



Appraisal Institute of Canada

Institut canadien des évaluateurs

**CANADIAN UNIFORM STANDARDS
OF PROFESSIONAL APPRAISAL PRACTICE**

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Appraisal Institute of Canada
403 ~ 200 Catherine Street
Ottawa, Ontario K2P 2K9

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1 INTRODUCTION

The *Canadian Uniform Standards of Professional Appraisal Practice* (“The Standards,” or CUSPAP) were first introduced in January 2001. This 2020 edition reflects the expanding role of the professional within the Appraisal Institute of Canada (“AIC” or “the Institute”).

The Standards contained in this edition are compliant with the International Valuation Standards (“IVS”) published by the International Valuation Standards Council (“IVSC”).

A Member of the Appraisal Institute of Canada accepting Assignments under the International Financial Reporting Standards (“IFRS”) must, along with compliance with the requirements of CUSPAP, obtain and be familiar with the current edition of the International Valuation Standards.

Composition of CUSPAP:

Definitions [section 3], their application is mandatory.

Eight Standards, each containing Rules and Comments, their application is mandatory:

1. Ethics Standard [section 4 (Rules) and section 5 (Comments)]
2. Reporting Standard [section 6 (Rules) and section 7 (Comments)]
3. Real Property Appraisal Standard [section 8 (Rules) and section 9 (Comments)]
4. Review Standard [section 10 (Rules) and section 11 (Comments)]
5. Consulting Standard [section 12 (Rules) and section 13 (Comments)]
6. Reserve Planning Standard [section 14 (Rules) and section 15 (Comments)]
7. Machinery and Equipment Appraisal Standard [section 16 (Rules) and section 17 (Comments)]
8. Mass Appraisal Standard [section 18 (Rules) and section 19 (Comments)]

Legislation and/or Regulations:

Members are required to comply with the applicable legislative and/or licensing requirements for all types of Professional Services Assignments.

In some jurisdictions, legislation may limit or expand the qualifications of the practitioner. Legislation supersedes CUSPAP.

External Standards and/or Requirements:

Members who are qualified under more than one valuation organization and whose work is required to comply with more than one standard of practice must ensure that adherence is to the highest minimum standard.

Where two standards conflict, Members must comply with CUSPAP. It is a Member’s responsibility to determine their obligations to comply with any other standard of practice.

2 FOREWORD

Authority for interpretation and application of these Standards is found in the AIC Consolidated Regulations and terms of reference of appropriate Committees and Sub-Committees of the Institute. (“Committees”.)

2.1 How to Use This Document

2.1.1 The Standards are organized in three levels:

- 2.1.1.i. Definitions;
- 2.1.1.ii. Standard Rules; and
- 2.1.1.iii. Standard Comments.

2.1.2 Sections and subsections of the Standards are numbered in the format #.#.#.i.

2.1.3 Cross-references in the format of numbers in square brackets [#.#.#.i] at the end of a section are provided to link:

- 2.1.3.i. Definitions;
- 2.1.3.ii. Rules; and
- 2.1.3.iii. Comments.

2.1.4 In the PDF version of the document, the cross-references are accessed by clicking on a numbered reference.

2.1.5 An Index provides cross-references to terms used throughout the document.

2.2 Definitions

2.2.1 The application of the Definitions in section 3 is compulsory.

2.3 Application of Standards

2.3.1 A report must comply with the Reporting Standard [sections 6 and 7] **and** with the Standard appropriate to the type of Assignment being undertaken:

- 2.3.1.i. Real Property Assignments must comply with the Reporting Standard **and** the Real Property Appraisal Standard.
- 2.3.1.ii. Review Assignments must comply with the Reporting Standard **and** the Review Standard.
- 2.3.1.iii. Consulting Assignments must comply with the Reporting Standard **and** the Consulting Standard.
- 2.3.1.iv. Reserve Planning Assignments must comply with the Reporting Standard **and** the Reserve Planning Standard.

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2.3.1.v. Machinery and Equipment Assignments must comply with the Reporting Standard **and** the Machinery and Equipment Standard.

2.3.1.vi. Mass Appraisal Assignments must comply with the Reporting Standard **and** the Mass Appraisal Standard.

2.4 Standard Rules

2.4.1 The application of the Rules is mandatory.

2.4.2 The Rules are based upon accepted principles regarding the minimum mandatory content for Reporting [section 6], Real Property Appraisal [section 8], Review [section 10], Consulting [section 12] Reserve Planning [section 14], Machinery and Equipment Appraisal [section 16], and Mass Appraisal [section 18] necessary to provide a credible result.

2.4.3 Rules provide minimum mandatory performance standards: For Ethics [section 4], Reporting [section 6], Real Property Appraisal [section 8], Review [section 10], Consulting [section 12] Reserve Planning [section 14], Machinery and Equipment Appraisal [section 16], and Mass Appraisal [section 18] Assignments.

