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	6/8/2009	9/17/2009
	126400	121500
	50x80	50x80
1 good	1 good	1
2-story		2-story

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Client Name	Client Name	
Client Address	123 client address	
City	client state	client zip
Transfer	transfer fee	Owner
Subject Property Address	12 village	
City	city	
Appraiser Company Name	appraisal company	
Appraiser	Co. appraiser	
Appraiser Address	appr address	
City	appr city	
Ph. #	appr ph	Fax #
Anticipated Sales Price: \$ ANT VALUE		SALIENT FACTS (p. 8)

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Michael Mendela, AACI
AIC President

Building our future on the foundations of the past

All visions for the future need a solid foundation from which ideas can be hatched and then moved forward. In the case of the AIC, this foundation must consist of not only sound ideas with a plan for implementation, but also, membership buy-in. Without member support, most new initiatives will fail no matter how carefully they are thought out or planned. Our Institute is no exception.

Last year, the AIC Board of Directors made several decisions that resulted in some fundamental operating procedure changes. One was a commitment to more transparency. This was one of the stated goals of then-president, Grant Uba, who deserves full credit for moving this initiative forward. I can assure you that I, in conjunction with the Board, will work to ensure that this openness in the AIC governance will continue.

Another significant decision made by the 2010 Board was to fully recognize and support the CRA designation as a measure to ensure the permanency of the CRA designation. This stated permanency will be mirrored in the new strategic plan which the Board hopes to have finalized this fall.

One more accomplishment was the timely publication of the annual financial statements in advance of the AGM.

An additional initiative approved by the 2010 Board was a return to the requirement of having to produce actual work product in order to be granted a designation.

“Without member support, most new initiatives will fail no matter how carefully they are thought out or planned.”

Going forward

I cannot comment on any vision of the future without acknowledging the current Board, which is going to be instrumental in making this happen. To begin with, there has been an unprecedented turnover on the Board. Due to resignations, the Board received three new members during the course of the year – one from Prince Edward Island in October 2010, one from Quebec in February 2011, and the third as a result of the unexpected resignation of our then-president elect from British Columbia in March 2011.

In addition the Board received six new directors representing Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia and New Brunswick. That equates to three directors with less than one year of service and six that are new to the Board.

Making things a little more interesting, our long-time CEO, Georges Lozano, is retiring shortly, and our Director, Marketing & Communications, Joanne Charlebois, has recently left the Institute.

Needless to say, the 2011-2012 Board is going to be faced with a steep learning curve. On the plus side, it appears that the incoming Board members are as eager as the existing ones to initiate change that will address Member concerns

The theme of our recent AIC National Conference was ‘Changing Tides – Brighter Horizons.’ Let’s consider some analogies for this theme. Imagine yourself standing on the local beach. The water slowly rises and falls as the tides come in and out, sometimes a little higher or lower, but always from the direction of the ocean and at regular intervals, usually two high and two low tides every day, depending on where you are in the world.

While that may sound quite predictable and even peaceful, it is old school analogy. It is not reflective of today’s business world.

In the not too distant past, re-engineering a specific business model or process could have taken up to two or three years, depending on the processes involved. Today, if businesses took that long to effect change, they would be eating their competitors’ dust and left wondering how their own reduced gross income could keep up with their line of credit payments – as it appears many businesses are also over-leveraged.

The business world these days is assaulted with issues not only from the front, but also from the left and right. . . and do not let anyone catch you standing still. Businesses that

“The AIC cannot afford to sit still. Status quo is not an option.”

“The plan is to examine everything to ensure that we are on the right track and every member is getting good value for his or her membership fees.”

were too big to fail, failed. Companies that were thought to be rock solid got hammered. Investments that were too good to be true, were. Bernie Madoff is still laughing. And, in case anyone is still not sure, there is no chivalry out there anymore – customer loyalty is becoming a thing of the past – either your fee is competitive or you are left in the cold. Many jobs are time sensitive, if not downright urgent. How many times a week do we hear the word ‘rush’?

How does all of this relate to the Appraisal Institute of Canada? The AIC cannot afford to sit still. Status quo is not an option.

It is my hope that our Board of Directors will be able to pick up the pace of governance in order to position the AIC to become more proactive, as opposed to reactive, on many of the new challenges that confront us. These include challenges from within, such as member discontent, as well as external challenges such as the automatic valuation models (AVMs) that have taken significant business opportunities away from our members, the appraisal management companies (AMCs), and competing associations. We are no longer the only ‘game in town.’ The AIC cannot afford to be reactive anymore.

It is my hope that this Board can initiate changes that will make our members’ professional lives easier in their dealings with the AIC and with their clients. Specifically, this past year, the Board has created an ad hoc committee that was tasked with undertaking a process review of the candidate experience from recruitment to successful achievement of the AACI or CRA designation. The review that is currently underway evaluates the candidacy process, the impact of AIC policies on that process and the environment in which the candidate may function. In short, the plan is to examine everything to ensure that we are on the right track and every member is getting good value for his or her membership fees.

In addition, the workings of the AIC’s professional practice system have been re-examined and recommendations have been brought forward for consideration by the Board. Other initiatives are also underway.

Needless to say, such undertakings cannot be completed overnight. In fact, and given the size of our Institute and the many rules, regulations, policies and processes that we currently have in place, this will be a multi-year undertaking, involving patience and understanding, all the way around. Is the new Board going to get everything right during the

coming year? Of course not. Are we going to make some mistakes? Probably. Are we going to be able to please everyone? Probably not.

Another example of the AIC stepping up to the plate on behalf of its membership is our recent initiative of having approached the major appraisal management companies with respect to the contracts that our members were expected to sign. Through the AMC Ad Hoc Committee, the AIC has undertaken to examine each of these contracts and we are now at the stage where we can hopefully address some of our concerns, primarily affecting our standards and insurance requirements. We will keep you updated on this initiative.

Let me conclude by thanking the outgoing Board members for the time and effort that they have contributed to our Institute, as well as the 2011 Board members who are continuing to be involved. I would also like to welcome our new Board members and thank them for stepping up to the plate, eager to serve as volunteers at the national level. Two years on the national Board is a significant time commitment. Finally, I would like to thank our entire AIC office staff for their dedication and efforts in keeping our national office operating so efficiently. 🇨🇦



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 maryjaneE@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
Président de l'ICÉ

Bâtir l'avenir à même le passé

Toutes les visions de l'avenir doivent prendre appui sur de solides fondements avant d'être perfectionnées et mises en œuvre. Dans le cas de l'ICÉ, ces fondements consistent non seulement en de bonnes idées accompagnées d'un plan de mise en œuvre, mais également en l'approbation des membres. Sans l'appui des membres, la plupart des nouvelles initiatives seront vouées à l'échec peu importe la mesure dans laquelle elles sont planifiées et réfléchies. L'Institut ne fait pas exception à la règle.

L'an dernier, le Conseil d'administration de l'ICÉ a pris plusieurs décisions qui ont résulté en des modifications aux procédures opérationnelles de base. Entre autres choses, l'engagement à l'endroit d'une transparence accrue. Il s'agissait de l'un des objectifs du président de l'époque, Grant Uba, qui mérite bien tout le crédit pour avoir mené cette initiative à bien. Je puis vous assurer qu'en collaboration avec le Conseil, je m'efforcerai de veiller à ce que cette transparence dans la gouvernance de l'ICÉ se poursuive.

Une autre décision importante du Conseil de 2010 fut de reconnaître pleinement et d'appuyer le titre CRA comme titre permanent de l'Institut. Cette permanence sera reflétée dans le nouveau plan stratégique que le Conseil souhaite compléter cet automne.

Une autre réalisation fut la publication opportune des états financiers annuels avant l'AGA.

« Sans l'appui des membres, la plupart des nouvelles initiatives seront vouées à l'échec peu importe la mesure dans laquelle elles sont planifiées et réfléchies. »

Enfin, une initiative additionnelle approuvée par le Conseil de 2010 fut le retour à l'exigence des travaux pratiques avant d'obtenir un titre.

La voie de l'avenir

Je ne peux commenter sur une vision de l'avenir sans reconnaître le Conseil actuel qui jouera un rôle important dans sa réalisation. Pour commencer, nous avons constaté un roulement sans précédent au niveau du Conseil. En effet, suite à des démissions, le Conseil a vu l'élection de trois nouveaux membres au cours de l'année, soit l'un de l'Île-du-Prince-Édouard en octobre 2010, un du Québec en février 2011 et un troisième suite à la démission inattendue du président élu de la Colombie-Britannique en mars 2011.

De plus, six nouveaux administrateurs se sont joints au Conseil représentant l'Alberta, la Saskatchewan, le Manitoba, l'Ontario, la Nouvelle-Écosse et le Nouveau-Brunswick. Cela

signifie que nous avons trois administrateurs possédant moins d'une année de service et six nouveaux.

Ce qui vient compliquer les choses encore davantage, notre chef de la direction de longue date, Georges Lozano, prendra sa retraite sous peu et notre directrice du marketing et des communications, Joanne Charlebois, a récemment quitté l'Institut.

Il va sans dire que le Conseil de 2011-2012 en aura beaucoup à apprendre. Du côté positif, il semble que les nouveaux membres du Conseil soient aussi intéressés que les membres actuels à apporter les modifications qui s'imposent en réponse aux préoccupations des membres.

Le thème de la récente Conférence nationale de l'ICÉ était « *Changing Tides – Brighter Horizons* ». Considérons quelques analogies. Imaginez-vous sur la plage locale. L'eau monte et se retire lentement à mesure que les marées se produisent, parfois un peu plus hautes et parfois un peu plus basses mais toujours provenant de l'océan et à intervalles réguliers, habituellement deux marées hautes et deux marées basses selon l'endroit où vous trouvez dans le monde.

Bien que cela soit bien prévisible, voire même paisible, c'est une analogie de l'ancienne école qui ne reflète pas le monde des affaires d'aujourd'hui.

Il n'y a pas si longtemps, il aurait fallu compter de deux à trois ans pour remanier un

« L'ICÉ ne peut se permettre de rester inerte et le statu quo n'est pas une option. »

« Le plan consiste à examiner toutes les facettes afin de nous assurer que nous soyons sur la bonne voie et que tous les membres reçoivent une juste valeur pour la cotisation qu'ils versent à l'Institut. »

modèle ou un processus spécifique d'affaires, selon le processus en jeu. De nos jours, si les entreprises prenaient autant de temps pour s'adapter, elles se retrouveraient loin derrière la concurrence et se demanderaient s'il est possible de rembourser leurs marges de crédit à même leur revenus bruts réduits puisque plusieurs d'entre-elles sont également surendettées.

De nos jours, le monde des affaires se heurte à des enjeux non seulement de face, mais de tous les côtés et il ne faut surtout pas rester immobiles. Des entreprises jadis trop grandes pour échouer ont effectivement échoué. D'autres que l'on croyait solides ont été durement ébranlées, et les investissements trop beaux pour être vrais, l'étaient. Pour sa part, Bernie Madoff sourit toujours. Ensuite, au cas où certains se le demandent, l'esprit chevaleresque se fait de plus en plus rare – la loyauté de la clientèle est appelée à disparaître. Soit que vos honoraires soient concurrentiels ou vous n'aurez pas de travail. Plusieurs travaux sont asservis au temps, voire même urgents. En effet, combien de fois par semaine entendons-nous le mot « urgent ».

Quel est le lien entre ces faits et l'Institut canadien des évaluateurs? L'ICÉ ne peut se permettre de rester inerte et le statu quo n'est pas une option.

J'espère bien que notre Conseil d'administration sera en mesure d'accroître son rythme de gouvernance pour que l'ICÉ devienne davantage proactif que réactif face aux nombreux défis qui le guettent à l'interne comme le mécontentement des membres, et

à l'externe comme les modèles informatisés d'évaluation (MIE) qui ont contribué à ronger les occasions jadis offertes à nos membres, les compagnies de gestion en évaluation (CGE) et les associations concurrentes. Nous ne sommes plus les seuls dans le domaine. L'ICÉ ne peut tout simplement plus se permettre d'être réactif.

J'espère que ce Conseil pourra amorcer les changements qui faciliteront la vie professionnelle des membres dans leurs transactions avec l'ICÉ et leurs clients. L'an dernier plus spécifiquement, le Conseil a créé un comité ad hoc dont le mandat consistait à amorcer un processus d'examen de l'expérience des stagiaires depuis leur recrutement jusqu'à l'obtention du titre AACI ou CRA. L'examen, actuellement en cours, porte sur le processus de stage, l'incidence des politiques de l'ICÉ sur ledit processus et l'environnement dans lequel évoluent les stagiaires. En bref, le plan consiste à examiner toutes les facettes afin de nous assurer que nous soyons sur la bonne voie et que tous les membres reçoivent une juste valeur pour la cotisation qu'ils versent à l'Institut.

De plus, le fonctionnement du programme de pratique professionnelle de l'ICÉ a été revu et des recommandations ont été formulées à des fins de considération par le Conseil. D'autres initiatives sont également en cours.

Il va sans dire que de tels projets ne peuvent être complétés du jour au lendemain. En fait, et compte tenu de la taille de l'Institut et de ses nombreux statuts, règlements, politiques et procédés, ces projets se

dérouleront sur un certain nombre d'années et feront appel à beaucoup de patience et de compréhension. Est-ce que le nouveau Conseil maîtrisera toutes ses tâches au cours de l'année qui vient? Bien sûr que non. Allons-nous faire des erreurs? Probablement. Serons-nous en mesure de plaire à tout le monde? Probablement pas.

Un autre exemple de l'engagement de l'ICÉ à l'endroit de ses membres est l'initiative récente qui consistait à discuter avec les grandes compagnies de gestion en évaluation les contrats que nos membres sont appelés à signer. Par le biais du comité ad hoc sur les CGE, l'ICÉ s'est penché sur chacun de ces contrats et nous sommes maintenant sur le point, nous le souhaitons, de faire accepter quelques modifications qui reflèteront principalement les exigences relatives aux normes et à l'assurance. Nous vous tiendrons au courant des résultats de ces démarches.

Permettez-moi de conclure en remerciant les membres sortants du Conseil pour le temps et les efforts déployés qui ont certes contribué à l'avancement de l'Institut, ainsi que les membres du Conseil de 2011 qui demeurent engagés. Je profite aussi de l'occasion pour souhaiter la bienvenue aux nouveaux membres du Conseil et les remercier pour avoir accepté de s'engager et de servir de bénévoles à l'échelle nationale. Une période de deux ans au Conseil national représente un engagement considérable en matière de temps. Enfin, je veux remercier l'ensemble du personnel de l'ICÉ pour son dévouement et ses efforts à veiller au fonctionnement efficace du bureau national. 🇩🇪

Valuation as a global profession



Georges Lozano, MPA
AIC Chief Executive Officer

Valuation, or appraisal as it is more commonly known in North America, is a profession with a long history and deep roots. Moreover, it is practiced in just about every country in the world. Nonetheless, it does not enjoy a high profile and, perhaps more importantly, it is still trying to establish itself among the first-tier professions.

