



Case Summary: 2022-07

Sanction Consent Agreement Implementation Date: March 15, 2022

General Summary:

File Opened: October 19, 2021

The complaint was made by a consumer in relation to a report on a vacant parcel of land located in a small city completed by an AACI-designated Member. The subject property consists of a 10+ acre site with approximately 400+ feet frontage along a major road. The land has two different Commercial zoning designations.

Complainant Allegations:

The Complainant expressed several concerns which in their opinion “helps to lower the value of the subject property” including:

- incorrect (understated) site size
- insufficient description of neighbourhood characteristics and exclusion of recent transactions
- incorrect statistics regarding the number of commercial land sales in the small city during 2021
- inadequate reporting of recent listing and sales history of the subject property
- and that the Member may have unknowingly supported the Client whose intended use of the report was to obtain a quick sale without sufficient marketing efforts

Issues Arising from the Complaint Review:

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

- intended use and purpose of assignment

Sanction Consent Agreement Terms

Agreed Breaches of CUSPAP 2020:

Real Property Appraisal Standard Rule 8.2.3 When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard and must identify the property and describe its location and characteristics;

Real Property Appraisal Standard Comment 9.2 Characteristics of the Property

9.2.1 The characteristics of the property must be adequately described and analyzed. The Report must include:

9.2.1.iii physical, legal and economic attributes

Real Property Appraisal Standard Rule 8.2.9 When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard and must detail the reasoning supporting the analyses, opinions and conclusions of each valuation approach;

Real Property Appraisal Standard Comment 9.8 Reasoning

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

Real Property Appraisal Standard Rule 8.2.14 When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard and must analyze and comment on:

8.2.14.i all Agreements for Sale, Options, or Listings of the property, subject to 9.13, and

8.2.14.ii all prior sales of the property subject to 9.13.

Real Property Appraisal Standard Comment 9.13 Agreements for Sale/Option/Listing

9.13.1 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.

9.13.2 Any sale of the subject property that occurred within three years prior to the Effective Date of the Report must be analyzed and reported if such information is available as at the date of valuation to the Member in the normal course of business.

Reporting Standard Rule 6.2.2 In a Report, a Member must identify the Intended Use of the Member’s opinions and conclusions;

6.2.3 identify the purpose of the Assignment including a relevant definition of value if applicable;

7.3 Intended Use

7.3.2 The Intended Use of the opinions and conclusions, as established with the Client, must be stated in a Report.

7.4 Purpose

7.4.1 The purpose of a Report states what the mandate is in response to the Client’s Intended Use or objective.

7.4.2 The purpose of a Report must be clearly stated.

7.4.3 Value definition(s), if applicable, must be included in a Report together with the source of definition.

Agreed Discipline:

1. **Section 5.35.2:** Education: CPD 123 Adjustment Support 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.
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.

Costs (Section 5.38):

No costs were sought.