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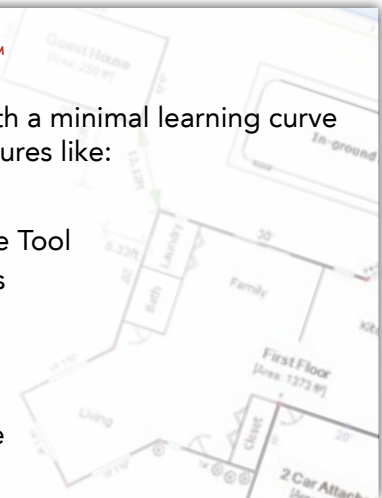
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About our cover • Sur le cover

AIC's Marketing and Communications Committee is assembling a corporate image library to reduce our reliance on stock photography and to provide a consistent bank of AIC-tailored digital images as part of our brand identity. These will be used in various media applications to enhance the AIC brand and services. The initial stage of this project has been completed in the Winnipeg area under the guidance of AIC member, Laura Kemp. Below is a list of all AIC members who are either featured on this cover or will be in other AIC resources. We thank them for their collaboration on this project.

Le Comité sur le marketing et les communications de l'ICE s'affaire à monter une photothèque afin de réduire le recours aux entreprises d'archives photographiques et bâtir une banque d'images numériques convenant spécifiquement à la notoriété de la marque de l'ICE. Ces photographies seront utilisées dans diverses applications médiatiques pour rehausser la marque et les services de l'ICE. L'étape préliminaire de ce projet a été complétée dans la région de Winnipeg sous la direction de Laura Kemp, membre de l'ICE. Dans les lignes qui suivent, vous trouverez une liste de tous les membres de l'ICE qui ont été mis en vedette dans ce cover ou qui le seront dans d'autres ressources de l'ICE. Nous les remercions pour leur collaboration à ce projet.

- | | | | |
|-------------------------|--------------------------------|-------------------------|----------------------------|
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Time – your most valuable asset



Sheila Young
AAI, P. App, AIC President

One of my resolutions for 2010 is to link my learning plan with the objectives that I would like to accomplish. Sounds simple, but, in the past, my love of learning has sent me on interesting and fun journeys that were not relevant to my work life. Competition in the workplace is greater now than in the past few years, so a competitive edge seems constructive.

Everyone is busy, including me, so finding the time for learning is difficult. Time can be spent in so many more seemingly useful ways like earning a living, or getting some R&R. My resolution is really about using time wisely, so a relevant evening course or two seems like a good idea. Plus, whether the courses are offered by UBC or my local community college, I can receive CPD credits for my time and effort.

A project management course would be valuable. Project management is planning, organizing and managing resources to achieve a goal. In a multidisciplinary environment, I work with engineers, accountants and other consultants to provide recommendations to people or clients who make decisions. Project management will help me to take the lead on the project rather than feeding into the projects managed by others. Leading, while more stressful, is usually more profitable.

The 'fine art of diplomacy' sounds like a few winter evenings well spent. As AIC President, I have been asked to be an unbiased mediator in disagreements between members, or even other valuation associations. On my travels for AIC, attending innumerable meetings on issues relevant to Canadian appraisers, I have noted that AIC members are considered unbiased and practical

"One of my resolutions for 2010 is to link my learning plan with the objectives that I would like to accomplish."

leaders in the valuation community. Being able to explain my position diplomatically would help me as a mediator and also to be successful in working with consultants and clients.

An evening or two on 'projecting a professional image' might be positive. Like many other appraisers, I am more comfortable in blue jeans. Do blue jeans present the image that I want to project in this competitive environment? I know that, in the past, I have not always been visible to my clients.

We work in a seemingly virtual environment; often visiting properties when no one is around, and working from home. I am a fan of being comfortable, but polished is probably a more useful image. I can always change before the pool game or before curling up on the couch to read the latest non-fiction book.

Let us see what 2010 brings. If nothing else, I will have earned some CPD credits and I will be colour coordinated. 



Le temps – Un atout des plus importants!



Sheila Young
AACI, P. App, Président de l'ICE

L'une de mes résolutions pour 2010 est de lier mon plan d'apprentissage aux objectifs que j'aimerais atteindre. Cela semble simple mais dans le passé, mon amour de l'apprentissage m'a lancée sur des voies qui n'étaient pas pertinentes à mon travail. La concurrence sur le marché est maintenant plus vive que jamais donc l'idée de posséder un avantage concurrentiel semble constructive.

Tous les gens sont occupés, moi-même inclusivement. Le fait de trouver du temps pour parfaire ses connaissances est donc difficile. Nous pouvons passer le temps à



« L'une de mes résolutions pour 2010 est de lier mon plan d'apprentissage aux objectifs que j'aimerais atteindre. »


faire tant de choses utiles comme gagner sa vie ou même apprécier un peu de loisir et de relaxation. Dans cette veine d'idées, ma résolution consiste en fait à utiliser mon temps sagement. Un cours ou deux en soirée me paraît donc une bonne idée. Aussi, que les cours soient offerts par l'U.C.-B. ou mon collège communautaire local, je peux obtenir des crédits de PPC pour le temps et les efforts que j'y consacre.

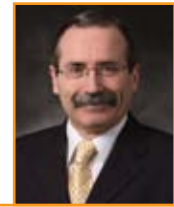
Un cours en gestion de projets pourrait avoir une certaine valeur. La gestion de projets consiste à planifier, organiser et à gérer les ressources dans le but d'atteindre un objectif. Dans un milieu multidisciplinaire, je travaille avec des ingénieurs, des comptables et d'autres experts-conseils pour formuler des recommandations à des personnes ou des clients qui doivent prendre des décisions. La gestion de projets m'aidera à diriger un projet plutôt que de contribuer tout simplement à des projets gérés par d'autres. Bien que plus stressant, le leadership est habituellement beaucoup plus profitable.

« L'art de la diplomatie » pourrait bien occuper quelques soirées d'hiver également. Comme présidente de l'ICE, on m'a demandée d'agir comme médiatrice impartiale dans des cas de désaccord entre membres et même entre d'autres associations d'évaluateurs. Durant mes

voyages au nom de l'ICE et ma participation à de nombreuses réunions sur des questions intéressantes les évaluateurs du Canada, j'ai constaté que les membres de l'ICE sont considérés comme des leaders impartiaux et pratiques dans le milieu de l'évaluation. Le fait de pouvoir expliquer ma position de façon diplomatique m'aiderait comme médiatrice et faciliterait mon succès auprès des experts-conseils et des clients.

Une soirée ou deux consacrées à la « projection d'une image professionnelle » semblent également positives. Comme plusieurs autres évaluateurs, je suis plus à l'aise en jeans. Toutefois, est-ce que les jeans reflètent l'image que je veux projeter dans ce milieu concurrentiel? Je sais que dans le passé je n'ai pas toujours été visible pour mes clients. C'est comme si nous travaillons dans un environnement virtuel. Nous visitons souvent des propriétés sans que personne ne s'y trouve et nous travaillons de la maison. J'aime bien être à l'aise, mais une image soignée est probablement plus utile. Je peux toujours me changer avant la partie de billard ou avant de m'installer sur le sofa pour lire le plus récent roman.

Voyons voir ce que 2010 a en réserve. Si rien de plus, j'aurai au moins obtenu des crédits de PPC et je serai en mesure de coordonner la couleur de mes vêtements. 



Georges Lozano, MPA
AIC Chief Executive Officer

The year ahead

Looking ahead instead of backwards is something that we have been advocating with respect to the profession for many years now. In this respect, I would like to take this opportunity to offer a look ahead and provide you with some insight into the programs and activities that we are planning to undertake in 2010.

The past year was unsettling for many Canadians as a result of the economic slowdown and its impact on the job market. The appraisal profession was not spared and a significant number of members reported lower work volumes and continued pressure on fees, especially in the residential market. While the economy seems to be turning around, we expect the year ahead to be challenging in more ways than one.

At the end of 2009, membership renewal numbers were down from the previous year with active membership now at 4,265 (not including 544 retired members) as at the time of writing. Most of this attrition came from Candidates – especially new Candidates who found it difficult under the economic circumstances to maintain their membership in the Appraisal Institute of Canada (AIC). This is unfortunate given the career potential that designated members have and the growing opportunities that we see in the real estate marketplace.

But the news was not all negative with respect to membership, as 2009 saw enrolment in the UBC postgraduate certificate in valuation program grow to over 700 students. About half of these students are already Candidates working towards their AACI designation and the other half are expected to join the Institute over the next couple of years. As the economy rebounds, the Institute is hopeful that its

“AIC is looking to 2010 as a challenging year that will require us to explore new ways to deliver quality services in a highly cost-effective manner.”

members will find meaningful work and rewarding careers offering a wide range of valuation and related advisory services. But for now, AIC is looking to 2010 as a challenging year that will require us to explore new ways to deliver quality services in a highly cost-effective manner.

2010 will see the launching of a few new programs and the improvement of several of our ongoing initiatives. The programs and activities undertaken by AIC are linked to strategic objectives that are set by the Institute’s Board of Directors and reviewed from time to time to ensure their currency. Last fall, the Board reviewed its objectives during a strategic planning session. During that meeting, the Board discussed the

Institute’s stated vision that members will be recognized nationally and internationally as highly qualified professionals who have the expertise and integrity to:

- provide a broad range of services related to the principles of value in real estate;
- lead projects, initiatives and organizations related to property; and
- provide support, strategic advice and decisions regarding real estate and related property.

To achieve the vision, it is understood that the Institute’s professional designations must reflect the highest standards of professionalism, knowledge and skills within the industry.



The Institute and its members must be recognized as the leading multi-disciplinary real estate valuation professionals and the Institute's organizational model must be cost-effective and highly beneficial to the membership. It is these concepts that guide the Institute in its forward planning and the implementation of its programs.

In 2010, AIC will continue to work towards achieving these objectives by introducing new programs that advance our goals, and by improving existing programs.

In the area of Professional Affairs, a number of initiatives are being proposed to continue to support members in their day-to-day work. One such initiative, which has been given the working title of Professional Excellence Program, is aimed at providing information and training primarily through the Institute's website to answer member questions, provide best practices, and make available technical information that will help improve the quality of appraisal work and help to mitigate problems that can lead to complaints and even claims.

To help Candidates achieve their designation as quickly as possible, the mentoring program is being reviewed and will be revised with the aim of increasing accessibility to qualified mentors and generally improving the mentoring experience for both the Candidates and their mentors.

In the area of Professional Practice Standards, last year saw the Institute overhaul the *Standards* with the aim of making them compliant with the *International Valuation Standards (IVS)*. This has been achieved and the 2010 *Standards* are *IVS* compliant. This will provide appropriate guidance to members involved in valuation for financial reporting. As you are aware, Canada will adopt international accounting standards beginning in 2011

“The Institute and its members must be recognized as the leading multi-disciplinary real estate valuation professionals and the Institute’s organizational model must be cost-effective and highly beneficial to the membership.”

and, under international financial reporting standards, real property assets will be reported at market value. AIC's 2010 *Standards* were prepared with this in mind. In the year ahead, additional work on the *Standards* will include updating the Professional Practice Seminar, retraining standards lecturers, and moving to deliver an online version of the Distance Learning Professional Practice Seminar.

With respect to peer review, the program is now in its second phase of pilot testing and, by all accounts, has been very successful to date. In 2010, further testing will be conducted with the view of establishing peer review as a permanent program of the Institute.

In 2009, the Institute adopted a Green Policy and, in 2010, we will explore different ways to 'go green,' including reducing paper and other costs by increased use of electronic documents, virtual meetings, and other low carbon footprint technologies. Further, the green concept will be carried over into the Institute's research with respect to green valuation. As a signatory of the *Vancouver Valuation Accord*, AIC is looking into the area of sustainable development from a valuation perspective and developing guidelines for green valuation.

The Institute's Research and Development Committee has been working on a program for 2010 including the identification of research topics. Green valuation has been identified as a high priority research area and the committee will be looking at the possibility of cooperating with other

organizations to undertake studies in this emerging area of valuation.

In the area of marketing and communications, 2010 will see the continued evolution of the advertising messages complemented by a series of promotional pieces placed in national media that will continue to send a strong message to clients and stakeholders that AIC members are leading professionals and real property experts who can provide a wide range of valuation and related consulting services. In addition, 2010 will be the year that a new recruitment initiative will be undertaken with the aim of raising awareness of the profession among college and university students across Canada.

While member services are an important component of AIC's programs, representation is also an area on which the Institute has been focusing, particularly in the latter half of 2009. Meetings have been held with stakeholders and clients in the public and private sector to raise awareness of the profession and its concerns, to provide suggestions and advice, and to offer assistance with the aim of protecting the public and ensuring the integrity of the real estate market. In this respect, AIC has met with representatives from the federal government and its central agencies, like-minded associations, the lending community, and related organizations.

In 2010, the Institute started anew by hosting a forum of valuation associations to discuss issues of common concern. The first Advisory Council meeting of the year was held at the end of January. These meetings, which are held twice a year, provide the Institute with the opportunity to receive input from the stakeholder community as well as to update stakeholders with respect to changes at the Institute and within the profession.

In 2009, AIC established a special Task Force on Appraisal Management Companies. The Task Force delivered a report to the Board late in the year

Continued on page 12

“In 2010, we will look to the membership to play an increasingly important part in helping the leadership of the Institute to make the right decisions and lead the profession forward in these challenging, but also promising times.”



Georges Lozano, MPA
Chef de la direction

Regard sur l'année qui vient

Un regard sur l'avenir plutôt que sur le passé est une pratique que nous avons adoptée depuis maintenant plusieurs années au sein de la profession. Dans cette veine d'idées, je profite donc de cette occasion pour vous offrir un aperçu de l'année qui vient et vous donner une idée des programmes et activités que nous prévoyons amorcer en 2010.

L'année écoulée s'est révélée troublante pour plusieurs Canadiens comme résultat du ralentissement économique et son impact sur le marché de l'emploi. La profession d'évaluateur n'a pas été épargnée et un nombre important de membres ont fait part d'une réduction de leur charge de travail et d'une pression continue sur les honoraires, en particulier sur le marché résidentiel. Bien que l'économie semble maintenant caractérisée par un nouvel essor, nous prévoyons que l'année qui vient sera tout de même difficile de plus d'une façon.

À la fin de 2009, le renouvellement des adhésions était inférieur par rapport à l'année précédente, le nombre de membres actifs se situant à 4 265 (sans compter les 544 membres à la retraite) au moment d'écrire ces lignes. La part la plus importante de cette baisse est imputable à la catégorie des stagiaires, en particulier les nouveaux stagiaires qui, dans les conditions économiques qui prévalaient, ont éprouvé de la difficulté à maintenir leur adhésion à l'Institut. Cela est malheureux compte tenu du potentiel de carrière qu'ont les membres agréés et les occasions qui se multiplient sur le marché de l'immobilier.

Toutefois, toutes les nouvelles au sujet des membres ne sont pas négatives puisqu'en 2009, plus de 700 étudiants étaient inscrits au certificat d'études supérieures de l'U.C.-B. en évaluation.

« L'ICE considère que 2010 sera une année difficile qui nous obligera à revoir notre façon d'offrir des services de qualité d'une façon hautement efficace par rapport aux coûts. »

Environ la moitié de ces étudiants sont déjà des stagiaires qui visent le titre AACI alors que les autres devraient adhérer à l'Institut au cours des quelques prochaines années. Avec la reprise économique, l'Institut a confiance que ses membres trouveront un travail sensé et une carrière enrichissante offrant une grande variété de services consultatifs en évaluation et dans les secteurs connexes. Pour le moment cependant, l'ICE considère que 2010 sera une année difficile qui nous obligera à revoir notre façon d'offrir des services de qualité d'une façon hautement efficace par rapport aux coûts.

En 2010, nous verrons le lancement de quelques nouveaux programmes et l'amélioration de nos initiatives permanentes. Les programmes et les

activités de l'ICE sont liés aux objectifs stratégiques établis par le Conseil d'administration de l'Institut et revus de temps à autre afin d'assurer leur pertinence. L'automne dernier, le Conseil a revu ses objectifs lors d'une séance de planification stratégique. Durant la réunion, le Conseil a réitéré la vision de l'Institut voulant que les membres soient reconnus aux paliers national et international comme des professionnels hautement qualifiés qui ont l'expertise et l'intégrité pour :

- fournir une grande variété de services liés aux principes de la valeur dans le secteur de l'immobilier;
- diriger des projets, initiatives et organismes dans le secteur de l'immobilier; et



- offrir soutien, conseils stratégiques et prendre des décisions concernant les biens immobiliers et connexes.

