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THE OFFICIAL PUBLIC APPRAISAL INSTITUTE OF CANADA

VOLUME 56 | BOOK 1 | 2012

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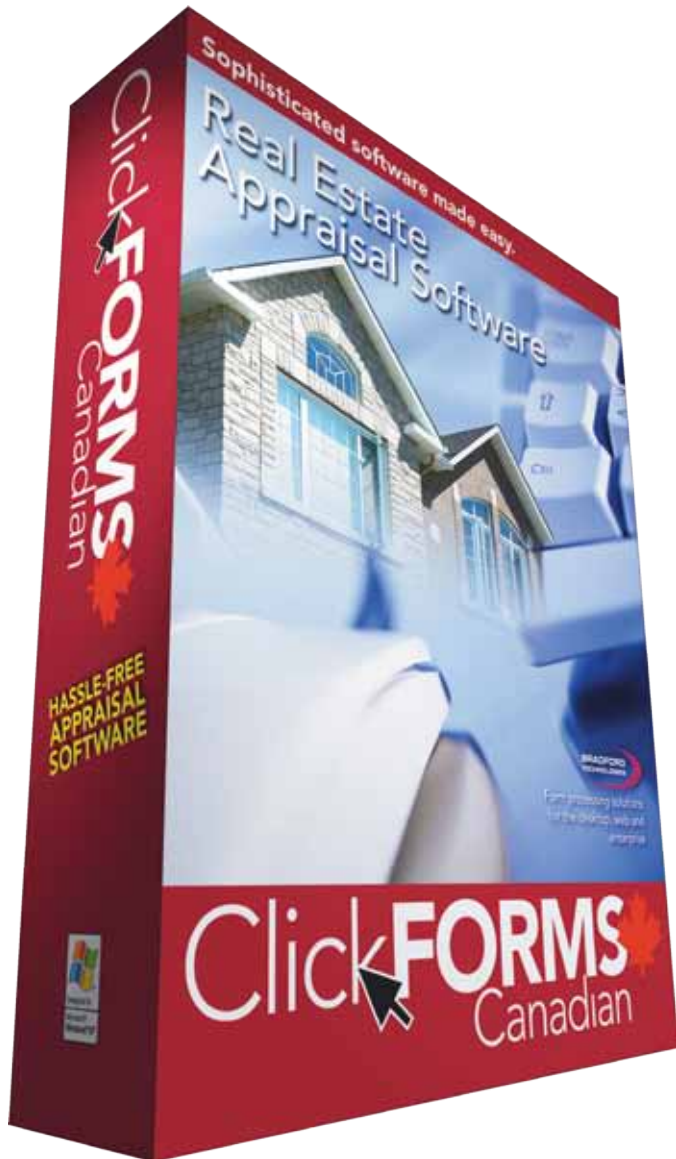


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Jane Londerville, B.Sc., M.B.A., AACI (Hon)
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ANNUAL CONFERENCE OF THE APPRAISAL INSTITUTE OF CANADA OTTAWA, ONTARIO, FAIRMONT CHATEAU LAURIER, JUNE 6-9, 2012



This year's annual conference takes place June 6-9, 2012 in Canada's capital city, Ottawa. The Ottawa organizing committee has put together a great educational program for AACIs, CRAs and Candidates. Our Keynote speaker for the conference will be Canada's Chef de Mission for the Canadian Olympic Team in 2012, Mark Tewksbury.

The conference will take place at the historic Fairmont Château Laurier. The Château, located in the heart of Ottawa, overlooks the Rideau Canal and Parliament Hill, and is steps from the historic Byward Market – a four-block area home to one of Canada's oldest public markets, as well as museums, cafés, specialty food shops, boutiques, galleries, restaurants, pubs, and more!

Come and explore our vision for the future of the profession, share information on the challenges and opportunities that we face, and leave with knowledge and tools that will help you succeed and thrive in our changing marketplace.

Your fellow members working on the 2012 Organizing Committee are enthusiastic and committed to making your 2012 conference experience a truly memorable one.



REGISTRATION IS OPEN!

For more information please visit <http://aic2012.aicanada.ca>
or contact Kevin Collins at kevinc@aicanada.ca.

NOTICE OF ANNUAL GENERAL MEETING

**Appraisal Institute of Canada AGM 2012
Fairmont Château Laurier
Ottawa, Ontario
Friday, June 8, 2012 – 14:30**

Agenda

1. To confirm the Minutes of the June 10, 2011 AGM.
2. To receive Reports
 - a) President
 - b) Management
 - c) AIC Committees
3. To receive audited financial statements for the past year and appoint auditors for the forthcoming year.
4. To elect the Board of Directors of the Appraisal Institute of Canada.
5. To consider resolutions submitted in accordance with the By-laws.
6. To consider all other business as may properly come before the meeting.

AVIS D'ASSEMBLÉE GÉNÉRALE ANNUELLE

**Institut canadien des évaluateurs, AGA 2012
Fairmont Château Laurier
Ottawa, Ontario
Vendredi le 8 juin 2012 – 14 h 30**

Ordre du jour

1. Approbation du procès-verbal de l'AGA du 10 juin 2011.
2. Présentation des rapports
 - a) du Président
 - b) de la direction
 - c) des comités de l'ICE
3. Présentation des états financiers vérifiés du dernier exercice et nomination des vérificateurs pour le prochain exercice.
4. Élection des membres du Conseil d'administration de l'Institut canadien des évaluateurs.
5. Examen des résolutions présentées conformément aux règlements.
6. Étude de tous les autres points dûment présentés à l'Assemblée.





Michael Mendela, AACI

FROM THE PRESIDENT

The changing marketplace realities

By the time you read this, my year as president will be three quarters completed and we will be moving toward the June elections of your new Board. The transition should be a seamless one as, throughout this year, both the Board and the Executive Committee have worked collaboratively attempting to address the changing realities of the marketplace and refocus our structure and policies to respond accordingly. Senior management staff vacancies will have been filled by the time this magazine is in your hands, and with our new management people in place under the guidance of new CEO, Keith Lancaster, we will be building capacity to adequately address the many issues demanding our attention.

Insurance program

Perhaps the most critical item on our agenda is the project to refocus our insurance program. We are taking steps to realign this key element of the Institute to structure the program on a risk-based model. Member feedback has indicated that a new direction is long overdue and they look forward to having an insurance program where risk exposure is reflected in their premiums. This is a major undertaking involving the many players that touch our insurance program, i.e., AIC's Board, the Insurance Advisory Committee, the actuarial firm, the law firm, the insurance brokerage firm, the insurer, First Professional Liability Insurance Company Limited (FPLIC) (the re-insurer), and, finally, the professional insurance management company in Barbados that manages the day-to-day operations of FPLIC.

Along with President-Elect Dave Shum and CEO Keith Lancaster, I have been actively involved in meetings with these assorted stakeholders in

"The Board and the Executive Committee have worked collaboratively attempting to address the changing realities of the marketplace and refocus our structure and policies to respond accordingly."

Toronto and the US. It is our intention that the re-engineered insurance program will be in place in time for the 2013 renewals.

Appraisal management companies

The increasing growth and impact of appraisal management companies (AMCs) on the residential appraisal sector, as well as their imminent expansion into the commercial sector, continues to be a primary concern for the Board. As expanded upon in the article from Marketing & Communications on page 25 of this issue, the AMCs are an irrefutable reality in today's marketplace. That said, representatives from AIC are in continuing discussions with these companies in an attempt to ensure the best possible outcomes for AIC members in terms of their daily dealings with these companies.

CUSPAP 2012

The Board has approved the latest version of the *Standards* and, as documented in the article from the Standards Committee on page 26 of this issue, a number of changes have been

implemented to address some of the changing realities in our industry.

Collaboration with provincial affiliates

The Executive Committee continues to have monthly teleconferences with the presidents of the provincial affiliates from across the country. These calls provide a helpful forum where information sharing and transparency are advanced. To this end, arrangements are underway to have a face-to-face meeting with the AIC Board and all provincial presidents able to attend the Board meeting scheduled for late February in Ottawa.

Recommendations from the Ad Hoc Candidacy Committee

At its November 2011 meeting, the Board received the report from the Ad Hoc Candidacy Committee and decided to act on several of its recommendations that address the realities facing our current and future candidates. Some of these initiatives include investigating the development of an additional membership category for technicians, aligning policy to promote a strong mentoring program, examining current co-signing practices, exploring options for a work product review, and renewing the focus on a national recruitment and retention strategy.

Peer review CPD credit policy

The Board has approved a policy advanced by the Peer Review Committee that awards CPD credits to members volunteering to have a report peer reviewed. I invite you to read the Peer Review Committee's article on page 34 of this issue for more information on this worthwhile initiative.

Ottawa conference – June 6-9

Finally, AIC and the Conference Committee are working to create a spring conference in Ottawa from June 6 to 9. There are many elements in today's business world that can challenge us in our efforts to advance our careers and our businesses. Sometimes, members decide they cannot commit the time or the money to conference attendance. I understand this reluctance, however, I would sincerely urge you to consider

attending this conference. Opportunities to attend education sessions that further your knowledge of the profession are of obvious value. But, perhaps, it is the networking opportunities presented at the conference that typically result in the most valuable long-term benefits for members. Members who choose to get involved in this association through networking, attending conferences, and serving on task forces or committees repeatedly remark on the positive

difference these practices have made to their careers and their businesses. They always feel enriched by the expanded scope that networking offers and they frequently find that contacts made in this way have often led to increased business opportunities that would have not have typically come their way. The entire AIC Board will be at the conference and we look forward to connecting with as many members as possible during our time in Ottawa. 🇩🇪

CPV readers respond

One of the underlying goals for *Canadian Property Valuation (CPV)* is to shed light on issues of concern to Appraisal Institute of Canada (AIC) members. The Editorial Board seeks out individuals with thoughts and perspectives on some of these issues. While the Editorial Board does review the content of submitted articles, the thoughts, positions and opinions of the authors are theirs – and should not be construed as AIC policy or position.

The Book 4, 2011 edition of *CPV* featured an article on mortgage insurance entitled *Mortgage Lender Insurance – A Risk for the Appraiser*, written by Mark Frederick, LL.B, Miller Thomson LLP. The article was thought provoking and presented some interesting perspectives.

The readers of *CPV* are often passionate about issues – but they are always interested in a 'balanced' perspective. Some of these perspectives have been submitted, and in the interests of balance, are presented below.

Mortgage insurance (MI) is required by law for any mortgage application with a loan-to-value (LTV) greater than 80%. MI increases

homeownership by providing qualified borrowers and first time homebuyers with an opportunity to enter into homeownership much sooner by allowing financial institutions to lend above conventional 80% LTV financing.

With respect to MI and underwriting mortgage applications, both the insurer and the lender complete their own due diligence and must independently approve the mortgage application. As such, mortgage insurance acts as a second set of eyes in the underwriting process and enhances the quality of the decision.

From a mortgage insurer perspective, due to the nature of the mortgage application being high-ratio (where the down payment is less than 20%), strict and prudent underwriting policies and practices are employed during the underwrite of the application, to the extent that mortgage insurer criteria are more robust than typical lending parameters.

There are two key components when considering insuring each mortgage application, evaluating both the credit and collateral risk.

From a credit perspective, mortgage insur-

ance deals strictly in the 'prime' market where borrowers have a history of strong credit repayment. In addition, factors such as employment tenure, income, and debt servicing ratios are all considered when determining whether or not to insure an application.

From a collateral perspective, the role of the appraiser is to establish fair market value and identify any concerns with the collateral that would affect future marketability of the real estate in the event of borrower default.

Mortgage insurers place great value on their relationship with appraisers, as they are considered an extension of their underwriting staff. By providing estimates of fair market value and highlighting potentially adverse factors within subject properties, appraisers contribute significantly to mitigating overall collateral and financial risk. Partnering with the appraisal community is a large piece of the insurers' prudent risk management philosophy.

AIC welcomes reader input and perspective at any time – and we thank those readers who took time to provide comment on this article. 🇩🇪



Letters to the editor

We welcome letters on a subject related to the appraisal profession, but reserve the right to condense and edit them. Please be succinct and state your opinion with 200 words or less. Include your name and contact information. Anonymous letters will not be published. Please send your submissions to maryjane@aicanada.ca. Remember to state your opinions in a professional manner. Keep in mind that there may be a delay of several months in publishing your letter, if accepted, given the publication schedule of *Canadian Property Valuation* magazine. If you are commenting on a *CPV* article, we will provide the author an opportunity to respond.



Michael Mendela, AACI

MESSAGE DU PRÉSIDENT

Les réalités changeantes du marché du travail

Au moment où vous lirez ces lignes, les trois quarts de mon année à titre de président se seront écoulés et nous nous dirigerons vers les élections de votre nouveau Conseil d'administration en juin. La transition devrait se faire en douceur puisque tout au long de l'année, le Conseil d'administration et le Comité exécutif ont travaillé de concert pour faire face aux réalités changeantes du marché du travail et pour adapter notre structure et nos politiques à ces changements. Les postes vacants à la haute direction auront été comblés d'ici la parution de cette revue et, avec l'aide de nos nouveaux cadres supérieurs sous la direction de notre nouveau chef de la direction, Keith Lancaster, nous serons plus en mesure de nous pencher sur les nombreuses questions qui requièrent notre attention.

Programme d'assurance

Notre plus grande préoccupation est probablement le remaniement de notre programme d'assurance. Nous prenons actuellement des mesures pour repositionner cet élément important de l'Institut en vue de structurer le programme d'assurance selon un modèle fondé sur le risque. De l'avis de nos membres, il est plus que temps de suivre une nouvelle direction à cet égard; ils veulent un programme d'assurance qui tient compte des risques courus. C'est une entreprise majeure à laquelle doivent participer les nombreux acteurs qui ont un rôle à jouer dans notre programme d'assurance – le Conseil d'administration de l'Institut canadien des évaluateurs, le Comité consultatif de

« Le Conseil d'administration et le Comité exécutif ont travaillé de concert pour faire face aux réalités changeantes du marché du travail et pour adapter notre structure et nos politiques à ces changements. »

l'assurance, le bureau d'actuaire, le cabinet d'avocats, la société de courtage d'assurance, l'assureur, *First Professional Liability Insurance Company Limited (FPLIC)* (la firme qui s'occupe de la réassurance) et, en dernier lieu, l'entreprise de gestion de l'assurance professionnelle, située à la Barbade, qui gère les opérations quotidiennes de la *FPLIC*.

J'ai participé activement, en compagnie du président élu Dave Shum et du chef de la direction Keith Lancaster, aux rencontres qui ont eu lieu avec ces différents intervenants à Toronto et aux États-Unis. Nous ferons tout notre possible pour que la restructuration du programme d'assurance soit terminée à temps pour les prochains renouvellements d'assurance en 2013.

Compagnies de gestion en évaluation

La croissance des compagnies de gestion en évaluation et leur impact de plus en plus

grand sur le secteur de l'évaluation ainsi que l'expansion imminente de leurs services vers le secteur commercial sont source de préoccupation majeure pour le Conseil d'administration. Comme le précise l'article de la section Marketing et Communications à la page 25 du présent numéro – les compagnies de gestion en évaluation sont une réalité incontournable du marché du travail d'aujourd'hui. Ceci étant dit, les représentants de l'ICÉ poursuivent les discussions avec ces compagnies en vue d'assurer les meilleurs résultats possibles pour les membres de l'Institut lorsqu'ils doivent traiter avec ces compagnies au quotidien.

