



Case Summary: 2023-05

Sanction Consent Agreement Implementation Date: May 19, 2023

General Summary:

File Opened: July 15, 2022

This complaint was submitted by a member of the public.

The complaint review found no CUSPAP compliance issues related to the complaint of incorrect comparables used in the report. The comparable sale grid charts contained comparable sales analysed for the report.

The AIC complaint review found no CUSPAP breaches related to the complaint concern related to the choice of comparable sales used in the report.

The scope of an AIC complaint review does not extend to a review of the final estimate of value. This part of the complaint was dismissed.

The Complaint Review uncovered some issues arising.

Report Details:

Property Type: Residential

Purpose: To estimate market value

Use: First Mortgage Financing only

Certification: signed by: CRA designated Member and signed by: CRA designated Member

Complainant Allegations:

1. Incorrect comparables were utilized
2. Dissatisfied with value conclusion

Issues Arising from the Complaint Review:

The Complaint review uncovered issues with:

- Effective Date
 - Date entries for the effective date and the inspection date stated on the transmittal letter are different from what is contained in the body of the report.

- Land Use Controls
 - Land-use is identified as residential only, this reference is inadequate.
- Exposure Time
 - There is no narrative explanation of what analysis has been conducted to estimate how/why exposure time is stated.
- Highest and Best Use
 - The boxes are ticked with no discussion.
- Insufficient Narrative
 - The report includes insufficient narrative explanation to describe and analyse the data in order that a reader would understand how the data supported the analysis.
- Cost Approach
 - The tick boxes for the Direct Comparison Approach and Cost Approach are both marked.

Sanction Consent Agreement Terms

Agreed Breaches of CUSPAP 2020:

Reporting Standard Rule 6.2.5 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 8.2.4 In the Report the Member must identify and analyze land use controls; [see 9.3].

Real Property Appraisal Standard Comment 9.3 Land Use Controls

9.3.1 Land Use Controls, including zoning, must be identified and their effect on use and value analyzed, together with any reasonably probable modifications of such regulations in light of economic demand, the physical adaptability of the property, and market area trends.

Real Property Appraisal Standard Rule 8.2.1 In the Report the Member provide an analysis of reasonable exposure time linked to a market value opinion;

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 Rule 8.2.8 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;

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 \$750, to be paid within thirty days of the date of implementation of the Sanction Consent Agreement.

Costs (Section 5.38):

No costs were levied.

Other Comments:

Typographical errors, contradictions, inconsistencies, and unanswered requests on the form could potentially cause a reader to question the integrity and reliability of the document and could be avoided with careful proofreading before delivering a report to the client.

Failing to provide an adequate analysis of the data supporting the conclusions in the report results in a lack of confidence in the report and its conclusions.

The following advice was also provided regarding Intended Use:

Although not mandatory, land-to-value ratios are recommended and should be stated in the report. Including a land-to-value ratio helps mitigate the potential damages in any claim that may arise.