Pour réaliser la vision, il est entendu que les titres professionnels de l'Institut doivent refléter les normes les plus élevées de professionnalisme, de connaissances et d'aptitudes à l'échelle de l'industrie. L'Institut et ses membres doivent être reconnus comme les professionnels multidisciplinaires de choix dans le domaine de l'évaluation immobilière et le modèle organisationnel de l'Institut doit être efficace par rapport aux coûts et hautement rentable pour les membres. Ce sont ces concepts qui guident l'Institut dans sa planification de l'avenir et la mise en œuvre de ses programmes.

En 2010, l'ICE continuera de poursuivre ses objectifs en offrant de nouveaux programmes qui nous en rapprocheront et en améliorant les programmes existants.

En ce qui touche les affaires professionnelles, un certain nombre d'initiatives sont proposées en appui continu au travail quotidien des membres.

L'une des initiatives en question consiste en le Programme d'excellence professionnelle qui vise à offrir de l'information et une formation principalement via le site Web de l'Institut en répondant aux questions des membres, en offrant des pratiques exemplaires et en disséminant l'information technique qui améliorera la qualité des travaux en évaluation et atténuera les problèmes qui peuvent mener à des plaintes, voire même des réclamations.

Afin d'aider les stagiaires à obtenir leurs titres le plus rapidement possible, le programme de mentorat fera l'objet d'un examen dans le but d'accroître l'accessibilité à des mentors qualifiés et améliorer de façon générale l'expérience de mentorat à la fois pour les stagiaires et leurs mentors.

Du côté des normes de pratique professionnelle, l'Institut a, l'an dernier, remanié les normes de sorte qu'elles soient conformes aux normes internationales d'évaluation. Ce travail est complété et les normes 2010 sont conformes aux IVS. La nouvelle version du document permettra de mieux guider les membres qui se livrent à des évaluations aux fins de rapports financiers. Comme vous le savez, le Canada adoptera les normes comptables internationales à compter de 2011 et dans le cadre

des normes internationales régissant l'information financière, les biens immobiliers devront être déclarés à la valeur marchande. Les normes 2010 de l'ICE ont donc été préparées en conséquence. Au cours de l'année qui vient, le travail additionnel sur les normes visera la mise à jour du Séminaire sur la pratique professionnelle, le recyclage des conférenciers sur les normes et la prestation d'une version en ligne du Séminaire sur la pratique professionnelle qui sera offert à distance.

Du côté de l'examen par les pairs, le programme en est maintenant à la deuxième phase du projet pilote et semble connaître un succès retentissant à ce jour. En 2010, les tests se poursuivront dans le but de faire de l'examen par les pairs un programme permanent de l'Institut.

En 2009, l'Institut a adopté une politique écologique et en 2010, nous devons explorer différentes façons de « virer au vert », y compris la réduction du papier et d'autres coûts en ayant de plus en plus recours aux documents électroniques, aux réunions virtuelles et à d'autres technologies qui n'ont qu'un faible bilan en matière de dioxyde de carbone. De plus, le concept écologique sera inclus dans les projets de recherche de l'Institut à la lumière des évaluations respectueuses de l'environnement. Comme signataire du *Vancouver Valuation Accord*, l'ICE étudie attentivement le secteur du développement soutenable du point de vue des évaluations et de l'élaboration de lignes directrices régissant les évaluations respectueuses de l'environnement.

Le Comité sur la recherche et le développement de l'Institut s'est penché sur un programme devant être mis en œuvre en 2010, y compris l'identification de sujets de recherche. L'évaluation respectueuse de l'environnement a été identifiée comme secteur prioritaire et le comité examinera la possibilité de collaborer avec d'autres organismes pour amorcer des études en ce sens.

Au niveau du marketing et des communications, l'an 2010 verra la prolongation des messages publicitaires, complétés par une série d'articles promotionnels qui seront placés dans les médias nationaux. Ces outils nous permettront de continuer à disséminer un solide message aux clients et intervenants à l'effet que les membres de l'ICE sont des professionnels de premier ordre et des experts de l'immobilier qui sont en mesure

« L'Institut et ses membres doivent être reconnus comme les professionnels multidisciplinaires de choix dans le domaine de l'évaluation immobilière et le modèle organisationnel de l'Institut doit être efficace par rapport aux coûts et hautement rentable pour les membres. »

d'offrir une grande variété de services en évaluation ainsi que des services connexes de consultation. Également, l'année 2010 verra un nouvel effort de recrutement avec, comme objectif, d'accroître la sensibilisation à l'endroit de la profession chez les étudiants des niveaux collégial et universitaire à l'échelle du Canada.

Bien que les services aux membres soient un élément important des programmes de l'ICE, la représentation est également un secteur sur lequel l'Institut a concentré, en particulier durant le deuxième semestre de 2009. Des réunions ont eu lieu avec les intervenants et les clients des secteurs privé et public pour les sensibiliser à la profession et à nos préoccupations, et offrir suggestions, conseils et aide dans le but de protéger le public et assurer l'intégrité du marché immobilier. À ce chapitre, l'ICE s'est réuni avec les représentants du gouvernement fédéral et ses agences centrales, ceux d'associations aux vues similaires, des institutions prêteuses et d'organismes connexes.


En 2010, l'Institut a tenu un forum à l'intention des associations qui œuvrent dans le secteur de l'évaluation afin de discuter les sujets d'intérêt commun. La première réunion de l'année du Conseil consultatif s'est déroulée vers la fin de janvier. Ces réunions, qui ont lieu deux fois l'an, offrent à l'Institut l'occasion de sonder l'opinion des intervenants et de les tenir au courant des changements qui marquent l'Institut et la profession.

Suite à la page 12

Continued from page 9.

and this report has now been reviewed. In 2010, Board-approved recommendations will be implemented. An important part of this exercise has been and will continue to be communications with the membership and with the appraisal management companies to ensure that any problems are avoided and that the public is well served.

Overall, 2010 promises to be a busy year filled with challenges, but also the expectation of achievement. In order to succeed, the Institute will rely not only on its staff, but also on the many volunteers serving on the Board and on committees. While volunteers play a crucially important part in the success of the Institute, the achievement of our


objectives is only possible with the full support of the membership, and that is a priority at all times. In 2010, we will look to the membership to play an increasingly important part in helping the leadership of the Institute to make the right decisions and lead the profession forward in these challenging, but also promising times. 

Suire de la page 11.

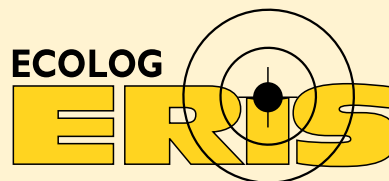
En 2009, l'ICE a créé un groupe d'études spécial sur les compagnies de gestion en évaluation. Le groupe a présenté son rapport au Conseil vers la fin de l'année et l'examen dudit rapport est maintenant complété. En 2010, les recommandations approuvées par le Conseil seront mises en œuvre. Un élément important de cet exercice a toujours été et continuera d'être la communication avec les membres et les compagnies de gestion en évaluation

tion dans le but d'assurer que les problèmes soient évités et que le public soit bien servi.

Généralement, l'année 2010 promet d'être très occupée et remplie de défis mais nous nous attendons aussi à de nombreuses réalisations. Pour réussir, l'Institut compte non seulement sur son personnel mais également sur les nombreux bénévoles qui siègent à son Conseil et à ses comités. En dépit du fait que les bénévoles

jouent un rôle essentiel dans le succès de l'institut, la réalisation de nos objectifs n'est possible qu'avec le soutien de tous les membres qui se veut une priorité en tout temps. En 2010, nous inviterons les membres à jouer un rôle de plus en plus important en aidant la direction de l'Institut à prendre les bonnes décisions et à diriger la profession en ces temps difficiles mais également prometteurs. 

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AIC's 2010 CONFERENCE

Canada's garden city Victoria, British Columbia, a city rich in history, music, raw beauty, and hospitality, plays host to AIC's conference from June 2 to June 5, 2010.

Victoria Tourism entreats us to 'Calm on Over.' If you have not yet been to Victoria, you are in for a surprising treat, however, be forewarned – you may never want to leave this beautiful part of the country.

The Victoria Conference Organizing Committee is very eager to share the history, culture and spirit of their beloved city with their colleagues from across the country, while at the same time offering a stellar and progressive program. Focusing on the theme 'Green and Global in the Garden City,' the committee has sought leading edge speakers of our industry.

Join keynote speaker **Guy Dauncey** as he shares his positive vision of a sustainable future and how AIC members can translate that vision into action. To quote one of our members from last year's conference: "Networking is king!" Following Guy's opening presentation, join **D'Arcy Rezac** as he shares his suggestions for developing effective networking and communications skills.

The interesting and diverse slate of programs includes:

- Adjustment Reconciliation
- Appraisal Succession and Business Valuation
- Contaminated Sites: Assessments and Wildlife
- Green AND Affordable? Opportunities and Challenges for the Appraisal Profession with the Next Generation of Housing
- Changes to CUSPAP 2010 and IVS and IFRS
- Due Process – Dancing with Adjudicating
- LEED Building Assessment
- Skills to Excel in the Next Decade

- Complexities in Creating Value Added in Heritage Redevelopment
- Aboriginal Land Claims
- "You Be the Judge"
- Plus many others

We are also introducing these three sessions of interest to all members, but with special appeal for AIC Candidates:


- Mentor! How to be a Good One. How to Find One
- Preparing for the Professional Competency Interview (BDI)
- A Study in Highest and Best Use

Our networking evening will introduce you to Victoria at its best as we gather at the Sticky Wicket. No visit to Victoria is quite complete without a traditional British pub meal and beverage. Conveniently located in the heart of Victoria, mere steps from the Fairmont Empress, The Sticky Wicket Pub is a multi-level, multi-room, Cricket-themed, Victorian-era pub and restaurant, featuring rustic and charming décor with plenty of character that exudes the ambiance of the British Isles.

The conference is being held at the Fairmont Empress Hotel, located in the heart of downtown, within walking distance to dozens of restaurants and pubs. The museums and historical section is just outside the hotel doors.

We recommend that you book early as space is limited. Victoria is a popular destination during the summer. We invite you to familiarize yourself with Victoria by visiting: <http://www.tourismvictoria.com/>

When visiting AIC's conference website: <http://aic2010.aicanada.ca>, click on the travel and accommodation icon and you will see that conference specials have been established with West-Jet, Air Canada, Budget and Avis.

For further information, please contact Marie-Louise Doyle, AIC Conference & Meetings Planner, via email at maried@aicanada.ca 

Responding to a rapidly changing marketplace

The advent of Appraisal Management Companies (AMCs) is among the latest developments changing the marketplace in which today's real estate appraisers must find a way to thrive. Over the years, the market for real property appraisal services has evolved with the introduction of new technologies including automated valuations and other risk assessment tools. Products such as mortgage and title insurance have reduced the need for full appraisals. Appraisal management companies have flourished in Canada and in the United States. And then there is the economy – the downturn that started in 2008 is still being felt coast to coast and it appears that recovery will be slow. The negative impact on AIC members has been significant.



Kevin Fedynak, CRA

Take **Kevin Fedynak**, CRA, for example. Over the past 30 years, he built a trusted relationship with the major banks. At one point, Halvorsen Fedynak & Company Inc. – of which Fedynak is a principal – received up to 150 requests per month for appraisals in the Edmonton area from one major national bank alone. Those days are gone and requests for appraisals have dropped substantially, primarily as a result of the economic slowdown. This has resulted in a significant reduction in Halvorsen Fedynak staff.

This situation is certainly not unique to Fedynak. In the Durham Region of Ontario, **Dave Cunningham** – a CRA since 1984 – has also experienced a sharp reduction in his mortgage appraisal work.



Dave Cunningham, CRA

Barry Lebow, CRA, has been in the appraisal profession for more than 40 years. He has always seen his work in the world of Ontario real estate valuation as a business, first and foremost. “We lose clients all the time because it is the natural course of business,” he notes. For instance, in the 1990s, Lebow and his partners built a large clientele among Canada's trust companies. When most of the trust companies disappeared, the firm's revenue declined from \$1.5 million to \$475,000 in one year.



Barry Lebow, CRA

“So I went out and found another client,” says Lebow, adding that he gradually built a relationship with a developer specializing in buying and selling apartment buildings. “You have to continually go out and reinvent yourself.”

Over the years, Lebow has diversified into everything from estate settlements to litigation work, insurance replacement valuations, divorce settlements and expert witness appearances. “There is so much more for an appraiser to do and with higher fees than the mortgage business,” he explains. In fact, today, his firm does anything *but* mortgage work, something in which Lebow sees no significant revenue.

Similarly, Cunningham is now of looking at other options and opportunities. He has already started to do some work in litigation, relocation and power sales, although, he admits, not in any great volume. His attention has also turned towards distressed and contaminated properties, an area that is developing into a niche market. “I am looking at opportunities where I might need to reeducate myself and retrain myself to do certain types of work. There are opportunities out there. Some of them are related to work I already do and that I am looking to expand. As a professional, I do not feel I have the skill sets yet, so I have been looking to see what courses are available from the AIC or through other sources.”

Lebow sees ongoing education and professional development as essential to maintaining an appraiser's status as a professional. Continuous education is also a key component to attaining the highest level of business practice. Lebow divides the development of a business into four levels: i) unknown, ii) commodity, iii) secret expert, and iv) go-to expert.

He notes that, after surpassing the entry level point of being an unknown, many appraisers are content to remain at the commodity level providing a specified, if often highly honed, service for a fee. However, the problem with the commodity level is its vulnerability to market supply and demand, bidding wars and undervaluing of service.

To avoid falling into this situation, appraisers can develop a relationship with a client whereby that client will rely exclusively on their 'secret expert' for information and services. However, these clients may not have a sphere of influence in their workplace. When the contact is gone, the work dries up. Or, as in the case of AMCs, the client's sphere of influence may not extend to making the final decision on how valuations are ultimately assigned.

A solution to this dilemma, Lebow explains, is to evolve the business to the next level and earn a reputation as a 'go-to expert.' When the common consensus is that particular appraisers are the *only* reliable resource to address a particular issue or need, existing clients will feel compelled to return and new clients will seek out their services.

"The banks know that a quality job will be done, we will always be honest with them and it will be a true value."

Kevin Fedynak

Although education and professional development are obviously critical to reaching this position as an authority, so, says Lebow, is marketing. He recommends becoming an authority, not only by reading a wide variety of professional journals and taking courses, but also by giving presentations and writing articles.

Over the years, Lebow has authored countless articles, text books and courses. He is the guest speaker at many real estate seminars as well as Ontario Real Estate Board meetings and is frequently quoted as an authority by the *Toronto Star* and other media. He has also served on numerous boards, professional organizations and public task forces in the real estate field.

But even appraisers who are just starting out can quickly build their reputation as an authority with effective marketing. He suggests that any appraiser can build a thriving business by devoting half an hour twice a week to social media. Lebow himself uses blogs, *Plaxo*, *Facebook* and *LinkedIn* to effectively build his client base and nurture existing client relationships.

"You have to continually go out and reinvent yourself."

Barry Lebow

Disseminating information does not have to be time consuming. Every time he reads an article he finds interesting, he sends a copy to clients and colleagues such as lawyers or insurance brokers. "The feedback is amazing," he says. "I get business from it. It is becoming very important."

He points out that something as simple as adding a client's e-mail address to his distribution list after performing an appraisal pays huge dividends in terms of building his business. "If I were starting over again, I would data base everybody," he says.

After all, he says, computers are only going to play an increasingly important role in the coming years. Some day, they may even become the only way in which the future generation obtains its information. Although many CRAs are focusing their attention on the AMCs, Lebow predicts that the sophisticated computer-generated valuation data and analysis will one day put the appraisal management companies out of business. Until then, however, he sees some appraisers specializing in mortgage valuation as speeding their own demise by undercutting their colleagues. "How can you do a good job if you are being underpaid?" he asks. "Those who are willing to be the lowest bidders are keeping the industry down."

But not all appraisers are taking this approach. Like Cunningham, Fedynak refuses to lower his fees to undervalue the thorough professional mortgage

"There are opportunities out there. Some of them are related to work I already do and that I am looking to expand, so I have been looking to see what courses are available from the AIC or through other sources."

Dave Cunningham

valuations he performs. However, unlike Cunningham and Lebow, Fedynak is continuing to focus on mortgage valuation, a business he has worked hard to build over 30 years, and within which he has developed a specialization for higher end executive homes.

He points out that CRAs trained by the AIC place a strong emphasis on quality. "Our code of conduct is comprised of high ethical standards," he says. "We run our firm as a professional organization." Halvorsen Fedynak's residential appraisers conduct a thorough inspection of properties before signing off on impartial valuations based on detailed notes and in-depth market research.

Fedynak notes that fees set by Halvorsen Fedynak & Company reflect the quality and high standards of appraisals that will stand up to scrutiny

"We are continuing to educate the bankers at the local level as to why they should use AIC appraisers – high ethical standards, best professional organization in Canada, quality appraisals, etc."

