



Getting to know AIC's 0518 forms

BY THOMAS FOX AACI, P.APP

Volunteer Chair, Professional Practice Committee

As the country's leading real property valuation association, the Appraisal Institute of Canada (AIC) is always looking for new ways to fulfill our mission of promoting and supporting our Members in providing high-quality property valuation and advisory services for the benefit of clients, employers, and the public. Our Members are industry leaders, and we strive to provide them with the knowledge and tools they need to continue blazing the trail.

In the lead-up to its 80th anniversary, AIC assembled a task force of volunteers and staff to take on the job of reworking – and significantly expanding – the suite of AIC Residential Appraisal forms. The first version of these forms (0118) was released in January; however, our Members and stakeholders recommended changes to improve and standardize the forms. These changes were implemented, and, in early June 2018, AIC announced the release of the updated (0518) full Residential Appraisal Report form, addendums, and assignment-specific forms.

AIC works to support our Members by equipping them with the tools they need to provide high-quality services to their clients. It is the Member's responsibility

to then ensure that their work products conform to the *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)*. What does this mean in relation to AIC's new forms? Members must be sure to educate themselves about the implementation, key changes, and the use of the new forms. Information can be found on the AIC website at www.aicanada.ca/members-home/professional-practice-resources/forms-templates/0518-faq.

Implementation

If you are conducting a residential appraisal, you have three options. You can:

1. use the most current version of the AIC full Residential Appraisal form 0518 as posted on the Forms and Templates page of the AIC website; or
2. update your own Residential Appraisal forms based on 0518 and CUSPAP 2018 requirements; or
3. use a licensed version of the AIC 0518 form that is provided by appraisal software companies and/or appraisal management companies that will be available in July and August

Simply put, you must use only the AIC 0518 form (or equivalent as outlined above), since older forms do not conform to CUSPAP 2018. Using an older form may be

considered willful non-compliance with AIC Professional Liability Insurance Policy and coverage may be denied.

Key changes

Generally, the changes made to the 2018 Residential Appraisal Report were made to protect our Members. These are a few examples of the changes that were included after consultations with stakeholders and Members:

- "First or second mortgage financing only" to intended use
- "Other Land use control" and "Assemblage" to the Site section
- "Disclaimers and Limitations of Liability" sections
- Moving "construction complete" to an "As Is" addendum or a Progress Inspection
- Checkboxes for subject history

To improve functionality, we have also:

- added dropdown menus,
- improved usability, and
- enabled Members to combine reports and addenda as needed.

For a full list of the changes made, see the *0518 Introduction PowerPoint*.

New forms and addenda

In addition to the Residential Appraisal Report form, AIC also released a number

of assignment-specific forms and addendums based on industry demand and feedback from Members, lenders, and other parties.

Recently, many of our Members have seen an increase in requests for **Market Rent reports**. To meet that need, new 0518 AIC report forms include:

- A Market Rent Appraisal Report as a **'stand-alone'** report on a specific, identifiable property. As always, the completed report must comply with the Real Property Appraisal Standard.
- Instances where a Market Rent Appraisal Report is requested for a **type of property**, rather than a property in particular, are considered consulting assignments, and AIC's new Market Rent Consulting Report is to be used. If, within a consulting assignment, a formal opinion of rent on an identifiable property is required, that portion of the consulting report must comply with the Real Property Appraisal Standard.
- AIC has also developed a **Market Rent Addendum** that can be used as an 'add-on' to a Residential Appraisal Report. Where this addendum is used to provide an opinion of market rent on an identifiable property, compliance with the Real Property Appraisal Standard is required.

Instead of reporting both **'As-Is' and 'As-If-Complete' appraisals** on one page, the 0518 forms split these into two separate sections to avoid potential confusion. Now, AIC Members can use the main form plus:

- an 'As-Is' addendum where a home may be vacant land, under construction, or mid-renovation; or
- an 'As-If-Complete' addendum with the extraordinary assumption (hypothetical condition) that the home is 100% complete.

A **Limited Uses/Detrimental Conditions addendum** has been created. This



Members must be sure to educate themselves about the implementation, key changes, and the use of the new forms. Information can be found on the AIC website at www.aicanada.ca/members-home/professional-practice-resources/forms-templates/0518-faq.

addendum provides Members with an opportunity to identify and report any limited uses and/or detrimental conditions that were observed during an inspection and/or discovered during research and that may affect the market value or a client's lending decision.

Finally, to meet lender demand, AIC updated the **Desktop and Drive-by Appraisal Report** forms to comply with *CUSPAP 2018*. These new forms include new and modified Assumptions & Limiting Conditions to reflect changes in the industry. AIC Members are reminded that desktop and drive-by assignments

are only to be used for low risk assignments, per *CUSPAP 7.1.5*.

The AIC created this suite of forms to provide significant benefit to AIC Members. These forms can be completed on screen, will enable Members to more easily achieve *CUSPAP* compliance, and, because of the digital signature feature, include an increased level of security to provide AIC Members, lenders and clients with added protection against fraud. As always, AIC welcomes feedback from our Members. Questions and comments can be directed to info@aicanada.ca.