functioned with courteous, quiet efficiency, ensuring that volunteers were fully briefed on facts and options, offering advice when asked, but deferring to members whose careers rested on the judgements and decisions ultimately taken. The staff was the Institute's administrative continuity and stability. They were uncommonly capable. Council conveyed its pride and appreciation by symbolically accepting one of their best into the ranks of its membership.

"In the best tradition of public service, the staff functioned with courteous, quiet efficiency, ensuring that volunteers were fully briefed on facts and options, offering advice when asked, but deferring to members whose careers rested on the judgements and decisions ultimately taken."

Council also began passing power and authority over to the seven provincial associations. Effective in 1987, the functions of admissions, accreditation, education, exams, report grading, articling, professional practice and discipline all came under the authority of provincial councils. National Governing Council retained authority to establish policy and standards in all Institute matters. It was a natural evolution, more in line with constitutional realities that granted provinces jurisdiction over matters affecting education.

After an intensive external executive search, Council appointed Terrence J. Gifford as executive vice-president effective January 1 1987. Gifford had joined the Institute staff in 1974, and along the way had performed virtually every administrative task in national office. His skills shone particularly in the sensitive areas of professional practice, and functions dealing with the public, conferences, public relations, and publications. Trained in business administration, certified by the Institute of Association Executives, and rejuvenated by regular participation and involvement in sports, Gifford had a strong commitment to his staff. He knew them as individuals, and cared for each one of them as a member of a very special team.

The months leading up to the 1987 AGM were incredibly busy. The mood of Council, executive and staff was one of tension, which gradually upgraded to apprehension as Gifford took charge of administrative affairs. Then, as plans for the Halifax conference began to fall into place, one sensed the first signs of excitement, optimism and purpose that had characterized the organization from its inception.

Yet, the worst of the administrative problems were not over. The lynchpin of the recovery strategy was a dues increase of $100 per member, approved by Council but requiring ratification by the general membership at the AGM. The increase would mean that, effective January 1988, AACI dues would be $305, estimated to represent 0.6 percent of the average member's annual income.

It would fall on Jack M. Warren, chairman of the National Finance Committee and president-elect of the Institute, to prepare the membership for the added financial burden. His strategy was as forthright as the man himself. In an open letter to members published on the front page of the April Appraisal Institute *DIGEST*, Warren minced no words. He reviewed the membership loss, 17 percent in the last year alone, which was the primary cause of budget difficulties. He pointed to the need to rebuild reserves to equal 50 percent of

the annual operating budget. He outlined the resources required to replace the computer, revise and update the educational program, and provide a lobbying presence in Ottawa. The accompanying budget spelled out the program modifications and spending priorities. Expenditures would just exceed $1.3 million, a cut of $50,000 from the previous year. But Warren projected a surplus of $7,000, the first since 1982.

To those who would oppose the increase, Warren cautioned, "consider the future of the Institute which, of course, affects your future. Without the Institute working on your behalf, promoting the Institute's designations and advancing the profession, your designation will become worthless."

It was like a breath of fresh air. Problems and firm options were now squarely before the membership for healthy, open debate. As the conference drew closer, it was far from certain what action the membership would take, what authority it would give Governing Council. What was clear, was that the Halifax conference was a watershed, whose decisions would shape the future role of the Institute as it prepared to mark the end of its first half century of service.

The venue for the 1987 AGM was the Halifax Sheraton, unquestionably one of Canada's premier hotels and convention centres. Although built in the 1980s, its architecture and stone facade blended exquisitely with the restored warehouses of Halifax's dockside Historic Properties. The Halifax Ballroom, with its unobstructed view of Dartmouth across the harbour, provided an agreeable, congenial setting for the business at hand.

President Butler and Council were ushered in to the swirl of bagpipes, the Mayor of Halifax welcomed the visitors, and the meeting was called to order. Butler's address was crisp, assertive . . . inspiring. He paid tribute to yesterday's accomplishments, and acknowledged today's challenges. "The future belongs to the youth of our Institute." But the journey to perfection would demand time and money, and uncompromising professional standards. "Our responsibility extends beyond the demands of our clients. Our duty is to society at large."

"One need listen only briefly to the polished presentations in a dozen conference rooms to appreciate the competence of the speakers, the scope and quality of the questions from the floor. These were professional men and women searching for better solutions to their problems; proud of, but not content with, past accomplishments and standards."

