



**Submission to the House of Commons Standing Committee on Finance for their study on the Government's Response to the COVID-19 Pandemic**

Dear Members of the Finance Committee,

On behalf of the nearly 5,500 Members of the Appraisal Institute of Canada (AIC), we wanted to make the House of Commons Standing Committee of Finance aware of what our qualified, designated and professional appraisers have done and are doing to adapt to the COVID-19 pandemic to ensure they continue to serve Canadians that are in need of support. We additionally want to convey the importance of valuation fundamentals during these uncertain and unprecedented times.

To say that the past two months have been an exceptional time is a gross understatement. Our lifestyles, and our entire economy have been completely upended, to say nothing of the thousands of people who have been directly impacted by COVID-19. The virus' impact ranges from inconvenient to tragic depending on your perspective. We all share a common responsibility to follow the directives of Public Health Authorities to flatten the curve and save lives.

During this unprecedented time, the federal government as well as provincial governments have designated certain services and industries as being essential to the functioning of our society, economy, and to our general well-being. One of these industries is financial services; Canadians need to know that their financial resources are secure and accessible through these challenging times. Financial institutions are offering alternate payment arrangements to mortgage and loan borrowers in order to ease their debt-service burden during the pandemic. Faced with financial hardship due to work disruption, some Canadians may be forced to tap into the equity of their homes in order to make ends meet. Some Canadians were also in the process of selling or purchasing a property – a process which cannot be interrupted.

As part of the financial services value chain, AIC Designated Appraisers have been working, uninterrupted, while taking the appropriate safety precautions throughout the pandemic, to ensure that Canadians can access the financial resources they need to weather this unprecedented period. Appraisers, like all Canadians, have had to modify their behavior and practices in order to maintain physical and social distancing guidelines, all while continuing to provide high-quality, professional services that allow the mechanisms of finance for commercial and residential real property to serve the needs of all Canadians during a difficult time.

The AIC has enabled its members to leverage technology as a means of obtaining information on the interior of a property by working and communicating with the homeowner/business owner/landlord, etc. This ensures that our members do not take the unnecessary risks of physical or social contact by either staying home or doing an exterior only site visit when possible.



We would also like to reiterate, especially during such market uncertainty and volatility, the importance of valuation fundamentals.

One of the core elements of a healthy and balanced real estate market is a systemic approach and commitment to reliable property valuations. Unbiased and independent real estate appraisals are a critical component of sound lending practices as on-site appraisals carried out by qualified professionals are an effective way to help mitigate lending and property investment risk. Appraisals help to ensure that properties are not overvalued and also help to detect and prevent fraud or other issues involving real property. When conducted by a qualified and experienced professional - drawing on a sophisticated methodology - an appraisal will validate the characteristics of the property, analyze the current market conditions and take into consideration the surrounding neighbourhood. This is always important, but particularly crucial during these uncertain and unpredictable times.

Strong valuation fundamentals helped Canada's economy remain strong during the global financial crisis at a time when many of the world's leading economies faltered. Members of the AIC helped to maintain those fundamentals by contributing their real estate expertise and knowledge to the lending industry and providing sound valuation advice to clients and key stakeholders. This is as important as ever as we continue to navigate through the COVID-19 public health crisis.

Thank you for ongoing work and public service to Canadians.

Yours truly,

Keith Lancaster MBA, CAE, AACI (Hon.)  
Chief Executive Officer  
Appraisal Institute of Canada