Les Normes 2012

Le Conseil d'administration a approuvé la dernière version des Normes et, comme on peut le lire dans l'article du Comité des normes à la page 26 du présent numéro, de nombreux changements ont été mis en œuvre pour faire face aux réalités changeantes de notre industrie.

Collaboration avec les associations provinciales

Le Comité exécutif poursuit la tenue de ses téléconférences mensuelles avec les présidents des associations provinciales du pays. Ces téléconférences constituent une tribune privilégiée pour favoriser le partage de l'information et la transparence. À cette fin, des démarches sont actuellement en cours pour faire venir à Ottawa tous les présidents des associations provinciales en mesure de s'y rendre en vue de la réunion du Conseil d'administration de l'ICÉ à la fin de février.

Recommandations du Comité ad hoc des candidatures

Lors de sa réunion de novembre 2011, le Conseil d'administration, après avoir consulté le rapport du Comité ad hoc des candidatures, a décidé de mettre en œuvre plusieurs des recommandations se rapportant aux réalités auxquelles doivent faire face nos stagiaires actuels et futurs. Parmi ces initiatives, on retrouve : l'étude de la possibilité de créer une nouvelle catégorie de membres pour les techniciens, l'établissement d'une politique pour faire la promotion d'un bon programme de mentorat, l'examen des pratiques actuelles de cosignature, l'exploration des options possibles pour l'examen des travaux et une nouvelle approche en matière de recrutement national et de stratégie de conservation.

Politique de crédits de PPC pour l'examen par les pairs

Le Conseil d'administration a approuvé une politique

mise de l'avant par le Comité d'examen par les pairs dans le cadre de laquelle des crédits de perfectionnement professionnel continu seraient accordés aux membres qui acceptent de se soumettre à un examen par leurs pairs. Je vous invite à lire l'article du Comité d'examen par les pairs à la page 34 du présent numéro pour obtenir davantage d'information sur cette initiative intéressante.

Conférence à Ottawa – du 6 au 9 juin

En dernier lieu, l'ICÉ et le Comité des conférences travaillent à l'organisation d'une conférence printanière à Ottawa qui aura lieu du 6 au 9 juin. Le monde actuel des affaires regorge de défis que nous devons relever pour l'avancement de nos carrières et de nos affaires; c'est pourquoi il arrive que des membres hésitent à investir du temps et de l'argent pour assister à des conférences. Je peux comprendre cette hésitation; toutefois, je vous invite à réfléchir sérieusement à votre participation

à cette conférence. L'occasion de bénéficier de sessions de formation qui améliorent votre connaissance de la profession est déjà attrayante en soi, mais ce sont peut-être les possibilités d'établir des contacts lors de la conférence qui apporteront aux membres les bénéfices les plus précieux à long terme. Les membres qui décident de participer à notre association en établissant des partenariats, en assistant à des conférences et en prenant part à des groupes de travail et à des comités nous ont toujours dit en avoir récolté des avantages pour leur carrière et leurs affaires. Ils s'estiment enrichis par la plus grande envergure qu'offre le réseautage et ils nous disent fréquemment que les contacts ainsi établis ont souvent généré des occasions d'affaires qui ne se seraient pas autrement présentées. Tous les membres du Conseil d'administration de l'ICÉ participeront à la conférence; nous avons hâte de rencontrer le plus grand nombre de membres possible lors de notre passage à Ottawa. 🇨🇦

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The first 120 days ... and counting



Keith Lancaster, MBA, CAE
Chief Executive Officer

Taking on a new position is supposed to be one of the more stressful things you can face – it's on a list that includes a change in relationship (good or bad), having a child, moving your residence, or any of the other 'life changing' events you might encounter.

Stress is one of those things that need to be kept in balance. Too much stress causes harm and reduces effectiveness – but a balanced 'dose' of stress is healthy and will contribute to better results. In many ways, the same can be said about change.

When I joined the Appraisal Institute of Canada (AIC) last September, I knew that some degree of change was likely going to be in order – but I was also reminded of the need to balance change with a respect for the nearly 75 year history of the organization.

Finding that balance point – the 'sweet spot' so to speak – is one of the critical success factors for any organization facing the prospect of, or need for, change.

As this article goes to press, I will have marked just over four months on the job – and, while my learning curve remains steep, some patterns are starting to appear.

As Canada's preeminent valuation organization, we are proud of the professionalism our members bring to their work, and to the marketplace. Thousands of Canada's leading valuation professionals are AIC members.

We are governed and directed by a dedicated network of professionals – serving in leadership roles at the national, provincial and chapter levels. These individuals are working hard on behalf of their profession and the Institute – and AIC owes much to their commitment and effort.

The AIC education and accreditation system, leading to designation as an AACI or CRA, is recognized in Canada and internationally. The

designation process is rigorous and challenging, and members that are successful can, and should, take pride in their accomplishment.

The release of the 2012 edition of *CUSPAP* comes at a pivotal time for the profession. While Canada's economy has generally fared well during uncertain economic times, volatility and pressure on real estate markets, in Canada and abroad, will no doubt continue. In such times, a strong set of standards and guidelines becomes even more important; a 'Made in Canada' standard also serves, in part, to differentiate AIC members as the leading professionals in the country.

Changing times – time for change

Former New York Yankee great Yogi Berra is purported to have said: "the future ain't what it used to be." He also said: "you can observe a lot just by watching."

Over the last four months, I have been able to observe quite a bit – with the watching supplemented by numerous visits, calls and emails with members across the country. These perspectives provide, at least in my mind, an increasingly clear argument for change.

The external environment for members has seen a marked shift in the last few years. Changing – and ever increasing – client expectations, increased market pressures and competition, changing regulatory environments and the impact of changing technology are just a few of the realities members face on a day to day basis.

Not surprisingly, AIC itself faces many of the same changes, albeit through a slightly different lens. Substitute 'member' for client and the list of challenges is almost exactly the same.

The parallels and convergence are somewhat ironic, but they do underscore the need for a

proactive commitment to change.

The AIC Board of Directors has recognized that, while AIC's history of excellence is impressive, 'standing pat' is not an option. The newly approved Strategic Plan speaks to this recognition, by incorporating four key result areas (KRAs) and underlying goals that will position AIC for the future. The plan KRAs include:

- Building relationships – developing relationships with key organizations within the profession, governments/regulators, and those with influence on the work AIC members carry out.
- Member growth and development – seeking ways to best serve the existing membership and actively recruit the next generation of valuation professionals.
- Governance and management – employing best practices in governance and management and responding proactively to changing regulatory requirements for professional organizations.
- Knowledge and authority – building on the AIC legacy to enhance recognition of Institute – and the members – as the leading valuation professionals in Canada.

These KRAs – and supporting goals – provide a framework to focus attention, energy and resources over the next three years.

AIC volunteers, at the Board and committee levels, working with Institute staff, will now focus attention on developing plans and programs to achieve these goals.

While the nature and pace of change is not yet known, change will be coming. Some changes may be subtle, but others are likely to be more dramatic or visible.

In any case, for the AIC and the members, we can expect that Yogi's prognostications are likely to hold true. 🏠



Keith Lancaster, MBA, CAE
chef de la direction

Voilà déjà 120 jours!

Accepter un nouveau poste figure apparemment parmi les événements les plus stressants à survenir dans une vie, au même titre que les changements dans les relations (qu'ils soient bons ou mauvais), la naissance d'un enfant, un déménagement ou toute autre situation qui bouleverse la vie.

D'autre part, le stress doit être géré de façon équilibrée. Un excès de stress peut entraîner des répercussions négatives et réduire l'efficacité, mais une dose équilibrée de stress s'avère saine et contribue à l'obtention de meilleurs résultats. À bien des égards, il en va de même pour le changement.

Lorsque je me suis joint à l'ICÉ en septembre dernier, je savais que je devrais faire face à certains changements, mais le passé de l'organisme, qui existe depuis près de 75 ans, m'a rappelé que je devais gérer les changements de manière équilibrée.

Trouver ce point d'équilibre, cet idéal pour ainsi dire, constitue l'un des facteurs de succès essentiels de toute organisation devant subir des changements éventuels ou nécessaires.

Au moment de la publication du présent article, j'occupe mon poste depuis un peu plus de quatre mois, et bien que je continue à gravir une courbe d'apprentissage prononcée, certaines tendances commencent à apparaître.

Comme organisme d'évaluation immobilière de premier choix au Canada, nous sommes fiers du professionnalisme dont font preuve nos membres dans leur travail et sur le marché. Des milliers de professionnels canadiens de l'évaluation de haut niveau sont membres de l'ICÉ.

Nous sommes dirigés par un réseau de professionnels dévoués qui assument des rôles de leadership à l'échelle des chapitres, des provinces et du pays. Ces personnes travaillent fort au nom de la profession et de l'Institut. D'ailleurs, l'ICÉ les remercie grandement pour leur engagement et leurs efforts.

Le système d'éducation et d'accréditation de l'ICÉ, qui mène à l'obtention des titres AACI ou CRA, est reconnu au Canada et dans le monde entier. Le processus de désignation étant à la fois rigoureux

et difficile, les membres qui obtiennent un titre peuvent, et devraient, être fiers de leur réalisation.

La publication de l'édition 2012 des NUPPEC survient à un moment crucial pour la profession. Bien que l'économie canadienne ait, de manière générale, fait bonne figure en période d'incertitude économique, la volatilité au sein des marchés de l'immobilier national et internationaux et les pressions exercées sur ceux-ci ne cesseront pas de toute évidence. Dans une telle situation, l'importance d'un ensemble de normes et de lignes directrices strictes croît davantage. En effet, une norme établie au Canada confère également aux membres de l'ICÉ le titre de chefs de file au pays.

S'adapter aux changements

Yogi Berra, ancien joueur des Yankees de New York, a déjà prétendu que « le futur n'est plus ce qu'il était ». Il a également déclaré que « l'on pouvait apprendre beaucoup de choses en observant ».

Au cours des quatre derniers mois, j'ai été en mesure de passer beaucoup de temps à observer, en plus des nombreuses visites, appels et courriels de membres partout au pays. À mon avis, tous ces éléments fournissent des arguments de plus en plus clairs pour le changement.

L'environnement externe dans lequel évoluent les membres a changé de façon marquée au cours des dernières années. Les attentes changeantes et de plus en plus élevées des clients, les tensions exercées sur le marché et la concurrence accrue, les modifications apportées à la réglementation et l'évolution de la technologie constituent quelques réalités auxquelles sont confrontés les membres tous les jours.

Sans surprise, l'ICÉ doit relever les mêmes défis, mais à un niveau différent toutefois. Remplacez les membres par les clients et la liste d'obstacles est presque identique.

Les parallèles et la convergence sont quelque peu ironiques, mais ils soulignent le besoin d'un engagement proactif à l'égard du changement.

Le Conseil d'administration de l'ICÉ a reconnu que, malgré les antécédents impressionnants en matière d'excellence de l'ICÉ, il n'est pas question de se reposer sur ses lauriers. Le Plan stratégique récemment approuvé va en ce sens en énonçant quatre secteurs stratégiques et les objectifs sous-jacents qui permettront à l'ICÉ de se positionner pour l'avenir. Les secteurs stratégiques mentionnés dans le plan sont les suivants :

Établissement de relations : nouer des relations avec des organismes clés de la profession, les gouvernements, des organismes de réglementation et ceux exerçant une influence sur les travaux réalisés par les membres de l'ICÉ.

Croissance et épanouissement des membres : trouver des façons de mieux répondre aux besoins des membres actuels et de recruter activement la prochaine génération de professionnels de l'évaluation.

Gouvernance et gestion : Appliquer les pratiques exemplaires en matière de gouvernance et de gestion et satisfaire de manière proactive aux exigences réglementaires changeantes qui s'appliquent aux organisations professionnelles.

Savoir et autorité : Miser sur l'héritage de l'ICÉ afin d'accroître la reconnaissance de l'Institut et de ses membres à titre de professionnels de l'évaluation de premier choix au Canada.

Ces secteurs stratégiques, ainsi que les objectifs connexes, fournissent un cadre sur lequel concentrer attention, énergie et ressources au cours des trois prochaines années. Les bénévoles de l'ICÉ qui siègent au Conseil d'administration et des comités et qui travaillent avec le personnel de l'Institut, se consacreront désormais à l'élaboration de plans et de programmes visant à réaliser ces objectifs. Bien que la nature des changements et le rythme auquel ils seront apportés soient encore inconnus, ils se produiront assurément. Certains seront subtils, tandis que d'autres seront plus évidents. Quoi qu'il en soit, nous prévoyons que les prédictions de Yogi s'avéreront probablement vraies pour l'ICÉ et ses membres. 🌈



Global economic outlook: slow and fragile growth ...at best

By Carlos Leitao, Chief Economist, Laurentian Bank

After

After the 'Great Recession' of 2008–2009, the ensuing recovery turned out to be disappointing, creating what came to be characterized as the 'Great Illusion.' This illusion was based on the expectation that, after a deep recession, a vigorous recovery was waiting in the wings. However, that was never going to happen given the nature of the Great Recession itself, that is to say, a recession that was triggered by a massive financial shock that was years in the making, and that will take years to unwind. In 2012, therefore, the global economy will be grappling with:

- relentless fiscal austerity in the euro-zone, where the economy is on the brink of recession;
- ongoing troubled real estate markets in several countries, particularly the United States;
- bleak labour market conditions in Europe and the United States;
- a global banking system that still does not function normally and the onset of new regulations designed to bolster its resistance to economic shocks; and
- over-accumulation of liquid assets by households and businesses in Europe and North America due to economic uncertainty.

Given these structural weaknesses, the period of modest economic growth that began in 2010 will run its course: after having jumped 5.1% in 2010 and 3.7% in 2011, the pace of global GDP growth should settle around 3.0–3.5% in 2012, before gaining a little more ground in 2013 (3.7%). Prior to 2015–16, we do not see how the global economy could manage to advance at a rate of 4.5–5.5%, as it did between 2002 and 2007.

In addition to these fundamental trends that underline our base-case scenario, continued uncertainty about the implementation of public policy in the United States and Europe, as well as unexpected geo-political developments, could once again profoundly alter the course of events, as was the case in the second semester of 2011. For example, the current tension between Iran and the Western countries is boosting the price of crude oil at a time when it is typically at its lowest, which does not augur well for the spring.

In early 2011, note that geopolitical tensions in the Middle East and the tsunami in Japan disrupted temporarily the global economy and financial markets. Then, the situation was aggravated by political indecision in Europe and the United States, which placed great strains on financial markets. In fact, the euro-zone's weakness lies not only in its elevated level of sovereign debt, but also in the fragility of its institutional arrangements and financial system. This is what caused euro-zone bond yields to skyrocket; this is why markets' risk appetite worsened more than the actual performance of the economy last year. This 'political risk' will persist, especially in the first quarter of 2012, as Italy, France and Germany have significant amounts to refinance on the bond market: over 200 billion euros. The worsening of the euro-zone sovereign debt crisis will remain at the forefront this winter.