2.5 Standard Comments

2.5.1 The application of the Comments is mandatory.

2.5.2 Comments clarify, interpret, explain, and elaborate on the Rules.

3 DEFINITIONS

3.1 AACI:

Accredited Appraiser Canadian Institute designation. [see 5.4.10]

3.2 AIC:

Appraisal Institute of Canada

3.3 APPRAISAL:

A formal opinion of value expressed either written or orally that is prepared as a result of a retainer or agreement, is intended to be relied upon by identified parties, and for which the Member assumes responsibility. [see 6, 8, 16]

3.4 APPRAISAL PRACTICE:

A generic term to describe the work or services performed by a Member, defined by the six activities in these Standards: Real Property Appraisal, Review, Consulting, Reserve Planning, Machinery and Equipment Appraisal, and Mass Appraisal.

Note 1: These six activities are intentionally generic, and not mutually exclusive. For example: an estimate of Real Property value may be required as part of a Review, Consulting, Reserve Fund Study and/or Machinery and Equipment Professional Service.

Note 2: The use of other terms (e.g. analysis, counselling, evaluation, study, submission, valuation) does not exempt adherence to these Standards. To avoid confusion, CUSPAP terminology should be used.

3.5 APPRAISER-ASSISTED AVM:

An automated valuation model that requires appraiser judgment in developing and setting parameters for comparable data search and final reconciliation processes. The output of an AVM becomes a value when a Member applies judgement to the output. This may involve accepting the AVM output as determined by the AVM, or forcing variables into or out of the final model. A common use of Appraiser-Assisted AVMs are in mass appraisal (assessment) valuations.

3.6 ASSESSED VALUE:

A value set on real estate and personal property by a government as a basis for levying taxes. Assessed value is typically defined by statutes and regulations in each respective Province.

3.7 ASSESSMENT JURISDICTION:

The prevailing jurisdiction granted authority under the highest level of legislation or policy within a region. In some provinces, the Assessment Jurisdiction can be provincially based

whereas in other provinces the Assessment Jurisdiction is based on the local level for each municipality.

3.8 ASSIGNMENT:

A professional service provided as a result of a retainer or agreement between a Member and a Client.

3.9 ASSUMPTION:

That which is taken to be true. [see 3.23, 6.2.7, 7.9]

3.10 AUTOMATED VALUATION MODEL (AVM):

A computer program that analyzes data used in an automated process that may include regression, adaptive estimation, neural network, expert reasoning, and artificial intelligence programs.

3.11 AVM OUTPUT VALIDATION:

A Real Property Appraisal Assignment or Consulting assignment where a Member provides professional services in association with reviewing AVM data output.

3.12 BIAS:

A preference or inclination that is not reasonably supported that precludes a Member's impartiality to develop or communicate the results of an assignment for Real Property Appraisal, Review, Consulting, Reserve Planning, Machinery and Equipment, or Mass Appraisal.

Also, favouring or promoting the cause or interest of the Member or one party over another party. [see 4.2.12, 5.11]

3.13 CLERICAL ASSISTANCE:

Clerical Assistance involves support to the Member in the preparation of a report but does not include any assistance that would be properly classified as Professional Assistance. Clerical Assistance does not extend to inspection, selection of market data or assistance that leads to the analyses, opinions and conclusions in the report. Some examples of Clerical Assistance: data collection; collating reports; preparing appendices, maps and sketches; spelling and grammar checking.

3.14 CLIENT:

The individual or organization for whom the Member renders or agrees to render Professional Services. [see 6.2.1, 7.2]

3.15 COMPETENCE:

Having sufficient knowledge, skill and experience required to perform a specific Assignment. [see 4.2.7, 5.10]

3.16 CONSULTING:

Acting in an advisory capacity on diverse questions or problems involving Real Estate, and/or Machinery and Equipment; the scope of this type of Professional Service differs from Appraisal or Review Assignments. [see 12, 13, 14, 15]

3.17 CRA:

Canadian Residential Appraiser designation. [see 3.18, 5.4]

3.18 DESIGNATED MEMBER:

Shall be a person enrolled on the register of the Institute as holding one of the following grades or ranks, as conferred by the Board of Directors upon any person who has properly complied with the requirements for their use:

- Accredited Appraiser Canadian Institute (AACI) [see 3.1]
- Canadian Residential Appraiser (CRA) [see 3.17]
- Professional Appraiser (P. App) [see 3.50]
- Professional Valuator (P. Val.)

3.19 DETRIMENTAL CONDITION:

An issue or condition that may cause a decrease in value including:

- physical (e.g., deficient soil bearing capacity or construction deficiency);
- external (e.g., proximity to railway or under an airport flight path);
- environmental (e.g., soil or groundwater contamination);
- natural (e.g., flooding or earthquake zone); and/or
- sociological (e.g., crime scene).

3.20 EFFECTIVE DATE:

The date at which the analyses, opinions and conclusions in an Assignment apply. The Effective Date may be different from the inspection date and/or the report date. [see 6.2.5, 7.7]

3.21 EXPOSURE TIME:

The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal.

3.22 EXTERNAL VALUER:

An Appraiser who is an agent acting on behalf of the Client and has no material link with the Client or the subject of the Assignment.

Note: This is a term referred to in IVS and used in valuation for financial reporting. There is no relation to AIC Fee Appraiser and Non-fee Appraiser categories, or reference to Appraisal for any purpose other than financial reporting to indicate that the person writing the report is at arm's length to the Client.

