



Case Summary: 2023-03

Sanction Consent Agreement Implementation Date: April 12, 2023

General Summary:

Files Opened: File 1: May 13, 2022, and Files 2 and 3: September 8, 2022

A consumer submitted a complaint in May 2022. The complainant subsequently submitted two more complaints related to the May 2022 complaint file in September 2022.

Because all three complaints were interrelated, the resolution addressed all three complaints combined.

For all three of the files, the complaint was about a disagreement with the market value estimates and with the methods used by the Member.

After reviewing the appraisal reports it was concluded that the complaints related to comparable sales selection were unfounded.

The complaint related to the final estimates of value was outside of the scope of an AIC complaint review and these parts of the complaints were dismissed.

However, the review of the appraisal reports resulted in finding numerous “issues arising” and CUSPAP contraventions which were addressed by a Sanction Consent Agreement.

File 1 Report Details:

Property Type: Rural

Purpose: To estimate most probable market value

Use: To establish value for matrimonial property settlement

Certification: signed by: AACI-designated Member

File 2 Report Details:

Property Type: Recreational Commercial

Purpose: To estimate market value

Use: To establish market value for divorce settlement

Certification: signed by: AACI-designated Member

File 3 Report Details:

Property Type: Agricultural land

Purpose: to estimate the most probably market value

Use: Divorce settlement purposes

Certification: signed by: Candidate Member Co-signed by: AACI-designated Member

Complainant Allegations:

The complaint allegations included:

- Disagreement with the final estimates of value
- Inappropriate comparables were used in the reports

Issues Arising from the Complaint Review:**File 1:**

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

1. Scope of Work
2. Exposure Time
3. Conflicting dates in the reports
4. Limited market overview, poor description of comparable land sales
5. Land Use Control incomplete
6. Failure to describe and analyze all data relevant to the assignment. Land Use Control incomplete
7. Failure to describe the appraisal procedures
8. Reasoning to support analyses and completions
9. En-Bloc Value not explained

Files 2 and 3:

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

1. Scope of Work
2. Exposure Time
3. Conflicting dates in the reports
4. Limited market overview, poor description of comparable land sales
5. Land Use Control incomplete

6. Failure to describe and analyze all data relevant to the assignment. Land Use Control incomplete

7. Failure to describe the appraisal procedures

8. Reasoning to support analyses and completions

Sanction Consent Agreement Terms

Agreed Breaches of CUSPAP 2018: (apply to all three files)

Real Property Appraisal Standard Rule 6.2.4 In the report the Member must Define the scope of work necessary to complete the assignment;

Real Property Appraisal Standard Rule 6.2.5 In the report the Member must provide an analysis of reasonable exposure time linked to a market value opinion;

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 Rule 6.2.8 In the report the Member must identify the interest appraised and the location, and describe the characteristics of the property;

Real Property Appraisal Standard Rule 6.2.11 In the report the Member must identify and analyze land use controls;

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 the exclusion of any of the relevant valuation procedures;

Real Property Appraisal Standard Rule 6.2.16 In the report the Member must detail the reasoning supporting the analyses, opinions and conclusions of each valuation approach;

Real Property Appraisal Standard Comment 7.17 Reasoning

7.17 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 6.2.23 In the report the Member must report the final value estimate.

Agreed Discipline:

For AACI-designated Member - to address files 1, 2, and 3.

For Candidate Member to address file 3 only.

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:** Two similar appraisal reports not more than two (2) years old one to be submitted within 4 months of the date of implementation of the Sanction Consent Agreement and the second to be submitted within 3 months of a successful Peer Review report for the first submission.

Costs (Section 5.38):

No costs were levied.