**THE APPRAISAL INSTITUTE OF CANADA WELCOMES NEW POLICIES TO PROTECT INVESTORS OF SYNDICATED MORTGAGES INVESTMENTS**

(Ottawa, ON) March 18, 2019 - The Appraisal Institute of Canada (AIC) welcomes The Canadian Security Administrators’ (CSA) approved and proposed amendments to Canada’s syndicated mortgage regime. AIC was pleased to provide comments in the initial consultation period and is pleased to see that the CSA will be implementing the requirement that issuers of syndicated mortgages must deliver property appraisals prepared by an independent, qualified appraiser who a) regularly performs property appraisals for compensation, (b) is a member of a professional association holding the appropriate designation, certification, charter or license to act as an appraiser for the type of property, and (c) is in good standing with the professional association.

AIC also welcomes the additional proposed amendments that stipulate that an appraisal must provide a value of the subject property as at a date that is within 6 months preceding the date that the appraisal is delivered to the purchaser. The initial version of the regulation stipulated the date be within 12 months preceding the delivery date of the appraisal and consequently resulted in far greater risk to investors.

“Appraisals provide an unbiased, independent and reliable market value for a property. The amended instruments and policies now ensure that an appraisal is completed for a syndicated mortgage investment by an independent, qualified appraiser such as an AIC Designated Appraiser. This information will ensure that a potential investor has a clearer understanding of the value of the property to make a well-informed and prudent investment decision,” said Peter McLean, AACI, P.App., president of the AIC.

AIC shares concerns about allegations of fraud relating to syndicated mortgage offerings and applauds the CSA’s initiative on taking the necessary measures to protect investors. AIC continues to collaborate with regulators to ensure that consumers obtain sufficient information when making investment decisions.

“AIC believes that the measures taken by CSA to protect investors in the case of syndicated mortgages investments is warranted and is the prudent approach to take” said Keith Lancastle, AACI (Hon.), AIC’s chief executive officer.

A syndicated mortgage may be offered as an investment in either a specific mortgage or a group of mortgages and may range from a single home to a large commercial development project. Investors in syndicates may also invest in a "bundle" or grouping of residential property mortgages.

Designated Members of the AIC can help mitigate lending and investment risks by providing an unbiased opinion of value on the property or properties. An on-site appraisal prepared by a qualified professional is the most effective way to confirm the value of an individual property used as collateral to underwrite a loan. AIC Members are guided by a [Code of Conduct and Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)](file:///C%3A%5CUsers%5Candreh%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CYLSIK0E7%5CCode%20of%20Conduct%20and%20Canadian%20Uniform%20Standards%20of%20Professional%20Appraisal%20Practice%20%28CUSPAP%29) to ensure the highest level of professionalism and integrity.

Sound mortgage underwriting requires a balanced approach that includes due diligence on the creditworthiness and credit history of the borrower as well as the value of the collateral used to secure the loan.

AIC encourages investors to mitigate potential investment risks by verifying that the real estate used to secure a mortgage has been appraised by a designated appraiser.

**ABOUT AIC**

The Appraisal Institute of Canada (AIC) is a leading real property valuation association with

over 5,400 members across Canada. Established in 1938, the AIC works collaboratively with its

10 provincial affiliated associations to grant the distinguished Accredited Appraiser Canadian Institute (AACI™) and Canadian Residential Appraiser (CRA™) designations. AIC Designated Members are highly qualified, respected professionals who undertake comprehensive curriculum, experience and examination requirements. Our members provide unbiased appraisal, appraisal review, consulting, reserve fund study and machinery and equipment appraisal services within their areas of competence. For more information, go to the [AIC Website](https://www.aicanada.ca/) and follow AIC on [LinkedIn](https://www.linkedin.com/company/appraisal-institute-of-canada), [Twitter](https://twitter.com/AIC_Canada), [Facebook](https://www.facebook.com/AppraisalInstitute.Canada/) and the [AIC Exchange](http://aicexchange.ca/).

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