



Case Summary: 2023-15

Sanction Consent Agreement Implementation Date: August 31, 2023

General Summary:

File Opened: May 8, 2023

The Member completed an Appraisal Report for a Lender, in response to a request from an Appraisal Management Company. The Intended Use of the Report was for First Mortgage Financing Only.

The Report describes a one-story single-family residence situated on a few acres of land with 200+ feet of frontage. The 2000+ square foot property is an older building and reported as being in average condition.

The report noted that the upper section of the basement walls is insulated and drywalled and that there was evidence of some water on the floor at the time of inspection.

The Direct Comparison Approach included an analysis of three single family residences on sites slightly smaller than the subject property. Several adjustments were applied for: location, lot size, basement finish and services and the Member provided additional information in support of the adjustments.

The Date of Sale for Comparable Sales No. 2 and No. 3 are incorrect. The Direct Comparison Approach included a statement that no time adjustment is necessary. A statement about three recent leases was included but it is not related to this assignment.

The front cover of the Appraisal Report indicates the Date of Report is December 2020. However, the correct Date of Report is April 2023, as indicated in other areas of the Report.

There are errors and inconsistencies in the description of the characteristics relating to the age of the building (a difference of 2 years), the bathrooms (number of fixtures) and the lot size (2+ acres while acreage in the Cost Approach is reported as 20+ acres).

Report Details:

Property Type: single family residence

Purpose: to estimate market value

Use: For first mortgage financing only

Certification: signed by: P. App., CRA

Complainant Allegations:

The Complainant identified the following errors/concerns that are related to the following:

- The Appraiser used sales with misleading information and questionable analysis, such as inadequate adjustments for location, site improvements, and interior finishes.
- The date of sale on Comparable #2 is incorrect.
- The Appraiser did not make an adjustment to reflect conditions in the housing market.

Issues Arising from the Complaint Review:

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

- The Date of Report is inconsistent.
- There are errors and inconsistencies in the description of the characteristics.
- There are errors in data and comments in the Direct Comparison Approach.

Sanction Consent Agreement Terms**Agreed Breaches of CUSPAP 2022:**

Reporting Standard Rule 6.2.6 In a Report a Member must identify the Date of the Report;

Real Property Appraisal Standard Rule 8.2.3 When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard and must identify the property and describe its location and characteristics;

Real Property Appraisal Standard Rule 8.2.7 When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard and must describe and analyze all data relevant to the Assignment;

Real Property Appraisal Standard Rule 8.2.9 When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard and must detail the reasoning supporting the analyses, opinions and conclusions of each valuation approach;

Agreed Discipline:

1. **Section 5.35.2:** Education: CPD 132: More than Just Form-Filling: Creating Professional Residential Appraisal Reports 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.
2. **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.