As you are aware, valuation is the process of estimating what something is worth. Appraisal Institute of Canada (AIC) members are primarily concerned with real property appraisal, but valuation extends beyond real property and also covers personal property such as fine art, jewelry, machinery and equipment, investments in marketable securities such as stocks, and intangibles such as businesses.

The valuation profession stems from a unique body of knowledge that incorporates principles and concepts that guide the distinct approaches to estimating value used by appraisers on a daily basis. These principles, approaches and methodologies are generally the same for all kinds of valuation, whether real property or personal property. In this way, valuers around the world are linked by this global profession to which they belong.

The global marketplace for goods and services has been growing rapidly and, with it, the need for international standards that address transparency, accessibility, quality and reliability in all areas of commerce. As a global profession, valuation also needs to have a set of international standards that will guide professionals in every country in the performance of their work. These standards are

good for all stakeholders. Investors benefit from international valuation standards by getting a level of assurance and understanding about property that allows them to make better business decisions. Valuers also gain with increased business potential and improved mobility of services.

The Appraisal Institute of Canada has long recognized the importance of the international marketplace and, particularly, the growth of trade in services as a great opportunity for its members to expand and enhance their careers and earning potential. From the beginning, the Institute has been involved in the international community of valuers and played a leading role within the international organizations that represent appraisers around the world.

AIC is a founding member of the International Valuation Standards Committee (now Council). The IVSC is an independent, not-for-profit, private sector organization that was created to ensure an independent and transparent international valuation standards-setting process. It has been developing and promulgating international valuation standards since it was created in 1981. The Committee, which was founded with a membership of 20 national associations, including the AIC, has grown to include associations, with member or observer status, representing 52 countries. The first edition of *International Valuation Standards* was published in 1985. The 2011 *IVS* to be released later this year will be the ninth edition.

International Valuation Standards are recognized and used by many countries and organizations around the world, including AIC, which has incorporated international standards in the *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)* to make them *IVS*-compliant. IVSC works closely with the International Account-

“From the beginning, the Institute has been involved in the international community of valuers and played a leading role within the international organizations that represent appraisers around the world.”



“The Institute believes that being an international player is essential to increasing the profile of AIC and its members in Canada and around the world, influencing the development of international standards, advancing our strategic partnerships, identifying and advancing professional opportunities for AIC members, and promoting AIC’s designations internationally.”

ing Standards Board (IASB) to produce guidance on valuations required under international financial reporting standards (IFRS), which increasingly are being used worldwide.

Today, AIC is a sponsor of the IVSC and attends its meetings in that capacity. AIC also participates in the IVSC Advisory Forum – a body made up of IVSC stakeholders who meet to discuss issues of mutual concern and to convey them to the IVSC Board of Trustees. From time to time, AIC representatives participate in other IVSC committees. Currently, a past president of AIC, Brad Wagar, AACI, Fellow, is a member and past chair of the IVSC’s Professional Board.

AIC is also a founding member of the World Association of Valuation Organisations (WAVO) – a body which brings together professional property valuation organizations that represent valuers and related property consultants employed in private practice, business and the public sector. Its mission is to develop and enhance the valuation and related professions, and to ensure the provision of services of consistently high quality and uniformity in the public interest. WAVO carries out its mission by promoting best practices, supporting robust and consistent standards, encouraging higher education, and facilitating lifelong learning among its members.

The Institute has been selective in its choice of international organizations. With the view that the world valuation community needs one strong voice, AIC has advocated support for a strong international association such as the IVSC and has urged regional organizations to come together under one umbrella in order to achieve higher recognition, and to ensure that the valuation professions speaks with one united voice.

AIC’s international vision has been supported by a number of strategic goals, including the achievement of international education and practice standards, strong representation, and effective collaboration among international partners to achieve greater mobility of valuation professionals, confidence from investors, and higher quality throughout.

The strategic initiatives that form the basis of the Institute’s international program include:

- establishing AIC internationally as the Canadian professional real estate valuation body,
- playing a leading role in establishing international valuation and quality standards through international valuation authoritative bodies such as IVSC and WAVO,
- developing strategic partnerships with like-minded professional valuation organizations worldwide,
- identifying professional opportunities for the benefit of AIC members, and
- promoting AIC members as highly-qualified professionals internationally.

Reciprocity and mutual recognition of professional valuation designations in other countries is an important aspect of our international interest. As such, the Board of Directors will be reviewing our existing reciprocal agreements with the aim of updating and re-signing some, if warranted. PQCC will be providing input with respect to qualifications requirements and developing a competency framework that will help assess foreign educational and professional credentials.

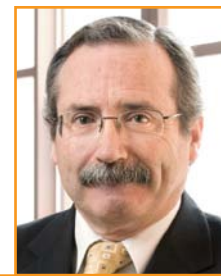
In addition to international opportunities between the Institute and other like-minded international valuation bodies, there are countless opportunities for AIC members to expand their businesses through such initiatives as international

capacity building and similar international consulting projects. AIC continues to liaise with pertinent organizations in Canada and abroad, with the aim of identifying, developing, and promoting international business opportunities to AIC members.

Through these and other efforts, the Institute expects, among other things, to achieve increased recognition for its members internationally as well as in Canada. In addition, the Institute is working to achieve tighter integration between the CUSPAP and the IVS. By leveraging its resources through collaborative initiatives, AIC aims to develop and produce programs, products, and services that benefit the profession and AIC members. Finally, through its active participation in international matters, AIC hopes to increase its influence on decisions taken by international valuation bodies such as the IVSC. These are just some of AIC’s international goals.

In short, AIC’s long-standing commitment to international participation is grounded in its stated goals and objectives. The Institute believes that being an international player is essential to increasing the profile of AIC and its members in Canada and around the world, influencing the development of international standards, advancing our strategic partnerships, identifying and advancing professional opportunities for AIC members, and promoting AIC’s designations internationally.

The future is international and AIC must continue to play an important role at the global level. In closing, there is one more reason that AIC’s international involvement should not decrease: should the Appraisal Institute of Canada be absent at the international table, it will run the risk of having others speak for Canada and decisions affecting AIC members could end up in the hands of competing organizations. 🇨🇦



Georges Lozano, MPA
Chef de la direction

L'évaluation comme profession mondiale

L'évaluation est une profession au long passé et établie depuis fort longtemps. De plus, elle est exercée dans presque tous les pays du monde. Néanmoins, elle ne jouit pas d'une très bonne réputation et observation plus importante encore, elle tente encore de devenir une profession de premier plan.

Comme vous le savez, l'évaluation consiste en une démarche visant à estimer la valeur d'un bien. Les membres de l'Institut canadien des évaluateurs effectuent principalement des évaluations immobilières, mais l'évaluation s'étend au-delà de l'immobilier. En effet, les biens personnels comme les œuvres d'art, les bijoux, la machinerie et l'équipement, les titres négociables comme les actions, et les biens incorporels comme les entreprises peuvent également faire l'objet d'une évaluation.

La profession d'évaluateur découle d'un ensemble unique de connaissances renfermant des principes et des concepts qui orientent les approches distinctes en matière d'évaluation de la valeur qu'utilisent quotidiennement les évaluateurs. Ces principes, approches et méthodes sont généralement les mêmes pour tous les types d'évaluation, qu'il s'agisse d'une évaluation immobilière ou d'une évaluation d'un bien personnel. Ainsi, les évaluateurs du monde entier sont reliés entre eux grâce à cette profession mondiale qu'ils exercent.

Le marché mondial des biens et services s'élargit rapidement, et le besoin de normes internationales touchant la transparence, l'accessibilité, la qualité et la fiabilité dans tous les domaines du

commerce augmentent également. En tant que profession mondiale, l'évaluation doit aussi être régie par un ensemble de normes internationales qui orienteront les professionnels de chaque pays dans l'exécution de leurs travaux. Ces normes s'appliquent à tous les intervenants. Les investisseurs tirent profit des normes internationales d'évaluation puisqu'ils acquièrent de l'assurance et une compréhension relatives à la propriété, leur permettant ainsi de prendre de meilleures décisions opérationnelles. Les évaluateurs en bénéficient aussi : accroissement des possibilités d'affaires et amélioration de la mobilité des services.

L'Institut canadien des évaluateurs reconnaît depuis longtemps l'importance du marché mondial, en particulier l'augmentation du commerce des services, qui constitue une excellente occasion pour ses membres d'élargir et de perfectionner leur carrière et d'obtenir des possibilités de gains. Depuis le début, l'Institut s'implique dans la communauté internationale des évaluateurs et joue un rôle de premier plan au sein d'organismes internationaux qui représentent les évaluateurs partout dans le monde.

L'ICÉ est membre fondateur de l'International Valuation Standards Committee, maintenant appelé International Valuation Standards Council. L'IVSC est un organisme à but non lucratif indépendant et privé qui a été créé afin d'assurer un processus d'établissement de normes internationales d'évaluation indépendant et transparent. Il élabore et promulgue des normes internationales d'éva-

luation depuis sa fondation en 1981. Le Comité, qui était composé de 20 associations nationales au moment de sa création, y compris l'ICÉ, comprend aujourd'hui un grand nombre d'associations, jouissant du titre de membre ou d'observateur, qui représentent 52 pays. La première édition des Normes internationales d'évaluation a été publiée en 1985. L'édition 2011, qui sera publiée plus tard cette année, sera la neuvième édition.

Les Normes internationales d'évaluation sont reconnues et utilisées par de nombreux pays et organismes du monde entier, y compris l'ICÉ, qui a intégré les normes internationales aux RUPPEC afin qu'elles soient conformes aux NIE. L'IVSC travaille en étroite collaboration avec le Conseil des normes comptables internationales (CNCI) pour produire des directives sur les évaluations requises en vertu des Normes internationales d'information financière (IFRS) qui sont de plus en plus utilisées à l'échelle mondiale.

De nos jours, l'ICÉ parraine l'IVSC et assiste à ses réunions à ce titre. L'ICÉ participe aussi au forum consultatif de l'IVSC, composé d'intervenants de l'IVSC qui se réunissent pour discuter de questions d'intérêt commun avant de les transmettre au Conseil d'administration de l'IVSC. De temps à autre, les représentants de l'ICÉ siègent au sein d'autres comités de l'IVSC. À l'heure actuelle, Brad Wagar, AACI, Fellow, président sortant de l'ICÉ, est membre et président sortant du Conseil professionnel de l'IVSC.

De plus, l'ICÉ est membre fondateur de

« Depuis le début, l'Institut s'implique dans la communauté internationale des évaluateurs et joue un rôle de premier plan au sein d'organismes internationaux qui représentent les évaluateurs partout dans le monde. »

« L'Institut croit qu'un rôle sur la scène internationale s'avère essentiel pour rehausser son profil et celui de ses membres au Canada et dans le monde, influencer l'élaboration de normes internationales, faire évoluer ses partenariats stratégiques, identifier et faire progresser les occasions professionnelles qui s'offrent à ses membres, et promouvoir ses titres professionnels à l'échelle internationale. »

L'Association internationale d'organismes d'évaluation (AIOE), qui réunit des organismes professionnels d'évaluation immobilière représentant les évaluateurs et les conseillers en immobilier connexes travaillant dans les secteurs public et privé et des entreprises. Sa mission consiste à développer et à améliorer l'évaluation et les professions qui y sont liées, et à assurer la prestation de services de qualité uniforme et la cohérence dans l'intérêt public. L'AIOE remplit sa mission en faisant la promotion de pratiques exemplaires, en appuyant des normes rigoureuses et uniformes, en encourageant la poursuite d'études supérieures et en facilitant l'éducation permanente de ses membres.

L'Institut a été sélectif quant aux organismes internationaux choisis. Conformément à l'avis selon lequel la communauté mondiale de l'évaluation a besoin d'une même voix, l'ICÉ a accordé d'emblée son appui à une solide association internationale comme l'IVSC et a exhorté les organismes régionaux à se réunir sous un organisme ombrelle afin d'obtenir une meilleure reconnaissance, et de veiller à ce que les professionnels de l'évaluation unifient leur voix.

La vision internationale de l'ICÉ a été appuyée par un certain nombre d'objectifs stratégiques, notamment la mise en œuvre de normes internationales en matière d'éducation et de la pratique, la forte représentation, et la collaboration efficace entre les partenaires internationaux visant à accroître la mobilité des professionnels de l'évaluation, la confiance des investisseurs et la qualité dans l'ensemble.

Les initiatives stratégiques sur lesquelles est fondé le programme international de l'Institut comprennent :

- Définir l'ICÉ à l'échelle internationale comme l'organisme professionnel d'évaluation immobilière du Canada;

- Jouer un rôle de premier plan dans l'établissement de normes internationales en matière d'évaluation et de qualité par l'entremise d'organismes internationaux d'évaluation faisant autorité tels que l'IVSC et l'AIOE;
- Établir des partenariats stratégiques avec des organismes professionnels d'évaluation ayant une optique commune dans le monde entier;
- Cerner les possibilités professionnelles au bénéfice des membres de l'ICÉ;
- Promouvoir les membres de l'ICÉ à titre de professionnels hautement qualifiés sur la scène internationale.

La réciprocité et la reconnaissance mutuelle des titres professionnels d'évaluation d'autres pays constituent un important aspect de notre intérêt international. Ainsi, le Conseil d'administration examinera nos ententes de réciprocité existantes dans le but de mettre à jour certaines d'entre elles ou d'en conclure de nouvelles s'il y a lieu. Le CQCP présentera ses commentaires sur les exigences relatives aux qualifications et élaborera un cadre de compétences qui aidera à évaluer les diplômes et les titres de compétences professionnels étrangers.

En plus des possibilités internationales entre l'Institut et d'autres organismes d'évaluation internationaux ayant une optique commune, de nombreuses possibilités d'affaires s'offrent aux membres de l'ICÉ par le biais d'initiatives comme le renforcement des capacités à l'échelle internationale et de projets internationaux de consultation semblables. L'ICÉ continue d'assurer la liaison avec des organismes pertinents au Canada et à l'étranger dans le but d'identifier, de créer et de promouvoir des occasions d'affaires internationales pour les membres de l'ICÉ.