The euro-zone, therefore, is not poised to see robust economic growth. Stressed financial and economic conditions are reinforcing each other: higher financing costs for banks, higher unemployment rate, austere budgets, contractions in industrial activity and a credit

crunch, are all ingredients in a single recipe: recession in 2012, followed by a return to a lackluster growth, at best, in 2013. While the euro-zone will be in recession this year, the rest of the global economy should escape such fate, although growth will likely slow sharply.

In the United States, the standoff between Republicans and Democrats continues. This resulted in the payroll tax break being extended only until mid-February, which is



not long enough to revive business confidence. Certainly, the economic performance of the United States at the end of 2011 surprised a few, with a marked increase in job creation (200K in December), stronger residential construction, upbeat retail sales, etc. However, these economic indicators are not necessarily promising for 2012, as the basic structural problems remain: unfavourable conditions for job creation, continued household de-leveraging, a persistent slump in the real estate market, and tighter fiscal policy at all levels of government. Overall real GDP growth is not likely to exceed 2.0%, which is insufficient to put a visible dent on the rate of unemployment.

Canada's economy will also advance modestly, although its foundations remain more solid than south of the border. Household spending should show further signs of fatigue amid the deterioration of job market conditions (7.5% unemployment rate in December) and hefty debt accumulation. In addition, a slowing global economy will put a dent into the export sector. Canadian real GDP growth is also unlikely to exceed 2.0%. Nevertheless, the Canadian economy does have a number of impressive advantages. To begin with, its fiscal house is generally in order and its level of economic activity (i.e., GDP) is nearly 3.0% above the

previous cyclical peak in Q4-2007, the only country in the G-7 area where this is the case. Furthermore, Canada is also the only G-7 country with abundant natural resources, a factor that is particularly relevant in Western Canada, where the rate of economic growth is substantially higher.

While their performances may not be as spectacular as in 2010 and 2011, **emerging market economies** will nevertheless keep the global economy out of recession. Emerging markets will be responsible for nearly two thirds of global GDP growth in 2012. They will manage to hold up thanks largely to their significant margin to maneuver on the monetary and fiscal policy fronts. In particular, real GDP growth in China (7–8%) should once again outshine that of Brazil (3–4%) and India (6–7%) in 2012. The soft landing that began in 2011 will continue in China, due to a noticeable export slowdown and a cooling-off of the housing market. The central government, however, has more than enough means (and the ability) to stimulate consumer spending by easing monetary conditions and improving the social safety net (to unlock savings). In this way, a hard landing should be avoided. 🇨🇦

About the author

Carlos Leitao has worked in banking and financial services for over 25 years. In 1979, after obtaining his degree in Economics from McGill University, he began his career in the Economics Department of the Royal Bank. He joined Laurentian Bank Securities in 2003 as its Chief Economist, and joined the firm's Management Committee in 2004. In 2006, he was appointed to the Credit Committee of Laurentian Bank. He has been a member of the Bank of Canada's Quebec Panel since 2007. In 2008, Bloomberg ranked Carlos among their top economists regarding the US forecast.



Natalia Kourant brings it home

Montreal appraiser shares expertise and encouragement with her native Ukraine

By Lucia Carruthers

For the past 20 years, Appraisal Institute of Canada (AIC) member Natalia Kourant, AACI, has watched her home country of Ukraine make the steady shift from communist rule to a fast-paced market economy – an economy with unlimited opportunity for employment and growth, and where everything from historical landmarks, major ports, and large-scale manufacturing plants are for sale, often with little help from valuation professionals.

“People have little sense of their property’s market value,” says Kourant from her office in Montreal. “They say to themselves, ‘my neighbour got this much for his home, so I am going to ask this much.’ There are a lot of buyers who want to purchase hotels, industrial properties, homes, and agricultural land, but these properties need to be appraised by trained professionals before they are sold.”

Along with its economy, the Ukraine’s fledgling appraisal industry is growing at breakneck speed. To enhance the process, the country’s only property valuation association, the Ukrainian Society of Appraisers (UTO), is looking to build a professional relationship with its sister associations around the world, says Kourant, an expert in market analysis and president of Evaluation Emperia, a fully accredited real estate and business evaluation firm. The Ukrainian government and the UTO are looking for international alliances as they continue to establish, evaluate and revamp their operating legislations and conventions. That is where the AIC comes in.

Adopting a new home and industry

With the dissolution of the Soviet Union in 1991, the Ukraine moved from a planned economy – strong in industry and agriculture – to a free-market economy. Initially, the country experienced a deep recession that inspired many, including Kourant, to leave the country for more favourable opportunities. The economy stabilized by the end of the 1990s, and the country began playing catch-up to compete in the global marketplace. Today, the country has high potential for success and is known for producing high-tech goods and transport products, including the Antonov An-225, the largest aircraft ever built.

It was the early ‘90s when Kourant first travelled to Canada to visit family – and never left. She obtained the equivalency of her bachelor’s degree in economics, continued her studies, and, before long, set her sights on the family business: real estate investment. “I had a love for real estate,” she says. “Becoming an appraiser was a natural step for me.”

With more than 15 years of experience in real estate investments, asset management, economics, accounting, and financial analysis, Kourant supports public and corporate clients in all aspects of real estate appraisals, real estate investment analysis, portfolio performance optimization, as well as market and marketability studies for new development projects. To further her expertise, she is also pursuing a diploma in urban land economics from the University of British Columbia, in order to obtain a specialization award in real estate development.



Re-establishing ties

This past spring, as Kourant prepared to make her annual trip home to see friends and family in Lviv, one of Ukraine’s major cultural centres, she asked former AIC chief executive officer Georges Lozano whether she could meet with the UTO on the Institute’s behalf. Lozano, it turns out, had already been in contact with the association and was excited to have Kourant make a follow-up trip to strengthen their ties. “I made this trip on my own time and at my own expense to give back to the Institute,” Kourant says. “I believe the world is a much smaller place today, and we need to work to promote our standards on an international level.”

But, on a personal note, Kourant says, she was concerned that her historic “museum city” was being sold at rock-bottom prices because people need or want money, and the demand for property is so high.

In May, she travelled to Kiev to meet with the UTO’s president and chairman of the International Relationship Committee. It was not the 10-minute meet and greet she expected. Instead, Kourant was ushered into a meeting room where she and her Ukrainian colleagues discussed the AIC and property valuation in Canada for more than three hours. “They are looking for ideas and

collaboration and had many questions about our educational requirements,” Kourant says. “They are focused on developing their appraisal methodology and perfecting the Ukraine’s legislation based on national and international standards. For example, they do not have insurance, and putting that into place will take some time. So, they asked how it worked – how can we insure an opinion? They also asked how insurance might be accepted by their members.”

Founded in 1994, the UTO is a public professional association of specialists on property appraisal, property rights, and business. It has more than 1,100 members, and, although appraisers are trained to do residential and commercial valuation, that is not how they are spending the majority of their time. Instead, they are focusing on assets, including machinery, equipment, and vehicles. “Probably because the industry is so new and the demand is so high for this service,” Kourant says. “And when you start talking about billion-dollar properties such as car manufacturers and petroleum plants, that type of appraisal requires a different level of expertise.”

Government banks encourage appraisals, but if they do not have qualified valuation professionals on staff, bankers will often do the work with little or no formal training. There

is, however, a strong movement to become accredited, and it is coming from the individuals themselves. “Changes are coming quickly, and people are eager to become the best in their industry,” Kourant says. “This movement is only happening because of their willingness to learn.”

Kourant hopes the AIC and the UTO can hammer out a formal mutual reciprocity agreement that will encourage the sharing of information and ideas. Doing so, she says, will result in a stronger local association and fair transactions for the average Ukrainian. Kourant says she was surprised to hear that a businessmen recently offered her father \$5,000 to sell the family’s property, including hectares of farmland. “Five thousand dollars is a lot of money for my dad,” she says. “People will try to take advantage of others by buying low. That is why I believe the UTO is facing great challenges and responsibilities to protect our buyers and sellers as well as the heritage buildings themselves. We could lose half our country if we are not careful.”

Of course, building a relationship with the UTO and maintaining a strong presence on the national and international level is equally important for the AIC. Kourant says she would love to be able to refer, collaborate with, and assist clients in Canada and in the Ukraine. “We

are professionals and we are not going to tell our clients to just pick up the Yellow Pages when they enter another country,” she says. “We can be that link if we know who is on the other side of the world and what they are doing.” 🌍

Fast facts

- Ukraine has both private- and government-owned banks, each with their own policies on loans and assessments. While a bank in Canada may require 5% cash down, banks in the Ukraine typically require 15-16% down.
- The Ukrainian Society of Appraisers has 1,140 members, and is growing every day. Of those, 1,030 are accredited appraisers and 110 have received the designation of ‘honoured and leading appraiser.’
- To avoid overpopulation in their core urban areas, some municipal governments require that prospective home buyers already be citizens of that city.
- There are very few rentals in the Ukraine, as almost all residents were able to purchase their homes from the government.
- Europe’s second largest country, the Ukraine has a highly educated population and boasts an estimated 99.4% literacy rate.



Natalia (second from right) had an extensive meeting with officials of the Ukrainian Society of Appraisers.



The need for appraisal services is growing like Ukraine’s economy.

Advice to authors

From the Editorial Board

Writing a paper for a professional or trade journal can be intimidating. Will my peers and others see my paper as relevant, well written, and with clear messages? What expectations or standards for publication will I need to meet? Who chooses the articles for publication? Will I receive assistance in writing and editing my paper? In this article, we answer the most common questions facing potential authors.

Every AIC member is a potential author. Our goal is to encourage and support members in sharing their valuation experience and expertise through articles published in the *Canadian Property Valuation*. When you share your knowledge with your colleagues across Canada, you have contributed to the body of valuation knowledge and enhanced our profession. Clients and other stakeholders can see the value we place on information sharing and continuous learning.

Q I have an idea for an article, but I do not want to invest a huge amount of time in writing if it will not be accepted for publication. What is my first step?

A Send a brief outline of proposed paper to Mary-Jane Erickson [maryjane@aicanada.ca]. Mary-Jane will circulate your idea to the *Canadian Property Valuation* Editorial Board. We will tell you if your concept has been recently covered or if it is likely to appeal to only a small number of members. We will also suggest changes to the outline that will broaden the appeal of the article, if necessary, and provide a target date for publication of the article.

Q What type of assistance is available to authors?

A Once an article idea (outline) is accepted for future publication, editorial assistance will be provided to authors, either through our Communications staff or our magazine publishers, Craig Kelman & Associates Ltd. Keep in mind that the editorial process, which relies on blind peer review, involves flexibility on everyone's part; authors need to be prepared to have their work edited for style, content, and length.

Q Let's assume you accept my article for publication. What's next?

A We will provide you with a target date for publication in *Canadian Property Valuation*. If we cannot accept your proposal, we will provide an explanation.

Canadian Property Valuation is published on a quarterly basis. This publication schedule, along with the magazine budget, places limitations on the extent and timing of member content that can be included in any issue. There may be a significant delay between the date an article is accepted for publication and printing. We will try to give authors realistic timeframes and keep you in the loop.



Start with an idea, get the Editorial Committee's support, and then start writing. Help is available.

Q Do I need to meet professional standards for technical writing?

A We do not expect authors to write at the academic journal level or compete with Giller Prize candidates. However, keep in mind that, when you draw conclusions or express opinions in your article, the readers will generally expect a fact pattern to support your findings. The support may be through a case study, documentary research, interviews, or other research you have conducted. Writing a valuation article is quite similar to writing an appraisal report, identify the purpose and goal, state a hypothesis, conduct research, and reach a conclusion. Writing in an active rather than passive style will make your paper more interesting. Think about the articles that have captured your interest and those which are boring or mind-numbing.

A good source for technical or professional writing is the *Canadian Style Guide*. <http://www.fedpubs.com/subject/commun/cdnstyl.htm>. As well, there are many free online resources. Universities are great sources for writing resources. Here are a few recommendations:

- University of Victoria: <http://web.uvic.ca/wguide/>
- University of British Columbia: http://www.writingcentre.ubc.ca/online_resources.html
- University of Toronto Writing Lab: <http://www.ecf.toronto.edu/~writing/resources.htm>

For more information, please feel free to contact the *Canadian Property Valuation* Editorial Committee, through Mary-Jane Erickson at maryjane@aicanada.ca.



LAND ACQUISITION for capital projects

By Doug Fouchalk, RI, FRI, SR/WA, Principal, DM Fouchalk Property Consultants Inc.

This article is reprinted with the permission of the Real Estate Institute of British Columbia.

What is a right-of-way agent?

Here in British Columbia, where I practice my profession, I am often asked what I do for a living, which tends to leave me at a loss for words. "I am a right-of-way agent, generally contracted to government agencies to acquire property or partial interests in property," albeit precise, is not the easiest or the most understandable way to describe my occupation to others. In fact, most people do not even realize there are right-of-way professionals out there, busily delivering property to enable the construction of just about every major infrastructure project currently underway, including the Port Mann/Highway 1 project and the Evergreen Line Rapid Transit project. We also work within railways, utility companies and Crown Corporations, managing existing property holdings and interests.

There is a small and specialized group of right-of-way agents operating in the Lower Mainland and the province of British Columbia who are fully engaged in delivering these projects. There are a few reasons why the group is small: first, as noted above, not many people realize the opportunity available for a career in this field, so they do not consider it when reviewing career options. This is particularly evident when reviewing the direction

of graduates from the University of British (UBC) Urban Land Economics program. Second, and most importantly, this field has become highly specialized in recent years, requiring the practitioner to have a more than passing knowledge in the fields of engineering, law, appraisal and negotiation. The image is long past of the right-of-way agent as a straight 'negotiator,' driving from landowner to landowner with cheque book in one hand and a roll of plans in the other.

“ This field has become highly specialized in recent years, requiring the practitioner to have a more than passing knowledge in the fields of engineering, law, appraisal and negotiation. ”

Not only must a right-of-way agent be able to properly decipher and explain construction plans in a way that is coherent and relevant to the landowner, the agent must be able to accurately interpret the legal agreements and documents that are presented to the owner and to engage the owner's lawyer or representative in reviewing or recommending revisions to the documentation. Additionally, the agent must be able to work with appraisers, both the agency's and the owner's, to ensure that each appraiser has a solid understanding of the construction program, as well as the perceived impact to the property. This requires a keen understanding of the appraisal process.

Land acquisition in BC's Lower Mainland

In the Lower Mainland of British Columbia, it has become increasingly rare to find capital projects being constructed in undeveloped areas. With the increase in density and development of land, such projects have had to expand through developed areas where impact to property – both residential and commercial-industrial – is significant and complex. This compels the agent to draw upon a broad depth of experience to conduct a detailed review of ownership, charges on title, tenancies, zoning, and official community plan designations, in order to have a full understanding of what impact the project may cause, what solutions may be available to deal with the impacts, and whose interests are being affected.