Kevin Fedynak

"There is so much more for an appraiser to do and with higher fees than the mortgage business."

Barry Lebow


and legal challenge. "The banks know that a quality job will be done," he explains. "We will always be honest with them and it will be a true value."

At the same time, Fedynak is one of the few appraisers in the Edmonton market specializing in executive homes above the one million dollar mark. These are valuable skills he has honed over his 30 years in the industry, skills he believes will continue to be in demand as the market adjusts fees to align with the quality of the product.

For this readjustment to occur, it is essential that CRAs educate the banks as to the advantages of having a valuation performed by reputable AIC-accredited appraisers. The Institute welcomes advocacy efforts by appraisers such as Fedynak who continue to express their concerns. "We are continuing to educate the bankers at the local level as to why they should use AIC appraisers – high ethical standards, best professional organization in Canada, quality appraisals, etc.," says Fedynak. "The *driver* for the AMCs and for major financial institutions should be the quality of appraisal reports instead of price. In addition, I believe the AIC should continue to promote our organization to the AMCs and major financial institutions at the national level."

"You have to look for opportunities if you want to stay in business, if you want to make a living. That is true for any business. The market is always evolving. Those who adapt the best, survive the best."

Dave Cunningham

In fact, earlier this year, the AIC met with both the AMCs and the lenders to discuss these issues. But working with the AMCs and lenders is only one prong in the AIC's approach to supporting the CRAs in continuing to be successful within the ever-changing marketplace of residential valuation. The other prong involves ensuring that CRAs are aware of the tools and resources they need to adapt to what the future will bring. As Cunningham so aptly explains, "You have to look for opportunities if you want to stay in business, if you want to make a living. That is true for any business. The market is always evolving. Those who adapt the best, survive the best." In fact, they even thrive. 



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Evolving court rules on expert evidence

Appraisers providing expert evidence in several Canadian courts – including the Ontario Superior Court, the Nova Scotia Supreme Court and (as of July 1, 2010) the BC Supreme Court – face changes in the court rules which govern expert witnesses' reports and roles. The changes to these trial courts' rules include (1) new requirements for expert witnesses to state in their reports that their evidence is given objectively or in accordance with a duty to assist the court (the wording varies by province), with this prevailing over obligations to the party by whom they are retained; and (2) in some jurisdictions, particularly in BC, greater encouragement for opposing litigants to jointly retain a single expert. Both types of change are intended to reduce the cost and acrimony associated with 'battles of experts' and to make expert evidence more helpful to the courts in which the changes are instituted.

Court rules requiring acknowledgment of experts' duties may alter little in the substantive approach of those witnesses who belong to professional organizations (such as the Appraisal Institute of Canada) which set standards that already encourage objectivity and, indeed, provide for written certifications of impartiality. The new judicial requirement may have a greater influence on the content of reports in previously less regulated fields or fields where a 'hired gun' mentality seems to be widespread; in those fields, experts required to acknowledge their objectivity may think twice about their approach.

More broadly, it is possible that partisanship by an expert witness in breach of his or her written commitment to be objective or to assist the court could now expose that witness to sanctions directly from the court, rather than simply from the professional organization, if

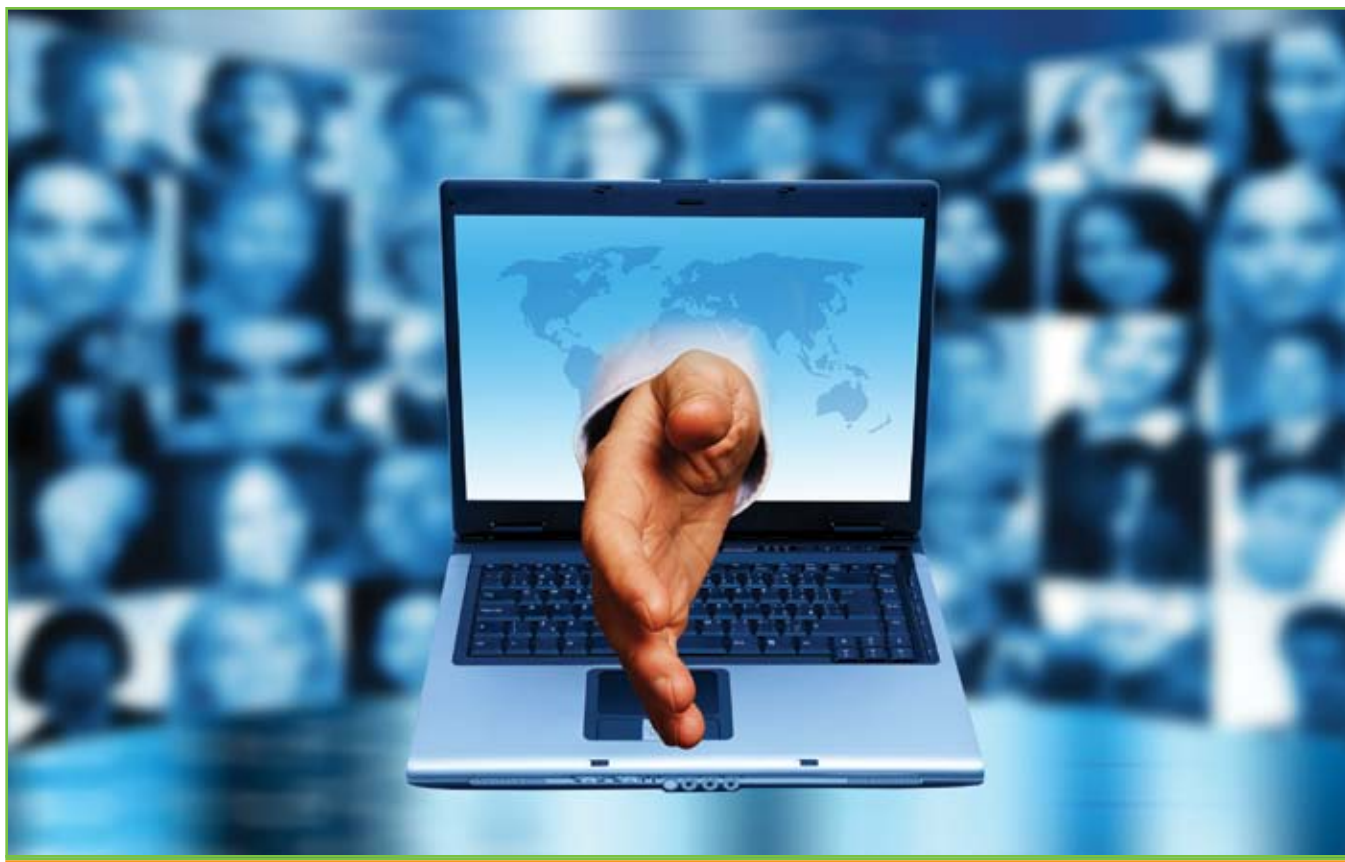


any, to which the expert belongs. The case law in the absence of these court rules has traditionally permitted courts to take a less direct approach, where they may (1) 'punish' the litigant whose expert has been partial, by refusing to admit the expert's report into evidence or giving little weight to it (thus leaving a gap in that litigant's case); and/or (2) criticize experts for lack of objectivity in the course of reasons for judgement on the broader issues. What additional steps, if any, that the courts will take under the new rules remains to be seen.

Certain of the new court rules also address the joint appointment by parties of a single expert to opine on particular issues. The Nova Scotia rules provide for joint appointment on agreement of the parties. The BC rules go further, both in setting out a detailed protocol for joint appointments and in providing that the BC Supreme Court will have the power to order that the expert evidence on one or more issues be given by one jointly instructed expert, even if neither party has requested that such an order be made. In

theory, the appointment of a single expert should reduce the expense to parties, as they will be able to share costs. Given the requirement even for experts retained by a single party to be impartial rather than to serve as the retaining party's advocate, the conclusions in the jointly procured report should also, in theory, be the same as in reports which were separately obtained. However, concerns have been raised over how well this theory will translate into practice, and indeed the concept of joint appointment has not found its way into the new Ontario rules (although they do encourage party agreement on the selection of court-appointed experts, a different issue). Concerns include that parties' resources may be consumed in fighting between themselves on the selection of a jointly appointed expert and the instructions to be given to the expert, or in retaining 'shadow' experts (whose evidence cannot, however, be filed on the same point without leave of the court) to review the jointly appointed expert's conclusions. It will be interesting to see how the practice develops in this regard. 📄

Bringing your marketing online



Marketing in the twenty-first century means embracing the modern tools that are currently available to us. While these tools may be much different than in the past, the fundamentals of marketing professional services remain the same. In broad terms, these fundamentals include creating and managing client and contact relationships, as well as developing and maintaining positive brand equity.

The Internet now offers an array of tools, sometimes referred to as *Web 2.0*, that allow professionals to work on these fundamentals in a virtual environment. These tools include social networking sites such as *Facebook* and *Twitter*, as well as weblogs, discussion groups, and web-

site portals that allow for brand development.

While these tools should not necessarily be the primary thrust of a marketing plan, ignoring or excluding them from the mix in today's world is at your peril. Worse yet than ignoring these tools is using them incorrectly.

Currently, with more than 350 million users – half of whom log in every day, *Facebook* is the most familiar social networking site out there.

“Facebook is a networking tool unparalleled in modern times.”

Incredibly, 13.2 million Canadians, or 40% of the population, have a *Facebook* account. While it seems that almost everyone participates within *Facebook* these days, there are still those of us who are somewhat paranoid with respect to personal privacy issues, and have opted out. Unfortunately, in today's world, opting out of *Facebook* is akin to self-imposed social exile.

Like everything in life, benefits usually come at some cost, and this is also true of *Facebook*. While there is some tradeoff with respect to maintenance of personal privacy, many find that the benefits of social connectivity far outweigh the downside.

While some only use *Facebook* for connecting with family and friends, there is considerable benefit to including your professional network

into the mix, however, care must be taken that your personal *Facebook* profile is aligned with your personal professional brand. This means that attempts should be made to exclude photos of every drunken party you have attended since high school. While you have little control over someone posting a photo of you on *Facebook*, you do have control over who can see it. Your profile must be viewed regularly, privacy settings must be carefully managed, and you need to exercise control over who sees what.

Furthermore, if you want to use *Facebook* for career or business networking, it may not be the ideal place to advance any political, religious or controversial causes that are close to your heart. Such activity risks alienation.

If care is taken regarding the above, *Facebook* is a networking tool unparalleled in modern times. It keeps you connected to people, allows them to know you better, and for you to know them better. In short – richer professional relationships. It also allows for networking that is sticky, i.e., in the transient business environment of today, it allows you to maintain contact when people are displaced geographically.

Many people use *Facebook* to keep in touch with people they meet at conferences for instance. By the time the next conference rolls around, the business relationship has continued to advance thanks to online personal interaction.

When incorporating your business network into your *Facebook* profile, care must also be taken with the manner of interaction. Remember that it is about the networking and relationship building, and not about a sales pitch. People do not want you to invade their personal world with sales pitches and spam. If you want to use this medium for advertising, buy an ad which can be appropriately targeted.

“Marketing in the twenty-first century means embracing the modern tools that are currently available to us.”

Do not harass or spam people.

There are methods of directly marketing your company on *Facebook*, such as setting up a company page and inviting people to join it, or become fans. The Appraisal Institute of Canada, in fact, has such a page – www.facebook.com/AppraisalInstitute.Canada. Once again, however, care must be taken as some users view this as an invasion of personal space. People do not want to feel as if they are just a captive audience for marketing purposes.

Twitter is a more appropriate medium for more direct corporate brand development and marketing, however, it has a much lower membership and usage than *Facebook*. *Twitter* allows users to post (or tweet) short status updates, which other members can follow. This can be a useful strategy for companies, however, the challenge is great in creating something that people want to follow regularly.

A blog or weblog, is another medium that offers good potential for brand development and marketing, as well as for achieving client service and loyalty goals. While some may see the term blog as somewhat cliché and overused, it is the blog medium or format that is important. In application, it does not have to be called a blog.

As one of the original social networking vehicles, weblogs provide a method of

communicating to a larger audience, collecting feedback from the community and subsequently building lasting relationships with customers and partners. The blog format is essentially that of an article that allows for reader interaction in the form of feedback, ranking, concurrence polling, etc.

By supporting the self-publishing of rich articles on extremely focused topics, weblogs provide a vehicle for positioning as thought leaders within the marketplace, allowing users to differentiate themselves from other competitors.

Blogs can be linked to other bloggers, and if the content is highly rated by members of the web community to which it is targeted, it allows for greater ranking and readership. This momentum can then be synergized for use with other *Web 2.0* tools such as *Facebook*, *Twitter*, or even live webcasting, etc.

Using *Web 2.0* applications for marketing purposes is a broad and complex topic, and therefore impossible to be explored in depth in this short article. Therefore, I would encourage you to inform yourself regarding the above applications, as well as myriad others within this class, and work them into your marketing plan in a manner that works best for you. 🌈

Marketing and Communications Committee

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CUSPAP – What's new for 2010?

This article will very briefly discuss recent changes to the *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)*, which are typically reviewed and updated every two years. The 2010 version is now available on the AIC website (<http://www.aicanada.ca/cmsPage.aspx?id=69>) and has been in effect since January 1, 2010. Many of the changes to the standards are housekeeping items or edits that are identified and required from time to time. However, in other cases, the changes are significant. The most important changes for this iteration relate to the AIC's decision to adopt *International Valuation Standards (IVS)* as their guiding professional standard, and to be in full compliance with *International Financial Reporting Standards (IFRS)*.

The first element, being compliant with *IVS*, was actually quite easy. In fact, it was already AIC policy that, where *CUSPAP* was silent on a matter, it would defer to *IVS*. When the Board decision to make *CUSPAP* fully compliant with *IVS* was made, it was not a monumental task as we were already almost 100% compliant. The same is not the case with *IFRS*.

The advent of *IFRS* is changing the landscape for appraisers involved in such valuation assignments. The number of appraisers involved is increasing and will likely grow into the future. The related changes to *CUSPAP 2010* are not sweeping in nature and do not alter valuation methodology. They are nevertheless significant.

Consider the implications and responsibilities of preparing valuation reports for publicly responsible companies. This is not to be taken lightly, as the duty of care extends well beyond the client and into the public domain. International compliance and *IFRS* compliance demand transparency and diligence.

The inclusion of Definition 2.24 External Valuer, and the elements of *CUSPAP vis-à-vis IFRS* and external valuation as it has been addressed by *CUSPAP*, is one of the most important changes. If you reference *Appraisal Standard Comment 7.30*, you will note various criteria within the Scope of Work for Financial Reporting. I will not elaborate in any greater detail as I would like all of you to look this up for yourselves.

We encourage you to download your PDF version of *CUSPAP*, do a word search for *IVS*, and look for the changes. The best advice I can give you is to grab a large coffee or energy drink, take a couple of hours and familiarize yourself with *CUSPAP 2010*. Although I make light of it, I hope that all of you take this seriously. The document is very well constructed so that you can easily navigate it on your computer. Here is another hint, you can take a look at Section 14 'Changes to *CUSPAP* from the 2008 Edition' for a quick summary.

Our standards are what set us apart and make us the preeminent valuation organization in the country. The AIC standards are leading as opposed to following, and we should be proud of this. The strength of the Canadian banking system came to the world's attention during the recent financial crisis. The strength of the Canadian real estate market is an integral part of the stability of our banking system. I like to think that the AIC and our membership have played an important role in preserving the integrity of our real estate industry through the development and implementation of our standards. The world is looking at Canada's banking system. The AIC invites the world to look at the 2010 professional standards which have incorporated the *IVS*. 

2010 EDITION OF CUSPAP WITH IVS PROVISIONS

The 2010 edition of the *Canadian Uniform Standards of Professional Appraisal Practice* (the *Standards*, or *CUSPAP*), now online at <http://www.aicanada.ca/cmsPage.aspx?id=69>, meet the sponsor criteria of the Appraisal Foundation in their international membership category, and endorse *International Valuation Standards* as an authority promoting world-wide acceptance of standards for property valuation.

With the advent of *International Financial Reporting Standards (IFRS)* and the transition within Canada to *International Accounting Standards (IAS)* in 2011, the AIC Board of Directors recognizes the need for valuation standards that address emerging valuation requirements for *IFRS* and diversification of the scope of work available to AIC appraisers.

The standards contained in the 2010 edition are compliant with the current (eighth) edition of *International Valuation Standards (IVS)*, published by the International Valuation Standards Committee (IVSC). Compliance with these 2010 standards ensures compliancy with the *IVS* relative to *IFRS* and Valuation for Financial Reporting (VFR).

Standards Committee

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NUPPEC – quoi de neuf en 2010?