Par ces efforts et d'autres, l'Institut prévoit, entre autres choses, obtenir une reconnaissance accrue

de ses membres tant à l'échelle internationale que nationale. En outre, l'Institut s'efforce de réaliser une intégration plus étroite des Règles uniformes de pratique professionnelle en matière d'évaluation au Canada et des Normes internationales d'évaluation. En mettant ses ressources à profit au moyen d'initiatives de collaboration, l'ICÉ vise à élaborer et à produire des programmes, des produits et des services au bénéfice de la profession et des membres de l'Institut canadien des évaluateurs. Enfin, grâce à sa participation active aux enjeux internationaux, l'ICÉ espère accroître l'influence qu'il exerce sur les décisions prises par les organismes internationaux d'évaluation comme l'IVSC. Ce ne sont que quelques-uns des objectifs internationaux de l'ICÉ.

En résumé, l'engagement de longue date de l'ICÉ à l'égard de la participation nationale est fondé sur ses buts et objectifs déclarés. L'Institut croit qu'un rôle sur la scène internationale s'avère essentiel pour rehausser son profil et celui de ses membres au Canada et dans le monde, influencer l'élaboration de normes internationales, faire évoluer ses partenariats stratégiques, identifier et faire progresser les occasions professionnelles qui s'offrent à ses membres, et promouvoir ses titres professionnels à l'échelle internationale.

L'avenir se situe sur la scène internationale et l'ICÉ doit continuer de jouer un rôle important à l'échelle mondiale. En terminant, il existe une autre raison pour laquelle l'engagement international de l'ICÉ ne doit pas diminuer : si l'Institut canadien des évaluateurs est absent à la table internationale, il est possible que d'autres parlent au nom du Canada et que les décisions ayant une incidence sur les membres de l'ICÉ soient prises par des organismes concurrents. 🇨🇦

The professional valuer of the future

By Georges Lozano, CEO, Appraisal Institute of Canada



Predicting the future is considered by some to be a futile exercise as, invariably, the prediction will be wrong. Nonetheless, for most organizations, it is highly important to have a good appreciation of the developments that will impact them. The world of valuation has been in a constant state of change for many years now and it will continue to change at a rapidly increasing pace. Part of this is due to the growing influence of information technology and part of it is attributable to changing market demand for services. Whatever the case, as a profession, valuation will look very different in the future and the profile of valuers will also change. What will the valuer of the future look like and what will he or she do?

Before attempting to read the tea leaves, it is important to remind oneself what constitutes a profession and a professional. A profession is understood to be the application of an established body of knowledge within a set of standards, including practice and ethical standards. Professions are generally overseen by peer-driven organizations operating under statute or self-regulation that strive to advance professions and protect the public.

“The valuation profession has been changing steadily for many years and, in the future, it will change at an even faster pace.”

Professionals within this framework are qualified practitioners who have fulfilled the educational, experience and other requirements established by the professional body and, as members, abide by its regulations, standards and code of conduct. This definition is markedly different from the common usage of the word professional, such as professional athlete or professional entertainer, where the term professional primarily serves to distinguish a paid individual from an 'amateur'.

The valuation profession has been changing steadily for many years and, in the future, it will change at an even faster pace. Technology has been a prime driver, and information technology, in particular, has impacted the profession in a number of ways. First, data acquisition and management have created a commodity out of what was once proprietary information. Second, ever more powerful computers and software have provided important valuation tools for professionals, but also displaced the profession with automated valuation models and other risk management tools that substitute for some of the products and services traditionally offered by valuers.

The market for valuation services has also been changing, especially in the area of mortgage lending. Different risk management models have emerged such that asset value is not necessarily the prime consideration where mortgages are concerned. At the same time, the real property market has become more complex than ever before, necessitating a more sophisticated understanding by investors of the many factors that contribute to asset value and appreciation. Point-in-time appraisal has become a smaller piece of the growing valuation pie. Moreover, the marketplace has become truly international, requiring universal practice and reporting standards. World trade in services is growing rapidly, just as the market for goods has expanded across the globe.

From a client perspective, expectations have changed. No longer is current value sufficient.

“The professional valuer will be a big picture thinker, with a deep understanding of the internal and external factors that impact on the marketplace.”

Instead, future oriented information is required, providing value ranges and options. From the perspective of the professional, the definition of value-added service is being challenged, as service providers reinvent themselves in an effort to remain competitive.

As a result, the notion of the professional valuer is being redefined and a new profile is being developed to address the need for value-added services. The professional Board of the International Valuation Standards Council has published a draft definition of professional valuer that addresses these changes.

According to the International Valuation Professional Board's draft definition, the professional valuer of the future will need expanded breadth and depth of knowledge, skills and competencies. In addition to mastery of the valuation body of knowledge, these will include accounting and business know-how. Further, the valuer of the future will need to have effective leadership and communication skills.

The professional valuer will be a big picture thinker, with a deep understanding of the internal and external factors that impact on the marketplace. Technology will also feature big in the arsenal of tools and resources that professional valuers will rely on to add value. As such, currency in pertinent information technologies, and their application to real property analytics, will be essential.

In addition, the professional valuers of the future will have solid research and problem-solving skills. They will also be solution providers and will need to use creative thinking to generate innovative solutions for their clients.

Increasingly complex assignments will require that future valuers have strong team building and project management skills. The ability to lead multi-disciplinary teams will be critically important, if valuers are to tackle large and complex assignments.

Strong marketing and communication skills, along with a strong client focus, will be more important than ever. This will include the ability to listen to clients and propose value-added solutions that meet and exceed their expectations. The valuer of the future will no longer be only an order taker, but a solution provider and a market maker.

In order to serve their expanding circle of clients well, professional valuers of the future will require strong educational credentials that meet the 'Four Es' criteria, including education, experience, examination and ethics.

At minimum, professional education will entail an undergraduate degree to provide the requisite breadth of knowledge and soft skills that all professionals will be expected to have. It will be more important than ever to acquire strong mathematical and statistical knowledge, as well as computerized modelling techniques. In addition, designated professionals will have successfully completed recognized professional studies in valuation that will encompass fully the valuation profession's body of knowledge.

The appropriate application of the acquired knowledge will be the focus of professional experience, including significant exposure to applying the valuation approaches, methods and techniques learned in the classroom in different real world circumstances.

“Information technology and market demand for valuation services are together changing the work of professional valuers and requiring them to constantly find new ways to add value.”

Accomplished professionals will be able to competently handle a wide range of valuation challenges, assignments, and specialty areas as well as increasing levels of complexity under the guidance of an experienced mentor, who will advise aspiring professionals on best practices in defining scope, undertaking assignments, and delivering value-added services. The successful completion of professional written and oral examinations will be an essential requirement for all designated professionals and will help ensure that they have mastered the body of knowledge, both in theory and in practice.

The professionals of the future will continue to place high value on ethics and will conduct themselves in a manner that will speak highly of their status as role models in society. Education programs will increase the amount of content dedicated to ethics and include codes of conduct adopted by the local professional bodies, as well as guidance from others such as the International Valuation Standards Council Code of Ethics.

The professional valuers of the future will have a sound command of the fundamentals of

the valuation body of knowledge. In addition, specializations will increase in number and it will not be unusual for valuers to become specialists in more than one field of the profession. Finally, professional valuers of the future will espouse a culture of lifelong learning and continuous improvement through their professional association’s Continuing Professional Development program and similar professional training.


What will the professional valuers of the future do? As mentioned at the outset, information technology and market demand for valuation services are together changing the work of professional valuers and requiring them to constantly find new ways to add value. In this respect, the valuers of the future will work nationally and internationally as experts and problem solvers. The increasing complexity of assignments will make it necessary for them to assemble and lead multidisciplinary teams that may be involved with their clients from start to finish on large projects.

Integration of services will be a characteristic of valuation in the future. For example, a valuation firm may provide advice on real property, business,

and plant and equipment considerations as part of one assignment. Moreover, the kinds of reports provided to clients may deal with current values, as well as future oriented information that will shape a client’s planning and investment decisions.

As the valuation profession expands its service offerings and increasingly takes the lead on large multidisciplinary projects, it will necessarily compete with not just other valuation firms, but also with a number of other professions, including engineering, accountancy, and management consultants, to name but a few. Further, the competition will not be limited to national borders, as competitors from other countries will increasingly bid for work in Canada.

Nonetheless, highly qualified, multidisciplinary Canadian valuers will do well in the national and international marketplace providing traditional valuation services and moving into new areas of practice, such as valuation for financial reporting, securitization, risk assessment and management, portfolio analysis, investment advice, and more. Canadian consulting engineers are recognized and respected worldwide for their high quality of work. Similarly, in the future, Canadian valuers may play a leadership role on international projects where valuation and related advisory services are involved.

The future of valuation is bright, but only for those who embrace the changes and take the right steps to adapt. The AIC strategic plan is, and must continue to be, the roadmap to the future of valuation for the profession in Canada. Institute leaders and volunteers are encouraged to continue to work with it and trace the path that will most benefit AIC members and stakeholders in the years ahead. 

“The future of valuation is bright, but only for those who embrace the changes and take the right steps to adapt.”



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What does branding really mean?

In June 2008, the Appraisal Institute of Canada (AIC) officially launched its new corporate identity. At the same time as the AIC began to develop a more concrete and professional brand for the Institute and its members and to better establish the new brand, the AIC launched its new marketing initiatives and advertising.

Many people confuse the words branding, marketing, and advertising, or use them interchangeably. Your brand can be defined as your personality. Branding is more than just awareness. Your brand is what your company is known for, or what you stand for. Your brand must differentiate you from your competitors. Branding is about getting consumers to perceive you as the only solution to their problem.

A brand is much more than a name, sign, symbol or design, or a combination of these items. A brand also delivers a specific message, confirms credibility, creates loyalty, and bonds with the prospective buyer.

The key to a successful brand is consistency at every point of contact. The messages of the marketing initiatives of the company must match the actions of the company, or, in this case, the Institute and its members. Therefore, in order to succeed in developing a strong and successful brand, every AIC member must walk the talk in his or her day to day business. The actions of one AIC member can affect the impression of AIC and all its members. A brand is a SUM of all the things AIC and its members do.

What does the AIC brand mean to our customers? The AIC is synonymous with the premier designation of appraisers in Canada.

AIC's brand promise

AIC is the professional association committed to safeguarding the quality and integrity of valuation advisory expertise in Canada through



the highest professional standards and designations, contributing to best practices in the profession, and optimizing solutions and services for the real property industry as a whole.

Now reflect on your own company. What differentiates you from your competitors? What do your customers say about you after you leave their property or hang up the phone?

A commodity is a product that is readily available, not differentiable, easily interchangeable with another product, and chosen mostly on price. Some would argue that residential appraisals have become a commodity in recent years. By developing a brand, residential appraisers can diversify their customer portfolio, enter new target markets, and become price setters instead of price chasers.

To establish your brand identity, you must start by considering the following:

1. Define what service you provide. Is this definition too broad or too narrow?
2. How do you differentiate from your competition? Are these attributes easily copied?
3. Why should a prospective client do business with you? What does your brand promise to these clients?
4. Who is your target market? Are there new target markets you wish to develop? Define each of your target markets (age, gender,

income, education). What motivates them? What are their hot buttons?

5. Make a list of all your touch points with your customers and prospects. Are you consistently delivering your brand message and delivering on your brand promise?
6. How can you create demand for your services? Your performance, service, follow-through and your communication all add up to a brand experience. Repeat business comes from great experiences.

Have you successfully created a brand for your appraisal company? If not consider setting aside some time to start. It is important to realize that, whether or not you have had time to focus on your company's branding, every single member of AIC already has a brand that has been formed in the minds of customers or clients as a result of past exposure to your company and your services. If you have not consciously created your company brand, you may be inadvertently leaving behind a negative impression about your company and the Institute wherever you go.

AIC needs all members on board to assist with building and maintaining strong brand equity. Are you ready for the challenge of becoming an AIC brand champion?

Marketing & Communications Committee

Laura Kemp, CRA — Chair
Joanne Hayes, AACI
Kathleen Ellis, AACI
Lora Wylie, CRA
Simon Chin, Candidate
Rick Colbourne, AACI

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Building confidence in your practice

Construction valuations and appraisers

If you live in Toronto, as I do, you will know that the real estate market has remained relatively active in all sectors, including those involving new home construction and renovations. Because in any construction process, ultimate value will not be achieved until at or near completion, a tension exists in that funds must be advanced in order to allow construction to proceed and completion to be attained. To relieve this tension, a methodology must exist in order for lenders to know when value stages are completed and when funds should be advanced in furtherance of completion.

To this end, the appraisal profession provides a ready answer to lenders who may rely upon them for projected values and completion stage evaluations, as every appraiser is qualified to determine such values and make recommendations accordingly.

But the area of construction valuation is fraught with a number of perils.

The following are some issues of which the profession should be wary:

1. VALUE

Appraisers should be mindful that values are not fixed in time, and, through the process of a construction project, values may alter from day one until completion. For example, if I am a lender, I may loan today based upon a contingent value specified in an appraisal as at today's date. But, in reality, construction may only be completed months or, in some cases, years later. What value is my yardstick for recommending advances? Lenders will derive no comfort if the building forecast value turns out to be worth less on completion due to market value drop, and appraisers should qualify their reports or note this when they suspect that underlying

values are dropping. Lenders should be advised when your initial view of the property changes, either positively or negatively, as it may affect their obligations in advancing funds.

Too often, we see appraisers making recommendations upon completion premised upon values that are no longer applicable. While they may be following the standard, or believe they are, it will not reduce them being subject to lawsuits arising from a lender having advanced \$250,000 on a house that fell in value from \$400,000 to \$250,000, as indeed some properties have.

Lenders should also be advised of untoward or slow conditions on site and recommend that investigations should be made if steps are not being taken at a site to achieve value, and this should accompany a recommendation for no advancement. It is up to the lender to follow up, but up to the appraiser to be his eyes on site for valuation.

2. DESIGN

This is a difficult area. As an appraiser, you must take what you are given. You must have a complete understanding of the type of design and construction being undertaken. In some fashion, you must ascertain whether the plan is being followed. When construction runs into delays or cost issues, change is usually the order of the day. How many notice that the granite counter has turned into a synthetic counter, or that the 3.5 bathroom house has now become a 2.5 bathroom house? You need to become fully versant with design in order to render an opinion, and to ask questions if you do not understand. If changes occur, they should be noted to the lender and valuation should be adjusted accordingly.

If you are unable to adjudge what is happening on site, you should recommend to the lender that a professional engineer or architect be brought in to determine issues that affect construction and value.

Finally, you should be sensitive to cost issues associated with changes. Developers may wish



to do things that make no economic sense, and using the lender's money to do senseless things should be noted. For example, the installation of ultra high-end appliances, pools, etc. are all things that affect a budget and value. Removal also has consequence to value. Some items will simply add cost and be neutral on values, and these should be noted.

