



Case Summary: 2022-02

Sanction Consent Agreement Implementation Date: February 11, 2022

**General Summary:**

**File Opened:** August 23, 2021

This complaint arose from an appraisal report completed for mortgage financing purposes.

An appraisal report for the subject property was completed by the AACI-designated Member. The complainant later discovered that the Member had a professional mentor/mentee relationship with the owner of the subject property. The complainant noted that this relationship had not been disclosed.

The complainant also expressed concerns about the final value expressed in the report. This complaint issue is outside of the scope of an AIC Complaint investigation.

**Complainant Allegations:**

The complainant raised the following concerns:

1. The Member was in conflict for the assignment because they had a previous mentor/mentee relationship with the mortgagee applicant who was the owner of the property subject to the appraisal report.
2. The value conclusion in the report is too high.

**Issues Arising from the Complaint Review:**

1. Effective date misstated has been entered as different in two entry areas within the report
2. Imperial/metric measurement references are overlooked
3. Inaccurate entry of Condo maintenance fees
4. Reconciliation and conclusions of the concluded value and the concluded rental value are inadequately
5. Supported and explained in the report

## Sanction Consent Agreement Terms

### Agreed Breaches of CUSPAP 2020:

**Ethics Standard Rule 4.2.1** It is unethical for a Member to knowingly fail to comply with the Bylaws, Regulations, Standards, policies, and Professional Liability Insurance Program of the Institute;

**Ethics Standard Rule 4.2.2** It is unethical for a Member to knowingly engage in conduct that would prejudice their professional status, the reputation of the Institute, CUSPAP, or any other Member; [see 5.1]

**Ethics Standard Rule 4.2.3** It is unethical for a Member to knowingly act in a manner that is misleading; [see 5.2, 5.3]

**Ethics Standard Rule 4.2.5** It is unethical for a Member to knowingly complete an Assignment a reasonable Member could not support; [see 3.58]

**Ethics Standard Rule 4.2.11** It is unethical for a Member: to fail to reveal any known conflict of interest; and [see 5.9]

**Ethics Standard Comment – 5.9 Conflict** [see 4.2.11]

**5.9.1** A Member pledges to develop, support and communicate each analysis, opinion and conclusion without regard to:

**5.9.1.ii.** any party related to the Assignment;

**5.9.2** It is unethical for a Member to accept an Assignment if the Member has any direct or indirect, and/or current or contemplated, personal interest in the subject matter or the outcome of the Assignment, unless:

**5.9.2.i** the personal interest is revealed to the Client in writing prior to acceptance of the Assignment, or as soon as the conflict is revealed or perceived;

**5.9.2.ii** the Client acknowledges and accepts the conflict in writing; and

**5.9.2.iii** the personal interest is fully and accurately revealed in the Report.

**Reporting Standard Rule 6.2.5** In a Report the Member must identify the Effective Date of the Member's analyses, opinions and conclusions, and identify whether the opinion is current, retrospective, prospective, or an update; [see 7.7]

**Real Property Appraisal Standard Rule 8.2.7** When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must: describe and analyze all data relevant to the Assignment; [see 9.6]

**Real Property Appraisal Standard Rule 8.2.9** When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must: detail the

reasoning supporting the analyses, opinions and conclusions of each valuation approach; [see 9.8]

**Agreed Discipline:**

1. **Section 5.35.2:** Education: CPD 160: Law and Ethical Considerations in Real Estate Business to be completed successfully at the Member's expense and must include the successful completion of the final exam not later than 6 months after the date of implementation of the Sanction Consent Agreement.
2. **Section 5.35.3:** Peer Review: A similar appraisal report not more than two (2) years old to be submitted within 30 days of the date of implementation of the Sanction Consent Agreement.
3. **Section 5.35.4:** Fine: a fine in the amount of \$500, to be paid within thirty days of the date of implementation of the Sanction Consent Agreement.

**Costs (Section 5.38):**

No costs were sought.