Le présent article traitera brièvement les récentes modifications aux *Normes uniformes de pratique professionnelle en matière d'évaluation au Canada* (« NUPPEC ») qui sont habituellement revues et mises à jour tous les deux ans. La version 2010 est maintenant affichée sur le site Web de l'ICE et est en vigueur depuis le 1^{er} janvier 2010 (<http://www.aicanada.ca/cmsPage.aspx?id=69>). Plusieurs modifications sont de régie interne ou des modifications qui sont identifiées et requises de temps à autre. Dans les autres cas, toutefois, les modifications sont plus importantes. Dans la présente version, les modifications les plus substantielles reflètent la décision de l'ICE d'adopter les *International Valuation Standards* (« IVS ») comme norme directrice professionnelle et se conformer ainsi aux *International Financial Reporting Standards* (« IFRS »).

Le premier élément, soit celui de se conformer aux IVS, était fort simple. En fait, l'ICE avait déjà une politique à l'effet que lorsqu'un point n'était pas couvert par les NUPPEC, les IVS auraient préséance. Lorsque le Conseil a pris la décision de rendre les NUPPEC pleinement conformes aux IVS, la tâche fut plutôt simple puisque nous étions déjà conformes quasi à 100 % mais on ne pouvait dire de même des IFRS.

La mise en œuvre des IFRS vient modifier le cadre dans lequel les évaluateurs sont appelés à évoluer. Le nombre d'évaluateurs visés augmente et il est probable qu'il continuera de grimper à l'avenir. Les modifications pertinentes aux NUPPEC 2010 ne sont pas drastiques de nature et ne modifient pas la méthode d'évaluation mais elles sont néanmoins importantes.

Qu'il suffise de considérer les conséquences et les responsabilités associées à la préparation de rapports d'évaluation pour des compagnies publiques. Ce genre de travail ne doit pas être pris à la légère puisque le devoir de diligence va bien au delà du client et s'étend jusqu'au domaine public. La conformité internationale et la conformité aux IFRS font appel à la transparence et à la diligence.

Personnellement, je suis d'avis que l'inclusion de la définition 2.24 Évaluateur externe, et les éléments des NUPPEC par rapport aux IFRS et l'évaluation externe tel que discuté dans les NUPPEC, constitue l'une des modifications les plus importantes. En consultant le Commentaire 7.30 des normes d'évaluation, l'on constate divers critères qui régissent l'envergure d'un travail à des fins de rapports financiers. Je n'aborderai pas tous les détails dans cet article puisque j'aimerais que

vous fassiez votre propre recherche sur la question.

Le meilleur conseil que je puisse vous donner est de télécharger la version PDF des NUPPEC, de rechercher l'acronyme IVS et de prendre connaissance des modifications. En fait, vous pourriez vous préparer un bon café ou une boisson énergétique et prendre quelques heures pour vous familiariser avec les NUPPEC 2010. Bien que j'aborde le sujet sans cérémonie, j'espère que vous le prendrez tous au sérieux. Le document est vraiment bien structuré de sorte que vous pourrez le consulter facilement à l'ordinateur. Un autre conseil est de consulter la section 14 intitulée « Modifications aux NUPPEC depuis la version 2008 » où vous trouverez un résumé de toutes les modifications.

Les normes nous différencient et font que nous sommes l'organisation de choix en matière d'évaluation à l'échelle du pays. Les normes de l'ICE sont proactives plutôt que réactives, une caractéristique dont nous avons raison d'être fiers. Durant la récente crise financière, la solidité du système bancaire au Canada a retenu l'attention mondiale. La solidité du marché immobilier canadien fait partie intégrante de la stabilité de notre système bancaire. Je me réjouis à penser que l'ICE et nos membres ont joué un rôle important dans le maintien de l'intégrité de l'industrie immobilière par le biais de l'élaboration et de la mise en œuvre de nos normes. Alors que le monde s'affaire à considérer le système bancaire canadien, je suis convaincu que nos normes d'évaluation immobilière retiendront également l'attention. 🇨🇦

ÉDITION 2010 DES NUPPEC ET LES DISPOSITIONS DES NIE

L'édition 2010 des *Normes uniformes de pratique professionnelle en matière d'évaluation au Canada* (« Les normes » ou NUPPEC), maintenant affichée en ligne à l'adresse <http://www.aicanada.ca/cmsPage.aspx?id=69>, répond aux critères de parrainage de l'Appraisal Foundation relativement à sa catégorie de membres internationaux et reflète les Normes internationales d'évaluation comme autorité suscitant l'acceptation des normes régissant l'évaluation immobilière à l'échelle du monde.

Avec l'arrivée des *normes internationales régissant l'information financière (IFRS)* et la transition du Canada aux *Normes comptables internationales (NCI)* en 2011, le Conseil d'administration de l'ICE reconnaît le besoin d'appliquer des normes d'évaluation qui répondront aux exigences des IFRS et à la diversification de la portée des travaux offerts aux évaluateurs de l'ICE.

Les normes retrouvées dans l'édition 2010 sont conformes à l'édition actuelle (huitième) des *Normes internationales d'évaluation (NIE)* publiée par le Comité sur les *normes internationales d'évaluation (CNIE)*. La conformité à ces normes 2010 assure du même coup la conformité aux NIE à la lumière des IFRS et de l'évaluation aux fins de rapports financiers (ERF).

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Taking ownership – why you matter

As an appraiser, you rarely have the chance for a do over. The result of every assignment has the potential to end up as a professional practice complaint or in a court of law. You may use a limiting condition to reserve the right to correct errors, or to correct your report should new information come to light or the hypothetical conditions change, but rarely does this arise. To be the best reasonable appraiser that you can be and deliver excellent service requires your commitment to you. Your attitude towards your personal commitment to your own training and education is your key to consistency in your appraisal practice.

Beyond anything the Appraisal Institute of Canada (AIC) can do to develop and deliver training, and to advise you on business practice matters, it is this commitment that gives you permission to truly call yourself a professional.

In the last issue of *Canadian Property Valuation*, President Young spoke to you about taking pride in our designations and in the AIC, and provided examples of where this can be seen every day. In addition, there is the standard you hold every day that builds the valuation profession that, for the most part, is invisible to the Institute and to your peers. It is you at the front lines building relationships with your clients and providing professional appraisal services that define the value of your services. As you grow and are successful, so too is the valuation profession elevated in the eyes of the user, i.e., the consumer of your services.

A personal commitment to education is about staying abreast of new developments in the industry. For example, have you ever considered the impact of climate change on your appraisal practice? At first, you may find this amusing – how does global warming affect my business –

but, think about changes the lending community has made to stay competitive by offering green mortgages or the introduction of green technologies in the home and workspace. UBC now offers two CPD courses on green valuation that are not just timely, but intended to provide you with additional skills with which you can promote yourself.



As a professional, earning your designation gets you on your way to appraisal practice, however, it will be your attitude towards life-long learning that will set the difference between being successful and being left behind. I encourage you to give some thought to the creation of a personal education plan that balances formal education, experience, mentorship, and, yes, the development of the next generation of appraisers. The expertise you have and new skills you develop to be

“Your attitude towards your personal commitment to your own training and education is your key to consistency in your appraisal practice.”

successful can and should be shared. Shared learning confirms successful ideas and practices and challenges old ones.

At the same time, volunteering at the national and affiliated association level affords the very best opportunities to give back to your association and to work with your peers from across the country.

The Institute understands this and has made a concerted effort to focus the professional practice process on education at the first instance. My simple message today is that you need to take ownership in your education, because it matters to you. 🇨🇦

Professional Affairs Coordinating Committee

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Peer reviewers identify common errors

The first year of the Appraisal Institute of Canada (AIC) Peer Review Pilot Project (PRPP), which focused on reviewing residential form reports, has recently ended. As the PRPP moves into its second and third years, the mandate of the program expands to reviews of all types of appraisal reports.

The PRPP has two objectives. The primary objective is to generate and record actual cost/benefit data regarding a peer review program. Costs are measured in terms of actual outlays for meetings, training, etc., and the time commitment by AIC staff and PRPP volunteers. Benefits, which are more difficult to quantify, entail how each member may profit from shared learning, and how the profession and our clients may benefit from more consistent and higher quality services. The secondary objective is to build a cost effective Peer Review program infrastructure. Once these two objectives are met, the Board will be in a position to make decisions regarding the future of peer review.

Now that the first year is completed, we thought this might be a good time to share some common issues encountered by PRPP's reviewers.

By far, the most frequent issue arising involves adjustments made in the direct comparison

“Most of the issues identified by our reviewers can be traced back to the appraiser not taking the time to fully complete the form, and ensuring that all data is accurate and supportable.”

approach. Often, our reviewers find adjustments of a large magnitude, or inconsistent or inappropriate adjustments, with no discussion provided. Now, there may be a good reason for a large, inconsistent, or a seemingly inappropriate adjustment, however, there should be some explanation in the report otherwise the reader will not understand the appraiser's rationale. Even if the adjustments are nominal amounts, at a minimum, some discussion is advisable to assist the reader.

A second common issue is inconsistent information about the subject property. For example, a report may say that there are three bathrooms and then, on the next page, four are listed in the

adjustment grid. Or the report indicates that the subject property is fully renovated, and then the effective age estimate is equivalent to actual age. These types of oversights can diminish the credibility of an appraisal report.

Very often, our reviewers discover that a report is completed on an old version of AIC's residential form report and is not compliant with the current versions of *CUSPAP*. It is the appraiser's responsibility to ensure that all reports are fully *CUSPAP* compliant.

Another frequently occurring issue is an insufficient reporting under Scope. The Scope section is required by *CUSPAP*, and it is intended to let the reader understand what the appraiser did and did not do. Was there a full inspection or were some rooms inaccessible, and, if so, why? Did the appraiser obtain the title, and, if not, why not? etc.

Most of the issues identified by our reviewers can be traced back to the appraiser not taking the time to fully complete the form, and ensuring that all data is accurate and supportable. In addition to designing a report that a reader can comprehend, careful proofreading is advisable.

Redacted copies of actual peer reviews have been placed in the members section of the AIC website: <http://www.aicanada.ca/cmsPage.aspx?id=266>



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Appraisal standards – The rules of art or science?

The dramatic difference in appraised value of the same property certainly indicates that the art of appraisal is not an exact science. Over the years, I have dealt with appraisals of properties in assessment appeal cases and have found that, in looking at the report of the appraisers, it was difficult to believe that it was the same property that was being appraised. The differential in price is so great and this price difference by credited appraisers certainly does not give any great confidence in the conclusions reached.

– Honourable Justice N. Robert Anderson, Supreme Court of Nova Scotia

Decisions dealing with the standard of care applicable to valuers and appraisers acknowledge that these professions deal with matters of art rather than science, and that variations in their conclusions are therefore common...

– The Honourable Madam Justice Neilson, Supreme Court of British Columbia

These quotations are certainly not evidence of the first, nor will they be the last time, that the essence of the appraisal profession has been debated. The appraiser who appreciates an element of subjectivity would wholeheartedly agree with the court's conclusion that our skill is more art than science. Appraisers should be proud of their subjective skill set, yet must continually examine themselves to ensure their data, assumptions and methodologies are both consistent and accurate. We are accountable to not only our banks, mortgagees, home owners and investors, but also our professional *Standards*. On occasion, we hear the derisive comment that the acronym AACI stands for "appraisal according to clients' instructions." This public cynicism stems from incidences of appraisers relying too heavily on their subjective skills or succumbing to client pressures.

In contrast to the subjectivity of art, consider what appraisers are required to do:

- Research the marketplace; observe market phenomena and record market data.
- Collect a knowledge base of sales and, with highly skilled techniques, create systematic adjustments to reach conclusions.
- Determine a predictable outcome through the precise application of facts and principles and evaluate results through three methodologies.

- Present facts, reasoning and beliefs about the subject in an orderly manner.
 - Prepare appraisals to allow others to measure, review or rely on our conclusions.
 - Adhere to the *Standards*, a system of rules.
- Does this list of research, testing and hypothesis sound more like art . . . or empirical science? Although the courts accept that appraisal is an impure science at best, we must treat our profession with the same respect as we would

"A more conscientious approach in establishing accurate adjustments and cautiously applying our subjective skills will build trust and further credibility of our profession."

give to genuine science. In our estimated values, appraisers make assumptions about sales, rents or adjustments based on *known* data. It is our responsibility under the *Standards* to ensure we have taken great care throughout the entire appraisal report to vet the known data prior to applying it to the unknown. With easy access to land title registries, MLS and other online resources, our toolbox for gathering market information continues to expand. Rather than limiting reports to only three sales, the appraiser can



use (not so scary) statistics to analyze dozens of sales to consider the range, probability and margin of error. An Automated Valuation Model (AVM) is no substitute for the experience required to interpret the market, but is a useful technique to assist the appraiser in analyzing appropriate adjustments. In larger cities and homogenous neighbourhoods, we have little defence in claiming that relevant information is unavailable.

Appraisers know that, on occasion, making particular adjustments can be difficult. To determine a site size adjustment is simple if sufficient vacant land sales exist, yet developing value adjustments for condition, landscaping, influences or market appeal is far more complex. We recognize the principles are similar and it remains our responsibility to measure the market carefully to seek evidence on both macro and micro levels to develop *reasonable* adjustments. According to the *Standards*, the appraiser *must* describe and analyze all data relevant to the assignment as well as detail the reasoning supporting the analyses, opinions and conclusions of each

valuation approach. (*CUSPAP* Rules 6.2.15. and 6.2.18) Appraisal practice affirms that we do not make adjustments without supporting market evidence. If no sales are available, it calls for discretion based on experience, which should be based on historical market data. With adjustments founded on gut feeling, how do you really “just know?”

Rather than relying heavily on personal experience, one of the best ways to ensure consistent and accurate appraisal adjustments is to develop a paired sales database. As you root out similar sales, take an extra moment to note differences and file the information under the appropriate category. This will assist you in determining the range for future adjustments. If a client, lawyer or member of the Investigating Committee is concerned that an adjustment is unfounded, you are well-positioned to justify your adjustment process.

Finally, in applying your adjustments, ensure they are *reasonable and consistent*. In many cases, appraisers have applied contradictory adjustments in different reports or, even worse,

within the same report. If you have developed a size adjustment, ensure it is applied similarly for all the comparables, unless there is a valid reason to depart from a consistent application.

In the appraisal profession, our integrity is anchored in due diligence. Even Leonardo da Vinci, who was both artist and scientist, believed that a painter must know not just the rules of perspective, but all the laws of nature. So too appraisers must adhere to professional standards. A more conscientious approach in establishing accurate adjustments and cautiously applying our subjective skills will build trust and further credibility of our profession. 🌈



...Nevertheless, their judgements must be exercised within acceptable standards of skill and expertise, and be based on rational assumptions.

– The Honourable Madam Justice Neilson, Supreme Court of British Columbia

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Candidates and use of the term ‘appraiser’

For many years, Candidates have misused and applied the term appraiser when signing appraisal reports and/or introducing themselves as real estate appraisers to clients. Designations with the Appraisal Institute of Canada (AIC) are earned designations – CRA Canadian Residential Appraiser and AACI Accredited Appraiser Canadian Institute.

The term ‘appraiser’ gives an individual credibility as a practicing professional in the appraisal industry and utilization of the term ‘appraiser’ when signing a property valuation or consulting report is much like implying there is a designation attached to the individual’s name.

When licensing was initiated in some Canadian provinces, there was great debate as to licensing an individual as an appraiser or as a Candidate. These discussions became critical in the determination of the class of licensed industry members. This also holds true in terms of the status of industry members with the AIC.

When applying the term ‘appraiser,’ a Candidate is adding the perception that the AIC qualifies that person for signing a property valuation or consulting report, which is not the case. A Candidate is not an appraiser until designated; much like a lawyer is a student at law until admitted to the Bar.

Use of the term ‘appraiser’ can only be applied in conjunction with a designation regarding the professional standing with the AIC. Designations are earned through a rigorous education and mentoring program and, until an individual has received the CRA or AACI designation awarded by the AIC, the term appraiser cannot be applied. Thus, Candidates cannot append the title ‘appraiser’ to their names when signing an appraisal document. Additionally, P. App may be used by AACI members in good standing, but only in conjunction with the AACI designation as such, AACI, P. App.

“Use of the term ‘appraiser’ can only be applied in conjunction with a designation regarding the professional standing with the AIC. Designations are earned through a rigorous education and mentoring program and, until an individual has received the CRA or AACI designation awarded by the AIC, the term appraiser cannot be applied.”

In this regard, Professional Practice Committees of the AIC have encountered complaints of Candidate members misusing the term ‘appraiser’ when they add the term ‘appraiser’ in signing appraisal valuation and consulting reports. To clarify – a Candidate must only sign appraisal valuation and consulting reports ‘as a Candidate’ to avoid misleading the public in terms of his or her standing with regard to the education and mentorship programs with the AIC.