3. LANDSCAPING

Many in the profession tend to ignore the cost and effect of landscaping, ascribing to it a very slight impact upon valuation. But, landscaping is no longer rolling out some sod on the front yard. It is complex and may involve sprinkler and lighting systems and thousands of dollars worth of plants, stones and walkways. Some appraisers fix an arbitrary percentage value to these issues, but it is always good to have some backup for one's calculations, mindful that the answer "it is all in my head" is generally a rather poor answer in court before a judge who will expect you to have done research and have backup to justify your views as a well-informed real estate expert.

I suggest that issues such as trees, fountains, grass and garden be taken very seriously. Find out what the quote and plan is for property so you know how that value affects your view on completion.

4. MARKETING

Many times, properties being renovated or built are for sale at the same time as they are being constructed. Do not forget to see what the pricing is set at and if the property is not being marketed. This may be a relevant consideration for the lender. If price is dropping on a pending construction, that means that your appraisal may be in issue.

Beware as well of those who are doing illusory work to try to convince you to approve funding. Just because there is material on site does not mean it is going to be installed. Do not get taken in, as many have been, by work that

was not really proceeding. The same holds for labour where a job site is busy, but no one is actually doing anything.

While you may be paid for a set number of visits, if it is convenient, you may wish to drive by or do additional reviews if you feel it necessary.

5. YOUR REPORT

The initial report delivered by you should outline what is expected in the construction, attaching information, plans or specs. Alternatively, have the lender provide you with a summary of what is to be expected so you have some standard to set yourself against in terms of evaluation.

Include many photos and artistic renderings of what is to be built, if there are any. If you are asked to look at invoices and receipts, append copies to the appraisal.

Get an outline of progress expectations from the builder concerning when they expect matters to be complete. On subsequent reviews, make reference to the documents. Take photos of the progress, including anything you perceive to be a defect or a problem, with advice that the lender may wish to look into the issue.

The worst situation in defending these types of cases is to deal with appraisers who have no photos of anything and are unable to articulate as to why something is 70% complete, as opposed to 60% complete.

Construction valuations are an important part of the appraisal process and professional appraisers know that there is a very good chance their work is being relied upon exclusively. Make the report as useful as you can, and repeat and claim-free business will follow. 🇨🇦

CANADIAN RESOURCE VALUATION GROUP INC.

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Are you complying with CPD credit requirements?

Designated members of the Appraisal Institute of Canada (AIC) are required to comply with the Continuing Professional Development Program. The current five-year cycle began January 1, 2008 and ends on December 31, 2012. One of the requirements of the program is found in section 2.4 of the *CPD Guidelines* available on the website at <http://www.aicanada.ca/members/cmsPage.aspx?id=157>. This section states that all designated members are expected to obtain a minimum of 60 credits over the five-year cycle. This includes a requirement for a minimum of six credits which must be earned AND REPORTED by December 31 of EACH YEAR in the cycle.

As of June 30, 2011 the following statistics were in place for our membership:

- Approximately 50% of designated members already have 60 credits for the current cycle
- Approximately 20% of designated members have less than 40 credits
- Approximately 60% of designated members have NOT completed the Professional Practice Seminar (PPS) which must be completed by all designated members once in a 5 year cycle and for which 14 CPD credits are awarded.

The requirement to obtain a minimum of six CPD credits annually applies regardless of whether or not one has exceeded the 60 credits

“Members should be careful to record all obtained credits within the year they are earned. It is important to keep documentation to be able comply with the requirements of an audit.”

for a cycle. Carrying forward up to 20 credits to a new cycle is allowed, if a member has excess credits at the end of a cycle, however, this does not exempt them from obtaining six credits, beginning in year one of the new cycle.

It would appear, judging by available statistics, that some members have concluded they will satisfy program requirements if they obtain six credits every year. However, this is obviously not the case. Obtaining only six credits per year, plus taking the mandatory PPS, would result in only 44 credits, leaving the member short of 16 credits for the entire cycle. The 44 credits would suffice only if a member had been able to carry forward the maximum allowable 20 credits from the previous cycle. There appears to be a certain number of members who have concluded that, since they already have obtained the required 60 credits for the current cycle, they do not need to comply with the annual minimum requirement of six credits for remainder years of the cycle. This too is erroneous, as the requirement to

complete and report the annual minimum requirement of six CPD credits still applies.

One final note worth mentioning is that members should be careful to record all obtained credits within the year they are earned. As indicated here, the policy clearly requires that the credits be recorded by December 31 of the year they were earned. The registry is based on an honour system, with approximately 5% of members being audited each year. With the exception of the Professional Practice Seminar (which is recorded by national office staff), all other credits MUST be recorded by the individual members. It is important to keep documentation to be able comply with the requirements of an audit.

“The requirement to obtain a minimum of six CPD credits annually applies regardless of whether or not one has exceeded the 60 credits for a cycle.”

Professional Qualifications and Competency Committee

Brad Brewster, AACI – Chair
Stephanie Anglehart-Paulin, AACI
Charles Johnstone, AACI
Jeff Godfrey, AACI
Janice O’Brien, ED, AIC – BC
John Peebles, AACI
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Sales and listing history – a very useful application of *CUSPAP*

Appraisal *Standards* rules 6.2.23 and 6.2.24 impose requirements to “analyze any agreement for sale, option or listing of the property” (6.2.23) and “analyze any prior sales of the property” (6.6.24). Beyond the necessity of meeting compliance requirements, following these rules can be of considerable assistance and directly beneficial to the appraisal process.

In some circumstances, such research and obtaining the necessary information can be onerous and, in some jurisdictions, only limited historic data is available. But, as always, an extraordinary limiting condition may be necessary in the event that adequate compliance with any *Standards* rule is not possible.

Connected with these rules, comments 7.24 and 7.25 are quite specific; requiring that any agreement for sale, option or listing of the subject property within a year prior to the date

of valuation be analyzed and that any sale which had occurred within three years prior to the date of valuation be analyzed and reported.

Researching data of this nature can sometimes be simple. Often, it involves only a quick search of MLS records or online property transfer reports and the extent of complying with *Standards* comment 7.24 can usually be limited to an inquiry with the property owner or realtor. Practice note 12.39 provides guidance and a reasonably comprehensive example of wording relevant to comment 7.24.

Although most appraisal assignments are point-in-time valuations, knowledge of the entire recent history of the property is fundamental to a sound analysis. Such information as the listing history or even private advertising attempts by a property owner may provide evidence, for instance, of an upper limit of value. Similarly, a prior sale of the property could be particularly

relevant and lead to further investigation if, for example, the sale price appeared to be high or low relative to the market at that time, thereby revealing other influencing factors.

Current or prior listing prices which do not seem reasonable, by being or appearing to be either too high or too low, should be an alert to examine data more closely, as these can lead to various questions such as whether or not something was missed in the valuation process, or whether or not some item was given too much weight.

Another invaluable benefit of compliance with these rules is that, armed with all relevant historical data, the appraiser is in a very good position to confidently deal with client inquiries once a report has been delivered. Such historical data will likely be firsthand knowledge to property owners and some clients. Very awkward situations can easily arise when the client is aware of information that the appraiser should have known, but did not. Research of this historic information should not only be considered necessary for *Standards* compliance, but a critical, well supported part of the appraisal process. 



Standards Committee

Iain Hyslop, AACI – Chair

Chris Perret, AACI

David van der Vis, AACI

Paul Olscamp, AACI

Jayne Patterson, CRA

Greg Bennett, AACI

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By Cheryl Parisien

The Value of Home Program



Appraisal Institute of Canada
Institut canadien des évaluateurs



Habitat for Humanity®
Habitat pour l'humanité®
Canada

It takes a **community** to build a **home**.

Habitat for Humanity Canada understands that sentiment like no other, and works toward creating a world where everyone has a safe and decent place to live. With the help of volunteers and partnering organizations, Habitat for Humanity builds simple, decent housing for low-income families, providing access to affordable homeownership as a means to breaking the cycle of poverty.

The AIC is pleased to announce the Value of Home Program, a partnership with Habitat for Humanity Canada. The program represents an ongoing relationship with Habitat for Humanity, which will see the construction of homes sponsored by AIC.

The partnership is a natural fit for AIC, says AIC Director David Babineau. "Our professional training as appraisers has taught us how to calculate the value of a house on economic terms. Homeownership has a

far greater symbolism and meaning to families in need than any dollar figure we might assign to it."

With four million Canadians in need of decent, affordable housing, the time is right for the Value of Home Program. "It's been proven that the effect of the lack of affordable housing on Canadians' health is reducing our nation's productivity, limiting our national competitiveness, and indirectly driving up the cost of health care and other social services. We can and must do more. Through this partnership with AIC, more low-income Canadians will gain access to homeownership that is affordable, igniting a transformation within these families that will last for generations to come," said Stewart Hardacre, President & CEO of Habitat for Humanity Canada.

"The Value of Home Program represents an ongoing relationship with Habitat for Humanity, which will see the construction of homes sponsored by AIC."

“Through this partnership with AIC, more low-income Canadians will gain access to homeownership that is affordable, igniting a transformation within these families that will last for generations to come.”

How Habitat for Humanity works

Habitat for Humanity's homeownership model empowers families to invest in homeownership. Through volunteer labour, efficient management, and tax-deductible donations of money and materials, Habitat for Humanity builds and rehabilitates simple, decent houses with the help of homeowner families. Habitat homes are sold to families with no down payment required, and are financed with affordable, no-interest mortgages. The homeowners' monthly mortgage payments are set to a maximum of 30 per cent of their gross income and mortgage payments go into a revolving fund, which is used by Habitat for Humanity to build more homes for families in need.

In this way, a Habitat home is a hand up, not a handout. “We provide our partner families with tools they need to help them break free of the cycle of poverty. Additionally, as families pay off their mortgages, they in turn allow other families to benefit from a similar ‘hand up’, as their mortgage payments are used to build more homes for more families in housing need,” said Hardacre.

Program goals

AIC's long-term goal with the Value of Home Program is to sponsor a Habitat for Humanity build year over year, while also supporting various team builds across the country. As the program builds momentum, and as more and more members from all AIC offices in Canada begin to incorporate various fundraising activities locally, it will not be long before we meet that goal. The amount needed to sponsor a build varies according to region, but the average falls in the \$60,000 to \$100,000 range.

“Our commitment is to work collaboratively with members, provincial affiliates, and chapters to raise sufficient funds to be able to sponsor the building of a home in a community to be determined by Habitat for Humanity,” says Babineau.

In 2010, AIC donated \$10,000 to Habitat for Humanity, and a further \$15,000 was donated in 2011. The funds are held in reserve until the sponsorship goal is reached. As well, \$750 was contributed to Habitat for Humanity – Moncton in lieu of presenting the 2011 Conference speakers with gifts.

“AIC members and provincial affiliates will be encouraged throughout the year to engage in fundraising events, in order to reach our goal. It's an extremely exciting opportunity. Good things come when you rally together around a meaningful cause,” says Babineau.



Canadian volunteers



Durban, South Africa



2005 – Winnipeg Women Build



L-R: AIC's Grant Uba (L), and David Babineau (R) present Keith Smith, Habitat for Humanity Board Chair, with a donation at the 2011 AIC conference in Moncton.

The value of philanthropy

The partnership with Habitat for Humanity provides a benefit to AIC, in addition to benefiting the wider community. Potential sponsors are more willing to provide monies to organizations which align themselves with a charitable organization. This partnership shows that AIC is giving back to the community. Sponsoring a home provides the immediate impact of helping a family, while at the same time garnering recognition for the home sponsor both locally and nationally. It boosts team spirit, and generates invaluable goodwill.

This partnership has been two years in the making, thanks to the hard work of the Marketing & Communications Committee. "Joanne Charlebois had a passion to get the ball rolling," says Nicole Hrinco, National Manager, Corporate Partnerships, Habitat for Humanity Canada. "Her tenacity is what made this happen."

Over the years, members and provincial chapters have donated to Habitat for Humanity either by donating funds, or volunteering on build sites. Both local affiliates and the national organization of Habitat for Humanity have benefited from AIC efforts.

Connecting communities is what this partnership is all about. There are many opportunities for AIC members to help the cause, either through fundraising or volunteering appraisal services, or helping on a build site.

An ideal scenario would be to have the home sponsorship coincide with an annual meeting, so that members can volunteer on the build site, and see first-hand how their volunteer efforts have come to fruition.

"I am so pleased that we as appraisers are coming together to not only contribute financially, but perhaps with a bit of sweat equity, and each of us can participate en masse in a build either in our communities or pre- or post-conference in the future," says Babineau.

Connecting with families in need and the countless other community members it takes to build a home reaps many benefits. Housing that is affordable and adequate leads to better outcomes for families in the areas of health, education, and emotional well-being. Good housing in communities attracts economic investment, and contributes to thriving schools and community organizations. "How could you not want to be part of something so wonderful?" says Hrinco. 🇨🇦

Fundraising ideas for members and chapters

1. Dress-down/civvies day: If your office has a formal dress code or culture, have a day in which all employees can wear casual clothes. Charge each employee who wants to participate.
2. Walkathon: Choose a date and a route, make up some pledge forms, and advertise with posters. Have everyone who wants to participate gather donations or pledges using their pledge forms.
3. Raffles: Sell tickets and keep ticket stubs. On the date of the draw, have someone close his or her eyes and pick a ticket stub from all the ones that were sold. Do this publicly. The winner receives a prize.
4. Auction: Have individuals, groups and businesses donate goods and services. Be creative in what you can auction off and make certain that the goods and services are sold at reasonable prices. Auction off free service for donations: Rake leaves, shovel snow, take care of a pet.
5. Hold a theme party: Decide on a fun theme. Charge an entrance fee, but be sure to explain to people what their cover charge is going towards.
6. Newsletter/E-mail: Create a newsletter or newsletter informing your peers, clients, employees and members of your community about your organization and the cause you are supporting. Be sure to provide information about how people can become involved and/or donate to your cause.
7. Boat race: Organize a model boat race on a body of water. Charge a participant/spectator entrance fee. The winner of the race gets a prize.
8. Book sale: Ask all your employees to donate their old books. Advertise your book sale by means of posters and flyers. Set up a table and sell books. If there are leftovers, you can always give them to a needy library, shelter, or school.
9. Sporting events tickets: Ask sports teams to donate a number of seats for their games and raffle off the tickets.
10. Charity ball: Hire a DJ or a band, rent a hall, advertise, and sell tickets for a dance.
11. Paid vacation days: Allow employees to pay to get an additional vacation day. Make sure you put a limit to the number of days that can be purchased or put limits where needed.
12. Guest speaker: Invite a guest speaker to your office and sell admission tickets to raise funds for your cause.

To learn more about the Value of Home Program, and to see fundraising progress or to donate directly, visit the Habitat for Humanity page on the AIC website, <http://www.aicanada.ca/cmsPage.aspx?id=464>. To learn more about Habitat for Humanity, visit www.habitat.ca.