These types of acquisitions are commonly termed 'expropriations,' which refers to the legislated ability for the government or agencies operating in the public's interest to acquire land for a public benefit (for roads, transit, sewers and water mains, or gas lines). Simply put, expropriation is the legal process by which agencies can acquire property for public benefit.

Unfortunately, the word 'expropriation' sounds very intimidating, and the utterance of this word can send an owner running for the hills (or at least for his or her nearest reporter or politician). I have actually had clients who issue strict instructions *never* to utter the e-word!

If an owner enters into a consensual agreement with the agency, it would not be classified as an expropriation. In most cases, a consensual agreement is achieved. However, an agreement may not be reached for reasons such as: the owner is simply not willing to enter an agreement (either for financial reasons or objections to the project); all of the potential claims cannot be properly quantified prior to construction (business loss); or because the property must be delivered by a certain date to preserve the construction schedule. Rather than considering expropriation as an intimidating process that should be avoided, it should be considered as a tool that allows the agency to acquire the necessary property in time for construction, while preserving the owner's right to make a future claim. By far, the most common reason for expropriating a property is to preserve the owner's ability to make a claim later, as the full impact on the property could not be determined prior to construction.

Striving for cooperation and fairness

I often joke that I have never met an owner who was happy to see me, despite my good looks and pleasant demeanour. If I knock on a homeowner's door, it means that he or she is going to be asked to sell all or a part of the land – something not expected or planned for. Unfortunately, it is often assumed that agents representing the agency will be attempting to acquire the land at the least possible price that can be negotiated. In my experience, this could not be further from the truth.

Generally, most agencies will support a settlement as long as it is properly supported with an appraisal or other evidence and it conforms to accepted compensation principles. These principles can be found by understanding the provisions of the *Expropriation Act* as well as other pertinent legislation, and the up-to-date case law governing compensation decisions from either the Expropriation Compensation Board or its successor, the Supreme Court of British Columbia. A good right-of-way agent will fully understand what is or may be compensable and can work with the owner or his or her representatives in an open, cooperative manner to achieve the best possible agreement between the

parties. The bottom line is that, if we have done our job properly, whether we have completed a consensual agreement or were compelled to expropriate, we will have overcome that inauspicious start to end with both parties feeling satisfied with the transaction.

After a particularly difficult and protracted negotiation, I once had a

prominent lawyer tell me that the sign of a good deal is that both parties go away unhappy. While that certainly occurs, I prefer to pursue the opposite. One of the ways I attempt to do this – and this is echoed by many of the more successful right-of-way agents, lawyers and appraisers with whom I commonly work – is to take a reasonable, even-handed approach to solving issues; that is, to take a similar position when representing either an agency or an owner. While a win-win proposition will not likely occur, both parties will leave the negotiation feeling that they have been dealt with fairly and will be accepting of the result. 🌈

About the author

Doug Fourchalk is a current Director of the BC Expropriation Association, a past-president and executive member of Chapter 54 of the International Right of Way Association, and an active member of both the Real Estate Institute of BC and the Real Estate Institute of Canada. He has been active in the real estate sector for the past 16 years, specializing in acquiring rights-of-way and other interests in land on behalf of government entities, private corporations and developers.

Most agencies will support a settlement as long as it is properly supported with an appraisal or other evidence and it conforms to accepted compensation principles.



Left to Right: Bob McNally, MBA, CA•CBV and Chris Perret, AACI, CBV

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THINKING FWD.



Reviewing building files benefits appraiser and client

By David M. Godfrey, AAGI, RI

In the world of appraisal, building file review is an area that ensures quality and thoroughness of an appraisal report. In the end, it is a practice that benefits both the appraiser and the client. However, reviewing a building file is becoming an onerous task due to the 'privacy of information' policies that many municipalities are implementing. It is commonplace for a governing body to request a letter of authorization from the owner giving permission to release a building file. Even with that, the file is sometimes edited and may not produce pertinent information that will be helpful to the client.

As appraisers, it is our responsibility to properly research all information available on the subject property, in order to conduct a thorough and comprehensive appraisal. Producing a high quality report contributes to our good reputation which, in turn, leads to repeat business. Those clients who do not want a thorough report are usually the most problematic clients and the ones you are better off without.

Henry Ford once said that "quality means doing it right when no one is looking."

Building files provide the appraiser with a history of the property that can be helpful regarding potential contamination concerns. They can also list the types of uses that were located at the address, which can be helpful to a client considering the location for their business. Most importantly, the building file can point out deficiencies in the property that will likely not be apparent to most appraisers or purchasers in the course of a normal inspection. This will not only contribute to the quality of information provided to the client, but it will also assist in decreasing errors and omissions insurance claims. Here are two examples:

An appraisal was requested for a local hotel and drinking establishment. The name has been changed for this report, but we will call it the Sleep Easy Hotel. This is one of the older structures in the city, with a well-known pub on the ground level catering to the lower socio economic clientele, and a top floor that, at one time, was used for accommodations. Upon inspecting the building file, there were 12 infractions that required correction before the top floor could be rented. It was apparent that, due to the age of the structure and the quality of the rooms, remediation to city standards would not be economical and the business would be the 'pub trade' only. Upon realizing this, the lender was no longer interested, having been under the impression that the loan was for a hotel as well as a pub. The purchaser also realized that the source of revenue would be limited to pub business only.

A nearly new industrial building was purchased and an appraisal was requested to provide a first mortgage. This was a steel frame, metal clad structure in a well-known industrial

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area. Upon inspection of the building file, it was evident that an occupancy permit was issued indicating that all necessary construction requirements had been fulfilled for the building to be considered 100% complete. The file stated there was a holdback of around \$50,000 to allow for paving of the parking lot, a catch basin, and landscaping requirements. In actual fact, there was no asphalt parking area, catch basin or landscaping. The full amount was refunded to the owner upon receipt of the occupancy permit. The building inspector was interviewed and he stated that an error had been made. This has implications for the new owner. As the property is within a 'development permit area,' any renovations, modifications or additions would require a development permit, which would then also require this new owner to install a catch basin and provide asphalt parking spaces as well as landscaping.

There are many other examples of a building file revealing pertinent information that will assist the appraiser. It is good information that will enhance the quality of the report, and serve as a step toward claims prevention.

Building files contain information spanning the history of the subject property, since the municipality or district began collecting data. This is an invaluable source of information and an appraiser can glean some very good information about the subject property by reviewing this file. This is especially the case for older buildings that have been constructed in phases.

While we are to produce an appraisal for a certain purpose or use, we should also strive to produce a report that will be helpful to the client from a knowledge base. This is in regard to providing information about the land and improvements that may save the client

“If we can provide our client with useful information that will, in the long run (and sometimes short run), save money by making he or she better aware of hidden costs or past attempts of various uses, the end result is that demand for our work will increase.”



both time and money for future endeavours, whether it is for a new use or modifications to the existing use.

If we can provide our client with useful information that will, in the long run (and sometimes short run), save money by making he or she better aware of hidden costs or past attempts of various uses, the end result is that demand for our work will increase.

To that end, as professional appraisers, we should include a building file review as one of the critical steps in any commercial/industrial assignment. It is becoming increasingly difficult to obtain this information due to privacy of information guidelines, however, we should not use this as a reason to fall short on our requirement to educate and provide service to our client.

Personally, I request the building file for all ICI appraisals. At times, I feel that completing commercial reports can be like walking in a minefield. Proper due diligence serves as a mine sweeper that can avoid blowing off a financial leg. 🇨🇦

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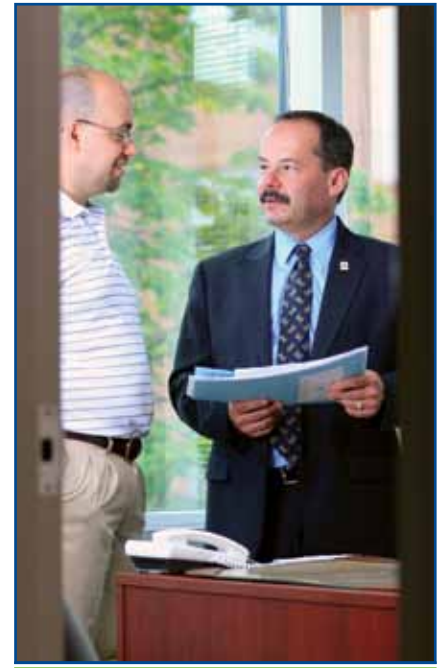
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12 ways you can over-deliver value to your clients

We are often asked the question: “How can I over-deliver and, thereby, ensure high levels of customer retention and referrals?” Here is a list of top 12 ways you can over-deliver value to your clients:

- 1. Give your customers proposals based on their needs, not your personal preferences.**
Sounds simple, but most businesses try pushing things on people instead of offering them the customized solutions they want.
- 2. Finish the project early and beat the deadline.**
- 3. Add in some unexpected ‘extras.’**
One business gives each customer a little piece of candy or chocolate with every invoice or business proposal — a very nice touch. Small gestures like this often have a huge impact.
Of course, it is also very easy.
- 4. Always remember people on important days.**
Holidays are great, but everyone is up on them. Remember birthdays and anniversaries, as well. It will be appreciated.
- 5. Spoil your customers, just because.**
It feels so good to be treated like royalty. You may even consider having a ‘Customer of the Month’ program in which, every month, you do something extraordinarily special for one valued client.
- 6. Invoice clients for less than estimated.**
Have you ever had your car serviced for less than you expected? Enough said.
- 7. Follow up.**
Make yourself indispensable, even after a deal is done. Your customers will be pleasantly surprised and, who knows, they may even have some more business for you that was not expected.
- 8. Celebrate with your clients.**
Send flowers or champagne when they win the big contract or achieve any other significant accomplishment. Let them know you care.
- 9. Use your network for your clients’ benefit.**
One of the most valuable ‘extras’ is to provide clients with the name of a great accountant, lawyer, chiropractor, or designer from your database of contacts. As your team of resources grows, use their combined talents and strengths to make appropriate referrals and put people in contact with each other. It is a huge extra that costs you nothing.
Note: Be careful to only refer good sources. If someone you recommend ‘messes up,’ people will remember who recommended them.
- 10. Ask your clients what else they need.**
Routinely, ask them how you could go further, provide better service, and be more useful to them. They will almost always be



delighted that you asked. More importantly, their answers should provide valuable information, and their requests will generally cost you little or nothing to deliver. Your efforts will be appreciated.

11. Say “Thanks!”

12. Finally, remember that, in order to over-deliver, you need to undersell.

If you make a promise and fail to keep it, your customers will be very disappointed, perhaps even to the point where they leak out of your business’ barrel. Undersell, and then give yourself room to EASILY impress and WOW your clientele.

Always remember, it is the little things that make the difference. 📌

AMCs have changed the way we market and communicate

Over the last few years, there have been many changes to which appraisers have had to adapt, the largest, undoubtedly, being the establishment and intensification of the appraisal management companies (AMCs) and the effect they have on how we communicate with lenders.

While AMCs have existed for years, particularly in the US, they have now grown into a prominent fixture in Canada and continue to strengthen their presence within the industry. If we can agree that the AMCs are here to stay, we then have to ask ourselves, as appraisers, how can we embrace this change and improve our communication process with both the AMCs and the lenders with whom we have very little contact?

Many of the major banks have made it mandatory for their branches to order appraisals through AMCs, with the goal being to obtain an unbiased appraisal report. Gone are the days where fostering a good relationship with local bank branches would assure you a constant stream of appraisal assignments. That said, there are some positive aspects to working with AMCs, and eliminating the undue pressure from clients to hit a target value is one of them. Many appraisers choose to partner with an AMC, as it reduces the need for self-marketing and offers a centralized payment system that allows for more time to appraise while enjoying the distance from the client that it provides. Unfortunately, no contact with the lender can also leave the appraiser frustrated with a lack of available information for the assignment. We now find ourselves having to communicate to the client through a third party for required clarification and information necessary to complete the task. While this can be frustrating, we need to find ways to work with the system in place and to assist the AMCs in understanding our needs.

Personally, it has been my observation and opinion that some of the AMCs are striving towards improving the communication flow and have improved both the way their staff are prepared for our concerns and in the way we are able to post or request information through their automated systems. In particular, one AMC has established an advisory committee of appraisers from across Canada to provide them with suggestions and concerns and to ensure the improvements are ones that benefit the appraiser.

From a business perspective, it has become very clear that the AMCs are likely to be a growing portion of our day to day business. While we need to accept this fact, it is also important to ensure that we develop a diversified portfolio. We cannot lose sight of the importance of succinct and clear communication, as it will always play a major role in any direction our industry takes.

The industry is undergoing constant change and we, as appraisers, must find ways to work with change by learning to communicate through different means and channels. At the very least, the growth of AMCs has changed the dynamics of the appraiser-client relationship. 

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The updated 2012 Standards

The *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)*, first introduced in January 2001, is revised every two years. The 2012–2013 edition of *CUSPAP* became effective January 1, 2012 and is available on the AIC website at <http://www.aicanada.ca/cmsPage.aspx?id=69>.

The changes to the new edition are the result of several factors, a number of which reflect the changing nature and evolution of the work of AIC members. The Standards Committee article in Book 4 2012 of *Canadian Property Valuation* addressed these changes, and a full explanation of updates to the *Standards* is included on page 75 of the document. Those changes are also briefly summarized here.

Sections 2.28 & 2.43: Definitions of the fee and non-fee appraiser categories have been rewritten for more clarity.

Sections 5.4.4 to 5.4.7: These *Ethics Standards* have been revised in order to eliminate some prior

uncertainties with respect to advertising. In addition and along with a change to AIC bylaws, sec. 5.4.4 also provides for additional authority for the Counsellor, Professional Practice to investigate informal complaints regarding advertising.

Sections 5.5.3 to 5.5.6: These sections enhance the mandatory use of both the CRA and AACI designation wherever signatures are required.

Section 5.5.6: Reiterates co-signing limitations in addition to those imposed in other sections of *CUSPAP* which do not permit co-signing reports with non members.


Section 5.11.2i: Regarding a conflict of interest (direct, indirect or otherwise), this section had previously only required disclosure to the client, but now requires acknowledgment by the client in writing prior to acceptance of the assignment.

Section 6.3 to 6.6: These appraisal rules pertaining to compliance with *International Valuation Standards* have been removed and replaced by an introduction item on page 1 of *CUSPAP*. Various aspects of *IVS* have been refined over the past two years. Members working on assignments within the scope of *IFRS*, typically for financial reporting, must remain familiar with *IVS*.

Section 7.2.3.i: This new section states “A party receiving a copy of an appraisal report does not become an intended user unless authorized by the appraiser and clearly identified as the intended user.” Many appraisal reports already include this wording as advice to the client.

Section 7.28, 9.8 & 11.2: This addition to Standards Comments (mandatory) requires the inclusion of a statement of compliance with section 5.5 when reports are co-signed.

Section 12.7: This section formerly named ‘conduct disclosure’ has been renamed ‘Disclosure.’

Section 12.35: Pertaining to the use of designation, this practice note has been updated for consistency with Section 5.5, Qualifications. 