Designated members reviewing and co-signing appraisal valuation and consulting reports must ensure that the Candidate signs ‘as a Candidate’ and not as an ‘appraiser.’ If a Candidate signs a valuation and consulting report using the term ‘appraiser’ with his or her name, the Candidate is misleading the client and/or a member of the public regarding his or her level of experience, education, and professional standing with the AIC.

These provisions also apply to business cards and other promotional items. Candidates must not use the term ‘appraiser’ with their names, as a Candidate is not an appraiser until designated with the AIC.

Ethical Standards:

5.4.6 “Promoting the Candidate membership category in such a way that it might be perceived as a designation is misleading. AIC Candidate members

must refrain from using initials or abbreviations that might be interpreted as relating to a designated status, i.e. CAN, as this is not an AIC designation, but refers to status within the Appraisal Institute of Canada.”

5.4.7 “AIC Candidates are able to identify themselves as a Candidate Member of the Appraisal Institute of Canada (AIC). AIC Candidate members may identify that they are working under the mentorship of a designated member of the Institute and identify the mentor’s name and designation.”

5.5.4 “It is unethical for Candidate members to sign any appraisal, review or consulting report unless the report is co-signed by an appropriately designated member.”

5.5.5. “It is unethical for affiliate, associate or student members to hold themselves out in any way as a practicing member of the Institute.”

Appeal Committee

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Robert Patchett
LL.B., CD, AIC Counsellor,
Professional Practice

Working in collaboration for change

Upon joining the Appraisal Institute of Canada (AIC), all members pledge to uphold the *Code of Professional Conduct* and *Professional Code of Ethics*¹. In so doing, they agree to comply with the provisions of the *Bylaws*, *Regulations* and *CUSPAP*. Staying true to this ideal will translate into a professional reputation that serves you well. Good ethics are good for business. This should be the focus at all times, especially when clients deliberately encourage you to hit their mark, thereby jeopardizing your professionalism and your livelihood.

Much has been and will likely continue to be written on the root causes of the sub-prime financial crisis in the US and the global impact that it has spawned. While some will look at the risk modeling and the collateral valuation process² to see if they worked as intended, i.e., did the mathematical models and process function properly?; others will look to the conduct of the players in the financial services sector. Did they act ethically and responsibly in the loan origination and underwriting process?

Allegations of mortgage fraud litter the landscape in the US³. While little beyond anecdotal evidence appears in Canada, we routinely read and hear about the value and impact of mortgage fraud in Canada. Many are vaguely aware of the housing bust of the later 1980s and recall changes that arose from that, but, essentially, with the passage of time it has faded from memory and has been replaced with fresh scars from the current crisis. As Hegel says, we learn from history that we learn nothing from history.

The question that comes to mind out of this is – can effective change occur without sanction by securities regulators; criminal sanction for misconduct or sanction for professional



“Conduct reflects individual ethics and professionalism and the AIC and all its members benefit when we remind ourselves of the obligations we inherit when we become members of this profession.”

misconduct? The question presumes of course that the processes worked, but that someone acted unprofessionally.

This highlights the importance of protecting your reputation and reminding clients that, at all times, you comply with Generally Accepted Principles of Valuation in completing any assignment in accordance with the appraisal standards published by the AIC. In so doing, reporting undue influence⁴ and working in concert with efforts of the AIC Board to advance the interests of the membership and the profession can only lead to confirming the vital role appraisers hold in the financial marketplace.

By now, much will be known of the AMC Task Force Report and the leadership taken by the AIC Board in acting on those recommendations. It is important to recognize that change may be difficult and slow, and that implementing change takes time and energy. Nevertheless, when individual members work collaboratively with peers and the AIC, they can effect change that will be both positive and rewarding. Conduct reflects individual ethics and professionalism and the AIC and all its members benefit when we remind ourselves of the obligations we inherit when we become members of this profession. 🇨🇦

End notes

- ¹ AIC Code of Conduct and Code of Ethics, <http://www.aicanada.ca/cmsPage.aspx?id=210>
- ² Reengineering the Appraisal Process, Collateral Risk Network <http://www.aicanada.ca/images/content/docs/Valuation%20Evolution.pdf>
- ³ Eleventh Periodic Mortgage Fraud Case Report To: Mortgage Bankers Association, <http://www.marisolutions.com/pdfs/mba/mortgage-fraud-report-11th.pdf>
- ⁴ Undue Appraiser Influence – Canadian Property Valuation, Page 32, <http://www.aicanada.ca/images/content/file/CPV-2008-book-2.pdf>

WAVO invites your participation

The Appraisal Institute of Canada (AIC) was a founding member of the World Association of Valuation Organisations (WAVO) and is an executive Board member of the organization.

The 4th WAVO Valuation Congress held November 24 and 25, 2009 in Guilin, Guang Xi, People's Republic of China was a great success. More than 360 participants attended the Congress from mainland China and Australia, Brunei, Canada, Hong Kong, Korea, Malaysia, Indonesia, Russia, Romania, Singapore and USA. Co-hosted by the China Appraisal Society, the Congress was addressed by Ms He Bangjing, Vice Minister of the Ministry of Finance, China and President of China Appraisal Society. A private meeting was arranged between the Minister and selected organizations including the AIC. The Vice Minister expressed her thanks that WAVO had held the Congress in China, as it provided an opportunity for valuers in China to meet with international counterparts.

At the closing ceremony, the Hong Kong Institute of Surveyors (HKIS) was included in the *Memorandum of Understanding (MOU)* for the portability of designations. Under the auspices of WAVO, the *MOU* was signed at the Inaugural WAVO Valuation Congress held in Singapore in 2006 by the four national valuation institutes: the Australian Property Institute, Appraisal Institute of Canada, Property Institute of New Zealand and Singapore Institute of Surveyors and Valuers. The *MOU* provides designation equivalency to any AIC AACI-designated member wishing to work in the other four countries, subject only to local designation requirements.


WAVO is supportive of the consistent application of valuation standards, methodologies, and practice. WAVO invites professionals to contribute their expertise in



compiling the *Best Valuation Practice Guide*. The topics include valuation fundamentals; methods of valuation; specific valuations; and business, plant and machinery valuation. If you would like to contribute, please write to WAVO at <http://www.wavoglobal.org/feedback.asp>. WAVO will be compiling a list of experts in their various valuation fields who can offer consultancy services.

To encourage the involvement of valuation profession students at an early stage, the WAVO Board has decided to host a yearly competition for the WAVO Best Valuation

Report Awards. This competition is open to all students undertaking valuation courses. You may also obtain information on the awards from the website: www.wavoglobal.org. There are six categories of awards for the different property types. The winner of the awards for each category will be given prize money of US\$2,000.

To assist developing economies in building their valuation capacity, WAVO regularly conducts workshops and courses. WAVO welcomes enquires from qualified AIC members who would be interested in conducting workshops and courses. 

Candidates' FAQs for CPY

As a Candidate member of the Appraisal Institute of Canada (AIC), you are required to complete at least one university course per year (CPY). This policy was approved by the AIC Board of Directors in October 2005 with the intent of encouraging progress to designation in a timely fashion.

What qualifies as a university course?

Any course that is a curriculum requirement of the CRA or the AACI designation qualifies as a university course. The list of these courses is specific and may be located on the AIC website by inputting 'Curriculum Requirements' in the search tool on the website: <http://www.sauder.ubc.ca/Programs2/RealEstateDivision/CreditProgramsandProfessionalDevelopmentCourses/AppraisalInstituteofCanada/default.htm#courses>

If you have qualified as a Candidate without a university degree, any university course leading to the completion of your university degree will qualify as a course.

Are college courses or courses taken at an organization other than the University of British Columbia (UBC) acceptable?

Yes, provided that UBC has accepted the course as a formal equivalent to one of the curriculum requirements. To find out visit: http://www1.sauder.ubc.ca/Programs/Real_Estate_Division/Credit_Programs_and_Professional_Development_Courses/Overview/Equivalencies_and_Transcript_Reviews.aspx

What year are we talking about when we say a course per year?

The CPY requirement does **not** run on a calendar year. The CPY requirement is always from October 1 to September 30. For example, for 2010, you must successfully complete a course between October 1, 2009 and September 30, 2010.

"As a Candidate member of the Appraisal Institute of Canada (AIC), you are required to complete at least one university course per year (CPY)."

How do I report my CPY?

Log into the 'Members Section' of the AIC website: <http://www.aicanada.ca/member-Login.aspx>

Under Online Tools on the right hand side of the page, click on the 'Course per Year' link.

Click on 'Add a Course' and fill out the appropriate boxes and attach the supporting documents.

When am I required to report my CPY?

You must report that you have successfully completed your CPY requirement no later than the last day of the CPY period, which is September 30. For example, this year you are required to report that you have successfully completed your CPY requirement **by September 30, 2010**. The AIC website will allow you to report the completion of your required course at any time during the year so do not wait until the last minute to post your completed course(s).

What happens if I do not report my CPY by September 30?

You will be fined and your Candidate status will be suspended until the fine is paid **and** until you have met the CPY requirement. To reverse the suspension, you must be able to prove to AIC that you have met the above conditions. You should contact dianea@aicanada.ca with respect to this matter.

What if I have not received a grade for my course prior to the September 30 deadline?

This may occur if you are registered in a summer course (June to September) and the results of your exam or assignments will not be available until after September 30. In this case, the September 30 reporting deadline still applies to you and you should follow the same steps for reporting your CPY as described above. However, you should report the course as 'Results Pending' and attach the supporting document showing your enrollment in the summer term. You will then have until November 1 of that year (e.g., November 1, 2010) to log back in to the AIC website as described above and report the course as complete. After that, please advise Diane Arruda of the completion by emailing dianea@aicanada.ca. 🇩🇪

Learning Advisory Committee

David Highfield, AACI, P. App – Chair
 April Green, Candidate
 Wayne Kipp, AACI, P. App
 Vikki Leslie, Qualifications Officer, AIC – ON
 Charles Abromaitis, AACI, P. App
 Duane Bates, AACI, P. App
 David Shum, AACI, P. App
 To contact this committee, email:
lac@aicanada.ca

Spotlight on Continuing Professional Development

FEED YOUR FUTURE with CPD FRIDAYS



The UBC Real Estate Division continues its series of live, online, web-based seminars or webinars on Friday, March 5, 2010, from 8 am – 10 am Pacific time (11 am – 1 pm Eastern time). These *CPD Fridays* webinars consist of a 2-hour presentation with an expert instructor, who will present an interactive online classroom session and answer any questions you may have. By attending the session and completing two hours of pre-reading on your own, you will receive four AIC CPD credit hours. There is no quiz or exam required to receive these credits.

In this article, we highlight three upcoming webinars in the UBC Real Estate Division's *CPD Fridays* series. **Feed Your Future!**

CPD 101: Business Enterprise Valuation

Presented March 5, 2010 by Ron Muller, CGA, CBV, CIM, ASA

Real property professionals increasingly require an understanding of business valuation principles. For example, when valuing the real estate holdings of a business, separating the real estate value from a share sale transaction, or analyzing the real property value in a mixed asset portfolio, there is a complex blend of real estate value and business value that must be addressed. *International Financial Reporting Standards (IFRS)* also brings increasing complexity to the valuation of real estate, when business entities are involved.

This course introduces students to the valuation of business enterprises, including accounting fundamentals, the reasons that business valuations are required, and the basic principles of business valuations. The materials and case studies emphasize both asset-based valuations, such as the liquidation method, plus valuation approaches applicable to going-concern businesses, including goodwill and its application to an earnings/cash-flow based valuation.

This course provides an introduction to a variety of applications

of business valuation, and does not focus solely on hotel valuation or property tax assessment. The issues related to 'business enterprise valuation' for these contexts are touched upon briefly in this course, but are not explored in depth.

CPD 125: Green Value – Valuing Sustainable Commercial Buildings

Presented May 7, 2010 by John Peebles, AACI, P. App.

A cursory review of real estate promotional literature suggests that 'green real estate' is increasingly important to market participants. This growth can be attributed to many causes, including legislative and building codes changes, reducing operating costs, improving leasing potential, and maintaining property value. However, a key reason for the recent interest in green concerns may be societal change – people are now demanding more responsible real estate development that looks beyond the traditional bottom line.

This course examines what a 'green building' is in terms of architectural design and building construction practices. The agencies that evaluate and rate green buildings are reviewed, most notably the Leadership in Energy and Environmental Design (LEED) program.

The course focuses on how green issues impact real estate decision-making. We compare the costs of building green against the benefits to see if green features really do add to real estate's market value. Is the so-called 'green premium,' or increased construction cost for sustainable real estate, compensated by higher market value? Is 'green value' fact or fantasy? How does a triple bottom line approach impact real estate decisions and with what impact on you, the real estate professional?

Those offering real estate advisory services will increasingly need to address green issues, as this becomes an expected part of a consultant's due diligence.

Note that this course focuses primarily on commercial real estate, including office, retail, industrial, and multi-family residential. We leave residential issues to the CPD 126 course described below.

CPD 126: Getting to Green – Energy Efficient and Sustainable Housing

Presented June 4, 2010 by Paula Steele, MA, LEED AP


Similar to the commercial uses outlined above, interest in green residential applications also appears to be growing. In commercial real estate, the key issues are payback of investment with operating savings and improved leasability and absorption. For homeowners, the key issue is reducing energy consumption, in one part for reducing energy costs, but also for social reasons: mitigating climate change and reducing one's carbon footprint.

This course assists market participants recognize and evaluate features of energy efficient and sustainable real estate. We will illustrate 'Building

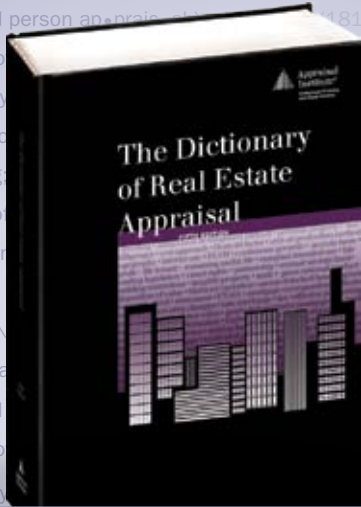
Science 101,' in terms of how the components of a home work together to control the flow of air, heat, and moisture to maintain healthy indoor environments. The economic and governmental mechanisms that drive green real estate forward will be explored. The green homes trend is advancing quickly in Canada – this course looks at success stories worldwide, demonstrating the potential for a greener future.

Upcoming CPD Friday webinars:

- Friday, March 5, 2010: CPD 101 *Business Enterprise Valuation*
- Friday, May 7, 2010: CPD 125 *Green Value – Valuing Sustainable Commercial Buildings*
- Friday, June 4, 2010: CPD 126 *Getting to Green – Energy Efficient and Sustainable Housing*

For more information on these and other UBC CPD offerings, please visit our website: www.realestate.ubc.ca/webina or www.realestate.ubc.ca/cpd 

NEW EDITION!



AN ESSENTIAL TEXT CREATED BY APPRAISERS, FOR APPRAISERS

Dozens of dedicated valuation professionals debated and discussed the language of real estate to create the new edition of *The Dictionary of Real Estate Appraisal*.

This highly anticipated, state-of-the-art reference work includes:

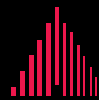
- Over 5,000 definitions and terms
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The Dictionary of Real Estate Appraisal, Fifth Edition
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Professionals Providing Real Estate Solutions

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PGCV grads enhance career opportunities

Since 2003, the Appraisal Institute of Canada (AIC), with its education partner, the Real Estate Division, Sauder School of Business, University of British Columbia, has offered the UBC Post-Graduate Certificate in Real Property Valuation (PGCV) leading to AIC's AACI designation.

This program presents a unique opportunity for graduates who hold a business degree, or a degree with a business focus from a Canadian university to earn a prestigious post-graduate certificate in real property valuation, while fulfilling the educational requirements for designation by AIC.

For more information on admission and requirements for the UBC/AIC post-graduate certificate in Real Property Valuation, visit AIC's website at <http://www.aicanada.ca/cmsPage.aspx?id=53> or UBC's website at *UBC/AIC Post-Graduate Certificate in Real Property Valuation*

This year we congratulate 48 graduates on their achievements:

Kristy Lee Allison	ON	Natalia Kurant	QC
Sohaib Ansari	AB	Adam Lawrenson	BC
Dean Bauck	BC	Tiffany Lee	BC
Simon Carlesen	BC	Paul Limacher	AB
Marilyn Carr	ON	Philip Logan	BC
John Carter	ON	Andrew Macleod	AB
Jimmy Cheung	ON	Ardeane Maharaj	BC
Eng Dallas	SK	Jonathan Matthews	BC
Adam G. Dickinson	NB	Nicholas John Mirsky	BC
Glen William Doll	AB	Patrick Neptune	ON
Martin Duranceau	QC	Maura E. O'Melinn	BC
Sheila A. Fitzpatrick	NB	Marcel A.D. Parsons	NS
Sandra R. Franke	BC	Andy Pham	BC
Gord French	BC	Erika Popovics	AB
Andrew Garrett	ON	Robert C. Rivington	ON
Darren Gibbons	AB	Trevor Robertson	SK
Jordan Gillespie	AB	Kenneth R. Rutherford	AB
Philippe Hebert	ON	Jason M. Schellenberg	MB
Michael Heffernan	AB	Sally Seto	ON
David Horn	AB	Maria Surina	ON
Danielle Houle	SK	Curtis A. Travis	ON
Jonathan Kam	AB	Oksana Vialykh-Patti	ON
Nelson Karpa	MB	Mark Wojcichowsky	AB
Sheena Kereliuk	AB	Meng Mandy Zhao	BC

Comments from recent graduates

What prompted you to pursue the PGCV?