Sharpening our focus

As professionals, we are entrusted with fiduciary responsibilities that are entwined with business and social realities. Embracing an extra effort through continuous referral to *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) (the Standards)* may be helpful. We want to avoid becoming subject to past latent errors produced when following entrenched business model processes that result in our walking a fine line that frequently falls outside the *Standards*.

There are many times in our day-to-day business operations when we fail to meet minimum consulting, appraisal and review standard rules of *CUSPAP*. Eager, ambitious and talented AIC members get busy in daily routines that can incorporate complacent practices, as no immediate harm is perceived and, basically, it all goes unnoticed. After an investigation, many of our members have provided us with feedback. The vast majority have told us that they have now incorporated a system of checking reports for *CUSPAP* compliance before the reports leave their offices. In other words, members who have participated with the Investigating Committee through an investigation now understand how important it is to have identifiable plans to hedge against the risks that come with procedural complacencies. All of this may be the difference needed to explain yourself to our investigator and produce a positive outcome at the conclusion of a complaint investigation.

AIC member practices of having simply a lack of analysis and an incomplete process of checking comparables certainly can lead to problems. Our value creation role in the AIC professional practice process has helped members understand the importance of a protection system of standards compliance

through Practice Sanction Consent Agreements (PSCAs), which essentially reinforce identifiable needs of the member to incorporate alternative appraisal processes that meet the *Standards*.

Not having a complaint filed against you is not a complete endorsement that your business model and method of practice cannot be improved. It suggests you are on the right path and that continuous revision to ensure your 'vectors' are aligned with the direction of the *Standards* is worthy of due consideration. Success breeds success and systematic reviews on what you are doing well, as well as what you can improve on, will push the boundaries of improvement. Participating in the AIC Peer Review process may be an option to consider for constructive and informed feedback – a check if you will. There is a lot of upside to interacting with each other in an open and professional way, and the AIC Peer Review program gives our members a positive vehicle for feedback. This program can be entered on a limited basis, and it is also a practice sanction that may be

offered to you at the conclusion of any of our investigations.

Most elements of the public and private spheres are undergoing constant evolution, and the valuation profession is really no different. AIC is a learning organization and the quality of the capable contributions of our students, Candidates, and new AACI and CRA members really do provide all of us with new perspectives. Learning is about knowing why events happen and the decisions that led to identifiable outcomes. As the Investigating Committee strives to keep learning, over the past three years it has created a revised process of complaint file investigation and is driven to achieve fair and balanced results.

We work to manage expectations with the member receiving formal contact from the Chair of the Investigating Committee as well as from the investigator. We continue to sharpen the focus of the Investigating Committee and make sure we have committee members putting priority on files that they are assigned and targeting times for completion of the investigation. This means





“The Investigating Committee has a clear and efficient process that relies on our team of focused volunteers, your good level of co-operation, as well as a culture of respect and professional dialogue shared throughout our organization with all of our members.”

that the Investigating Committee targets a 30-day period for the investigator to review the file once he or she receives it and then present the member under investigation with a letter of questions aimed at getting *Standards* issues on the table, and then providing the member with the opportunity to provide a full explanation.

It is normal to navigate through tension that may come up during the course of an investigation, but there simply is no need to feel emotionally compelled worry. We have a rich cross-pollination of seasoned and experienced investigators who want to hear your side of the story. When we reach out to you and advise you of our review, it is not construed as a failure. We ask that you take some time to devote your resources to answering our *Standards*-focused questions.

The Investigating Committee has worked hard over the past few years to eliminate a backlog of investigation files and create a fluid process that limits the uncertainty for members subject to a complaint, by clearly explaining expectations to allow for open communications. The Investigating Committee places itself as an objective participant in the AIC's professional practice process which is charged to protect the public and ensure procedural fairness to our members by completing thorough investigations in accordance with Section 5 of the *Consolidated Regulations*.

Through our process of open and professional interaction with individual members, the Investigating Committee provides various catalysts to help members avoid future *Standards* failures and complacency traps. A recent example of a Practice Sanction Consent Agreement is provided below where the member fully co-operated with our investigation, agreed with the *Standards* violations,

and accepted the balanced discipline necessary to close the file.

Nature of *Standards* concerns:

A. Standards Rule 6.2.5 – In the report, the appraiser must identify whether the appraisal is current, retrospective, prospective, or an update.

Facts: This statement is not provided within the appraisal report.

B. Standards Rule 6.2.15 – In the report, the appraiser must describe and analyze all data relevant to the assignment.

Facts: In the appraisal, no assessment information and no realty tax information was provided.

C. Appraisal Rule 6.2.18 – In the report, the appraiser must detail the reasoning supporting the analyses, opinions and conclusions of each valuation approach.

Facts: Reasoning requires the logical review, analysis and interpretation of the data in a manner that would support the conclusion, not mislead the reader and be to a level consistent with the Reasonable Appraiser standard. The member utilized two comparable sales that were provided by the owner and one MLS® sale throughout multiple appraisal reports.

D. Appraisal Rule 6.2.23 – In the report, the appraiser must analyze any Agreement for Sale, option, or listing of the property

Facts: The member included a statement within the appraisal report, however, failed to provide the same information on the grid page under the direct comparison approach and failed to properly analyze the difference

between the actual sale price and the value as reported within the appraisal report.

E. Appraisal Rule 6.2.25 – In the report, the appraiser must review and reconcile the data, analyses and conclusions of each valuation approach into a final value estimate.

Facts: The member failed to comment and analyze the known sale, to supply a proper income approach, and to 'tie' all of this together in the reconciliation.

In this case, the Investigating Committee offered a Practice Sanction Consent Agreement, which included Peer Review. The member consented and Peer Review was implemented.

The Investigating Committee's overarching principles of openness, balance, objectivity and fairness start with the investigator's review and finish with the Chair of the Investigating Committee making an outcome determination. Avoiding indifference to the Investigating Committee and helping to explain your side of the events that have led to a complaint not only assists the Chair of the Investigating Committee with determining outcome options available for consideration under Section 5 of the AIC *Consolidated Regulations*, but it also helps AIC in maintaining its strategic leadership position within Canada's valuation profession.

The Investigating Committee has a clear and efficient process that relies on our team of focused volunteers, your good level of co-operation, as well as a culture of respect and professional dialogue shared throughout our organization with all of our members.

Investigating Committee

Darrell Thorvaldson, AACI – Chair
 Stan Jugovic, AACI
 Gerry Gehlen, AACI
 Joe Kireta, AACI
 Robert Minielly, AACI
 Larry Brewer, AACI
 Mike Schulkowsky, AACI
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What you can do if your membership or designation is suspended

Membership in, or your designation from, the Appraisal Institute of Canada (AIC) can be suspended for many reasons. For some types of suspension, a right to appeal exists. This article addresses the consequences of a suspension and when a suspension can or cannot be appealed. It also provides an example of when a suspension may be successfully appealed.

Regulation 1. Definitions and Interpretations define 'Suspension' as follows:

SUSPENSION OF DESIGNATION – means that a member continues to be registered as a member, but cannot perform the duties of a designated member, until such time as he or she has met any conditions established by the Institute to restore designated status. Members whose designations have been suspended may not identify themselves as designated members during the suspension, and may not sign any appraisal, review or consulting report unless the report is co-signed by an appropriately designated member.

SUSPENSION FROM MEMBERSHIP – means that the member is no longer registered as a member in good standing of the Institute. A suspended member loses all member privileges during the period of suspension, including coverage under the Institute's Professional Liability Insurance Program. A suspended member may not, in any way, identify himself as a member in good standing of the Institute and must advise his employer and clients of his suspension and insurance status.

At times, a member will feel that a decision to suspend is too severe and may

"An appeal should be considered if you feel you have been wronged or treated unfairly."

wish to appeal. Regulation 2.7 states when a decision may be appealed:

2.7 RULES OF APPEAL


- 2.7.1 A member subject to a decision of the AIC may file an appeal where an appeal is expressly permitted by policy. The following areas have appeal rights, and any other decisions are final without a right of appeal:
 - 2.7.1.i. Board Vote to remove from membership in accordance with Section 2.7
 - 2.7.1.ii. A decision of the Adjudicating Committee to impose a Conduct Sanction in accordance with 5.50
 - 2.7.1.iii. A decision of a Provincial Association Admissions Committee to deny membership or regarding the imposition of conditions of membership
 - 2.7.1.iv. A decision made regarding the CPD policy
 - 2.7.1.v. A decision made regarding the course-per-year policy
 - 2.7.1.vi. A decision of PQCC regarding the Candidate Registry

Additional guidance relating to appealing Administrative and Disciplinary Decisions can be found in the *Member's Guide to the Appeal Process* online at: <http://www.aicanada.ca/members/cmsPage.aspx?id=97>

Please note that an appeal fee is required, which will be refunded on successful appeals.

In the case of a Course per Year (CPY) suspension, a member might believe that extenuating

circumstances exist to excuse compliance with the policy. In the Course per Year policy, it is clear that a Candidate member must successfully complete one university credit course per year on the road to his or her designation. Is taking, but failing a course an extenuating circumstance? Probably, it is not. Is the fact that a local course was cancelled due to a lack of participants, or an online course was taken, but the university did not supply the tools needed to complete the course in time an extenuating circumstance? Perhaps it is.

Of course, the appeal mechanism is there for all members. Keep in mind, however, that to appeal for the sake of appealing may not be the right step. An appeal should be considered if you feel you have been wronged or treated unfairly. In some instances, extenuating circumstances could also be a factor. The appeal process allows you to present your case one last time. The Appeal Committee is made up of experienced, reasonable members who most definitely will reverse any unreasonable decisions. Should you merely appeal a decision to try to get a lesser penalty, even though you know it is fair, additional costs may be warranted. 

Appeal Committee

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

Spotlight on Continuing Professional Development

FEED YOUR FUTURE with CPD FRIDAYS



The UBC Real Estate Division continues its series of live online *webinars* on Friday, October 7, 2011, from 9 am - 11 am Pacific time (12 pm - 2 pm Eastern time). The webinars are two-hour presentations by expert instructors, in an interactive online classroom environment. By attending the session and completing two hours of pre-reading on your own, you will be eligible for four AIC CPD credit hours. There is no quiz or exam required to achieve these credits.

This article highlights one upcoming webinar in the UBC Real Estate Division's *CPD Fridays* series, CPD 144 *Information Systems and Real Estate. Feed Your Future!*

CPD 144: Geographic Information Systems and Real Estate

Presented November 4, 2011.
Instructor to be announced.

Not long ago, geographic information systems (GIS) were an esoteric art practiced by a small collection of mapping specialists in assessment and government agencies. These specialists had their own private acronym language, their own data sources, and access to tools not commonly understood or available to the general public or mainstream valuation community. For anything to do with maps beyond a basic road or zoning map, you pretty much had to call in the experts.

Flash forward to today, with GIS applications in daily use by professionals and laypeople alike – in-car navigation, internet mapping sites like Google Maps, and smart

phones that show you where to go and what to do when you get there. GIS use has exploded and is now an indispensable tool in real estate analysis. If GIS was once a tool only used in unusual situations, it would now be unusual to find real estate professionals not taking advantage of GIS technology. If you are working with real estate and not tapping into the power of GIS, i.e., detailed maps, aerial imagery, photographs, and databases, then you are being left behind.

Geographic information systems refer to computer-based mapping and analysis, specifically integrating databases and maps. The power of GIS lies in its ability to convey detailed data and information in a very easy-to-understand way. GIS takes advantage of the visual power of maps by incorporating more and different types of data, as well as a user-friendly interface. This aids in data collection, exploratory data analysis, and testing of value conclusions.

The CPD 144 *Geographic Information Systems and Real Estate* course explores the theories and principles underlying geographic

“The webinars are two-hour presentations by expert instructors, in an interactive online classroom environment.”

information systems and illustrates how these apply in practice. Lesson 1 outlines the uses and applications of GIS in a variety of professional applications, including valuation and assessment, as well as uses beyond real estate. Lesson 2 explores how GIS can help with the mass appraisal of real estate, specifically how GIS can be integrated with Computer Assisted Mass Appraisal systems. Professionals who have successfully completed the course will have gained knowledge of the many diverse uses of GIS and how they can be applied to improve real estate practices and procedures.

Upcoming CPD Friday webinars:

- Friday, October 7, 2011: CPD 121 *Submerged Land Valuation*
- Friday, October 7, 2011: CPD 108: *Seniors Facilities Valuation*
- Friday, November 4, 2011: CPD 144 *Geographic Information Systems and Real Estate*
- Friday, November 4, 2011: CPD 103: *Agricultural Valuation*
- Friday, December 2, 2011: CPD 132: *More than Just Form-Filling: Creating Professional Residential Appraisal Reports*
- Friday, December 2, 2011: CPD 116 *Land Valuation*

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



UBC Real Estate Division

Professional Development Courses

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Opening Worlds

Back up your data

I started my appraisal career in 1989. Within a year or two, we had moved from the typewriter age to the computer age. In some ways, the typewriter era was the 'good old days.' All our data was kept on paper, in binders, on the shelf. It was slow, it was inefficient, but it was reliable. Thankfully, technology has made our reports easier to write and given us effective tools to significantly improve the quality of what we do. There is no turning back, but the power of technology can come with a big price.

In the late 1990s, our only server hard drive

failed. There was no recovery. As the shock wore off and the implications became clear, we realized that data protection could no longer be ignored. Now, fast forward to this spring, when my four-year-old laptop died. My work files were backed up to two different sources and my personal files were backed up to two others. Except for the delay to buy and reload a new computer, the pain this time was minimal. Lightning struck me twice in less than 15 years. If you do not think it could happen to you, think again.

Google Labs published a study in 2007 called *Failure Trends in a Large Disk Drive*

Population. It said that, in 2002 "it was estimated that over 90% of all new information produced was stored on magnetic media, most of it being hard disk drives." The study tracked, in detail, more than 100,000 consumer grade disk drives in their own server farms. They concluded that, after the first year of life, failure rates increased from ~2% to between 6% and nearly 9% for drives up to five years old. Those are not good odds. Pad these numbers a bit with computer thefts, accidents like dropping your laptop or dousing it in coffee, and failure of other critical hardware. It all adds up to a virtual guarantee that you *will* eventually lose something on your computer that was very, very important to you. How would you feel if you lost all the video and photos of your family, your nearly-completed master's thesis, or the report that is due tomorrow?

The good news is that backing up is now convenient, fast, easy and cheap. The great debate lately seems to be...cloud or local hardware? For smaller firms or home computing, the answer may be both.