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The buying power of many

The Appraisal Institute of Canada (AIC) recently finalized the renewal of its errors and omission insurance program ('AIC Program') for the year 2012. For some, and on the surface, it might appear as an unhappy story. After all, premiums have increased. However, there is more to the worth of an insurance policy than just its price tag. Insurance is a peace of mind contract. The coverage has to respond to the needs of the insured, otherwise the price is irrelevant. Also, to be fair, a point of comparison is required to know the real story. Compare an individual purchasing professional liability insurance relative to the 'buying power of many' that goes along with the AIC Program. The AIC Program story is, and remains, a good one.

When an individual or single company goes to an insurance broker to buy professional liability insurance, that individual or single company will be required to complete an application for insurance. The insurer is free to request whatever information that it wishes, if the information is germane to the risk and if the insurer asks for the information in the application, the information is considered, at least on its face, germane to the risk. The insurer can either accept or decline the application for insurance depending on how it feels about the individual applicant or the applicant and its employees who will be engaged in the professional practice. If any material information is incorrectly stated or omitted on the application for insurance, it is open to the insurer to decline to issue or rescind the contract of insurance if it later comes to light that the facts presented were incorrect or incomplete.

Under the AIC Program, members are not required to complete an application for approval of insurance and await the insurer's decision. The AIC has been able to get the insurer to accept everyone who is a member in good standing of the AIC without any member having to make an

application and without individual assessment of risk. No one can be declined. Further, there are very few individual risk factors embedded in the design and pricing of the AIC Program, although one might argue that some additional factors could be appropriately introduced, such as a surcharge for claims made beyond a certain threshold.

Of course, along with the buying power of many, comes the voice of many. The Program represents a sizeable and predictable source of premium revenue to an insurer. By any objective standard, if the risk exposure can be managed, it is very good business from the insurer's perspective. This adds to the buying power of the AIC Program. This means that, through its broker, the AIC can advocate to the insurer, on behalf of the membership. The Institute can ask, and has received, coverage that is customized and that responds to the needs of the profession as a whole. It is much less likely that one insured, be it an individual or a sizeable corporate insurance client, can make successful requests for tailored coverage.

Additionally, the supply of insurance goes through cycles like every other type of product. Sometimes, there

is ample capacity for certain types of risks and, at other times, the market dries up. A program the size of the AIC Program can influence the availability of supply. This is particularly true given that the AIC has an affiliate that is an insurer which can share in portions of the risk exposure along with the primary insurer.

If a member has never had a claim, there may be the feeling that there has been payment for something that has not been 'used.' Peace of mind has value and there is more peace of mind to be had through the buying power of many rather than of one. 🇩🇪

NOTE: The contents of this article are intended as commentary and information only and should not be relied upon as legal advice. The opinions and views expressed are those of the individual writer and do not necessarily reflect the opinion of Borden Ladner Gervais LLP.



A new set of International Valuation Standards

As the prospect of double-dip recession rears its head in global markets, the launch of a new set of *International Valuation Standards* is a highly significant event. Two years in the making, the new standards were launched in July 2011 by the International Valuation Standards Council (IVSC).

The 2008 global financial crisis provided a key impetus for the new international standards (known as the *IVS*) because it raised awareness of the importance of valuation. As valuation provides an essential underpinning to the global financial system, the IVSC has been thrust into the forefront to come up with better tools that will reduce the chances of another crisis.

The crisis revealed a number of systemic weaknesses in the practices of financial institutions and governments, leading to calls for greater transparency, accountability and consistency.

This was not news to Canada. Efforts to improve national valuation standards, the *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)*, for instance, also took on a heightened awareness following this crisis.

The difference is that now the world has a set of global standards that are designed to be much more in tune with current conditions. Adopting these new standards may have a big impact on asset values in some areas, including Canada, where the adoption of *International Financial Reporting Standards (IFRS)* for accounting will go hand in hand with *International Valuation Standards (IVS)* for valuations. In 2011, the Board of Directors of the AIC had recognized the need for valuation standards that address emerging valuation requirements for *IFRS*. The AIC has adopted the *IVS* as its professional practice standards on all matters related to preparing appraisal reports for financial reporting,

Background to IVSC and the new *IVS*

The IVSC was founded in 1981, but, in recent years, has grown significantly in stature and importance. It has the task of setting valuation standards that can apply globally in much the same way as the International Accounting Standards Board (IASB) sets accounting standards.

The IVSC is an independent, not-for-profit private sector organization acting in the public interest. It does this by offering standards to the world's capital market organizations, regulators and market participants, promoting strong ethical values, encouraging quality practice and supporting the development of a competent valuation profession around the world.

The Appraisal Institute of Canada is one of 72 members of IVSC from 54 countries. IVSC does not set national standards, but many countries adopt all or part of its standards on a national level.

Here in Canada, for instance, the AIC, as the leading body for the real property profession in Canada, writes valuation standards for its members. The *CUSPAP* adopts *IVS*. The AIC states that it "endorses the *International Valuation Standards (IVS)* as an authority promoting world wide acceptance of standards for property valuation."

In 2008, the IVSC underwent a major restructuring and now comprises three boards that bring together leading figures from the international financial world and senior valuation professionals. The IVSC's Standards Board (IVSB) had the task of compiling the new *IVS*.

IVSB published an Exposure Draft for the new *IVS* in June 2010. Comments were received from numerous organizations and individuals around the world, which led to considerable discussion. Most of the key issues were thrashed out in IVSB

meetings and in open discussion forum round tables held in London, New York and Hong Kong in late 2010. Following consultation with other stakeholders, the Board approved the new *IVS* in March 2011, and they were published in July 2011 with an effective date of January 2012.

What do the new *IVS* say?

The key objective of the new edition of the *IVS* is to create greater confidence in the valuation process for business owners, investors,



lenders and others who rely on the valuations for investment and other financial decisions. The standards aim to bring consistency and transparency to the key input assumptions, models and processes involved in valuation. This is what global markets increasingly demand and is vital to restoring investor confidence.

The new *IVS* are divided into three series. The first, the 100 series, covers the *IVS* Framework, which sets out generally accepted concepts and principles that underlie valuation. Topics



covered include independence and objectivity; price, cost and value; markets, market activity and market participants; valuation bases, additional assumptions and special assumptions; and valuation approaches.

The 100 series also includes three General Standards that lay down procedures that should be common to all valuations – things that need to be agreed in the scope of work with the client, things that need to be done when actually conducting the valuation, and things that need to be reported.

Some of the requirements may seem obvious, but, often, at least some are omitted, which can lead to serious issues. For instance, in the fast-moving world of finance, it may not always be possible to agree to all items in the scope of work upfront, but it is vital that this is done before the valuation is complete.

The 200 series comprises five Asset Standards that focus on specific supplementary issues that need to be considered when valuing specific assets. The 200 series currently includes standards on valuing businesses, intangible assets, plant and equipment, real property and financial instruments. The last is a completely new addition for *IVS* and fills an important gap in the market.

There are various projects underway to add to this list, including possible new standards on extractive industries, forestry and liabilities.

Finally, the 300 series currently has two Application Standards that focus on valuation for specific applications: financial reporting and real property for secured lending. The first of these is directed at *IFRS* and may be appropriate for other accounting standards.

What's in the works?

While IVSB continues to work on new standards, particularly new Asset Standards, the focus now shifts to its sister Professional Board (IVPB), which is compiling various Technical Information Papers (or 'TIPs') and best practice guidance that go beyond standard-setting to deal in more detail with some of the critical issues raised in the *Standards*.

Guidance is now in various stages of preparation, dealing with (among others) the thorny topics of depreciated replacement cost, discounted cash flow, investment property under construction, fairness opinions and financial instrument valuation methods.

Both Boards co-operate closely on all these projects to ensure consistency of approach as well as cross-fertilization of ideas. Other important projects that the Boards are working on include a paper on valuation uncertainty, on valuation of specialized government property, and on valuer/auditor guidance.

In addition to the Board of Trustees and the two working Boards, (Standards and Professional), there is the Valuation Advisory Forum that serves to directly represent the valuation profession by providing input to all three of the IVSC Boards.

With its full and growing programme, the work of the IVSC will continue to be of great importance to financial markets and economies around the world – as well as to all those involved in owning, occupying, trading and advising on the world's assets.¹ 

End note

¹Simon Landy, Bangkok Post, IVSC Standards Board, Reprinted with permission.

Residential form being updated

When I was asked to write this article on the introduction of a new residential form, it struck me that, yes, it is time. Actually, bringing a new or updated residential form on stream is long overdue. The 04/04 form, as we all seem to call it, was introduced in 2004. The intent was to assist our members with the transition to the *Canadian Uniform Standards of Appraisal Practice (CUSPAP)* – our appraisal standards that derived from *USPAP*, which was introduced in 2001. There have been several changes to our standards along the way, with our new *CUSPAP 2012* just being released.

Our Mission Statement states we are: “To promote and support our members in providing high quality property advisory services for the benefit of clients, employers, and the public.”

Hence, a Forms Sub-committee was initiated and our team was given the task of bringing the form to completion. Toward this end, very

special thanks are extended to Garry Doucette for the hundreds of hours he has invested on our members’ behalf.

The reasons why it is time to introduce a new form for the residential mortgage form business are:

- 1) to help prevent the potential of increased liability and higher insurance costs, and
- 2) to assist our members in being compliant with our standards and to produce a meaningful report that can be relied upon by the users of our reports.

Input was sought from both stakeholders and members. While it took a long time to get the stakeholders to respond, I want to thank the Canadian Bankers Association for its comments.

We took all of the data received and incorporated much of it into the new form. A draft of the proposed form has been forwarded to the Standards and Insurance Advisory committees for their input and approval.

It was also felt that, by introducing a guidebook to completing the residential form, it may possibly assist our members in producing better reports, reduce liability, reduce claims, and result in fewer complaints to the Investigating Committee, ultimately stabilizing insurance premiums.

Highlights of the new form

- New, easy to read letter size format
- Source verification areas
- Neighbourhood description has more lines to explain in detail
- Site information, improvement description has more lines to explain
- Reconciliation area has been increased
- Cost approach as a separate addendum page
- Highest and best use both improved and as if vacant
- Land value estimate is a separate line item
- Depreciation estimate is a separate line item
- May be available in Word and Excel, as well as by existing form providers

The issue of *Personal Information Protection and Electronic Documents Act (PIPEDA)* also continues to come to the forefront and we must always be aware of the responsibilities and procedures we must follow to be in compliance with the Act. This will ensure the protection of the private information with which we are entrusted on each and every appraisal report.

Look for the updated 2012 form coming soon. 

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Forms Sub-committee

Dan Brewer, AACI – Chair

Garry Doucette, AACI

To contact this sub-committee, email:
standards@aicanada.ca

The new Professional Practice Seminar

In 2013, a new Continuing Professional Development (CPD) cycle will begin. For the past 15 years, one of the mandatory requirements of the CPD program was the successful completion of the two-day Professional Practice Seminar. Some AIC members have now taken the same course three times. To coincide with the new CPD cycle, and to avoid further repetition, a new program is currently being developed.

For all students and Candidate members, the existing two-day Professional Practice Seminar will be updated and continue as a prerequisite.

For designated members, the new CPD requirements will be successful attendance at a one-day Professional Practice Seminar which will cover any new developments in the *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)*, as well as the insurance program. More importantly, the majority of the session will focus on actual 'case studies.'

There is only one way to learn how to do something and that is to do it. Throughout history, youths have been apprenticed to masters in order to learn a trade. Learning a skill means eventually trying your hand at the skill.

Sometimes, it is not practical for students to learn every skill they need to know by actually performing it. We can afford to allow somebody to be a nursing assistant in the emergency room, but we cannot afford, in Groucho Marx's words, to allow that person to be an "amateur brain surgeon." For this reason, the continuing educational aspect of the Appraisal Institute of Canada (AIC), particularly in the area of Standards and Ethics, is of the utmost importance. In our profession, the risks are too great to allow one to learn simply by trying things out. While, in certain situations, it may be acceptable to 'fiddle around and see what happens,' the appraising profession

requires teachers, advisors, or colleagues to look over a member's shoulder. This form of education allows members to gain from the experiences and observations of others. It allows others to intervene and give perspective on what they are doing by sharing the experiences of those who have preceded them.


For example, when beginning a career in appraising, the student takes courses of instruction that teach the theory of the task without the need for the student to concentrate on actually performing the task. Soon after the student learns basic theory, the apprenticeship begins and the student continues the education by 'hands on' experience. Real estate appraising and consulting is a profession that constantly evolves. Not only are the types of assignments continually changing, but the types of properties requiring the skills of appraisers are numerous. Even the most seasoned appraiser can find himself or herself in a new situation involving either a different approach to a problem or simply a different type of real estate. The learning aspect of the profession never ends.

The current group of Certified Professional Practice Seminar Instructors generally agrees that, in presenting the content of the current two-day seminar, the best part of the presentation lies in relaying the actual experiences of the various Professional Practice committees and actual Insurance issues involving the members. These experiences and issues are being formulated into 'case studies' for all members to share.

'Case studies' are summaries or syntheses of real-life cases. Generally speaking, they require the student to isolate and think through the key issues involved as well as identify appropriate strategies for the resolution of the 'case.' Students can weigh the pros and cons of the remedial

options/strategies, recommend and present a rationale for the best resolution, and compare their thinking with the actual outcome of the 'case' they are examining.

By their very nature, teaching and learning styles are changing and, in recent years, there has been a noticeable move from lecture-based activities towards more student-centered activities, based on topics that demonstrate theoretical concepts in an applied setting. The 'case studies' being prepared for the new Professional Practice Seminar will range from short individual case studies to longer group-based activities and will cover topics of interest to both residential and commercial practitioners.

In order to satisfy the requirements of our insurance program, the frequency of the one-day attendance requirement will likely increase. In other words, designated members will be required to attend the new one-day session more than once during the ensuing five-year cycle. However, each session will offer different 'case studies,' so designated members will not be faced with repetitive material. 

Professional Practice Seminar Redevelopment Committee

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Chris Perret, AACI
Deana Halladay, CRA
Royl Mayr, AACI
Stephanie Anglehart-Paulin, AACI
Davida Mackay
David Shum, AACI, Board Liaison
To contact this committee, email:
standards@aicanada.ca

Our Applied Experience Exam: by AIC for AIC (with UBC's help)

In 2007, AIC's Applied Experience Sub-Committee was tasked with reviewing the designation interview, in answer to member complaints about consistency and appropriateness of questions. The committee implemented two new evaluation mechanisms, the Professional Competency Interview, using the behavioural descriptive interview (BDI) model, and the written Applied Experience (AE) exam. The introduction of a written exam was prompted for several reasons:

- to ensure consistency among provinces and a panel of examiners in the assessment of Candidates' work experience throughout Canada;
- to test the Candidate's experiential preparedness when faced with a novel situation, rather than relying on the submission of a polished work sample that may not be truly representative;
- to reduce the time of the previously lengthy final oral interview that led to the granting of the designation, by creating an examination process to examine the Candidate's experiential knowledge through a rigorous three-hour written exam;
- to eliminate the potential or perceived biases associated with the subjective evaluation process used by the various panels of examiners – with the introduction of the AE written exam, it was also possible to introduce the more objective 'blind' marking process, thus mitigating the perception of biases; and
- to ensure accountability and allow a post examination review (PER) process for which an auditable paper trail would exist, thus providing a clear and consistent path for appeals.

