



Case Summary: 2023-06

Sanction Consent Agreement Implementation Date: May 26, 2023

General Summary:

File Opened: November 22, 2022

Company A and Company B both had an interest in the property subject to the complaint.

The Member completed an Appraisal Report for Company A in 2021. The Intended Use of the Appraisal Report was “for business planning purposes”.

An Appraisal Report was subsequently completed in 2022 by the Member for Company B. The Intended Use was for first mortgage financing.

The Member did not take steps to ensure that they were not in a conflict of interest before completing the second assignment.

Company A submitted a complaint alleging conflict. The complainant also complained that the Member had declined to provide an update report for them. This is a business decision and outside the scope of an AIC Complaint review and was therefore, dismissed.

Report Details:

Property Type: Commercial

Purpose: to estimate current market value

Use: for business planning purposes

Certification: signed by: an AACI-designated Member

Complainant Allegations:

Issues Raised in the Complaint:

1. The Member
 - a. provided an appraisal for a partner without reviewing the issues or consequences for undertaking the assignment
 - b. declined to provide an updated appraisal at the same subject property.

Issues Arising from the Complaint Review:

None

Sanction Consent Agreement Terms

Agreed Breaches of CUSPAP 2022:

Ethics Standard Comment 5.9 Conflict

5.9.7: Members must take all steps necessary to ensure that they are not in conflict when they previously completed an appraisal on a property and are requested to reappraise the property. (i.e. "successive representation")

Reporting Standard Comment 7.2 Client and Intended User

7.2.3 The Client/Member relationship lasts at least until the completion of the Intended Use of the original Report, or until release from the Client is granted.

Agreed Discipline:

1. **Section 5.35.2:** Education: CPD 160, Law and Ethical Considerations in Real Estate Business 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.

Costs (Section 5.38):

No costs were levied.