The 'cloud' is simply a third party entity providing their disk space to you, over the internet. You pay a fee, create an account and set up protocols for saving your files to their hardware. Because most computers are now constantly connected to the web, the files can be backed up at very frequent intervals and automatically. The big advantage to the cloud is that, by nature, it is off site. If your computer fails because the building you work in is destroyed by fire, your data is safe. Another benefit is that you (and others with access to the account) can access your files anywhere you have an internet connection (or a cellular connection, if you are set up this way). You can also collaborate with others by working



"If you plan for computer and data failure, you will be covered when it happens."

on parts or versions of the same file, from different locations. And sharing personal files like photos or video is far more convenient and friendly. I use Smugmug.com to share photos by uploading my pictures and emailing a link. Facebook is essentially the cloud. MobileMe (soon to be a free service called iCloud) wirelessly synchs my contacts and appointments on my laptop with my iPhone. I type in an appointment on my computer and it magically shows up on my phone. No more cable connections or forgetting to manually synch.

The disadvantages? Well, there are those ongoing fees. If your internet service is unreliable at times, Murphy says you will have a connection problem at precisely the time you need that file. And there have been headlines in recent weeks about reliability and security. Infamously, parts of Amazon's cloud service failed in April 2011 and stranded some high profile companies for an inconveniently long period. The Sony Playstation user database was hacked this year, so was Citigroup, a federal Conservative

donor database, Lockheed Martin. It happens all the time. Is the absolute secrecy of your files critical? If it is not, perhaps the cloud is not for you, or at least for some parts of your digital life.

The old-school solution is still local hardware backup. This can take many forms. Essentially, it is a mirroring of data and files onto some sort of portable media that is then physically *taken off site*. Remember the tape drive backups? They were slow and they were awkward. Now portable media include high capacity flash drives, mirrored removable internal hard drives and USB external hard drives. Our latest USB hard drive is one terabyte (1024 mb) and cost less than \$100. It has no separate power cord and it is the size of a wallet. I back up my laptop to our network server, then the server is backed up daily to the USB drive and taken offsite by another staff member. If my laptop fails again, my data is on the server. If that failed too, it is on the external hard drive. A second external hard drive backs

up my personal files, and that is kept at the office. These devices often come with backup software or you can try a third party backup and synchronization solution. We use Vice Versa Pro by TGRMN Software. It has many features that allow custom backup solutions for synching a laptop with a server or using external drives. It can be automatic, scheduled or manually activated. As a last step, once per year we archive 12 months of data and files on DVDs and they are stored in a safe deposit box.

Finally, do not forget to use a UPS (uninterruptible power supply) for your desktop computers and servers. If the power goes out, the changes you made to the file you are working on will vanish, unless your computer has an internal battery (i.e., laptop) or is plugged into a UPS. The UPS will give you plenty of time to save your work and power down.

If you plan for computer and data failure, you will be covered when it happens. It takes very little time or money to set up and run a good system. Do not let complacency cost you. 🇨🇦

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Canada



Retaining a designated appraiser



Robert Patchett, LL.B.
Counsellor, Professional Practice

When people ask me where I work, they often follow that question with "What is the Appraisal Institute of Canada and what do the members appraise?" I am sure this question is also asked of you over cocktails and networking events. Here are the easy answers to that question:

"The Appraisal Institute of Canada (AIC) is a not-for-profit Dominion corporation that governs the appraisal profession for individuals who subscribe and qualify for membership. The AIC was founded in 1938 and is the largest professional appraisal association in Canada."


"Designated appraisers of the AIC are retained to provide real property professional appraisal services."

The difficult questions are then posed, such as "Why would I need an appraisal?" I have suggested responding to this by stating that,

when the time comes that you need valuation services, you will know it, whether it is to obtain mortgage financing, settle an estate, make investment decisions, or in contemplation of renovations. More recently, the discussion has been around obtaining a valuation to ensure you obtain a fair and reasonable settlement arising out of the spring floods in Manitoba and Quebec, or the wild fires in Northern Alberta.

Another frequent question is "How would I find and retain an appraiser?" In terms of this question, I am an advocate for seeking out a designated appraiser, since the AACI™ and CRA™ are universally recognized brands in Canada which indicate that the bearer has successfully completed a rigorous program of study and applied experience in order to be granted the license to use these coveted designations. (As an aside, when asked if there are other designations, I reply with an affirmative question: Yes, but can

you think of any of them?) After that, I suggest that people should ask any designated appraiser about his or her experience with the particular valuation services they are seeking. I remind them that, by far, word of mouth referrals are the most favourable references any professional can receive. So, if they know of someone who has used a designated appraiser recently, they should ask them for a reference, or, better yet, ask the designated appraiser for references.

Once the bona fides of the designated appraiser are verified, it comes down to simple contract negotiation. What professional valuation services are needed, when, and for how much? A guide has been created to assist consumers and you to successfully navigate the retainer agreement that leads to the delivery of valuation services. This is available on the AIC website (<http://www.aicanada.ca/cmsPage.aspx?id=65>) for consumers and members to get started. 



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 April 16 to July 14, 2011:

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 16 avril au 14 juillet, 2011:

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

Darren Black
David R Carr
Karmjit S Khamba
Jeffrey R Salmon

NEW BRUNSWICK

Earl Bovenizer
Robin Thompson

Changming Guo
Steven M LeFavre
Derek E Williams

ONTARIO

Daryl J Arnette
Sophia Campbell
Tyler Michel Cockburn
Gabriel I Crowder
Tapan K Dan
Vi Thi Dang
Selina Enayat
Vicente A Gamboa

QUEBEC

Alex Roy

SASKATCHEWAN

Danielle Renée Houle

BRITISH COLUMBIA

Melody Ming Yan Hui
Andy N Pham
Anthony B Plumtree
Steven B Read
Eric Dong Ping Wen

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

David Grant Bendfeld
Trevor Frost
Cynthia Anne Moffatt
Jacobus Petrus Slabbert
Christopher Thiessen

MANITOBA

Barry A Cusitar
Laura J Kemp

Timothy J Smith
Eric AJ Tworo
William HK Warner
Hilda Wehring
David Y Xu
Tatiana Zorina

NOVA SCOTIA

Claire Germain

BRITISH COLUMBIA

Jesse B Arenson
Sean W Bartlett
Fabian D Boudville
Flora Wong

ONTARIO

Enas J Awad
Blaine Connolly
Matthew P Gareh
Andrew Mills
Dhaval Kumar P Patel

SASKATCHEWAN

David Minto

Candidates / Stagiaires

AIC welcomed the following new Candidate members during the period April 16 to July 14, 2011:

L'ICE souhaite la bienvenue aux personnes suivantes qui ont joint les rangs des membres stagiaires durant la période du 16 avril, au 14 juillet, 2011:

ALBERTA

Brett James Dombrova
Chad Edie
Jihad El Karkouri
Scott Strang

BRITISH COLUMBIA

Justin James Allin
TJ Aulak
Crystal A Desimone
Harrison Paul Hewitt
Allan Koebel
Lillian Lai
Klement KS Mui
Fraser Munn
David T Sicinski
Shawn Toreson
Yu Wang
Yifan Zhu

MANITOBA

Knut Malte Andersson
Rob Preteau

NEWFOUNDLAND & LABRADOR

Katie Manojlovich

NOVA SCOTIA

Veronica Gail Singer
Celina Thompson

ONTARIO

Calvin Brown
Matthew H Browning
Bojun Chen
William Ferguson
David Fretz
Dan Hoftzyer
Gordon E Isiraojje
Warren Jackson
David Kahng
Natalia Kotcherova

Mandeep Singh Mann
Tito Mashetty
Emily J McMillin
Micheal S Pneumatics
Hao Ren
Alyssa Rice
Brittany Slaney
Kristina Smith
Robert Videcak
Hyung-gun Yoo

PRINCE EDWARD ISLAND

Baron Delaney

SASKATCHEWAN

Roxanne Belzevic
Samantha Boychuk

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.

MANITOBA

Brent J Kosack

NEWFOUNDLAND & LABRADOR

Charlez N Parrott

ONTARIO

Kevin Paul Breese



AIC ANNUAL CONFERENCE RECAP

The 2011 Appraisal Institute of Canada conference, was held at the Delta Beauséjour Hotel in Moncton, New Brunswick from June 8-11, with 263 delegates from across Canada, the United States and China, of which 172 were AACIs, 37 were CRAs, and 27 were companions. Speakers, exhibitors and invited guests also attended.

In this the second year of offering a Candidate Stream in the educational program, we had 20 Candidates registered for this conference. All in attendance enjoyed networking experiences that offered sharing of ideas and strategies to further develop career successes.

An address by Grant Uba welcomed the delegates prior to the conference being opened by keynote speaker Martin Latulippe, who urged delegates to “Go Big or Go Home.”

AIC extends a very special thank you to the 2011 Chair, Mathieu Maillet, AACI and his conference chairs, as well as to the enthusiastic and energetic group of volunteers who dedicated their time and efforts to making this the successful AIC conference that it was.



AIC 2011 Conference Chair Mathieu Maillet, AACI



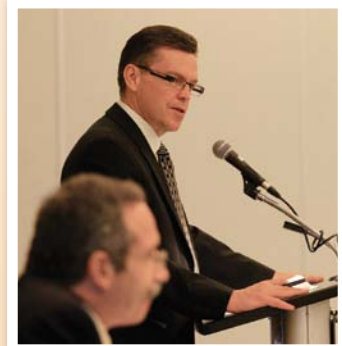
Keynote address by Martin Latulippe



Plenary speaker Wayne Gomes



AIC Tradeshow



AIC President Grant Uba, AACI addresses the AGM



Incoming President Michael Mendela, AACI



President's Banquet

RECOGNIZING EXCELLENCE

The Appraisal Institute of Canada (AIC) Annual Conference was held in Moncton, New Brunswick from June 8-11, 2011. The event provided the occasion for the AIC to recognize a number of individuals for contributions to the Institute, in particular, and to the valuation profession, in general.

Fellows

The title of Fellow is granted to designated members who have distinguished themselves by their exemplary contributions to the profession. This is demonstrated by a high level of excellence and achievement that has contributed to the advancement of the profession.

Robert Robson, AACI, Toronto, Ontario was awarded the title of Fellow in recognition of his numerous contributions to AIC initiatives. In presenting Robert with his Certificate of Fellowship, President Michael Mendela spoke of Robert's active involvement with the Institute at the chapter, provincial and national levels and his work as a Director on the AIC Board. He noted that Robert has always demonstrated commitment to the



Incoming President Michael Mendela, AACI presents Robert Robson, AACI with his Fellow

profession and its members through his work as an advocate, educator, and professional role model for Candidates and members.

Recognizing him for his meritorious service and extraordinary assistance in advancing the purposes and organization of the AIC, Past President, Sheila Young presented **David Osland**, AACI, Victoria, British Columbia with the title of Fellow. As a member of the Institute for over 40 years, David has volunteered extensively at the provincial and national



Past President Sheila Young, AACI, Fellow presents David Osland, AACI with his Fellow

Outgoing President **Grant Uba**, AACI, was also honored by Past President, Sheila Young, as she conferred upon him the rank of Fellow. In presenting him with a commemorative gavel and plaque recognizing his accomplishments during his presidential term, Sheila thanked Grant for his volunteer work with the Institute at the chapter, provincial and national levels, particularly for his recent contributions on the AIC Board of Directors.



AIC Past President Sheila Young, AACI, Fellow presents Outgoing AIC President Grant Uba, AACI with his Fellow

levels and was recognized by his peers in British Columbia in 2009 when he received the AIC-BC's Keith Goodwin Award for his outstanding contribution to the appraisal profession.

She noted that Grant will continue to be a source of wisdom and an important member of the Institute Board of Directors in his upcoming term on the Executive as Past President.

Retiring Board Members

Immediate Past President Grant Uba introduced the following retiring Board members and thanked them for the contributions to the Institute as they were presented with plaques recognizing their contributions during their tenure on the Board of Directors:

- Sheila Young**, AACI, Fellow (Alberta)
- David Babineau**, AACI, Fellow (New Brunswick)
- Alfred Mullally**, AACI (Nova Scotia)
- Kimberly Maber**, AACI (Saskatchewan)
- Lorne Mikulik**, AACI (Manitoba)

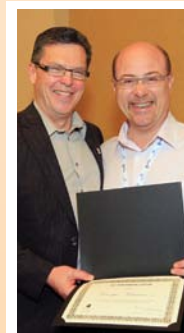


Outgoing President Grant Uba, AACI, Fellow (centre) with retiring Board members David Babineau, AACI, Fellow; Alfred Mullally, AACI; Kimberly Maber, AACI; and Sheila Young, AACI, Fellow

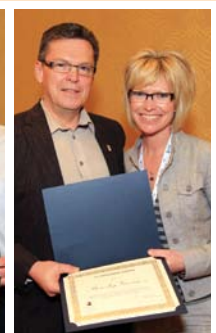
Presidential Citations

Outgoing President, Grant Uba recognized the contributions of three AIC members from across Canada who have distinguished themselves through hard work and dedication to the Institute. These Presidential Citations are awarded by the Institute to recognize in a meaningful way an individual or organization who has made a significant contribution to the growth and enhancement of the profession. The dedicated volunteers who were honored with citations this year are:

- George Semine**, AACI (Quebec)
- Deana Halladay**, CRA (Manitoba)
- Beverley Girvan**, AACI (Nova Scotia)



AIC President Grant Uba, AACI presents George Semine, AACI from Quebec with a Presidential Citation



AIC President Grant Uba, AACI presents Beverley Girvan, AACI from Nova Scotia with a Presidential Citation

RECOGNIZING EXCELLENCE *continued*

New Designates

The Annual Conference provided an opportunity to recognize those members who earned their designations in the past 12 months. During the past year, 147 newly designated members have achieved this professional milestone and the following individuals who were in attendance at the Moncton conference received a ceremonial presentation of their designation certificate.

- Colleen Andrews, AACI (Alberta)
- Earl Bovenizer, AACI (New Brunswick)
- Susan Cumming, CRA New Brunswick
- Laurel Edwards, AACI (Alberta)
- Michael Heffernan, AACI (Ontario)
- Ward Lansink, AACI (Ontario)
- Josh Morash, CRA (Nova Scotia)
- Tobe Otvos, AACI (Ontario)
- Rick Van Anandel, AACI (Ontario)
- Stacey Wilks, AACI (Ontario)



AIC President Grant Uba, AACI with recently designated members of the Institute

Volunteer Recognition

The Saturday awards luncheon also featured a Volunteer Recognition component, during which the names of 184 volunteers who serve on AIC committees were presented to the members. President Mendela asked that members join him in saluting the contributions of these individuals, noting the Institute's debt to the dedication of the many volunteers who devote countless hours to assisting the Institute reach its ambitious goals.