The written exam was developed to test Candidates' applied experience based on the First Principles of Value. The exam consists of two parts:

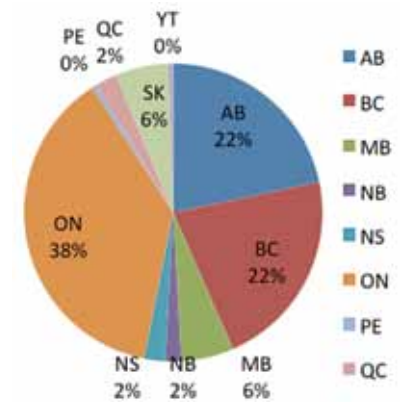
- Part A: Case study examining the First Principles of Value – students choose one of four questions.
- Part B: Work experience – students choose three of seven questions

While the AE exam is not one for which Candidates can study, it is one for which they can prepare. The general consensus among the AE graders at a recent meeting held in Vancouver was that, with adequate preparation, most Candidates will succeed. After all, the exam is based on their personal work experience and there are ample preparation resources available online:

- AIC Applied Written exam webpage:
<http://www.aicanada.ca/members/cmsPage.aspx?id=440>
- Marking criteria:
http://www.aicanada.ca/images/content/file/applied_experience_exam_marking_sheet_criteria.pdf
- UBC – AE Example webpage
http://www.sauder.ubc.ca/Programs/Real_Estate_Division/Credit_Programs_and_Professional_Development_Courses/Appraisal_Institute_of_Canada/Applied_Experience_Exam

“While the AE exam is not one for which Candidates can study, it is one for which they can prepare.”

AE exam writers by province - 2011 (AACI & CRA)



Source: Real Estate Division, UBC, Vancouver, BC

UBC's role

UBC serves an important role in the efficient delivery and administration of the AE exams. AIC's Applied Experience Committee is in charge of developing examination content, selecting graders, and setting marking standards and guidelines. The Real Estate Division (RED) of the Sauder School of Business at the University of British Columbia (UBC) picks it up from there, handling all administrative functions: exam registration, establishing exam centres, distributing exams to graders, recording grades, and handling appeals.

This is an important distinction that must be emphasized – the written AE exam is an AIC exam that UBC administers. All matters concerning exam content or its grading reside solely with AIC – again, this is an exam to screen prospective AIC members that is both developed by and assessed by AIC members.

“AIC and UBC remain committed partners in ensuring the AE written exam remains a relevant, consistent, fair, and efficiently administered tool to prepare Candidates for the Institute’s designations.”

Exam evaluation and success

AIC has appointed seven accredited members across Canada as graders. Since it is an open-ended exam, there is no specific answer guide for each question – graders utilize a worksheet based on marking criteria developed by the AIC to ensure consistent and accurate grading. The marking worksheet evaluates performance in the range of ‘needing work’ to ‘exceeding expectations.’ Grader consistency exercises are regularly applied to ensure fairness in marking.

Since the first AE exam sitting in April 2008, there have been 661 exams written. The pass rates for both the AACI and CRA Candidates have trended upwards. These pass

rates are trending higher, not because the exam is getting easier or because graders are getting more lenient, but more likely because students are better prepared. As noted by Tyler Beatty, the Candidate representative on the AE Committee, “the availability of and access to information relating to education requirements, designation requirements, and the AEP is improving and getting simpler to access each year.”¹

A review of Candidates who attempt the exam a second time shows an interesting trend. The pass rate for AACI Candidates is very high for rewrites, while CRA Candidates are not quite as successful, but improving nonetheless.

In closing, AIC and UBC remain committed partners in ensuring the AE written exam remains a relevant, consistent, fair, and efficiently administered tool to prepare Candidates for the Institute’s designations. 🏠

End note

¹Beatty, T. ‘Navigating the Applied Experience Program: a Candidate’s perspective.’ *Canadian Property Valuation*. Vol.55. Book 1 2011, p. 26.

Applied Experience Committee

Duane Bates, AACI – Chair
 Troy Davidson, CRA – Vice Chair
 Susan McRury, CRA
 April Green, AACI
 Tyler Beatty, Candidate
 Stephanie Tong, AACI – UBC
 Suzanne Teal, ED, AIC – AB
 Dan Brewer, AACI – Board Liaison
 John Farmer, AACI – Board Liaison
 To contact this committee, email:
aec@aicanada.ca

AE exam statistics 2008-2011

Year	AACI		CRA	
	Total Writers	Pass Rate	Total Writers	Pass Rate
2011	77	85%	99	77%
2010	87	78%	103	73%
2009	87	75%	123	66%
2008	43	70%	42	55%
Total	294	77%	367	68%

661 exams written as at December 2011

Source: Real Estate Division, UBC, Vancouver BC.

AE exam - second attempts

Year	AACI		CRA	
	Total Writers	Pass Rate	Total Writers	Pass Rate
2011	12	83%	21	67%
2010	14	78%	19	74%
2009	17	82%	26	62%
2008	5	100%	5	40%
Total	48	86%	71	60%

119 exams written as at December 2011

Source: Real Estate Division, UBC, Vancouver BC.

Peer review: the AIC working for you

The Peer Review Committee recently changed in status from an ad hoc (temporary) to a standing (permanent) committee. What this means is that the Appraisal Institute of Canada (AIC) Board of Directors saw significant merit and importance in the program to move it from a trial project to becoming a permanent fixture within the AIC. For those of you not yet aware of the Peer Review program, here it is in a nutshell:

- You submit an appraisal to the committee for review (Form or Narrative Report);
- a *qualified* reviewer goes over the report from end to end regarding compliance to Standards, application of appraisal fundamentals, etc;
- you get *constructive* feedback from the reviewer that helps you become a better appraiser;
- a second *qualified* appraiser reviews the review and the report to ensure that you are receiving consistent and objective feedback;
- it is completely confidential;
- it is free; and
- **you now get CPD credits.**

This is a great example of the AIC working on behalf of the membership. This process makes us better at what we do. It enables single practitioners, small or large firms to get invaluable feedback, and it should eventually lead to fewer insurance claims. Furthermore, it sends a message to the industry that we take ourselves seriously by constantly upgrading and improving our skills. So, what is wrong with this picture? Answer: nothing, except that not enough members take advantage of it.

In some people's view, the process should be mandatory. Maybe someday it will be mandatory for everyone, but right now, it

is voluntary. Oddly enough, some members complain about the AIC not doing anything for them. Well, here is a perfect example of the AIC working very hard to make this a better organization.

It is time to confess. I have never had a report peer reviewed. Quite frankly, I knew about the process, but never took the time. After all, I have been doing this for 20+ years, what could it possibly do for me! Well, my predecessor indirectly 'guilted' me into deciding to submit a report by telling me he has done so and that it was an extremely valuable exercise. So, as the new liaison to the Board of Directors for this committee, and being 100% in agreement with my fellow Board members in terms of the importance of peer review, I am going on the record and saying that I will submit a report in 2012.

Here is a recap. Peer review is free, you get CPD credits*, you become a better appraiser, it is confidential, the reviewers are trained and qualified, it is painless, the process is easy, it may lead to fewer insurance claims, and soon everyone will be doing it. So, how about it folks? You have nothing to lose and we all gain. This is your Institute. Take advantage of it. 🇨🇦



**CPD credit policy: CPD credits will be recorded by AIC staff similar to Professional Practice Seminar, two credits for a form report, four credits for a narrative, to a maximum of two reports or eight credits per cycle. There is no limit for candidates.*

Peer Review Committee

Linda Hastings, AACI – Chair
Larry Dybvig, AACI
Mario Musso, AACI
Cherie Gaudet, CRA
Louis Poirier, AACI – Board Liaison
To contact this committee, email:
peerreview@aicanada.ca

Client confidentiality

The requirement for client confidentiality has both standards-related and practical implications for members. The 2012 edition of *CUSPAP* remains the same as prior versions of the *Standards*, where, at 5.10, it states:

5.10 Disclosure [see 12.7]

5.10.1 Members pledge to uphold the confidential nature of the appraiser/client relationship.

5.10.2 A member must not disclose the analyses, opinions, or conclusions in an assignment to anyone other than:

- 5.10.2.i. the client and those persons specifically authorized by the client to receive such information;
- 5.10.2.ii. third parties, when the member is legally required to do so by due process of law; or
- 5.10.2.iii. an authorized Committee of the Institute.

The obligations of AIC members are similar to most other professions, where clients have an expectation that their information will be kept confidential, whether or not there is an expressed requirement for confidentiality at the onset of the assignment. Similar obligations apply to lawyers, doctors, and accountants, to name just a few.

While this may seem like an innocuous concept, the issue can get complicated quickly, due to recent developments in how appraisal assignments are initiated. The traditional business arrangement was relatively simple to interpret. A banker called the appraiser, the assignment was completed, and the appraiser consulted with the banker before answering questions posed by the property owner or anyone else involved in the assignment.

The increased involvement by mortgage brokers and, more recently, appraisal management companies (AMCs), has complicated this

arrangement. It is not unheard of for an appraiser to accept instructions from a broker, to complete an assignment for a lender, and to collect the fee from the property owner. In this case, who is the client? More importantly, where does the appraiser seek authorization to discuss the results of the assignment, if one of these three parties seeks clarification of the results?

Generally, it is the party who provides the instructions to proceed with the assignment who is considered the client, regardless of who pays the fee. The notable exception is when the party requesting the appraisal is acting in an agency capacity for a third party. The best advice is for members to ensure they understand 'who the client is' at the outset, so that questions do not arise later.


AMCs have changed the way appraisers do business. In some cases, they specify whether the appraiser can/should discuss appraisal results with the lender or property owner. As part of their 'single point of contact' service, most AMCs attempt to answer their client's (lender's) questions directly, before engaging in a discussion with the appraiser.

In the above example, the opportunities and obligations that arise are influenced by the contract arrangements between the AMC, the lender and the appraiser. In view of recent events in the US, some lenders have asked Canadian AMCs, through their terms of reference or contract with the appraiser, to restrict the amount of discussion with the homeowner, or the mortgage broker. This is viewed as a means to reduce the potential for appraiser influence. If there are questions as to whose questions the appraiser should answer, and when to seek authorization from the client, the same advice applies. To the extent possible, make sure you understand where the obligations lie at the time you take on the assignment.

Use letters of engagement when practical (see *Professional Excellence Bulletin PP11-E*) and read the contracts for services and/or terms of reference provided by lenders, AMCs or others, before you take on an assignment. It is a good idea to periodically review these documents in the case of an ongoing service contract. The more familiar you are with the contracted arrangements you have agreed to, the better you can protect yourself from potential problems with client confidentiality.

This will not only ensure you remain in compliance with 5.10; there is a practical side to the question. Failing to observe client confidentiality can put the appraiser in a conflict of interest. The 2012 edition of *CUSPAP* contains a lengthy discussion of conflicts of interest and where they arise. A *Professional Excellence Bulletin (PP 03)* also deals with this topic.

The bottom line is that conflicts are best avoided altogether. Conflicts of interest can arise directly, due to the appraiser's relationship with one or more parties to the assignment. They can just as easily arise indirectly, due to a relationship between the parties affected by the outcome of the assignment. The appraiser can be caught in the middle, if the relationship between such third parties turns out to be adversarial.

Know who your client is, and respect Ethics Rule 5.10, to avoid an unnecessary date with our Professional Practice group. 

Appeal Committee

Allan Beatty, AACI, Fellow – Chair
 John Shevchuk, Associate
 Gordon Tomiuk, AACI, Fellow
 To contact this committee, email:
appeal@aicanada.ca

The role of rules in protecting the public

One year ago, I was caught up in the investigation of an alleged robber. The inquiry included a rather small mob that gathered on my street and began hitting the accused. Rest assured this was not an Appraisal Institute of Canada (AIC) Investigating Committee . . . nor was it in Saskatchewan. Shortly after negotiating to send the accused away to the village Chief, we made our way to the local market to buy live chickens, goats and groundnuts. Such an experience can be attributed to my involvement with our profession and the upshot of this story highlights the importance of two principles – volunteerism and rules.

If you turn back time a few years, you may recall AIC member Paul Fish's presentation at AIC's 2008 conference. After hearing how his appraisal experience opened opportunities to volunteer in Africa, my interest was piqued. I hesitated a few more years until I finally decided to spend last winter in West Africa volunteering with Volunteer Services Overseas. Volunteers are critical to the well-being of any organization, whether in a remote village, your community or your profession. Your Investigating Committee is driven by volunteers working diligently to uphold the integrity of professional practice. Just try to imagine what would happen without rules and the enforcement of those rules.

Travelling in Africa was breathtaking in more ways than one. Beautiful landscapes change rapidly at 140 kph. Millions of people roared down unmarked roads in frail cars with no seatbelts or lights. Drivers aimed to move as many passengers as possible to make the highest profit, much in the same way an appraiser might produce multiple reports with the shortest turnaround possible. Imagine a 12-passenger van crammed with 26 people, careening along the best section of highway, parting a sea of helmetless motorcyclists with horns blaring. The lack of rules and their enforcement contributes to over 2.2 million deaths (about the size of Vancouver's population) each year in that country.¹ Spin the



Canadian appraiser Mike Schulkowsky spent valuable time volunteering in West Africa.



Crowded streets with plenty of mayhem emphasized Mike's appreciation of the need for rules.

globe 10,000 kms around and find Canadian laws and law enforcement providing much stronger public protection. The death rate in Canada is lower, somewhat due to those pesky traffic safety, health and other laws.

Appraisals are not a matter of life and death, but a bad report may damage your pocketbook, your reputation and our profession. Members of the Investigating Committee are charged with the responsibility to ensure that rules are followed for the sake of public protection. Our volunteer time is used to discern whether reports are in compliance with *CUSPAP*. If reports are found deficient, our primary purpose is to educate the member so that our clients, and those relying indirectly on our work, are well protected.

One of the common threads across most investigations is finding little to no evidence supporting the appraisal report. The expert status of CRA or AACI confers broad discretion on appraisers that is occasionally over-exercised. Members make thick assumptions, thicker adjustments that take them across thin ice (a thought crossing my mind when my iceboat blades sprayed water across ice estimated at 18

inches deep). Appraisers risk finances and their reputations if they assume too much.

We continue to encourage members to include more details and solid rationale in every report, as well as supporting evidence in their work files. At the very least, members must be reminded to keep a complete work file consistent with the 'reasonable appraiser test.'

