



Case Summary: 2022-05

Sanction Consent Agreement Implementation Date: March 28, 2022

General Summary:

File Opened: August 21, 2019

The AACI-designated Member completed two appraisal reports on the same property. The first was completed early in 2018 and the second near the end of that year.

The complainant implied that there might have been some undue influence on the Member.

Complainant Allegations:

The complainant raised the following concerns:

1. One report is identified as Retrospective while the other is identified as Current Value
2. Both reports utilized sales in the Direct Comparison Approach that are not tear downs, sales data conflicts with Highest and Best Use of the subject property
3. No support for a reduced site value in the second report
4. Incorrect application of the Cost Approach
5. Unsupported adjustments for parking/private driveway
6. The appraiser did not discuss if there was potential for an assemblage
7. The appraiser did not analyze the effect on value of anticipated public or private improvements
8. The second report does not analyze the Agreement of Purchase and Sale for the property

Issues Arising from the Complaint Review:

The following issue arising was uncovered as a result of the AIC review of this complaint:

- A member must not complete an assignment a Reasonable Appraiser could not support.

Sanction Consent Agreement Terms

Agreed Breaches of CUSPAP 2018:

Ethical Standard – Requirements of Member: 4.1.2 Member must not render professional services in a careless or negligent manner. This requires a Member to use due diligence and due care.

Ethical Standard Rule 4.2.5 It is unethical for a Member to knowingly complete an assignment a reasonable appraiser could not support.

Real Property Appraisal Standard Rule 6.2.6: In the 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;

Real Property Appraisal Standard Comment 7.7 Effective Date

7.7.1. Establishes the context for the value opinion; the date of the value.

Real Property Appraisal Standard Rule: 6.2.14 In the report the Member must describe and analyze all data relevant to the assignment;

Real Property Appraisal Standard Comment 7.15 Describe and Analyze All Data Relevant to the Assignment

7.15.1 The Member must take reasonable steps to ensure that the information and analyses provided in a report are sufficient for the client and intended user(s) to adequately understand the rationale for the opinion and conclusions.

7.15.2 In the process of collecting and verifying relevant information the Member must perform this function in a manner consistent with the "Reasonable Appraiser" test.

Real Property Appraisal Standard Rule: 6.2.15 In the report the Member must describe and apply the appraisal procedures relevant to the assignment and provide reasoning for the exclusion of any of the relevant valuation procedures;

Real Property Appraisal Standard Comment 7.16 Appraisal Procedures

7.16.4 When a Cost Approach is applicable, a Member must: develop an opinion of site value by an appropriate appraisal method or technique; analyze such comparable cost data as are available to estimate the cost new of the improvements (if any); and analyze such comparable data as are available to estimate the difference between cost new and the present worth of the improvements (accrued depreciation).

Real Property Appraisal Standard Comment 7.17 Reasoning

7.17.1 Reasoning requires the logical review, analysis and interpretation of data in a manner that will support the value conclusion, not be misleading to a reader, and conform with the “Reasonable Appraiser” standard.

Real Property Appraisal Standard Rule: 6.2.18 In the report the Member must analyze the effect on value of an assemblage

Real Property Appraisal Standard Comment 7.19 Assemblage

7.19.3 When relevant to the assignment, assemblage must be considered and analyzed as to the effect on value.

Real Property Appraisal Standard Rule: 6.2.19: In the report the Member must analyze the effect on value of anticipated public or private improvements;

Real Property Appraisal Standard Comment 7.20 Anticipate Improvements

7.20.1 When relevant to the assignment, anticipated public or private improvements must be considered and analyzed as to the effect on value.

Real Property Appraisal Standard Rule 6.2.21: In the report the Member must analyze and comment on all Agreement for Sale, Option, or Listing of the property, subject to 7.22, and all prior sales of the property, subject to 7.22.

Real Property Appraisal Standard Comment 7.22 Agreement for Sale/Option/Listing

7.22.1 Any agreement for sale, option, or listing of the property that occurred within one year prior to the effective date of the report, including any pending/current Contract of Purchase and Sale or lease must be analyzed and reported if such information is available to the Member in the normal course of business.

Agreed Discipline:

1. **Section 5.35.1:** Reprimand: entered into the Institute’s National Professional Practice Record for a period of five (5) years.
2. **Section 5.35.2:** Education: CPD 123: Adjustment in the Direct Comparison Approach 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.
3. **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.

Costs (Section 5.38):

Costs in the amount of \$500 were levied.

Other Comments:

The Member is retired. In accordance with AIC Regulations the sanctions are stayed until such time as the Member re-instates to Active, Regular status; at which time they would become a prerequisite for re-instatement.