I knew early on that I wanted to be in the real estate field. I decided to pursue a career in appraisal and was pleasantly surprised to find out that my BBA degree from Schulich School of Business was going to be a great stepping stone. PGCV gave me an opportunity no other university or college program was able to provide.

- Oksana Vialykh-Patti, BBA

After returning to appraisal after many years in asset management, the educational requirements to the AACI had changed. The PGCV is a great, concise program that recognized my business degree, gave me credits for courses taken and provided a clear path to an AACI designation.

- Sandra Franke

I am an engineer who was appraising industrial projects before immigrating to Canada. Once in this country, I wanted to get back into my profession and I saw this program as an opportunity for providing my credentials to Canadian employers

- Sohaib Ansari

My decision to pursue the PGCV coincided with my decision to pursue a career in real estate appraisal. When I learned about the PGCV, I had just completed a commerce degree and was looking to change careers. I found that appraisal was a good match with my previous experience as a land surveyor and education in finance and economics. The PGCV allowed me to make a quick transition into appraisal, while also leading towards a professional designation.

- Dallas Eng

Now that you have completed the program, do you feel it was a good decision for your career in the property industry?

I think the materials and projects are first rate. The projects give you an excuse to interact with other real estate practitioners and gain valuable insights. PGCV has helped me transition into a role were I am responsible for analysis of several real estate asset classes across Canada.

- Andrew Garrett

Absolutely. It allowed me to capitalize on skills acquired through my business background, such as economics and finance, and gave me the necessary knowledge to understand and apply real principles of value in the workplace.

- Adam Lawrenson

The PGCV is well rounded and comprehensive program that not only trained me to become efficient in valuation services, but also real estate investment analysis. The PGCV's multi-disciplinary approach will help me become a leader in many facets within the real estate industry, and I am pleased to have completed the program.

- Darren S. Gibbons

Completing the PGCV has been beneficial to my career right from the beginning of the program. Enrolling in the program and commencing with the coursework enabled me to get into my first appraisal position. The coursework gave me the knowledge to advance in my position and completing the program opened even more opportunities. After only three years since I began the program, I am right where I want to be in my career.

- Dallas Eng

Would you recommend this program to other business graduates?

I have recommended this program to every business graduate that has shown an interest in the real estate sector or employment at Cadillac Fairview. Many people tell me they are interested in real estate, but have nothing on their résumé to support that interest. I let grads know that having this program on their résumé demonstrates they have a body of real estate knowledge that is more comprehensive than a CFA or other business designations.

- Andrew Garrett

If real estate valuation is of interest to you, and you already have a degree in business, this program is definitely the next logical step. In just two years, you can complete the program at a reasonable pace while working full-time, or you can finish sooner if you have the spare-time and the drive.

- Adam Lawrenson

I would recommend the program to anyone with a finance/commerce/accounting background who has a passion for the value of property and the development process, and as a bridging program for those who have foreign valuation credentials and experience.

- Ardeane Maharaj

Whether you intend to pursue an appraisal designation or not, you will gain valuable knowledge of real property valuation; applicable to many professionals in the industry. The program brings together all aspects of a commerce degree and applies them toward real estate. A commerce degree has more value once focused towards a specialization.

- Dallas Eng

Do you feel that adding the PGCV to your professional credentials has enhanced your career opportunities?

I have found that the PGCV is not widely recognized in the real estate industry outside of the appraisal profession. Perhaps because it is a relatively new qualification. I don't think the PGCV credential enhances career opportunities in its own right beyond offering a short cut to AACI designation. Like all qualifications, its true value will be through effective application down the road.

- Philip Logan

The PGCV has enhanced my career opportunities in the sense that the program is industry-focused on property valuation, but, at the same time, educates potential property valuers about specialized opportunities in the field, e.g., appraisal review, hotel valuation, agricultural valuation, etc.

- Ardeane Maharaj

With specific reference to the appraisal industry, I do not believe my career opportunities have been broadened by completing the PGCV. Obtaining designation is what employers seek once you have field experience. However, for recent graduates with no experience in the property industry, enrolling in the PGCV program is likely to make you attractive to prospective employers.

- Gord French

Even if I were not pursuing the AACI designation, the PGCV alone has ensured me a career in the real estate industry.

- Dallas Eng

Are there any other comments concerning this program that you would like to share with the Appraisal Institute or prospective PGCV students?

This program allows individuals to meet all the necessary educational requirements for the AACI designation by taking one-third the course load. It assumes the student has a basic knowledge of economics and finance and is structured to provide the meat and bones of valuation – including residential and commercial – while giving students the flexibility to choose electives that suit their individual needs.

- Adam Lawrenson

In an era where the quantity and perhaps quality of accredited members is declining in many professions, I believe that the program can play a significant role in mitigating the impact of this trend in valuation. I would advise prospective students to have a genuine interest and commitment in property before enrolling because the program is immersive and assumes that students are doing this for a career, and not a hobby.

- Ardeane Maharaj

PGCV is a very well developed program. It offers accelerated access to AIC designations, which I would define as 'intensive accelerated access.' My advice to all prospective PGCV students is to stay focused during the studies, follow through all the assignments, read all the materials provided by the course, and enjoy the knowledge you gain through each course. The best part of the program that it is very interesting, well written and challenging. I am grateful to AIC and to Sauder School of Business for giving me the possibility to reach my ultimate career goal in a short period of time and for the extensive support that was provided to me during the course of my studies.

- Natalia Kurant

My biggest complaint with full-time studies while working on my commerce degree was not being able to apply the knowledge learned right away. On many occasions throughout my applied experience program, the knowledge learned through PGCV was immediately applied in real estate reports, which was very gratifying. In turn, this process enhanced my learning experience.

- Darren S. Gibbons

AIC designations granted / Désignations obtenues de l'ICE

The Appraisal Institute of Canada (AIC), together with the provincial associations and the provincial bodies affiliated with the AIC, commend the following members who completed the rigorous requirements for accreditation as a designated member of the AIC during the period October 14, 2009 to January 22, 2010:

L'Institut canadien des évaluateurs (ICE), en collaboration avec les associations provinciales et les organismes provinciaux affiliés à l'ICE, félicitent les membres suivants qui ont complété le programme rigoureux d'accréditation à titre de membre désigné de l'ICE durant la période du 14 octobre au 22 janvier, 2010:

AACI, P. App

Accredited Appraiser Canadian Institute

We welcome and congratulate these individuals as fully accredited members of the Institute through the granting of their AAI, P. App designation.

Accueillons et félicitons comme membres pleinement accrédités de l'Institut et leur accordons avec fierté la désignation AAI, P. App.

ALBERTA

Darren Stephen Gibbons
Michael Helm
John J. Hughton
Andrew MacLeod
Michael S. Murphy
Mark Overdulve
W. Wong
Dale D. Yachime

BRITISH COLUMBIA

Andrew R. Bisnar
David A. Bornhold
Michael Thomas Cartwright
Alan Alexander Duncan
Michael A. Mayhew
Henry Yixin Wang

NOVA SCOTIA

Sheila Orr
Marcel A. D. Parsons
Gregory J. Ratchford

NEW BRUNSWICK

Adam Dickinson
(effective June 30 2009)
Craig Hennigar

PRINCE EDWARD ISLAND

Nicolas Farquharson

QUEBEC

Kathleen Ellis
Joé Tremblay

SASKATCHEWAN

Roxanne Harrima
Denise C. Smith

CRA

Canadian Residential Appraiser

These members are congratulated on the successful completion of the CRA designation requirements.

Nous félicitons ces membres pour avoir complété avec succès le programme menant à la désignation CRA.

ALBERTA

Jaqueline H. Both
Colin J. Jackson
Greg D. Martineau
Karen Elaine Waldhoff

BRITISH COLUMBIA

Shaun M. Ausenhus
Chris A. Hohne
Kurtis R. Taylor
Luke Venhuizen
Wendy K. Wood

NEW BRUNSWICK

Michael O'Kane
Jean-Paul Perron

NEWFOUNDLAND

Jason B. Oake

NOVA SCOTIA

Donald R. Myatt

ONTARIO

Tony Che Hong Law
David K. C. Wong

QUEBEC

Miroslav Bauer
Mario Brisebois
Eric Dagenais
Lise Faucher
Marilyn Hunter
Nathalie Plante

Candidates / Stagiaires

AIC welcomed the following new Candidate members during the period October 14, 2009 to January 22, 2010:

L'ICE souhaite la bienvenue aux personnes suivantes qui ont joint les rangs des membres stagiaires durant la période du 14 octobre au 22 janvier 2010:

ALBERTA

Jason M. Baldwin
Andrea Hlewka
Amin Karsan

BRITISH COLUMBIA

Harpreet Bhullar
Amanda Boru
Thomas Brent
Mandeep Dhaliwal
Michael D. Foster
Angus S. Heaps
Scott Humphreys

Leighton Kirkbride
Jenelle B. Konrad
Edgan Kwok
Keith Leung
Doris A. Mueller
Rory Munro
Mark O'Donnell
Lisa Pynn
Nolan Alexander Rivers
Felicia Robertson
Maibrit Sorensen
Bruce Storry

Amanda J. Wilms
Rebeka Zajac

MANITOBA

Melanie Bergen
Astrid De Bruyn
Dwayne Grantham
Melissa Shaw
Barjinder S. Thind

NEW BRUNSWICK

Frederick J. McAvoy

NEWFOUNDLAND

Gordon Todd Lane

NOVA SCOTIA

Jeffrey Cuzner
Deidre L. Georg

ONTARIO

Najeeb Ahmad
Sean C. Ashworth
Dov Beck
Tilakraj Bijlani
Tom Caramelas

Matthew W. Cornell
Claudia Andrea Freire
Alfiya Gilitwala
Etienne Goudreau
Kerry Hart
Christopher M. Lacasse
Ryan LeBreton
Judy Lok
Andrew Nathan Love
Tyler G. MacDonald
Alireza Nafari
Robert Saarna
Baljit Saini

Russell Dennis Schroeder
Sally Seto
Malcolm Stadig
Tyrone Anthony Sutherland

QUEBEC

Laura Anne Lam Voai Shun
Youngjeon Won

SASKATCHEWAN

David Christopherson

Students / Étudiants

This category of membership serves as the first step on the path to designation for those completing their requirements for Candidate membership. Students considering the appraisal profession as a career option are also welcomed to this category of membership.

Cette catégorie de membre constitue la première étape sur la voie de la désignation pour ceux qui s'affairent à compléter les exigences de la catégorie de membre stagiaire. Les étudiants qui contemplant une carrière comme évaluateur professionnel sont bienvenus à joindre cette catégorie de membre.

BRITISH COLUMBIA

Suzanne M. Ewen
Marion S. Lochhead
Stephanie McNeil

Jessica L. Toppazzini
Chelsea Zarft

MANITOBA

Stephen W. Needham
Debbie Pieterse

ONTARIO

Devon M. Howsam
Shardul L. Jani
Jeffrey W. Miller

Home and auto insurance for AIC members – member satisfaction

As a member of the Appraisal Institute of Canada (AIC), you can save on home and auto insurance with group rates from The Personal Insurance Company.

In the area of member services, AIC offers a member benefit for all AIC members in the form of The Personal Home and Auto Insurance. The program offers members a choice of home and auto insurance at competitive prices. How competitive are they? Our members have spoken.

"I talked to a representative; she was very polite and helpful. The whole process took minutes; I received my policy in two days and saved \$600. My wife also changed and she saved \$200. I would recommend all members contact The Personal for their insurance needs."

- Richard Sager, CRA

"I have been with The Personal Insurance Co. for a couple of years. Not only are the rates very competitive, the service is exceptional as well. I have them for both house and auto insurance. I had a car accident last fall (not my fault) and I was covered with a car rental for three weeks while my car was being repaired, and no rate increases. A huge improvement over the last company I was with."

- Lee Anne Holmes, CRA

"I switched to The Personal years ago. Thought that a group plan would not benefit me. I dropped \$1,200 in the first year. When I bought the truck a few months ago, they gave me an outstanding rate. Absolutely pleased, highly recommend them."

- Barry Lebow, CRA

"The one company I was amazed at for their quote was The Personal Insurance Company, which provides insurance to members of the Appraisal Institute on a group premium. They quoted \$385 less per year for both my wife's and my auto. I have learned over the years to expect to get what you pay for, and so the natural question is – has anyone out there had any experience with The Personal, and, if so, how was it? Thanks for your respective responses; what you gave me was the confidence to switch. I did switch based on members encouraging me to get a quote and the savings in premium was spectacular."

- Roger Bruggess, AACI

Your auto, your home, your privileges

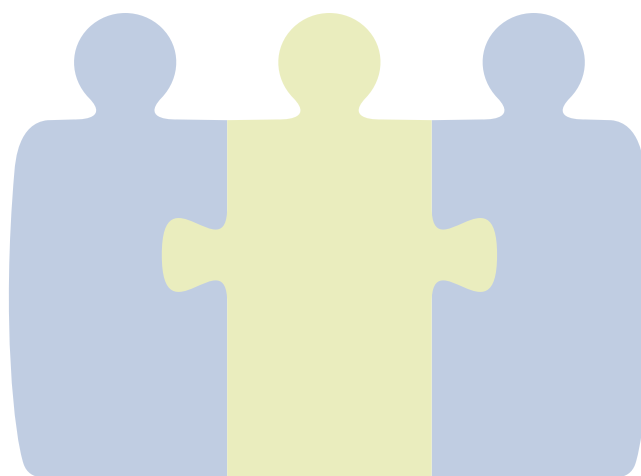
As a member of The Appraisal Institute of Canada, you have access to privileges not available to the general public.

Auto insurance

- Preferred rates for your auto, motorcycle, motor home, snowmobile, or recreational vehicle.
- Are you or is someone under your policy enrolled in a college or university? Save even more on top of your group rate.
- Want great coverage for the best value? Choose the Deluxe Option, a combination of popular extras packaged at a lower price.
- Hybrid vehicle? An additional discount is available.

Home insurance

- All-risk property insurance protects you from the basics of fire, theft, and liability.
- Tailored coverage options protect items such as software, jewellery, swimming pools, cottages, recreational vehicles, and watercraft.
- Identity Theft Assistance is included with all property insurance policies at no extra charge.



thePersonal[®]
Home and Auto Group Insurance

Take advantage of your home and auto group insurance plan.
Get a quote from The Personal
www.thepersonal.com/aicanada
1-888-476-8737

RESEARCH AND DEVELOPMENT FUND

The Appraisal Institute of Canada (AIC) Research and Development Fund was established by the Institute in 1973 as a Registered Canadian Charitable Organization to conduct research studies in the field of real property valuation techniques and procedures, with particular emphasis on the effects of current economic development and real property value. Over the years, the Fund was developed and maintained through generous contributions from the membership of the Institute. In recent years, greater focus has been placed on the Fund and a new mandate along with a new committee has been established with the aim of reinvigorating the program.

The Fund and its work is anchored in the Institute's Strategic Plan, which states "new methodologies and practices will be developed, supported by innovative core education and continuing education programs, involving the principles of value in real estate and related property."

The Fund's research program conducts studies in the field of real property valuation techniques and procedures, with particular emphasis on the effects of current economic development and real property value. The Institute encourages research that supports its mission to protect the public interest and support members by ensuring high standards of professional real estate and related property advisory services. Consideration will be given to projects related to the application of existing valuation techniques to new areas as well as the development of new concepts in valuation.

The Fund is overseen by the AIC Board of Directors. As such, the Board approves all research projects and authorizes the disbursement of any monies from the fund.

The Research and Development Committee is chaired by Carole Cowper, AACI and includes members Keith Goodwin, AACI; Glen Power, AACI; Professor Jane Londerville, AACI (Hon) from the University of Guelph; and Scott McEwen, AACI, who is the AIC Board liaison.

The Research and Development Fund Committee establishes the R&D research agenda by identifying pertinent research topics and issuing requests for proposals published with the aim of attracting

qualified researchers in the field and encouraging them to submit letters of interest. Specific funds will then be allocated to qualifying projects.