Awards, Scholarships and Bursaries

Names of those receiving Scholarships and Bursaries during the past year were also announced at the Conference.

Solidifi Next Generation Scholarship

- Gilles Leblanc – 2010 UBC
- Robyn Vandenberg – 2010 Seneca College

Appraisal Institute of Canada Bursary

- Christopher Worthington – 2010 UBC

Appraisal Institute of Canada Prize

- Ivan Stark – 2010 UBC

Appraisal Institute of Canada Scholarship

- Joanne Schiffer – 2010-2011 Guelph University

Appraisal Institute of Canada Award

- Ian McNeil – 2010-2011 Seneca College

Jack Warren Scholarship

- Dan Green – 2009-2010

GEORGES LOZANO RECEIVES HONORARY DESIGNATION

In 2007, the Board of Directors of the Appraisal Institute of Canada (AIC) created the AACI (Hon) membership category. Since then, the Board has bestowed this honorary designation on several individuals who have contributed to the advancement of the profile and respect of the AIC, as well as the advocacy of the valuation profession. These Honorary AACIs are individuals who are ethically above reproach, and publicly recognized as leaders in business, law, academics and other professions.

During AIC's 2011 National Conference in Moncton, New Brunswick, the Board granted an AACI (Hon) to Georges Lozano, who has been the AIC's Chief Executive Officer since the AIC office relocated to Ottawa in early 2001. In bestowing this honorary designation, the Board is honouring Georges for his meritorious service as CEO.

Georges, who announced his retirement earlier in the year, came to the AIC with a Masters degree in Public Administration and distinguished experience in prior employment in association management as Executive Director of the Canadian Plastics Sector Council; Vice-President, International of the Certified General Accountants' Association of Canada (CGA Canada); and Director of Public Affairs and Engineering Human Resources Planning of the Canadian Council of Professional Engineers.

While successfully establishing the AIC office in Ottawa, Georges quickly acquired an understanding of the AIC and the valuation profession. Working with the Board of Directors and the previous 10 presidents of the AIC, Georges established and implemented operational strategies that have enhanced the AIC's position as the preeminent body of valuation and appraisal professionals in Canada. Speaking nationally or internationally, Georges has been the AIC's strongest advocate for the professional standing of the AIC's professional designations, which, during his tenure, are now founded on the '4 Es' – education, experience, examination and ethics.

As we look back over the last 10 years, we can be very proud that, under CEO Lozano's very capable guidance and leadership, other appraisal and valuation organizations in North America are now looking at the Appraisal Institute of Canada and the '4 Es' as the models to follow.



AIC President Grant Uba, AACI presents retiring Chief Executive Officer Georges Lozano with an Honorary AACI

*NOTE: All Conference photos provided by Daniel St. Louis

APPRAISAL INSTITUTE (US) RECOGNIZES OUR LEADERSHIP

During the Appraisal Institute of Canada's 2011 Annual Conference in Moncton this past June, Leslie Sellers, MAI, SRA, Immediate Past President of the US Appraisal Institute, addressed conference delegates. The following is an excerpt of that address.

During one of my two terms on the Appraisal Institute Board of Directors, two leaders from the Appraisal Institute of Canada (AIC) visited our organization and addressed the Board. At that time, in the early 2000s, we were in the midst of discussions on governance restructuring and strategic planning. Even though we were 70-some years old at that time, we were asking ourselves what we wanted to be when we grew up. Your leaders explained how you were moving from the basics of real estate appraisal to an even more professional level. You were setting extremely high standards and pushing the envelope to differentiate yourselves from others and to truly become a profession.

At the Appraisal Institute, we had been working for years under the basic theory that we wanted to take care of all appraisers from the cradle to the grave. We wanted to be all things to all appraisers. However, we realized that we have other institutions in the United States that can handle the minimum requirements of real estate appraisal and that we needed to return to our roots and move in a direction similar to the Appraisal Institute of Canada. As a result, we did a complete governance restructure and went from approximately 51 committees to a more manageable and

efficient 13. We also restructured our staff to the point where we went from about five or six layers of staff down to three. Now, with 30 less staff, we are getting more done and serving around 6,000 more members.

At the same time, we were still struggling with that question of what we were going to be when we grew up. One of my personal goals last year was to get our Board to make a decision in that regard. It turns out that two decisions were made. One of those decisions was in the area of core competency and was modeled after what you had done in Canada a few years ago. It started with our efforts at the international level. We have a certain matrix that we use to measure competency for designation. Unfortunately, somebody in Singapore, or China, or Russia, or Italy may not have the same matrix. So, we set up a basic core competency relative to what we are looking for in a designated professional member.

The second decision we made was to adopt a new vision that moved us in the direction of being more of a professional society type of organization. What does that mean? Basically, we want new members coming into the profession to be measured by core competency, and we also want existing designated members moving to a higher plane or level to serve the public. This means requiring more high-level education for individuals who have been MAIs for decades. Now, MAIs indicate that lending appraisals are in the top three types of work that they do. We



“These steps we are taking can be attributed, in part, to the ideas that you brought to us many years ago.”

have found that the lending industry is the largest challenge for our members, especially our residential appraisers. To move them out of that realm and into more analytical type of professional work, we intend to provide tools such as education, mentoring and other types of reviews. There are discussions about having Board certification and true recertification requirements that are very significant. It is going to be difficult, but, if we are to retain our brand as the true analyst profession in the US, we must make those requirements of our members.

These steps we are taking can be attributed, in part, to the ideas that you brought to us many years ago. For that, we thank you. You are well thought of in the US and we want to assist you in anything you are doing, if we can. We encourage you to continue building your organization and what needs to be done at a high-end, professional level.

“We needed to return to our roots and move in a direction similar to the Appraisal Institute of Canada.”

SHADES OF GRAY: HIGHEST AND BEST USE

Neighbourhoods in transition are creating grey areas for Canadian Residential Appraisers (CRAs) who try to determine highest and best use as part of their day-to-day work, said Brian Varner, AACI.

Varner, Manager of Policy and Appraisal Services for the City of Toronto, made his comments at the June 2011 Appraisal Institute of Canada (AIC) Conference, *Changing Tides, Brighter Horizons*.

These neighbourhood grey areas are an issue especially for CRAs, who can only appraise, review, or consult on individual, undeveloped residential dwelling sites and dwellings containing not more than four self-contained family housing units. For other properties, their reports must be co-signed by an appraiser with the designation Accredited Appraiser Canadian Institute (AACI).

Varner showed participants three typical examples of neighbourhoods in transition from residential to higher uses. One photo showed an unassuming bungalow that was actually zoned for commercial redevelopment. The second example was a rural, four-bedroom house flanked by agricultural buildings on 66 acres of land.

The third photo showed a two-storey home on a city street, currently being used as a rooming-house with five suites and a shared kitchenette.

In the first situation, as a single-family dwelling, the property may be worth \$240,000, but its commercial land value is much higher. "You or your co-signer might discover that it has a land value of \$1,000 Front Foot, or \$360,000."

In the case of the rural home on 66 acres, Varner said, "I know members face this on a regular basis: a client asks to appraise a house on, let's say, one acre of land. Several questions arise from this situation."

When faced with these situations, Varner said, the *Standards* should be your guide. Along with several hypothetical conditions, land use controls must be identified. There might be agricultural zoning, which would prevent a residential dwelling lot.

"State your existing use and the use reflected in the appraisal – you cannot ignore that," Varner said. "You must tell the client, 'the existing use is this, but the value reflected in the appraisal is something else.'"

In the third case, "you might say, 'this is not a rooming-house,'" Varner said, since each room does not have its own kitchen or bathroom. Sales of four-bedroom homes in the area might

reveal a value of \$400,000. But, if a dining room has been converted to a fifth bedroom, using the gross income multiplier may reveal that the property's highest and best use is as a rooming-house, because it has a higher value than a single-family dwelling.

"We have made it clear in some of our *Canadian Property Valuation* publications that rooming houses are beyond the scope of a CRA designation," Varner said.

In all three situations, a CRA can either refuse the assignment, or arrange for review and co-signature by an AACI, in order to be covered by professional liability insurance. Without a co-signature, a CRA risks being disciplined.

When asked if there is a maximum lot size that can be considered in the appraisal, Varner said there is no single correct answer – sometimes the client will dictate, or Revenue Canada may have input. Ultimately, the appraiser must decide if what the lender asks for is even possible.

John Ingram, AACI, president of ARA Ingram Varner in Halifax, Nova Scotia, said finding highest and best use in vacant land presents a whole array of residential or commercial possibilities. In three scenarios, Ingram showed participants how to decide whether each situation warranted direct comparison analysis or subdivision analysis.

In the first example, a parcel of woodland is surrounded by other parcels of woodland with no road access. Nothing surrounding the land lends itself to recreational use. The zoning is wide open. "In all likelihood," Ingram said, "the highest and best use is sitting on it for a future eventuality."

In a second scenario, woodland that has been partly cut over, with no timber value, is in the middle of a developing residential subdivision. There are a few twists: the undeveloped portion in the middle has industrial zoning, and the serviceable boundary comes in around the undeveloped portion of



the unserviceable areas on the left and right. A purchaser would likely wait for a development agreement that makes changes to the serviceable boundary.

It is unknown whether the zoning or serviceable boundary will change. "Again, you are probably going to use a direct comparison analysis," Ingram said.

Example three is different. This parcel of woodland is in a developing residential area. There are golf courses to the north and south, as well as an emerging subdivision. The unknowns have all been eliminated. An established market surrounds it, so it is far enough along in the evolution of the property to take a subdivision approach.

"Ideally, you would want to look at a direct comparison approach as well," Ingram said. "In any situation when you are doing subdivision of houses, you want to use direct as a cross-check. But, in this situation, even if you did not have the approval in place, you would be okay with sub-analysis based on modeling from the existing subdivision."

Allan Beatty, AACI, of Kent-Macpherson Appraisals in Kelowna, BC, said that finding highest and best use for special-purpose property has created an evolving area of debate between theorists and practitioners.

"People who subscribe to one view say they are *contrary* or anti-cost-approach," Beatty said. They build their whole analysis and their approach to valuing any property, including special-purpose property, on the basis that they are always going to refer to market or they are going to create an income model that is totally fictional.

Beatty has found, especially in appeal situations, that one side says, "Well, the property is so specialized, it is never going to be suitable for anything else, so I cannot value the property as it exists." That is valuing the property in use. I am an advocate of cost approach, even though at times you might look



to the market to quantify things."

If the character, nature or use of the property is not expected to change, that is where a highest and best use conclusion is drawn. It is not until appraisers get to that stage that they consider what approaches might be appropriate.

Beatty's fundamental premises are that every property has a highest and best use, even though determining it is a difficult process; that every property can be valued; that the most probable future use is closely aligned with highest and best use; and that utility creates value.

When confronted with a challenging property for highest and best use, Beatty advised participants to consider its most probable future use, and whether any impairment is evident in beneficial use. Once this is done, he proposed three principles to help navigate the process:

- **Consider all methods of appraisal.** If they cannot be applied in their entirety, sales and income factors may be used to demonstrate depreciation or obsolescence.
- **Appraise according to market evidence.** Find a way to break sales into their component parts. Use the market evidence for what it is worth. It is not perfect, but it beats the alternative of either pretending that these factors are not evident, or not addressing all the issues that ought to be addressed.
- **Keep your eye on beneficial use.** Do some digging. Researching the industry, how

it operates and its challenges may reveal valuable market evidence.

As illustration, a recent assessment appeal regards a Saskatchewan creamery that produces nearly 100% of the milk in that province. The assessment showed that farmers would lose \$5 million in potential profit by having to ship their product elsewhere, creating incentive for the farmers to form their own creamery cooperative, if the current creamery operator were to leave the province. The investment could be amortized at \$5 million per year over quite a short period of time.

The appellants wanted to apply the principles of a previous appeal by Southam News in BC. They said, "No one can ever use this, and we think it should be valued as a shipping warehouse." They argued obsolescence, even though it had changed hands at least twice in the history of the facility, but still continued as a creamery.

Our Board agreed with the respondent (the assessor), saying that it should be valued according to what it was built for, with its proven track record of production.

"Opening at the first level of decision, the most probable future use is continued operation," Beatty said. "So, although we won on every point, we lost. It only demonstrates to my way of thinking that there is never a sure thing. Appraisers themselves may never reach full agreement on this."

GEORGES LOZANO – 10 YEARS AT THE HELM

Appraisal Institute of Canada (AIC) members, volunteers and staff join in wishing Georges Lozano, Chief Executive Officer, much success as he retires from the Appraisal Institute of Canada this coming fall.

The Institute hired Georges in December 2001 to spearhead the relocation of offices from Winnipeg to Ottawa. Since that time, he has provided dedicated leadership to our association, membership and AIC staff.

The Institute has evolved significantly during Georges' tenure as CEO, owing to his patient guidance and work with staff, Board directors and members, as he continually encouraged us to adopt innovative solutions aimed at accomplishing AIC's goals, while embracing the Institute's vision and mission.

Here are comments from some of our industry leaders:

"On behalf of the Appraisal Institute of Canada – Alberta, I would like to extend our thanks to Georges for his hard work and contribution to the Institute over his tenure. His leadership and decorum are, and will remain, an example to us all. Our sincere best wishes are with him and his family in his retirement."

Dan Ackerman, AACI, President, AIC – Alberta

"I wish Georges all the best in his retirement. It has been a pleasure to work with him on issues related to the valuation profession. I have known Georges for close to 20 years and I admire his integrity and professionalism."

Jeannine Brooks

President & CEO, Chartered Business Valuators

"Georges' insight and leadership have helped shape the valuation profession in Canada and internationally. I am truly grateful for the opportunity to serve beside him, to benefit from his wisdom, and to call him a friend."

Brad Wagar, AACI, Fellow

AIC Past President

"Working with Georges was a real joy. His depth of knowledge on challenging issues, his commitment to our professional community, and his carefully guarded sense of humour made my volunteer work achievable (even fun). He brought a whole new standard of excellence to the AIC, its staff and volunteers. Whoever gets to work with Georges next is fortunate."

David Highfield, AACI, Fellow, AIC Past President

"The way in which Georges has helped guide our membership during the paradigm shift from a group of practitioners to an association of professionals not only reflects his leadership ability, but is a testimony to a legacy that will continue to impact AIC for years to come."

Gordon Daman, AACI, President, AIC – Manitoba

"Georges has a tremendous capacity to absorb and impart information. This fact was clearly evident six months after his arrival as CEO of the Appraisal Institute of Canada. He has earned the utmost respect of every organization that the AIC is involved with by way of his no nonsense, innovative and fact-based approach. Our organization will miss a true leader."

