



Case Summary: 2023-04

Sanction Consent Agreement Implementation Date: April 26, 2023

General Summary:

File Opened: April 26, 2022

This report was brought to the AIC's attention via an inquiry made by a regulatory body that did not evolve into a formal complaint.

The matter was referred to the Counsellor, Professional Practice as a potential issue arising from a complaint inquiry in accordance with:

AIC Regulation 5.3 Institute Initiated Complaint Arising from an Inquiry

5.3.1 In the case of an Inquiry, a Counsellor may initiate a Complaint on behalf of the Institute in order to investigate conduct that may be deserving of a Sanction that may otherwise not have been submitted to the Institute.

The AIC did not make any specific allegations but left it to the discretion of the Counsellor reviewing the complaint matter to determine any issues arising from the consumer inquiry.

The Counsellor determined that there were issues arising and a complaint file was opened.

Report Details:

Property Type: Residential development

Purpose: To estimate market value

Use: for mortgage financing and/or syndication

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

Issues Arising from the Complaint Review:

Issues arising from the complaint review are related to:

- Highest and Best Use
 - The four elements of Highest and Best Use are stated in the report. However, there is no narrative discussion outlining why the subject meets the highest and best use criteria for the site when improved.

- Insufficient Narrative Data
 - The report contains insufficient narrative discussion to explain the choice of conclusion for the value per unit. Reviewing and reconciling the data in the chart versus the mode, median and mean does not seem to indicate the value per unit applied.
- “As is” value
 - It is stated in the report that the cost approach for ‘as is’ value was satisfied by estimating land value and adding improvement costs. It has been acknowledged; that no above grade improvements exist.

Sanction Consent Agreement Terms

Agreed Breaches of CUSPAP 2020:

Real Property Appraisal Standard Rule 8.2.6 In the report the Member must define, analyze and resolve the Highest and Best Use as of the Effective Date of the Report.

Real Property Appraisal Standard Rule 8.2.7 In the report the Member must describe and analyze all data relevant to the Assignment;

Real Property Appraisal Standard Comment 9.6 Describe and Analyze All Data Relevant to the Assignment

9.6.1 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.

Real Property Appraisal Standard Rule 8.2.9 In the report the Member must detail the reasoning supporting the analyses, opinions and conclusions of each valuation approach;

Real Property Appraisal Standard 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, and conform with the “Reasonable Appraiser” test.

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.
2. **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 levied.