Warren presented the motion for the dues increase. Surprisingly, there were no questions from the floor. Butler called for a standing vote. Clearly the ayes were in a majority. But the motion was defeated by 82 votes when proxies were counted.

The ensuing debate was revealing. Members acknowledged concern about finances, but were dissatisfied with Council's efforts to economize. Would head office staff costs drop with the transfer of functions to provincial associations? Some expressed concern over the educational programs, many criticized Council for being unresponsive to the concerns of the grass roots, and uncommunicative.

The questions were probing, often blunt. Yet the atmosphere was constructive, supportive, reasonable. Council had been slapped on the wrist. Then the membership voted for a dues increase of $100, for one year only, to be reviewed at the 1988 AGM. Members wanted to see a detailed budget, and a comprehensive strategic plan for the future of the Institute.

This was not an organization in decline. One need listen only briefly to the polished presentations in a dozen conference rooms to appreciate the competence of the speakers, and the scope and quality of the questions from the floor. These were professional men and women searching for better solutions to their problems; proud of, but not content with, past accomplishments and standards.

The new Governing Council confirmed the election of Jack Warren as president to lead the Institute into its 50th year. He was an ideal candidate for the honour. Born on a farm in Saskatchewan in the Depression, educated in the west, experienced as a fee appraiser for four years, disciplined in the public service in Ottawa, and currently chief appraiser with Revenue Canada in Vancouver, Warren reflected the chronological, geographic and professional development of the Institute itself.

Warren earned a reputation as a candid, reliable administrator, a straight shooter. He possessed an engaging, dry sense of humour, reflected superbly in his biographical sketch, a joint effort with his wife Reta.

A devoted family man who finds time to camp, golf, bowl, run and ski, Warren's acceptance speech, delivered at the President's Ball, was typically forthright and succinct. He would devote himself, and direct Council, to addressing the Institute's fiscal problems, improve the educational courses, forge a long-term plan, tighten the administration, co-operate with external organizations and uphold ethical standards. "I will give my best effort for the betterment of the Institute over the next year," concluded Warren simply.

Then he invited all members to join him in Winnipeg in 1988, where it all began 50 years earlier.

As the Appraisal Institute of Canada enters its second half century, it is in the capable hands of its 1987/88 National Governing Council (Back row L-R) Gilles Baillargeon, Rae Csversko, Bernie McMullan, Bob Burnett, Tony Barber, Dave MacLean, Glenn Balderston, Ernie Lelacheur, Laurent Brosseau, Gary Shufelt. (Front row L-R) Bob Mason, Ken Stroud, Jim Perry (Pres-elect), Jack Warren (President), Harold Butler (Past President), Terry Gifford (Executive Vice-president), Benoit Egan, Karl Harck, George Hayward. (Inset L) Terry Fox. (Inset R) Kai Stub.

CHALLENGES

Few organizations in Canada have survived to celebrate their 50th anniversary. Rarer yet is a 50-year-old, prestigious, national institution that has not moved its head office to Toronto or Ottawa. Yet the Appraisal Institute of Canada has retained the same name, performs the same essential functions and is located within two city blocks of the scene of its conception.

That it has endured reflects the wisdom and skill of the leadership it has attracted in its councils, committees, executive, administration and general membership; common men and women without a national profile, significant personal power or public prestige, but men and women with an uncommon commitment to improving the way they performed their services to the public. They treated their work, their vocation, as if it was a profession, and strove to be viewed as such in the eyes of the public. In many ways, the history of the Institute is the history of Canadian business in microcosm.