Paul Olscamp, AACI, Fellow, AIC Past President

"It has been my great pleasure to get to know Georges since I started with the Appraisal Institute in 2007. Georges is one of the finest association executives with whom I have worked and his advice and counsel over the years have been a tremendous help to me personally and to the Appraisal Institute. We will miss Georges and wish him the best of luck with this new chapter in his life."

Fred Grubbe, Chief Executive Officer

The Appraisal Institute, Chicago, Ill.

"Some very significant changes have occurred during Georges' tenure as CEO of the Appraisal Institute of Canada. We appreciate the dedication, hard work, and vision he has shown over

these past 10 years. Georges has exemplified how we can all represent the AIC every day with pride and dignity and, ultimately, as professional appraisers."

Scott Wilson, AACI, AIC Vice President

"We thank Georges for his understanding, comprehension and professionalism. We are going to miss him."

Laurent Brosseau, AACI, Fellow

Former AIC Board Director

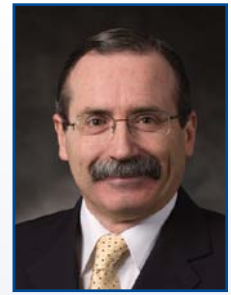
"Georges Lozano: calm, cool, collected, knowledgeable, moderate yet firm, a really nice guy, and very likely a tough act to follow. Best of luck, and thank you for making me a better member."

Louis Poirier, AACI, AIC Board Director

"The changes that the Appraisal Institute of Canada and our profession have undergone during Georges' tenure have been remarkable. Working with him as a provincial president, a Board member, a member of the Executive, and as AIC President, I have always admired his professionalism, dedication and calm manner. Georges is well respected, not only within the AIC family, but also on the international stage with allied organizations. Georges will be missed, but somehow I think this is a 'see you later' rather than a 'good bye.' One chapter comes to an end and another begins."

Gordon Tomiuk, AACI, Fellow

AIC Past President



FAREWELL JOANNE CHARLEBOIS By Georges Lozano

For almost 10 years at the Appraisal Institute of Canada (AIC), communications and Joanne Charlebois have been synonymous. Joanne started as Director of Marketing and Communications at the AIC over nine years ago when the national office had just been moved from Winnipeg to Ottawa. Staff rebuilding was beginning at that time and the staff complement consisted of Joanne, an office administrator and me.

From the beginning, Joanne showed tremendous initiative as she focused on making sure that the AIC would reestablish itself successfully and began working to strengthen its image in Ottawa, across Canada, and beyond.

Joanne brought strong marketing skills to the Institute from her previous employment at the Canadian Egg Marketing Agency, perhaps best known to us for its famous 'get cracking' slogan. Joanne took the AIC challenge to heart from the outset and she began working closely with the members of the Marketing and Communications Committee to develop a solid communications program.

First off, communications with the membership were enhanced significantly with the now ubiquitous Communiqués that regularly inform members about new developments, upcoming events, and anything else that members need to know. Next, the *Canadian Appraiser* magazine, now known as *Canadian Property Valuation* magazine, was completely reworked to ensure that it included a wider variety of topics of interest, as the Institute moved to promote AIC members as multi-disciplinary professionals. Today, the magazine is widely recognized as the voice of the AIC and it provides information of interest to members, potential members, and stakeholders everywhere.

Perhaps Joanne's longest lasting achievement is AIC's distinctive orange, green and blue logo. This was developed after months of rigorous research and a consultative process during which volunteers and members were involved in providing input on a number of proposed alternatives. The result was well received and sent a strong message to the public that the AIC was moving forward towards new horizons of professionalism and service to the public.

Joanne's contributions during her years with the Institute extend well beyond her significant work as Director of Marketing and Communications. She is a consummate association professional and, as such, used her talent at the Institute with dedication and commitment, working hard every day to make the AIC a better place at which to work and a more professional organization overall.

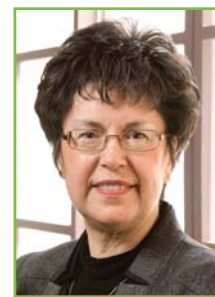
After years of serving the Institute, Joanne is taking an important step in the advancement of her career, as she takes on the role of Executive Director of the Canadian Association of Speech Language Pathologists and Audiologists. I know you join me in thanking her for her valuable contribution at AIC and in wishing her every success in her new role.

Here are some comments from a number of people who had the privilege to work with Joanne:

"Joanne got me involved in AIC volunteering and I have never thanked her for this. In fact, simply saying thanks is not enough. What was originally an 'OK, I guess I'll do it' approach for me quickly turned into something which has unquestionably been a key element to my personal and professional growth. Joanne truly helped me see what volunteering can bring to the association and to the individual. She has been a great coach on more than one occasion and made a lot of us look good.

"She stuck with us even when the position she was hired for took so many years to truly evolve into what it was intended to be. She has been an integral part of the success of the AIC and this is not by chance. It is due to her dedication, professionalism, depth of knowledge, and tenacity."
 — Louis Poirier, AACI, Board Director

"Joanne always went far beyond just doing her job; she made the success of the Institute and its members her goal and she worked tirelessly at achieving this objective."
 — David Babineau, AACI, Fellow Former Board Director



"My reaction to the announcement of Joanne's new job: 'lucky speech pathologists and audiologists.' To say she will be missed only begins to tell the story of our life at AIC without Joanne. Her unwavering dedication to our organization to make it a better place to be certainly will become a point of reference for years to come."
 — Beverley Girvan, AACI, Former Board Director

"Joanne was the driving force behind many of the AIC's accomplishments over the past decade. She has definitely left her mark, and will be missed by many."
 — Michael Garcelon, AACI, Former Board Director

"A sincere thank you to Joanne for her dedication to our members and our profession during her tenure at the Appraisal Institute of Canada. Her efforts in extending our brand throughout Canada have been nothing short of stellar. The mark she has left on the Institute will be felt for years to come!"
 — Gordon Daman, AACI, President, AIC — Manitoba

"A huge, heartfelt thank you for your assistance, guidance, enthusiasm and cheerful disposition. We were so lucky to have such a key ally in our continuing efforts to promote and support the Quebec Chapter."
 — Kathleen Ellis, AACI, Secretary, Board of Directors, AQICE (Quebec)

"Joanne brought expectations of excellence to every project she worked on and it raised the bar in our Institute. Without her contributions, I doubt that our members would have the professional profile we presently benefit from."
 — David Highfield, AACI, Fellow, AIC Past President

Appraisal Institute of Canada

RESEARCH AND DEVELOPMENT FUND

The AIC's Research and Development Fund was established as a Registered Canadian Charitable Organization to conduct research studies in the field of real property valuation techniques and procedures, with particular emphasis on the effects of current economic development and real property value.

Research studies undertaken under the aegis of the R&D Fund must extend the knowledge of those in the appraisal discipline and must be relevant to the practice of real estate appraisal.

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

The Research and Development Fund's research program aims to conduct studies in the field of real property valuation techniques and procedures, with particular emphasis on the effects of current economic development and real property value. The Institute is interested in encouraging research that supports its mission of promoting and supporting its members in providing high quality property advisory services for the benefit of clients, employers, and the public. Consideration is given to projects related to the application of existing valuation techniques to new areas as well as the development of new concepts in valuation.

The Research and Development Fund and its work is anchored in the Institute's Strategic Plan which states that "new methodologies and practices will be developed, supported by innovative core education and continuing education

programs, involving the principles of value in real estate and related property."

The Research and Development Fund is overseen by the Appraisal Institute of Canada Board of Directors. As such, the Board is responsible for the approval or disallowance of proposals, initiatives, or grants.

The Research and Development Committee establishes the R&D research agenda by identifying pertinent research topics and issuing requests for proposals published, with the aim of attracting qualified researchers in the field and encouraging them to submit proposals. Specific funds are allocated to qualifying projects. A limited number of such proposals are considered and funded. The AIC R & D Fund has recently contributed to a study undertaken by the University of British Columbia to determine the impact on the residential rental market in downtown Vancouver from rentals of residential condominium units purchased for investment purposes.

The appraisal community and interested researchers are encouraged to submit topic ideas that satisfy the Research and Development Program's criteria. The Research and Development Fund also welcomes proposals for joint research initiatives from like-minded organizations in Canada and abroad, where such proposals are germane to the real property appraisal research field and are of mutual interest. Tax deductible donations to the Research and Development Fund can be made payable to:
The Research and Development Fund of the Appraisal Institute of Canada

403-200 Catherine St., Ottawa, ON K2P 2K9

Research grants are awarded to individuals or organizations whose project proposals are recommended by the Research and Development Committee and approved by the AIC Board. Proposals are judged on their overall quality. They should have high intrinsic value and intellectual or creative merit — posing a significant question, exploring an important issue, addressing a challenging problem, or expressing a new idea.

Projects should also hold out the promise of making worthwhile contributions to the profession. Projects should be well-conceived, with achievable goals, a realistic schedule, and an accurate budget.

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

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

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

R & D donations

The Research and Development Fund of the AIC is a registered Canadian charitable organization under the Canada Revenue Agency. Donations are accepted from members and non-members alike and are tax deductible. Donations may be made annually when paying your dues or at anytime throughout the year. Simply donate online at the same time you are paying your dues or submit a cheque.

Cheques should be made payable to **R&D Fund of the Appraisal Institute of Canada** and mailed to:

Appraisal Institute of Canada 403 - 200 Catherine Street, Ottawa, ON K2P 2K9

A separate tax receipt will be issued. For more information, visit the Research and Development Fund web page at <http://www.aicanada.ca/cmsPage.aspx?id=311>.

CRITICAL DATES

Mid-August, 2011 – Membership dues link to E-invoices emailed to members by AIC. For further information contact rosmarieb@aicanada.ca

September 30, 2011 – Deadline for payment of membership dues

September 30, 2011 – Deadline for posting/recording the Candidate Course per Year for 2011 CPY period (October 1 2010 to September 30 2011) For further information contact dianea@aicanada.ca

Mid-November, 2011 – Insurance E-invoices emailed to members. For further information contact dianea@aicanada.ca

December 31, 2011 – CPD deadline for the required annual 6 CPD credits to be completed and posted.

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.

Ron Dingwall, CRA, North Vancouver, BC

Jim Cameron, AACI, Vancouver, BC

Roy Nesbitt, AACI, Chilliwack, BC

Robert Leitch, AACI, Fellow, Calgary, AB

Lorne John Woitas, CRA, Midale, SK

Gordon W. Clelland, AACI, Newmarket, ON



SAVE THE DATE! ANNUAL CONFERENCE OF THE APPRAISAL INSTITUTE OF CANADA

OTTAWA, ONTARIO, FAIRMONT CHATEAU LAURIER, JUNE 6-9, 2012

Join Conference Chair Ed Saxe, CRA and the Organizing Committee members in June 2012 for AIC's annual conference in the National Capital Region at the historic Fairmont Chateau Laurier. The conference opens with a welcome reception on Wednesday, June 6. The educational and social programs begin on June 7 and end with an Awards Luncheon on June 9. The President's Banquet will take place on Friday, June 8.

2012's conference theme is **THE SHAPE OF THINGS TO COME – STRATEGIES FOR SUCCESS**

You are invited to 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.

Our conference hotel is the historic Fairmont Chateau Laurier on the Rideau Canal beside Parliament Hill. In the month of June, Ottawa is a beautiful city vibrating with colour and activity. Bring your walking shoes and explore. Stroll along the Rideau Canal, check out the

museums, attractions, and even the 'Hill.' Visit the Byward Market for great food and entertainment, try your luck at Casino Lac-Leamy, or check out the new, world class Convention Center right across the street from our hotel.

Your fellow members working on the 2012 Organizing Committee are enthusiastic and committed to making your 2012 conference experience a truly memorable one. Mark it on your calendar – June 6-9. See you there!



AIC	2012 Annual AIC Conference Theme: Shape of Things to Come – Strategies for Success Dates: June 6-9, 2012 Fairmont Chateau Laurier Ottawa, Ontario
BC	Professional Practice Seminars September 29 & 30 – Kelowna October 14 & 15, 2011 – Nanaimo October 28 & 29 – Vancouver Provincial Conference September 30 & October 1 Delta Grand Okanagan Resort, Kelowna For information contact info@appraisal.bc.ca or (604) 284-5515, or check www.appraisal.bc.ca
AB	Fall Sessions - Professional Practice Seminar Dates TBA For information contact the AB-AIC at aic.alberta@shawlink.ca or (403) 207-7892 or visit the 'Events' section at www.ab.aicanada.ca
SK	Fall Professional Development Conference October 14, 2011 – Regina For information contact Marilyn Steranka at skaic@sasktel.net or (306) 352-4195 or check http://saskatchewan.aicanada.ca
MB	For information contact the Executive Director at mbaic@mts.net or (204) 736-2427 or check http://manitoba.aicanada.ca
ON	Computing Made Easy for the Independent Professional September 15, 2011 9:00 am - 10:30 am Fall Academy September 23, 2011 CRA - Seminars <ul style="list-style-type: none"> • Digital Signature – What You Should Know Without Worrying About It • Overview – Run of the Mill or Run Away? • Overview – Architectural Styles • Environmental Site Assessment AAI - Seminars <ul style="list-style-type: none"> • Digital Signature – What You Should Know Without Worrying About It • Restaurant Valuation and Appraising in a Difficult Market • Environmental Site Assessment
ON	Candidate – Seminars <ul style="list-style-type: none"> • What is the Difference between a Fee Appraiser and Non Fee Appraiser? • What are the Responsibilities of a Mentor and Candidate? • Steps from A to Z: the Process for Receiving Your AIC designation • Landing the Job of Your Dreams: Tips, Tactics and Success Strategies on the Road to Your Career! 2011 Professional Practice Seminars October 21 & 22 - 9:00 am - 5:00 pm – Windsor Intensive BUSI Courses – October 24 – 28 <ul style="list-style-type: none"> • BUSI 112: Canadian Real Property Law and Real Estate Ethics • BUSI 330: Foundations of Real Estate Foundations • 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 • Registration Deadline: September 20, 2011 For information or to register please log onto www.aicanada.ca under Provincial Site Click Ontario – Events, or contact Lorraine Azzopardi at lorraine@aaic.on.ca (416) 695-9333 Ext 222
QC	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	Professional Practice Seminar Fall date to be determined For information please contact Jennifer Nemeth-MacArthur at nbarea@nb.aibn.com or check www.nbarea.org
NS	Professional Practice Seminar October 21 and 22 Park Place Hotel & Conference Centre, Dartmouth, NS For information contact Davida Mackay at nsreaa@nsappraisal.ns.ca or (902) 422-4077 or check www.nsappraisal.ns.ca/
PEI	2nd Annual Barry Wood Golf Tournament Fox Meadow Golf and Country Club Friday September 9, 2011 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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