



December 3, 2020

Financial Literacy Team
Financial Consumer Agency of Canada
427 Laurier Ave West, 6th floor
Ottawa, Ontario K1R 1B9

To Whom It May Concern:

On behalf of over 5,400 Members of the Appraisal Institute of Canada (AIC), we are pleased to have the opportunity to make a submission in the context of the Financial Consumer Agency of Canada's consultation on the renewal of the National Strategy for Financial Literacy.

The AIC is the premier real property valuation association in Canada. Founded in 1938, the AIC is a self-regulating professional organization that grants the distinguished Accredited Appraiser Canadian Institute™ (AACI™) and Canadian Residential Appraiser™ (CRA™) designations to individuals across Canada and around the world. Our Members adhere to nationally and internationally recognized standards – the Canadian Uniform Standards of Professional Appraisal Practice – and are respected worldwide for our rigorous designation program and ongoing professional development requirements.

AIC has a long history of providing valued, independent opinions about property value. In 2019, our Members conducted over 1 million third-party appraisals with an overall value of approximately \$1.47 trillion. This represented \$595 billion in residential property and \$875 billion in non-residential property, including commercial, industrial and many other types of real estate. Furthermore, we have many Members who provide in-house expertise to private and public interests including (but not limited to) governments, crown corporations/agencies, corporations and mortgage insurers.

AIC Members are committed to working with legislators, government, and stakeholders within the real estate industry to ensure that the market, and more importantly consumers, have the information and tools necessary to make real estate related decisions. We believe our Members' unbiased opinions and strong valuation fundamentals contribute to a sustainable and healthy marketplace that enables Canadians to prosper.

As mentioned in the FCAC consultation paper, 2020 has been a very challenging year financially for Canadians, on several levels, as they have had to continue to pay their bills, manage their debts, and stretch their savings as job losses accumulated and the economy continued to contract. The challenges were mitigated by government programs and financial institution payment deferral programs. Surprisingly, there is growing evidence that many Canadians used this time to actually reduce their debt levels. Another counter intuitive development is the fact the Canadian real estate market moved forward at a record pace – with some exceptions.



Our Members, throughout the COVID-19 Pandemic, have continued to serve the public, in partnership with federally regulated financial institutions and mortgage insurers, while taking the appropriate safety precautions, to ensure that Canadians can access the financial resources they need to weather this unprecedented period. The AIC has enabled its members to utilize technology to obtain information on the interior of a property by working with homeowners/business owners/landlords, etc. This ensures that our members do not take the unnecessary risks of physical or social contact by either staying home or performing an exterior only site visit when possible.

While the impacts and prevalence of COVID-19 still remain to be seen, Canadians are trying to plan for an uncertain future to help them rebound, rebuild, or maintain their financial situations. Real estate is one the most significant investments in the lives of most Canadians and we commend the FCAC's efforts in financial literacy education on the issue of mortgages.

One of the proposed goals for the revised National Strategy for Financial Literacy is to **boost the understanding of financial products and services**. As the FCAC consultation paper states,

"A good understanding of financial products and services is important to help Canadians achieve greater financial literacy, but studies reveal that some lack even a basic understanding. Moreover, as their numbers and complexity continue to grow, creating overwhelming choice for consumers, some might not take advantage of potentially helpful products such as no-cost, low-fee or tax-free savings accounts or sign up for benefits that support education and retirement savings. We aim to use our financial literacy initiatives to increase the understanding and use of financial products and services."

We suggest that this goal be broadened to include the understanding of the expert services that real estate professionals in the financial sector can provide to Canadians. While financial advisors at banks, accountants, and lawyers and the services they provide are familiar to the Canadian public, real estate professional services provided by appraisers, brokers, and others are less well understood. Qualified AIC-designated appraisers provide consumers with unbiased opinions that can help them make informed and prudent financial decisions. As an example, there have been recent cases of investors preying on homeowners who are having difficulty servicing their mortgage obligations. These predatory investors offer a lower than market value price in the hope that a desperate homeowner will accept; at which point, the investor resells the property at a fair market value garnering a significant profit.

Canadians would be well served to know that they can rely on an AIC-designated appraiser to provide an unbiased opinion on the market value of their property. This knowledge will protect them in both good and bad times. Canadians, including the vulnerable such as seniors and new Canadians, can also use the services of appraisers to understand the equity in their home for potential debt consolidation or for assessing their options following a mortgage deferral, to



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appeal property tax assessments from regional/provincial governments, to plan their estate succession, to prepare reserve fund studies for condominium owners or renters to understand monthly maintenance fees and future cost increases, to help plan the financial viability of agriculture lands, and much more.

We are steadfast in our beliefs that financial education is crucial for Canadians to prosper; that a financial education includes knowledge of the value real property brings to an individual's wealth portfolio, and that AIC-designated appraisers can provide the unbiased opinions that will help Canadians acquire this knowledge.

We thank you in advance for considering our submission and are committed to contributing to the FCAC's mandate of promoting financial education. If you or your staff have any questions or require further information, you can contact me at keithl@aicanada.ca.

Yours truly,

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Chief Executive Officer
Appraisal Institute of Canada