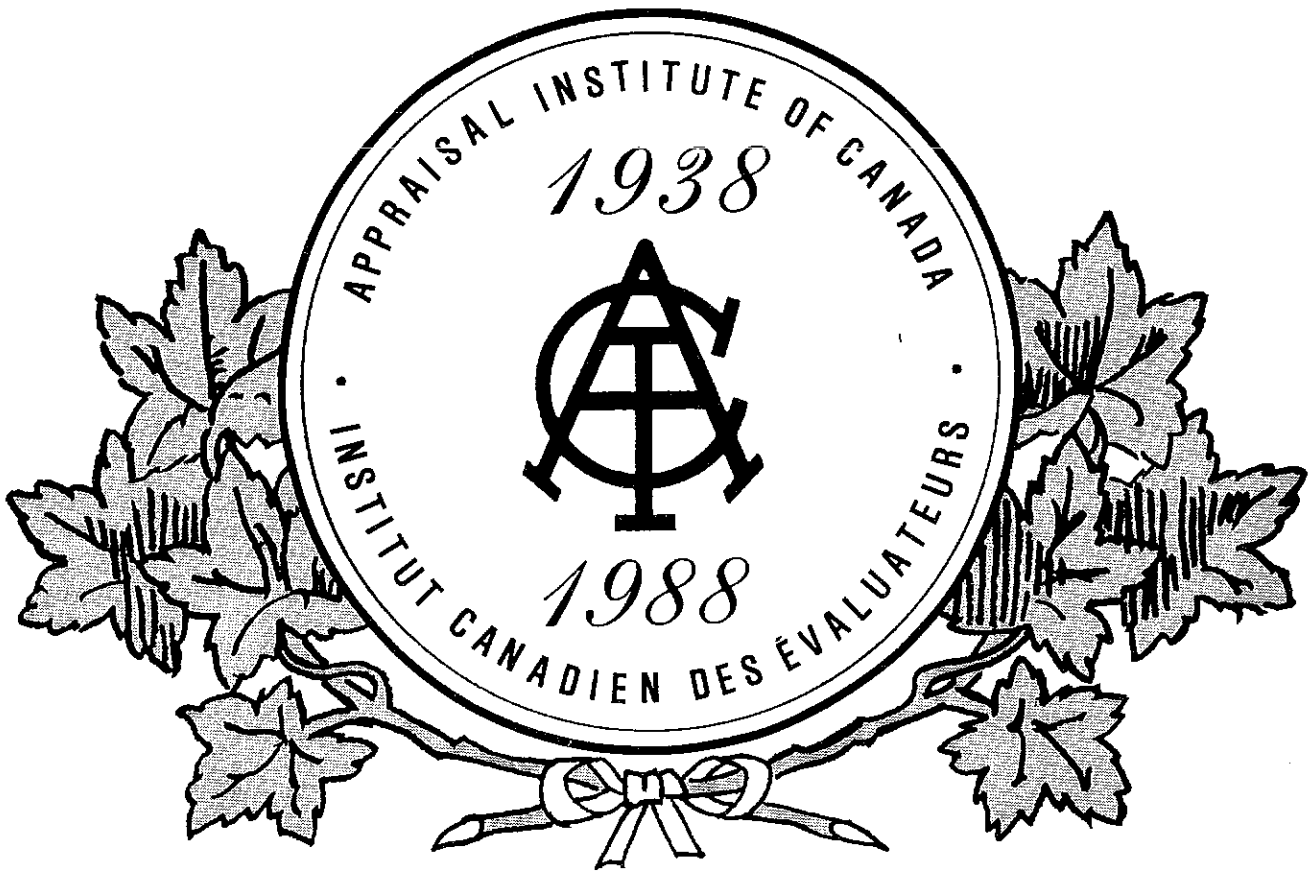
This chronicle touches the highs and lows of that experience, seen through the eyes of the people who played significant roles as trustees and administrators. What it does not do is reflect the activities of the hundreds of members who were not on executive committees, but who too contributed to the stature the Institute enjoys today. "They built better than they knew."

What lies ahead? One cannot predict events, but can anticipate challenges. Competition in offering appraisal services will increase from highly educated professionals associated with accounting firms, management consultants and financial institutions. Members will be challenged to keep abreast, to broaden and deepen their education in order to remain on equal footing. Continuing education will be a lifetime commitment.

The pressure will increase for higher formal entrance standards. Professional status will be elusive without a university degree as the educational minimum. Provincial associations will be slow to assume total responsibility, but those which do so will advance fastest to professional status.

With higher educational attainment, more emphasis will be placed on research into new and better theories of value, more effective techniques for demonstrating judgements and opinions.

As the face of capitalism changes, the professional appraiser not only will adapt, but will shape the way society thinks about private property and its value to society. It should be an exciting journey.



The Appraisal Institute of Canada/L'Institut Canadien des Évaluateurs gratefully acknowledges the generous support of the following companies in the observance of our Fiftieth Anniversary:

Farm Credit Corporation of Canada

Mortgage Insurance Company of Canada

APPRAISAL INSTITUTE OF CANADA/INSTITUT CANADIEN DES ÉVALUATEURS
101-93 Lombard Avenue
Winnipeg, Manitoba
Canada R3B 3B1