In a 2011 case at the Federal Court of Canada, the valuation of cervids was under appeal. The words of Justice Russell in that case summarize a common weakness our investigators find in appraisal reports:

*[76] "Mr. Holland's report is strong on assertions, but thin on methodology and objective proof. It says that Mr. Alsager's animals are 'valued higher because of their genetics, size, smarts and proven performance which is all proven in their records.' Unfortunately, Mr. Holland does not explain what 'records' he is referring to, and he does not produce any such records or explain why such records are not produced."*²

Mr. Holland's opus reminds us of our professional responsibility to take reasonable steps to ensure the information and analyses are sufficient (*CUSPAP* 7.16). The use of artistic skills

is encouraged only when performed in harmony with research and technical skills. 🇨🇦

End notes

¹ United Nations, Department of Economic and Social Affairs, Population Division (2011). *World Population Prospects: The 2010 Revision*. Retrieved at <http://esa.un.org/unpd/wpp/Excel-Data/mortality.htm>

² *Alsager v. Canada* (Agriculture and Agri-Food), 2011 FC 1071 (CanLII), para 76 <http://canlii.ca/en/ca/fct/doc/2011/2011fc1071/2011fc1071.html>

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Larry Brewer, AACI
David Bush, AACI

Bob Mason, AACI

To contact this committee, email:
investigating@aicanada.ca

Moving from ThinkPad to MacBook – my black to white experience

I do not know if you have noticed, but I certainly have. More and more serious business types are sporting laptops with a glowing white apple on the back of the screen. The artsy crowd has been using Apples in the workplace for years, no surprise there; but can an Apple do real work? Can it integrate into a workplace surrounded by Windows users and Microsoft servers? What about business software and technical support? These questions and more were on my mind when I was researching the replacement of my 3-year-old ThinkPad.

I have been using a laptop as my only work computer for at least 15 years. During this period, laptops have become a true alternative to a desktop. My first work laptop was an NEC running windows 3.11. I quickly learned that, in this instance, NEC stood for 'not enough computer.' It was fine in a pinch when you were out of the office, but it certainly did not have the speed or capability to be considered a desktop replacement. I replaced that laptop with a ThinkPad, and with one small dalliance, I have been using ThinkPads ever since. I remained loyal because of the dependable hardware. I travel for work and sometimes bags get dropped, knocked around and even frozen. Then came the Vista challenge. I actually gave up on Vista at home and started using Ubuntu Linux. I simply could not do that at work because of software computability issues and technical support. Like many others, I struggled with Vista through various service packs and patches. Finally, after about two years, I was faced with doing a clean install of the operating system and a restoration of all my files and software to solve problems. My technical support person gave me the choice of staying with Vista or



moving to Windows 7. I made the jump to 7 and was impressed; it was everything that Vista was supposed to be, but never was.

Approaching three years of age, and even with its new stable operating system, my ThinkPad was showing signs that it was time to be replaced. The easy answer was to simply order a new ThinkPad notebook. But, I could not get the thoughts out of my head of all the people that I had met over the past six months who were now using MacBook Pros for work – real work. They were all unanimous in support of their decision to make the change – “they just work” was the common theme.

I am an appraiser and I love to do market research; it is what we do. So, I ‘Googled’

MacBook Pro for business and started reading. Not just Apple pages either, although these were extremely helpful, and I would encourage anyone considering the change to review the www.apple.com/business pages, but pages from PC review sources and business writers that I trusted. These independent sources supported Apple’s claims that a MacBook Pro was not only compatible, but also a highly capable business computer. I then spoke with our IT support providers and found out they were fully Apple certified.

The next step was a dollars and cents business case. It is true that MacBooks appear to have a high sticker price, especially when compared with the home and student laptops that tend to surround them in the computer section. It is also true that MacBooks have good quality parts and come with useful software bundled (full versions, not trial versions). MacBook Pros come in 13.3”, 15” and 17” screen sizes. For portability reasons, I prefer the smallest form factor that has the features I need and the 13.3” met my needs. There is no question that the MacBook Pro display and finish is gorgeous. It was much lighter and thinner than my 3-year-old notebook, however, it was similar in size and weight to the 14” ThinkPad I used for comparison. What I found when I priced a ThinkPad with similar hardware to a 13.3” MacBook Pro was less than a \$100 premium, or the cost of antivirus software that I would no longer need. And because a Mac can run Windows 7, the worst-case scenario was that I would have a slightly more expensive Windows notebook, so I took the plunge.

So, what did I find and how was my out of box experience? First of all, for a Windows user, important things are in different places. The

windows start menu and task bar is no longer at the bottom of your screen, but at the top of the screen, and is now called an Apple menu. The Apple menu is context sensitive and changes depending on what program is in the forefront. You will also notice a dock at the bottom of the screen with icons for various programs, functions and files. The minimize, maximize and close window buttons are now on the left and not the right – this takes a bit of getting used to. Gestures on the track pad are different as well, for instance, you push up to scroll down; this will be familiar to iPhone and iPad users. Speaking of gestures and multi-finger swipes, once you learn them, they are huge time savers. All of these differences are covered in a series of videos called PC to Mac –The Basics. The changes in layout took only a day or two to sink in.

I have used dual monitors for years, using the notebook monitor and an external monitor. When I connected my external monitor (yes, you will need to purchase little dongles – it is a Mac thing), it just worked. It set up an extended desktop without any intervention on my part.

Transferring my files from the ThinkPad to the MacBook was no different than it would have been if I had just replaced my ThinkPad with another. You can either use the migration assistant or transfer them manually using a USB drive or network connection. And contrary to what you may have heard, files are files and they work on a Mac as long as you have the correct programs.

The network settings for both wired and wireless were dead simple – much easier than on a PC. I must admit I had trouble connecting to the office copier/printers; this was because I was looking for a complicated solution. All I had to do was open the print and scan application and click on the printers shown in the install box – yep, that simple; I was so accustomed to

thinking I would need to type in IP addresses and download drivers that I overlooked the obvious.

To link our offices, we use Microsoft Exchange and SharePoint Servers. The Mac operating system (OSX) fully integrates with these servers. In fact, you can use the included mail, address book and calendar programs seamlessly with Exchange. To ensure maximum compatibility, I chose to use Microsoft Office 2011 for Mac, which includes Word, Excel, PowerPoint and Outlook. MS Office pricing for the Mac was a little cheaper than for PC. The layout and features are similar to MS Office 2010 for PC, but also includes a program called Microsoft Document Connection. Document Connection is an incredibly simple drop and drag interface between your computer, MS Office and SharePoint. It can also be set up to work with Windows Live Skydrive. I was surprised to find that it is easier to use SharePoint on a Mac than it is in a Windows environment.


Another welcome surprise was the integration of the MacBook with my BlackBerry. I knew from my research that BlackBerry has a Mac version of its Desktop Manager. This is the software that you use to back up and transfer files with your BlackBerry. On a PC, it is also the software that you use to tether your computer, via a USB cable, to your BlackBerry for a mobile Internet connection. The Mac software does not have this feature. After a quick 'Google' search, I found out how easy it is to tether my BB with my MacBook and no additional software or cables are required; Bluetooth does it all.

One of the built-in features of Mac OSX is called time machine. It keeps versions of your hard drive and files on an hourly and daily basis. I did not have a fancy Mac compatible external drive, just a simple Western Digital USB drive. As soon as I plugged in the drive, it asked me if I wanted to use it for time machine. With time

machine, you can go back in time and recover and restore individual files or your entire system.

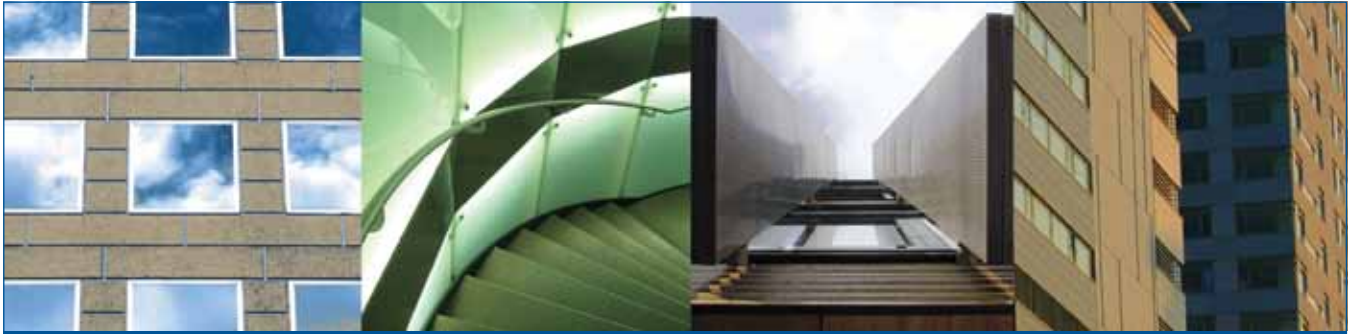
The included iPhoto and iMovie programs are more than I really need for dealing with inspection photos and videos. They are simple and straightforward and work well. At this point, I am not sure what I will ever use GarageBand for – but who knows, at some point, I may want to lay down a few tracks.

As for other programs, the MacBook has an App Store just like an iPad or an iPhone. All you need is a credit card and an Internet connection. I was able to find Evernote (a free app that I use for keeping track of meeting notes that syncs wirelessly with my BlackBerry and my PlayBook), a free AutoCAD reader, Skype, Dropbox, Firefox and replacements for the other software that I had been using on my PC.

It has been two months since I made the switch and I have not even thought about loading Windows 7. The MacBook Pro is a great in the office, but it really shines when you leave the office. It is light, durable, small enough to be used in the economy seats of an airplane, has 6+ hours of battery life, and is easy to connect when you find a Wi-Fi hotspot. Whether it will prove to be as durable as a ThinkPad, only time will tell. 

About the author

Charles Johnstone, AACI is a member and past chair of the Professional Qualifications and Competency Committee. He is also an AIC applied experience marker and interviewer. Charles is a managing director of AEC International a property tax consulting firm head quartered in Toronto. Charles earned the distinction of 'geek' during the 2 ½ years that he lead the BC Assessment Core Team that designed and implemented a new mass appraisal and assessment administration system.



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Have you ever looked at your town or city and wondered why it has developed in the way it has? Developers operate by profit motive – they will build whatever is most profitable. Market demand depends on what land is available and what is permitted to be built. Local governments steer the process using a combination of big-picture plans and highly specific bylaws.

Lost in the middle of this land development dynamic – somewhat obscured, sometimes overlooked, but always crucial – are urban infrastructure needs. These are the systems and facilities necessary for built structures and human habitation – roads, water, sewers, and drainage of the traditional ‘public works,’ plus more contemporary needs for power, natural gas, telephone, and cable television systems, and perhaps even including parks, schools, recreation facilities, libraries, hospitals, ambulances, police cars, and fire trucks. Infrastructure covers all of the modern requirements and conveniences of urban life!

If you want to know more about the systems that make cities work, then the *CPD 119 & 120 Urban Infrastructure* courses might be for you. These courses highlight the engineering that underlies daily urban life, answering questions such as:

- How are our modern roadways defined by the width of Roman chariots?
- Why are alleys no longer demanded in modern subdivisions?
- Why are street lamps set up the way they are and who owns them?
- What is the reason for those big water towers and why do some towns have them and others not?

- If sewer pipes require downhill flow, how does this work in flat areas?

We begin with early mankind’s nomadic existence, slowly evolving into social gatherings and with it a need for water sources and dealing with the polluting by-products of our communal lives. The first recorded city was planned 4,600 years ago, housing up to 80,000 people with well water supply, covered drainage/sanitation system, and a grid street network. The Romans advanced urban infrastructure with their aqueduct systems and road construction technology. China built its Great Wall in the 3rd century BC, along with bamboo suspension bridges and canals for transportation and flood control. The advent of gasification, electrical power, and telephone in the mid 1800s pushed us towards the modern city we know today.

With an understanding of why the provision of infrastructure is necessary and where it enters into the context of land development, real estate professionals are better equipped to deal with both local governments and market participants. In particular, in situations where infrastructure requirements become a ‘sticking point’ for development, the reader will more clearly understand the underlying motivations of the parties involved and perhaps more readily pursue alternatives towards resolution and an ultimately successful project.

Brief course outlines are as follows:

CPD 119: Urban Infrastructure Policies

Focuses on planning and policy considerations underlying land development. Explores federal,

provincial, and regional controls and the role of public participation in shaping subdivision and servicing policies. The materials also delve into the financing considerations of urban infrastructure – who pays for it and how much it costs.

CPD 120:

Urban Infrastructure Applications

Builds on CPD 119 in detailing the physical infrastructure components necessary for real property development.

- Road networks, including history, importance in modern land development schemes, and installation standards.
- Water and sanitary sewer needs.
- Typical servicing requirements with a discussion of drainage, street lighting, and other systems.

Keep in mind that these courses intend to offer a fairly quick and light overview of a highly complex topic area. The content could be described as broad rather than deep, meaning the courses comprehensively cover the topic areas, but nowhere near the level required for qualified civil or mechanical engineers. At best, these courses offer a primer, with a goal that real estate professionals will be more knowledgeable about infrastructure needs and better able to speak about these needs intelligently and with confidence in practical situations. Similar to that old movie, “Everything you always wanted to know about infrastructure (but were afraid to ask)” – if you need to know more about what goes on beneath and around real estate development, now is your chance to find out.



Introducing the improved BUSI 398 Guided Case Study course

History: Education + Experience = Professional Success
The Appraisal Institute of Canada (AIC) model for preparing Candidates was established decades ago. While the courses have evolved over time, their roots remain unchanged – a focus on education and experience as two fundamental, inseparable determinants of professional success.

The AIC/UBC partnership, now 14 years old, enhanced and strengthened this vision. AIC is the architect of its accreditation processes, UBC makes these visions into actions. Together, AIC and UBC have developed an education program that is second to none. Furthermore, the AIC/UBC education collaboration has advanced into aspects of AIC's experience requirement, including the Applied Experience examination and Guided Case Study courses.

The Guided Case Study concept

The Guided Case Study courses were introduced roughly 10 years ago, replacing AIC's former demonstration reports. The guided case studies retained the same basic outcomes as the demo reports: simply put, the most comprehensively researched appraisal report a Candidate will likely prepare in his or her career.

What changed in the Guided Case Study courses was the *process* in completing this report. The scheduled format, the active and ongoing tutorial guidance, and the opportunities for interim feedback all greatly improved the success rate. The guided case studies transformed a formidable designation obstacle into a positive learning experience, setting the stage for career success for newly designated members.

The need for change: evolving from AIC 399 to BUSI 398

The *AIC 399 Single-Family Residential Guided Case Study* course has overall been successful in achieving these stated goals. However, considering the current nature of our industry and the need for continuous improvement, the Learning Advisory Committee (LAC) and UBC have taken the opportunity to revisit this course.

The key change is moving the non-credit *AIC 399* course to a format that warrants university credit. This helps Candidates who need to complete a degree for their AIC designation. At the same time, strengthening this course presents further opportunities for positive change.

'Professionalizing' the CRA: it is an unfortunate reality that CRAs are too often negatively (and I would argue incorrectly) described as 'form fillers.' This prejudice undermines the perception of the CRA as a truly professional valuation designation. Appraisal forms are tools to structure complex information into an easily digestible format for clients – but, done correctly, they are NOT a shortcut for appraisal due diligence. If done correctly, there is depth and rigour underlying this highly summarized format. The new *BUSI 398* course moves away from this form reporting style, instead requiring a full narrative report, similar to the commercial and agriculture *BUSI 499* and *BUSI 497* courses. This improvement will highlight CRAs' capabilities as equivalent professionals – and even if their practice does focus on form reports, their demonstrated success in completing this in-depth narrative will serve all members well in their careers.

