



Case Summary: 2022-08

Sanction Consent Agreement Implementation Date: February 15, 2022

General Summary:

File Opened: April 20, 2020

A CRA-Designated Member completed and signed an appraisal report on a subject property that was co-signed by an AACI-Designated Member.

The intended use identified in the report was for Matrimonial Separation.

Complainant Allegations:

The Complainant stated the following concerns:

- The client and intended user are incorrect.
- The CRA-Designated Member's involvement in the appraisal assignment and the AACI-Designated Member's involvement as only a co-signer of the appraisal assignment is contrary to a Court Order.
- The market value estimate, based on erroneous assumptions is not supported by the Court Order, mutual consent, or a joint financial retainer, and is not clearly identified in the Direct Comparison Approach nor the Reconciliation and Final Estimate of Value.
- The Intended Use as indicated in the report is incorrect.
- The Member is not qualified to estimate the cost to remove special finishes and statements relating thereto are misleading.
- In the Exclusion of Approaches section within the Supplemental Addendum, the Member provides references to CUSPAP which are erroneous and outdated.
- The Scope of Work statement that the Member "may have been provided information from the owner or related party" is misleading.
- The AACI-Designated Member acted unprofessionally in an email exchange which is contrary to the AIC's Code of Conduct and CUSPAP.

Issues Arising from the Complaint Review:

The following issues arising were uncovered as a result of the AIC review of this complaint:

1. The Members produced a misleading report
2. Hypothetical Conditions
3. Exposure Time
4. Land Use

Sanction Consent Agreement Terms**Agreed Breaches of CUSPAP 2020:****4.1 Requirements of Members**

4.1.2 A Member must not render Professional Services in a careless or negligent manner. This requires a Member to use due diligence and due care. The fact that the carelessness or negligence of a Member has not caused an error that significantly affects a Report's opinions or conclusions, and thereby does not seriously harm an Intended User, does not excuse such carelessness or negligence.

Ethics Standard Comment 5.2 Misleading Report

5.2.2 A misleading Report can be caused by omission or commission and may result from a single large error or a series of small errors that, when taken in aggregate, lead to a Report that is deemed to be misleading.

Reporting Standard Rule 6.2.8 In a Report the Member must identify and Hypothetical Conditions

Reporting Standard Comment 7.10 Hypothetical Conditions

7.10.5 Hypothetical Conditions can apply whether the Assignment is for the purpose of developing a retrospective, current, prospective, or update value opinion. The Member must avoid making unsupported Assumptions. It must be clear to the reader that:

7.10.5.ii the analysis performed to develop the opinion of value is based on a hypothesis, specifically that the condition is assumed to exist when, in fact, it does not;

Real Property Appraisal Standard Rule 8.2.1 When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard and must provide an analysis of reasonable exposure time linked to a market value opinion.

Real Property Appraisal Standard Rule 8.2 .4 When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard and must identify and analyze land use controls

Agreed Discipline:

1. **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.

Other Comments:

The AIC complaint review of the matter did not uncover any contravention of CUSPAP in relation to any of the complainant allegations.

As a result, the discipline is in relation only to the issues arising.