The committee has been developing a list of current topics which satisfy the Fund's research criteria as outlined in the terms of reference. Of these, sustainable/green valuation has emerged as a high priority research topic in both commercial and residential properties. The committee is interested in initiating research which could identify and develop effective methodologies to determine the contribution of sustainable/green factors to market value.

The Fund is an important research tool that can help the Institute to advance appraisal practice by ensuring that it is state-of-the-art. Moreover, the research and subsequent publication resulting from the Research and Development Fund will be shared with the international community as Canada's contribution to intellectual transfer in the appraisal field.

The appraisal community and interested researchers are encouraged to submit topic ideas (R&D@aicanada.ca) that satisfy the Research and Development Program's criteria. The Research and Development Fund also welcomes letters of interest for joint research initiatives from like-minded organizations in Canada and abroad, where such proposals are germane to the real property appraisal research field and are of mutual interest.

The Research and Development Committee will consider all proposals that meet the Research and Development Program criteria, whether submitted by members or non-members. Proposals from outside Canada will also be considered provided that they are written in one of Canada's official languages.

The research must extend the knowledge of those in the valuation discipline and must be relevant to the practice of real estate valuation within Canada. Any study/paper produced will become the property of the AIC and will be copyrighted so that further use may be made only upon written permission of the Institute.

Research grants will be awarded annually to individuals or organizations whose project proposals are recommended by the Research and Develop-

ment Committee and approved by the AIC Board.

Letters of interest will be judged on their overall quality. They should have high intrinsic value and intellectual or creative merit – posing a significant question, exploring an important issue, addressing a challenging problem, or expressing a new idea. The letter should also hold out the promise of making worthwhile contributions to the profession and be well-conceived, with achievable goals, a realistic schedule, and an estimate of budget. Proponents of successful Letters of Interest may be asked to provide a more detailed research proposal before their funding commences.

The reports resulting from approved research projects will be published by the Institute and disseminated nationally and internationally.

Proposals should be emailed to R&D@aicanada.ca or mailed to the address noted below.

Tax deductible donations to the Research and Development Fund can be made payable to: The Research and Development Fund of the Appraisal Institute of Canada, 403 - 200 Catherine Street, Ottawa, Ontario K2P 2K9

IN MEMORIAM

The following member of the Appraisal Institute of Canada has passed away. On behalf of everyone connected with the Institute and the profession, we extend our sincerest sympathies to the family, friends and associates.

Le membre suivant de l'Institut canadien des évaluateurs sont décédés. Au nom de tous ceux qui oeuvrent de près ou de loin au sein de l'Institut et de la profession, nous exprimons nos plus sincères condoléances à le familles, amis et associés.

John Kneale, Candidate Retired
Surrey, BC

GREEN POLICY ADOPTED

At its October Board meeting, the Appraisal Institute of Canada (AIC) affirmed its commitment to minimizing the environmental impact of the association's activities through continuous improvement in environmental performance. In its delivery of programs and policy development, AIC will seek to ensure an environmentally responsible approach for operations and initiatives.

The Board recognized that, in pursuing the Institute's strategic objectives, there is opportunity to play a positive role and make a contribution towards a greener environment. By exercising proper control over its activities, the Institute will promote the use of sustainable resources and discourage wasteful or damaging practices.

Guiding Principles

1. Compliance with Legislation

We will comply with relevant environmental legislation

2. Resource and Energy Conservation

We will conserve our use of natural resources and energy to the extent practicable.

3. Waste and Pollution Prevention and Management

We will reduce to the extent practicable the quantity and degree of hazard of the wastes we generate from our operations, and handle them in a safe, legal, and responsible way to minimize their environmental effects.

We will also reduce to the extent practicable the direct and indirect emissions of greenhouse gases and other harmful air pollutants from our operations and travel.

4. Reduction of Supply Chain Impacts

We will work with others in our supply chain to help ensure adverse environmental impacts

and risks associated with our operations are reduced and properly controlled, and environmental benefits optimized.

5. Communications

We will promote awareness and understanding of environmental issues among staff, volunteers, and the membership.

Some of the initiatives will include:

- An increase in the use of technology enabled virtual meetings and a reduction in in-person meetings.
- Continued use of eInvoices for annual membership dues sent out each August.
- Availability of online membership dues receipts for convenient member access through their member profile.
- Contingent on budget approval, the Distance Learning Professional Practice material will be provided online in 2011.

ADVISORY COUNCIL 2010

The Advisory Council is the Appraisal Institute of Canada's primary advisory resource on current and emerging needs in the public and private sectors for real estate appraisal and related services. It includes senior representatives from the public and private real property industry sector. The Institute relies on the annual Advisory Council meetings for advice in these areas, and with respect to the Institute's new and ongoing initiatives, products and services. The advice from Advisory Council members supports and assists the Institute in its efforts to develop, establish and improve professional practice standards for the appraisal profession. The Advisory Council meets once each year in the form of a round-table discussion on topics of mutual interest. So far this year, the Advisory Council met in Toronto on January 25, 2010 with representation from the private sector as follows:

Altus Group
LAWPRO
REALpac
Municipal Property Assessment Corporation
Nationwide Appraisal Services
Centract
FNF Canada
Genworth Financial Canada
Royal Bank of Canada
Solidifi Inc.

The Advisory Council public sector meeting is scheduled for the fall.

CRITICAL DATES

February 26, 2010 – Online registration available for AIC Annual Conference in Victoria

April 16, 2010 – Deadline for article submission for next issue of *Canadian Property Valuation* magazine

June 2-5, 2010 – AIC Annual Conference, Victoria, BC

Friday, June 4, 2010 – AIC AGM
Victoria, BC, 3:15 pm

Mid-August, 2010 – Dues eInvoices emailed to members by AIC

Mid-November, 2010 – Insurance eInvoices emailed to members by MMR (Martin, Merry & Reid)

ON THE MOVE



Olscamp promoted in PEI

Paul J. Olscamp, AAI, P. App (Fellow) has recently been promoted and is now responsible for the management of the Real Property Assessment function for the Province of Prince Edward Island, which provides a centralized assessment and collection system for real property taxation. Paul comes to this position with 28 years of experience specializing in property assessment and administration.



Turmel receives award

In November 2009, AIC member Marie-Josée Turmel, AAI, P. App of Montreal received CREW's Women of Action Award for demonstration of continued support of the organization and ongoing facilitation of the advancement of women in commercial real estate.

CREW Montreal is the Quebec chapter of CREW Network (Commercial Real Estate Women), a North American commercial real estate organization connecting 8,000 members across 68 major markets. United by the goal to advance the success of women in commercial real estate, CREW Network continues to grow in Canada. There are Canadian chapters in Vancouver, Toronto and Montreal.

AIC MEMBERS CARRY THE TORCH

Appraisal Institute of Canada (AIC) members **Stephanie Anglehart**, AAI, P. App (right) from Campbellton, New Brunswick and **Brent Williams**, CRA (left) from Meaford, Ontario were proud to join the ranks of Canadians chosen as torchbearers of the Olympic flame in its cross-Canada odyssey.

Stephanie says that "it was thrilling when I received my invitation email from among thousands and thousands of applicants to participate in this Olympic Torch Relay." On the day of the event "nothing will ever compare to the feeling I got. ... the cheers from the crowd; children who were waiting patiently for this moment. I felt like a rock star!!!"

Brent was also stirred by the experience and says "it was an awe inspiring event that fostered our pride in Canada and in the goals and dreams we all carry. It was a moment that I will not soon forget!"



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Possible valuation issues with

LIFE LEASE HOUSING



By Jane Londerville, AACI (Hon), Associate Professor and Interim Chair, Marketing and Consumer Studies Department, University of Guelph

Life lease housing is a relatively new form of tenure in Canada, but a rapidly growing one in Ontario and the western provinces. It is widely used by the non-profit sector to increase the range of housing options for the 55+ market. A life lease is a legal agreement that permits the purchaser to occupy a residence for life (or until they no longer want to or are capable of living there) in exchange for an initial lump sum payment. They are also responsible for monthly payments to cover the ongoing operating expenses (similar to a condo fee) and, in some cases, rent, depending on the size of the initial payment.

Life lease is a hybrid type of tenure. In some aspects, life lease holders appear to be owners. They are responsible for repairs to their own units, providing their own appliances and paying the property taxes associated with their unit. The monthly maintenance fee they pay is used to fund operating costs for the common areas and to put aside a reserve fund for capital replacements. In other ways, life lease residents are like renters. The operating budget is set by the owner of the building and may be presented to the residents, but they have little input into how the building is managed. Most complexes in Ontario are set up as condominium corporations, but the

Board of Directors is chosen by the developer and frequently does not have any residents on it. The owner of the building itself is still the developer, since the residents have only purchased the right to occupy a unit, not title to the unit itself.

Residents of life lease developments are active and healthy seniors; these are not complexes for seniors who need help with daily living. There are not extensive services offered in most complexes (no meals or health professionals on staff usually). If residents eventually need some additional personal care to function in their unit, they need to hire this assistance privately.

“Given the projected growth in the senior population over the next 20 years and the general good health of seniors in Canada today, the demand for this type of development is likely to continue.”



In design, most life lease units are similar to condominiums in the same locale. They are self-contained units with one or two bedrooms. The buildings have amenities comparable to nearby condo buildings. A study done for the Ontario Ministry of Municipal Affairs and Housing (*Simmons, 1999*) found prices of life lease units in London and Toronto to be similar to those for comparable condo units.

Currently, all life lease housing developments in Canada are located west of the Ontario-Quebec border. The exact number of life lease projects in Canada is unknown; the number was estimated at more than 200 in 2003 (*Lumina Services Inc., 2003*) and approximately 300 in early 2007 in a CMHC study of life lease issues (*GGA Management Consultants, 2007*). As of 2005, the Ontario government estimated that there were 125 projects (8200 units) in Ontario alone. These numbers are estimates, since there is no requirement for life lease developments to be registered, but it indicates an increase of at least 40% in the number of developments over a three year period. Given the projected growth in the senior population over the next 20 years

and the general good health of seniors in Canada today, the demand for this type of development is likely to continue.

Manitoba is the only province to have enacted legislation specific to life lease housing: the *Life Leases Act*, December 1999, amended June 2005. This legislation specifically designates that life lease residents are renters and are subject to the protections and regulations of other renters in the province. Some regulatory mechanisms apply in other provinces within existing legislation not specifically developed for life lease housing. Other than in Manitoba, this leaves residents with some vulnerability to various issues discussed in more detail in the online version of this article.

One of the reasons for the rapid growth in this form of tenure is the advantage to the developer in financing the development. Life lease interests are presold to prospective residents who submit a deposit. These funds can be used as equity in the development to secure construction financing (some restrictions apply in Manitoba). Once the units are complete and occupied, residents complete the purchase and the additional funds are used to pay off the construction loan.

The use of this form of tenure then leaves the developer, usually a non-profit group, with no financing on the property.

There are various forms of life lease arrangements in place across the country. This article concentrates on the primary form of life lease used in Ontario as the basis for the discussion (see online version of this article for information on other forms of life lease arrangements). Life lease purchasers in Ontario pay ‘market value’ for their life lease interest. When they move out of the unit, they sell the life lease interest to a new purchaser for whatever market value is at that time. The sponsor of the development often charges an administrative fee of 3-10% for the transaction and may maintain a waiting list of interested purchasers.

The life lease holder is greatly concerned with ensuring the building is well managed, that there is continuing demand and a waiting list for units, and that, ideally, the market value of the life lease interest increases over time (or at least does not diminish). In most complexes, however, the sponsor is the only entity that has any real control over how the building is managed.

Life lease holders have the right to occupy their unit and may have his life lease interest registered on title. However, a study done for CMHC found that, although some residents had been advised by their lawyer to register their interest, most had not done so because of the time and expense involved (*GGA Management Consultants 2007*).

The sponsor has the right to review the purchaser to ensure they fit the criteria for the building. There is always an age restriction (55+ or 65+), but some residences also cater to a specific ethnic or religious group. While it is not legal to discriminate on this basis, prospective purchasers are discouraged from buying on the basis that they would not feel comfortable in the building. This type of targeting of the building reduces the pool of potential purchasers for each unit. It may lengthen the time on the market and could affect the price achievable relative to a comparable condo unit with no market restrictions.

The absence of legislation specific to life leases which would protect and clarify both

consumer and sponsor rights can lead to value implications for the resident. There is no legislated requirement in Ontario for life lease developments to maintain a capital reserve, for example. Part of the due diligence a condo purchaser undertakes is to examine the health of the reserves by looking at the most recent reserve fund study. This information is only available to the purchaser of a life lease unit if the owner has done a study and is willing to release the information. As well, life lease units are not protected under the Tarion New Home Warranty program because they are considered multi-family properties. This reduces the value of the unit relative to a new condominium unit with warranty coverage. It also means the purchaser's deposit is not protected.

To date, there have been few issues with life lease developments. However, given their hybrid tenure nature and the lack of legislation covering this form of housing, the possibility of a negative value impact for a life lease owner is there. That said, the 2007 CMHC study by GGA Management

Consultants found a very high level of satisfaction with life lease housing and the feeling of community in these developments. It is likely to be a form of tenure that continues to grow. 🇨🇦

References

GGA Management Consultants, 2007, *An Examination of Life Lease Housing Issues*. CMHC.

Lumina Services Inc. 2003 Life Lease Housing in Canada: preliminary exploration of some consumer issues, CMHC External Research Program. *Manitoba Life leases Act*, <http://web2.gov.mb.ca/laws/statutes/ccsm/l130e.php>

Simmons, L. J., 1999 Life Lease Value Analysis and Review, Prepared for Housing Policy Branch, Ontario Ministry of Municipal Affairs and Housing

NOTE:

This is the condensed version of the article. To read the article in its entirety, please visit <http://www.aicanada.ca/cmsPage.aspx?id=168>

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Strategic asset management (real property)

By Gordon E. MacNair, AACI, P. App, Director, Real Estate Partnerships & Development Office, City of Ottawa

Overview

The purpose of this article is to review the complexities associated with real property asset management. The process begins with understanding the need and the owner's objectives, planning, moving through the acquisition phase, the operation and maintenance phase, the refurbishment and enhancement phase, and, finally, the disposition of the asset. The article also explores the importance of having strategic professional staff oversee asset management on behalf of the ownership.

Asset management can be defined as the process of creating value within the owner's objectives through the acquisition, use and disposal of real property assets. Alternatively, asset management is defined as the practice of maximizing the value of a portfolio of properties, within the objectives of the owner¹.

While a real estate appraiser's job is to place a value on the future benefits of a particular property, an asset manager has to realize those benefits. However, this article will demonstrate how the real estate appraiser assists the asset manager throughout the asset management cycle.

The process for asset management involves identifying the need and owner's objectives for the requirement followed by five phases: planning, acquisition, operating and maintenance, refurbishment or enhancement, and, finally, disposal. This is illustrated in Figure 1 – The Phases of the Real Property Asset Life Cycle².

As outlined in the text, *Corporate Property Management: Aligning Real Estate with Business Strategy*³ by Victoria Edwards and Louise Ellison, property is a 'corporate asset' and is held for one of two purposes:

- as an investment asset, or
- as an operational asset.

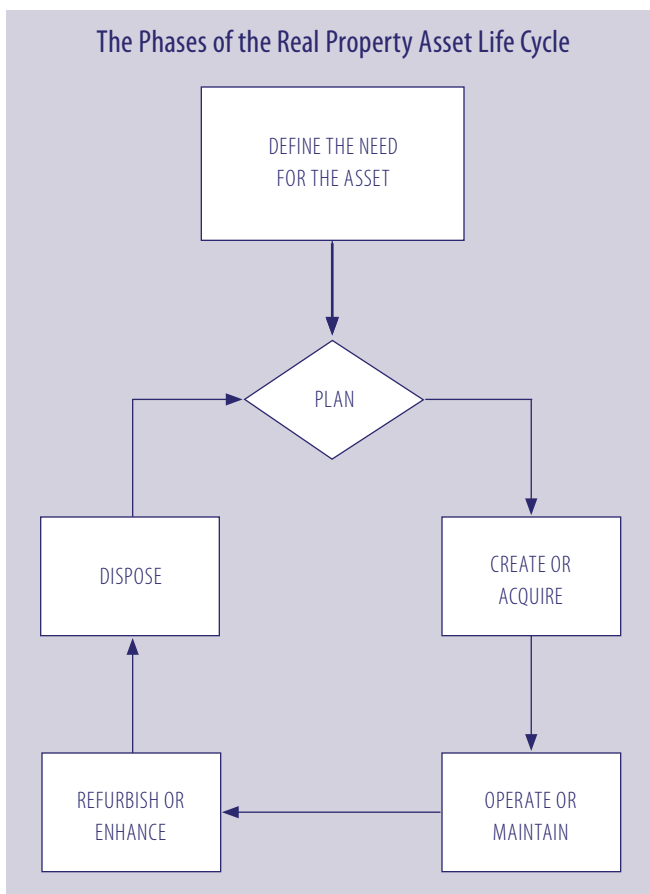
Property held as an investment asset, like any other investment asset, is expected to earn a rate of return on capital employed for the holder and, particularly in the case of freehold, appreciate in capital value.