Increased focus on writing quality: LAC is increasingly hearing complaints from clients and appraisers alike about deteriorating writing quality

from new members – both CRAs and AACIs. Although this may be a reflection of a larger societal trend, it is inappropriate and unacceptable. Valuation professionals must be able to effectively communicate their work. All three Guided Case Study courses will introduce an enhanced writing assignment, where Candidates must show an ability to write to a reasonable level before they are allowed to proceed with the rest of the course. We do not necessarily expect every Candidate to be a spectacular writer, but successful completion of the Guided Case Study must reflect the quality of work expected in practice as a designated member.

To reiterate, the major change in moving to *BUSI 398* will be expanding the *Single-Family Residential Guided Case Study* from its current incarnation as an expanded form report to a narrative report format. This improved format will allow UBC to grant university credit for *BUSI 398* and will provide for an enhanced writing component, without having to add an additional university course to the designation requirements. Overall, this is a very positive and exciting change that will have a dramatic positive impact on our current Candidates and future CRA designated members.

Learning Advisory Committee

Clifford Smirl, AACI – Chair
Peter MacLellan, AACI
Erica Giesbrecht, AACI
Glen Fletcher, CRA
John Bridal, UBC
Andre Gravelle, UBC
Signe Holstein, ED, AIC – ON
Thomas Fox, AACI – Board Liaison
To contact this committee, email:
lac@aicanada.ca

IMPORTANT NOTICE

The last opportunity for students to register in *AIC 399* will be in the Winter Term 1, 2012 (September – December, 2012). *AIC 399* will not be offered beyond this semester. Students wishing to satisfy the *AIC 399 Single-Family Guided Case Study* requirement beyond September 2012 will be required to enroll in *BUSI 398*.

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 15, 2011 to January 27, 2012: *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 15 octobre, 2011 au 27 janvier, 2012:*

AACI

Accredited Appraiser Canadian Institute

We welcome and congratulate these individuals as fully accredited members of the Institute through the granting of their AACI designation.

Accueillons et félicitons comme membres pleinement accrédités de l'Institut et leur accordons avec fierté la désignation AACI.

ALBERTA

Inderjot S. Dhoot
Trevor Downing
Glenn Marr Foo
Jaroslaw (Jerry) Iwanus
Pawel Martyniak
Aaron Scott Nelson
Kyle T. Sande
Brad Slomp

Adam Palmer
Bonnie A. Ruscheinski
Cynthia Wright

NEW BRUNSWICK

Denis Guay

NOVA SCOTIA

Carla D. Thistle

Thomas G. Lee
Charles Mok
Ryan P. Murphy
Daniel J. Shields
Alastair G. Wishart

QUEBEC

Erica M. Giesbrecht

SASKATCHEWAN

Richard P. Marleau

BRITISH COLUMBIA

Michael Hupfau

ONTARIO

Kelly Dyke

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

M. Brad Myers

NOVA SCOTIA

Brian AuCoin

BRITISH COLUMBIA

Jason Richard Wagenaar
Gary A. Bendickson
Greg M. Colpitts
David Crawford
Scott J. Hansen
Leslie F. Skelton

ONTARIO

Shaikh Basit
Gerry V. Blake
Jill M. Callaghan
Judy F. Cardinal
Owen B. Chinnery
Dipankar Datta
Sandy A. Greco
Vonny Gunawan

Rebecca Lee Herzberg
Robert M. Holmes
Arik Kramrish
Brent Paul Moreau
Reynold E. Retz
Derek P. Rueck
Siu Yeung (Jerome) Tang
Christine Diane Thompson
Sunny C. Tsui

Candidates / Stagiaires

AIC welcomed the following new Candidate members during the period October 15, 2011 to January 27, 2012:

L'ICE souhaite la bienvenue aux personnes suivantes qui ont joint les rangs des membres stagiaires durant la période du 15 octobre, 2011 au 27 janvier, 2012:

ALBERTA

Sarah E. Archibald
Vinicio Vladimir Bazzaglia Cano
Cameron Brinkhurst
Mandy Day
Chris Hodgson
Alison Klippenstein
Adam Payn
Komal Rhoda
Jordan Valastin
Gang Wang

BRITISH COLUMBIA

Jeffrey Ashton
Umesh Chand
Barinder Dhillon
Jesse East
Louis Harvey
Hayley Hejjas
Dianne Mclauchlan
Vincent O'Dwyer
Lauralee Claire Oldham
Ricky Kai-Chung To
Yanyan Yang

MANITOBA

Valene Bertrand
Kevin D. Brite
Preston Hartwig
Stephen W. Needham
Lindsey D. Ross
Michael J. Taylor

NEWFOUNDLAND & LABRADOR

Tyler A. Bennett

ONTARIO

Dennis Baxter
Richard M. Bonk
Michael Burton
Grant Chernenkoff
Shawna Corley
Shillah Enayat
Neil Faddis
Dylan Ferguson
Alex Fraser
Christopher Fusco
Andre Jodoin
Hamid Katani

Jonathan Kowalski
Jordana Lazar
Mervin McKenzie
Michael Mckinney
Franco Mezzatesta
Giancarlo Monteleone
Matthieu Pinard
Emily Prebble
Gino Proietto
Robert Samuel Purdy
Samantha Rueck
Candace Scott
Anita Shinde

Amy Singh
Jennifer L. Stewart
Jason Wharram

QUEBEC

Oscar Castaneda
Sergey Kiryukhin

SASKATCHEWAN

Haleigh Clements
Erin Kendel
Kelly Machart
Shelley Rankin
Della Schmidt

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.

ALBERTA

Manbir Bhogal
Elizabeth Mary Derby

BRITISH COLUMBIA

Giancarlo Galasso
Sean Magee-Teitelbaum
Nicole T. Rankel
Jarrad H. Wiens

MANITOBA

Kristopher S. Doerksen
Melvin K. Hodges
Patricia Rutledge

NOVA SCOTIA

Kenneth K. Kelly
Geoff Coderre
Josh Fader

ONTARIO

Gillian R.L. Jones

PGCV GRADS

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=434>. This year, AIC congratulates 31 graduates on their achievements:

Gorka E. Zabala – Candidate
 Darren A. Melanson – Candidate
 Hadley L. Duncan – Candidate
 Chiung-YU Amy Huang – Candidate
 Prakash Venkat – Candidate
 Mike McIntosh – Candidate
 Daniel Leger – Candidate
 Charlez Parrott – Candidate
 Laura Livenspire – Candidate
 Ms. Jenny Lo – Candidate
 Yan Yan Yang – Candidate
 Mohammad Mohsen (Mason) Amini – Candidate
 Kim Passmore – Candidate
 Scott Humphreys – Candidate
 Mark W. Poechman – Candidate
 Corey Colville – Candidate
 Jim Davis – Candidate
 Robert Irwin – Candidate
 Yu Wang – Candidate
 Rajan Singh Dhanowa – Candidate
 Keith Leung – Candidate
 Matt Van Huizen – Candidate
 Allan Koebel – Candidate
 Demetri Iliopoulos – Candidate
 Mark Wong – Candidate
 Tyler MacDonald – Candidate
 Stephen Koo – Candidate
 Jason Henry – Candidate
 Francis Yee – Candidate
 Jeremy P. Wasmuth – Candidate
 Sharika J. E. Tucci – Candidate

MANITOBA MEMBERS SUPPORTING HABITAT FOR HUMANITY



Manitoba has traditionally taken the lead in charitable giving in Canada, and as a profession, the Manitoba Association has adopted this same benchmark for the profession's charity of choice, Habitat for Humanity. In support of Habitat for Humanity, two fun fund-raising activities were held in 2011, including the joint Winnipeg Real Estate Board/Appraisal Institute of Canada Golf Tournament in August and the annual Holiday Luncheon at the end of November.

The summer event included a 14th Hole putting contest awarding a prize of a \$250 gift card from BestBuy. It was a perfect opportunity for Jason Schellenberg, AACI, and new Executive Director Pamela Wylie to meet and greet the players as they played through.

For the Holiday Luncheon, the president's challenge to his Board members to sell the most raffle tickets became the main social event of the day, with Deana Halladay, CRA; Laura Kemp, CRA; and Darryl Platt, AACI, all winning top honors for their efforts. Those who have experienced a prairie social know only too well how ticket sales are done in Manitoba!

From these two events, over \$1,000 was raised for Habitat for Humanity. According to Gordon Daman, AACI, AIC – Manitoba President, "Our choice to partner with Habitat for Humanity is truly a privilege for AIC – Manitoba. With our common interest in residential housing, the opportunity for our members to assist the selfless work of Habitat volunteers is not only a natural fit for our Association but one that helps build a stronger community."



JACK WARREN SCHOLARSHIP RECIPIENTS

The Jack Warren Educational Trust Committee is pleased to announce the recipients of the 2011 scholarships.

Congratulations go to **Daniel Dwyre** of Toronto, Ontario; **Laurel Fadeef** of Stavely, Alberta; and **Allan Koebel** of Kelowna, BC, this year's recipients of the Jack Warren Education Trust Scholarship.



The Annual Scholarship is available to individuals from across Canada pursuing careers in real estate appraisal.

For more information or to obtain an official

application form, please contact the British Columbia Association of the Appraisal Institute of Canada office, #845 – 1200 West 73rd Avenue, Vancouver, BC (604) 266-8287, or visit the BC Association Appraisal Institute of Canada website www.appraisal.bc.ca, click on Awards and scroll down to the Jack Warren Educational Trust.

APPRAISAL INSTITUTE COMINGS AND GOINGS

The Appraisal Institute of Canada (AIC) welcomes **Scott Patterson** as the new Director – Marketing and Communications. Scott joined the Institute in February. The former Chief, Marketing and Communications at the National Gallery of Canada, Scott is a bilingual marketing and communications professional with experience in both the private and public sector.

We also welcome **Nathalie Roy-Patenaude**, AACI, to the position of Director – Professional Practice. Nathalie began her career working as a fee appraiser, and comes to AIC after 12 years with CMHC. At CMHC, she worked as an institutional appraiser in mortgage insurance, assisted housing and strategic planning.

Both Scott and Nathalie bring a wealth of experience, skill and tremendous enthusiasm to our organization and they look forward to working with the rest of the AIC team to improve the range and quality of services we provide to members.

After six years with the Institute, **Peter Wilson**, AIC's Information Systems Officer, has departed the Institute to pursue studies in the Master of Library and Information Science Program at the University of Western Ontario. We thank Peter for his contributions to the Institute and wish him well in his future endeavours.

CRITICAL DATES

December 31, 2012 – Final date for completion of 60 credits for current five-year CPD cycle.

If you require CPD credits, attend the Annual Conference in Ottawa June 6-9 to obtain a minimum of 15 CPD credits.

SAVE THE DATE!

ANNUAL CONFERENCE OF THE APPRAISAL INSTITUTE OF CANADA

SHAPE OF THINGS TO COME
STRATEGIES FOR SUCCESS
 OTTAWA, ONTARIO, FAIRMONT CHATEAU LAURIER,
 JUNE 6-9, 2012

IN MEMORIAM

The following members of the Appraisal Institute of Canada have passed away. On behalf of everyone connected with the Institute and the profession, we extend our sincerest sympathies to their families, friends and associates.

Les membres 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 les familles, amis et associés.

Grant Edwardh AACI, Toronto, ON
Tony Grabka, CRA, Regina, SK
Karen Reilly, AACI, Burnaby, BC



Calendar of Events

AIC	2012 Annual AIC Conference Shape of Things to Come – Strategies for Success June 6-9 Fairmont Chateau Laurier, Ottawa, Ontario
BC	Professional Practice Seminars April 20 & 21 Lower Mainland May 29 & 30 Fraser Valley June 1 & 2 Lower Mainland For information contact info@appraisal.bc.ca or (604) 284-5515, or check www.appraisal.bc.ca
AB	Professional Practice Seminars April 20 & 21 Calgary April 27 & 28 Edmonton 2012 Professional Development Conference Real Property and Investment in Alberta – A Look Ahead March 2 & 3 Blackfoot Inn, Calgary For registration or information, go to the Events section of http://ab.aicanada.ca , or email aic.alberta@shawlink.ca or call (403) 207-7892 Online registration and payment is available through the website for all three events.
SK	Professional Practice Seminar March 16 & 17 Saskatoon Instructor – Allan Beatty Professional Development Conference and AGM March 29 & 30 West Harvest Inn, 4025 Albert Street, Regina For information contact Marilyn Steranka at skaic@sasktel.net or (306) 352-4195 or check http://saskatchewan.aicanada.ca
MB	For information contact Pamela Wylie at mbaic@mts.net or (204) 771-2982 or check http://manitoba.aicanada.ca
ON	Professional Practice Seminars March 30 & 31 Sudbury April 20 & 21 Toronto April 25 & 26 Guelph April 27 & 28 Toronto May 4 & 5 London May 10 & 11 Kingston May 25 & 26 Toronto June 1 & 2 Hamilton June 15 & 16 Toronto
ON	2012 Annual Conference April 20 & 21 Toronto -BUSI Courses June 25- 29 Toronto -BUSI 112: Canadian Real Estate Property Law and Real Estate Ethics -BUSI 331: Real Estate Investment Analysis and Advanced Income Appraisal -BUSI 344: Statistical and Computer Applications in Valuation -BUSI 400: Residential Property Analysis -BUSI 460: Critical Analysis and Forecasting in Real Estate To register or for information on these and other courses please visit www.aicanada.ca under Provincial Site Click Ontario – Events, or contact Lorraine Azzopardi at lorraine@oaaic.on.ca (416) 695-9333 Ext 222
QC	Professional Practice Seminars Instructor – Laurent Brosseau April 20 & 21 (English) Montreal April 27 & 28 (French) Quebec May 11 & 12 (French) Montréal For information contact Ginette St-Jean at aqice@qc.aira.com or (450) 454-0377 or 1-877-454-0377 or check http://quebec.aicanada.ca
NB	Annual General Meeting April 12 Saint John Professional Practice Seminar April 13 & 14 Saint John For information please contact Jennifer Nemeth-MacArthur at nbarea@nb.aibn.com or check http://nsreaa.ca/
NS	For information contact Davida Mackay at nsreaa@nsappraisal.ns.ca or (902) 422-4077 or check www.nsappraisal.ns.ca/
PEI	PEI Annual General Meeting April 11 Rodd Charlottetown Hotel For information contact Suzanne Pater at peiaic@explornet.com or (902) 368-3355 or check http://pe.aicanada.ca
NL	For information contact Susan Chipman at naaic@nf.aibn.com or (709) 753-7644 or check http://newfoundland.aicanada.ca

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Farm Credit Canada	30	306-780-8100	www.fcc-fac.ca
Landcor Data Corporation	48	604-694-7610	www.mylandcor.com
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Sauder School of Business	40	877-775-7733	www.realestate.ubc.ca

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- Répondre aux exigences de l'adoption des normes internationales d'information financière (IFRS) prévues pour 2011
- Vérification foncière préalable
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