Property held as an operational asset serves to support the activities of the business occupying the property. This type of property is sometimes referred to as 'corporate property.'

It is the author's opinion that there is a difference between private and public sector real estate objectives. From a private perspective, the primary driver is financial, since, typically, there must be an acceptable return on the investment and capital appreciation (it is recognized that, with current market demand, environmental sustainability needs to be analyzed in order to address greening initiatives such as LEED, BOMA BEST, etc.). With the public sector, the objectives are broader and consist of the four pillars (financial, social, cultural, and environmental). As a result, it is a matter of balancing the various pillars to accomplish organizational objectives for the public sector asset manager. An example would be a large tract of land owned by the municipality, that has subdivision potential, but over half of the parcel is a woodlot, which has natural environmental features. In this instance, it is possible that the municipality would probably retain all or most of the woodlot to satisfy its environmental objectives. Clearly, the financial return would be greater by permitting housing development, but this would not allow the municipality to satisfy its environmental objectives.

Need for asset and ownership objectives

It is important to thoroughly understand the need, as this is incorporated within the owner's objectives as demonstrated in Figure 1. The ownership objectives will vary widely among individual, corporate, fiduciary and government owners. In addition to the identification of specific assets that may align with any defined user need, it is also relevant to consider the application of an effective methodology, which will rationalize the acquisition of any asset and will ensure an appropriate and sustainable end-state property solution.





By definition, asset rationalization reduces the risk of improper acquisition.

Some owners see real estate as an investment, while others use real property for their own benefit and are interested in preserving the value of their investment. Most institutional and corporate investors have well defined, written goals in the form of policy statements or investment guidelines that are readily obtainable from their website. An example is Brookfield Properties⁴ which “is committed to building shareholder value by investing in premier quality office assets and pro-actively managing each of our properties to increase cash flows and maximize return on capital.” From a public perspective, the City of Ottawa is strategically driven to optimize the value of city-owned property holdings based on balancing the City’s financial, social, cultural, and environmental objectives for these holdings.

Planning

As John McMahan states in his book *The Handbook of Commercial Real Estate Investing*⁵, the role of the asset manager has evolved over the last 50 years, as real estate has gone from individual to institutional ownership and from the management of a few properties in a single market to large portfolios located in often dispersed geographical areas.

The modern real estate asset manager is a multi-disciplined, highly-trained real estate professional who is expected to not only be responsible for managing investment assets during the investment holding period, but be an integral part of both the acquisition and disposition process.

Below is a list of potential objectives for the asset manager as it applies to strategic asset management:

- support of corporate objectives, e.g., the four pillars approach (financial, social, cultural and environmental) through redevelopment or other initiatives;
- implementation of asset management strategies for all owned and leased facilities;
- provision of strategic portfolio planning and expert real estate advice to its ownership to ensure that their real estate needs are met in the most efficient and effective manner;
- generation of development strategies with intent to maximize the value of corporate real property holdings;
- development of effective property solution options for ownership that support a balanced and affordable solution;
- determination of the suitability and affordability of the portfolio to meet the needs of all client groups;
- development of value-added real estate solutions for core and non-core assets;

- development of facility and portfolio plans which recommend the disposition, remediation, redevelopment, retirement and/or retention of, and reinvestment in, those properties which are demonstrably sustainable, affordable and appropriately utilized; and
- analysis, rationalization, demonstration and communication of the accurate whole-life cost implications of real property solutions or policies that are introduced in response to the needs of clients.

Acquisition

The decision to purchase/lease real estate is found within the owner’s objectives. Some potential scenarios include:

- purchase of an existing property;
- purchase of a vacant site for development;
- redevelopment of an existing property; or
- lease.

With any acquisition, the buyer and seller ultimately enter into a Purchase and Sale Agreement (P & S Agreement). However, in some instances, a Letter of Intent may be prepared prior to this stage to outline the potential business terms. The P & S Agreement serves as a legal contract between the two parties and forms the basis for how the purchaser will obtain control of a property.

With the purchase of real property, proper due diligence must be carried out. Due diligence is the process of investigating and verifying information as it pertains to the subject property. Typically, this process starts before an offer is made. However, once an offer is made, it typically includes clauses that allow completion of further due diligence such as: title search, environmental investigation, building condition audit, designated substance profiling, engineering and structural reviews, etc.

The amount of time that a purchaser needs to satisfy due diligence requirements is a critical part of the negotiation process. Clearly, the transaction cannot close until the due diligence process has been completed.

Due diligence for a vacant parcel of land might include confirmation of zoning, official plan designation, satisfactory financing, obtaining an appraisal, title search, assessment of environmental issues, review of survey plan, consultation with the local municipality, determination of geotechnical condition of soil, private/municipal services, accessibility, review of future development in the area, development charges, off-site obligations, archaeological issues, wetland concerns, etc.

Similarly, the due diligence process for an improved property might include the above as well as a building condition audit; and review of: life cycle costs, historical operating costs, environmental issues within

the building (mould or asbestos), copies of all leases (if an income producing property), any outstanding work orders, barrier free issues, code compliance, estoppel certificates for tenants, confirmation of chattels vs. fixtures, special local improvement charges, property taxes, confirmation of building permits, etc.

Whole-life costing

Whole-life costing⁶ is a key component in the economic appraisal associated with evaluating asset acquisition proposals. An economic appraisal is generally a broader based assessment, considering benefits and indirect or intangible costs as well as direct costs.

In this way, the whole-life costs and benefits of each option are considered and usually converted using discount rates into present-value costs and benefits. This results in a benefit-cost ratio for each option, usually compared to the 'do-nothing' counterfactual. Typically, the highest benefit-cost ratio option is chosen as the preferred option.

As part of this analysis, the cost of capital relative to business opportunity costs is an important consideration for the private sector, and could result in choosing another option such as leasing. With respect to the public sector, this would be balanced with the four pillars approach and it is also recognized that the cost of capital is less than the private sector.

The whole-life costing model includes for the periodic lifecycle (capital) replacement of major components and systems, which, in turn, establish the cradle to grave requirement for measuring and managing a physical asset's useful life. A whole-life costing model can assist in determining the true value of any leveraging opportunity and to ensure the proper balance of risk and opportunity in structuring any leveraging arrangement.

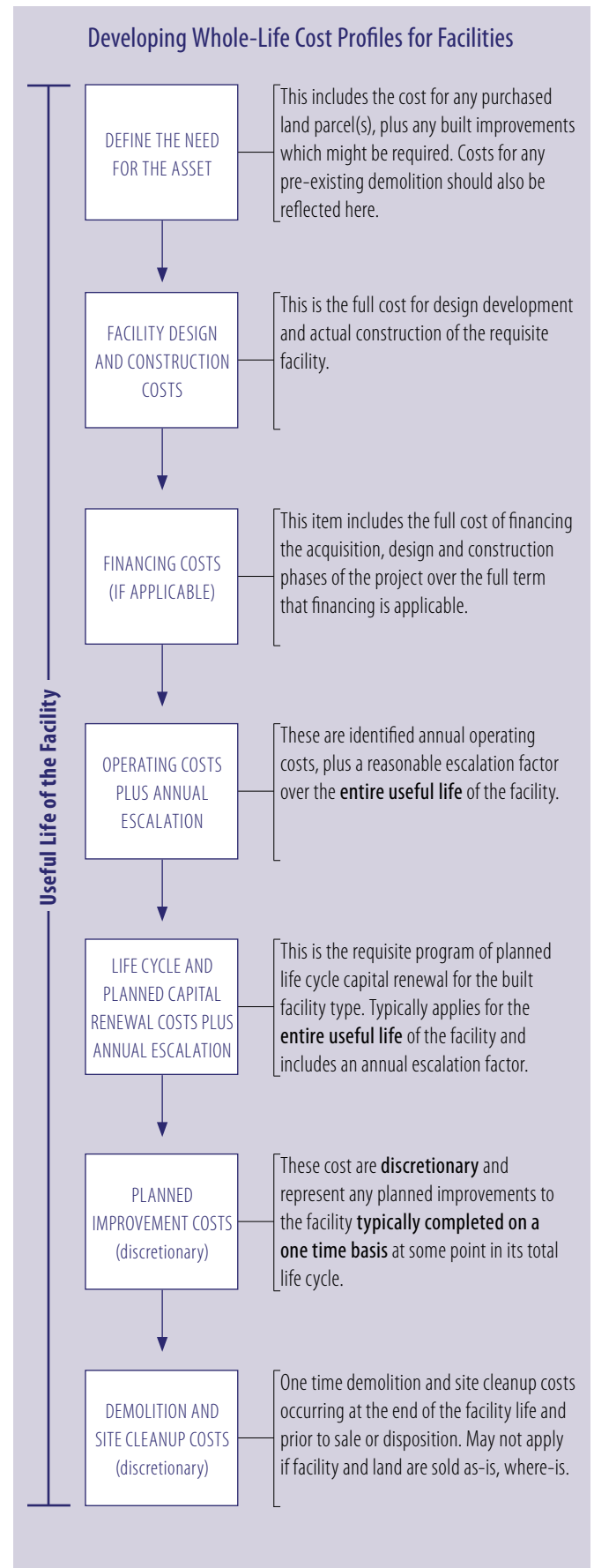
Simply put, whole-life costing is analyzing the 'true cost of ownership.' This is demonstrated with Figure 2 – Developing Whole-Life Cost Profiles for Facilities:

Operation/maintenance

At this stage property management professionals who are responsible for overseeing the day-to-day operations typically maintain the property. Examples include: custodial services, maintenance and dealing with tenants.

At a more strategic level, the ownership will require a business plan for each property, which requires an ongoing review of the real property inventory; it also requires financial reporting to the ownership on a regular basis.

As part of any effective asset management plan, an accurate inventory is required to describe all real property assets. The inventory database should be updated on a continuous basis. In addition, an inventory review should include a review of all leases or lease abstracts, rents, operating costs, lease rollovers, tenant relocation, additional rights such as a First Right of Refusal or Right to Purchase, etc.



In some instances, real property assets can be categorized in the following classes:

1. *Core properties* are primarily used to accomplish the operational purposes or service-delivery objectives, which could include improved properties and/or vacant land, and
2. *Non-core assets*, which are functionally obsolete, near or at the end of their economic life, and could be considered as surplus or underutilized. Non-core assets are those properties that are considered to be excess to the corporate mission.

Benchmarking and performance measurement

As part of any effective asset management plan, balanced performance measures must be in place to ensure that you are being competitive within the marketplace. Benchmarking is a form of measurement based on a continuous improvement process that can be compared and measured. This could result in outsourcing/insourcing of various functions such as janitorial services, property management, etc.

Refurbishment or enhancement

This stage includes a review of the owner's objectives relative to the current market conditions and, completion of a cost-benefit analysis by the asset manager. Once completed, one or more of the following analytical tools can be used:

- Net present value (NPV)
- Internal rate of return (IRR)
- Return on investment (ROI)

The above analysis may result in several scenarios such as:

- status quo,
- initiation of a change of use due to a highest and best use analysis,
- modernization/renovation of the property, and
- disposition.

For additional information on strategic asset planning, reference the objectives of an asset manager as outlined under the Planning phase.

Disposal

Factors that may contribute to an owner's decision to sell include:

- seller's market,
- improvements are at the end of their economic life,
- major life-cycle work,
- change in ownership strategy such as a lease to offer more flexibility, and
- need for cash or liquidity.

Similar to the acquisition phase, the ownership would typically complete its own due diligence analysis before the disposal. Some items that may be considered at this time are:

- commissioning an appraisal,
- confirmation of market conditions and business cycle,

- review of leases including rents and operating costs,
- obtainment of estoppel certificates,
- title search to ensure that there are no surprises,
- requirement for life-cycle work, and
- completing a Phase I Environmental Site Assessment.


The ownership must also determine whether or not they are prepared to sell the property 'as is, where is' or, alternatively, what warranties and representations they are prepared to accept. There could also be consideration as to whether or not there are any outstanding work orders or restrictions on title such as easements and covenants that would need to be addressed.

With respect to a marketing strategy, the type of property, market cycle, method of sale and geographic location are all examples of factors that require consideration. For commercial properties, potential purchasers will be interested in the tenant mix, quality of tenant and contract rents, which are all components of the 'quantity' and 'quality' of income.

There are a number of options that an owner can choose for disposal such as listing with a real estate broker, direct sale, auction and tender.

Conclusion

The primary focus of asset management is the creation of value to achieve owner objectives. In the real estate ownership cycle, this process begins with understanding the owner's objectives, planning, and moving through the acquisition phase; it continues through the operation and maintenance phase, and the refurbishment and enhancement phase; and, finally, ends with the disposition of the asset. Due to the complexities of asset management, it is also important to have strategic professional staff overseeing this mandate on behalf of the ownership.

For additional information on asset management, the BOMI Institute offers a four-day course and the IRWA offers a one-day course. 

References

- 1 Asset Management, BOMI Institute, *Defining Real Estate Asset Management*, pg. 1-2
- 2 Queensland Government Government of Works www.build.qld.gov.au/downloads/bpu/sam_overview.pdf
- 3 *Corporate Property Management: Aligning Real Estate with Business Strategy*, by Victoria Edwards and Louise Ellison, pg. 4
- 4 Brookfield Properties <http://investors.brookfieldproperties.com/phoenix.zhtml?c=91790&p=irol-irhome>
- 5 *The Handbook of Commercial Real Estate Investing*, John McMahan, McGraw-Hill, 2006, pg. 164
- 6 Wikipedia http://en.wikipedia.org/wiki/Whole-life_cost

Calendar of Events

AIC	<p>2010 Appraisal Institute of Canada Annual Conference June 2-5, 2010 – Fairmont Empress Hotel Victoria, British Columbia</p> <p>2010 Annual General Meeting Appraisal Institute of Canada Friday, June 4, 2010 – 3:15 pm – The Fairmont Empress Hotel Victoria, British Columbia For information contact: info@aicanada.ca or www.aicanada.ca or 1-888-551-5521</p>	ON	<p>Annual General Meeting Peterborough April 24, 2010 For information contact: Lorraine Rigas at lrigas@oaaic.on.ca or (416) 695-9333 or check www.oaaic.on.ca</p>
BC	<p>Professional Practice Seminars April 16 and 17, 2010 – Vancouver Allan Beatty, AACI, P.App September 24 and 25, 2010 – Kamloops/Okanagan Allan Beatty, AACI, P.App November 19 and 20 2010 – Lower Mainland Larry Dybvig, AACI, P.App For information contact: Anne Dunning at info@appraisal.bc.ca or (604) 266-8287 or check www.appraisal.bc.ca/</p>	QC	<p>Annual General Meeting Montreal May 4, 2010 For information contact: Ginette St-Jean at aqice@qc.aira.com or (450) 454-0377 or check www.aqice.ca</p>
AB	<p>Spring 2010 Conference & AGM March 5 and 6, 2010 – Blackfoot Inn, Calgary Spring 2010 Continuing Education Events – TBA Spring 2010 Professional Practice (Standards) – TBA For information contact: AIC - AB at info@appraisal.ab.ca or (403) 207-7892 or check www.appraisal.ab.ca</p>	NB	<p>Annual General Meeting Fredericton April 22, 2010 For information contact: Jennifer Nemeth at nbarea@nb.aibn.com or (506) 450-2016 or check www.nbarea.org/main.asp</p>
SK	<p>Annual General Meeting Regina April 9, 2010 For information contact: Marilyn Steranka at skaic@sasktel.net or (306) 352-4195 or check www.skaic.org/</p>	NS	<p>NSREAA Annual General Meeting Halifax March 6, 2010 For information contact: Davida Mackay at nsreea@nsappraisal.ns.ca or (902) 422-4077 or check www.nsappraisal.ns.ca/</p>
MB	<p>Professional Practice Seminar Presenter: Allan Beatty, AACI, P. App March 19 and 20, 2010 – 8:30 am-4:00 pm For information contact: Kelly Tole at mbaic@mts.net or (204) 943-1177 or check www.aimanitoba.ca</p>	PEI	<p>Annual General Meeting Charlottetown April 21, 2010 For information contact: Suzanne Pater at peiaic@explornet.com or (902) 368-3355</p>
		NL	<p>Annual General Meeting St. John's April 23, 2010 For information contact: Sherry House at naaic@nf.aibn.com or (709) 753-7644</p>



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