3.23 EXTRAORDINARY ASSUMPTION:

An assumption, directly related to a specific Assignment, which, if found to be false, could materially alter the opinions or conclusions. [see 6.2.7, 7.9]

Extraordinary Assumptions presume as fact otherwise uncertain information about or anticipated changes in the physical, legal or economic characteristics of the subject property, or about conditions external to the subject property such as market conditions or trends, or the integrity of data used in an analysis.

3.24 EXTRAORDINARY LIMITING CONDITION:

A necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report. [see 6.2.7, 7.9]

3.25 FEASIBILITY ANALYSIS:

A study to assess whether a project will develop according to the expectations of the Client and is economically feasible in accordance with the Client's explicitly defined and lawful financial objectives. [see 13.5]

3.26 FEE APPRAISER:

A Member who renders Professional Services on a fee-for-service basis and/or where the product of the service may be provided to any party other than the Member's employer, firm, partnership or personal corporation. [see 3.55]

3.27 FIXTURE:

An improvement or Personal Property that is attached to the land or building in a permanent manner, is essential to the property, and/or is an integral part of the building.

3.28 FORCED SALE VALUE:

A Forced Sale Value implies a reduced selling period and a compulsion to sell Real Property. Also known as: "liquidation value", "distress sale" or "power of sale".

A Forced Sale Value reflects a situation where:

- the seller is under compulsion to sell (and may be an unwilling seller);
- consummation of the sale is within a short period of time; and
- normal marketing time is not possible due to a brief exposure time.

A forced sale is a description of the situation under which a sale takes place, resulting in a value that does not fully meet the definition of Market Value.

3.29 HAZARDOUS SUBSTANCE:

Any material within, around, or near a property that has sufficient form or quantity and exhibits any hazardous characteristics that can create a negative impact on value. Such substances shall include but are not limited to: solids, liquids, gaseous or thermal irritants, contaminants, smoke, vapour, soot, fumes, acids, alkalis, chemicals, or waste materials.

3.30 HIGHEST AND BEST USE:

The reasonably probable use of Real Property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value. [see 8.2.6]

3.31 HYPOTHETICAL CONDITION:

Hypothetical Conditions are a specific type of an Extraordinary Assumption that presumes, as fact, simulated but untrue information about physical, legal or economic characteristics of the subject property or external conditions, and are imposed for purposes of reasonable analysis. [see 6.2.8, 7.10]

3.32 INSPECTION:

An observation, site visit, walk through, viewing or non-invasive visual examination of a property.

3.33 INTANGIBLE PROPERTY (INTANGIBLE ASSETS):

Non-physical assets, including but not limited to: franchises, trademarks, patents, copyrights, goodwill, equities, mineral rights, securities, and contracts, as distinguished from physical assets such as facilities and equipment.

3.34 INTENDED USE:

The use of a Member's Professional Services, as identified by the Member based on communication with the Client. [see 6.2.2, 7.3]

3.35 INTENDED USER:

A party identified by name as a user of the Professional Services of the Member, based on communication between the Member and the Client. [see 6.2.1, 7.2]

3.36 INTERNAL VALUER:

A Member who is employed by either an entity that owns the assets or the accounting firm responsible for preparing the entity's financial records and/or reports. A Member who is an internal valuer may also be required to refer to the International Valuation Standards (IVS).

Note: A term referred to in the IVS and used in valuation for financial reporting. There is no relation to AIC Fee and Non-fee Appraiser categories, or reference to Appraisal for any purpose other than financial reporting.

3.37 INVESTMENT ANALYSIS:

A study that reflects the relationship between acquisition, price and anticipated future benefits of a Real Property investment. [see 13.4]

3.38 INVESTMENT ANALYSIS - RESERVE FUND STUDY:

For Reserve Fund Studies, an Investment Analysis consists of analyzing the rate of return previously achieved by the Client with their Reserve Fund, along with estimating a rate of return that might be achieved in the future in accordance with legislation (if applicable).

3.39 JURISDICTIONAL EXCEPTION:

An Assignment condition that permits the Member to disregard a part or parts of these Standards that are determined to be contrary to law or public policy in a given jurisdiction; only that part or parts shall be disregarded and of no force or effect in that jurisdiction. [see 5.3.8, 7.10.6, 19.3.1, 19.7]

Jurisdiction relates to the legal authority to legislate, apply or interpret law at either the federal, provincial or local levels of government. A Jurisdictional Exception must flow from legislation (Acts, Bylaws, Procedures authorized and developed from Bylaws, or case law). [see 19.7].

In a Report the Member must identify the part or parts of CUSPAP disregarded as well as provide a reference to the law, regulation or legal authority that precludes compliance and supports the Jurisdictional Exception. [see 19.7.3]

It is the responsibility of the Member, not the Client or other Intended User(s), to determine whether the use of a Jurisdictional Exception is appropriate.

3.40 LEASE:

A legal agreement that grants right to use, occupy, or control all or part of a property for a stated period of time based on the terms and covenants of the Lease including but not limited to: the rental rate. [see 8.2.10]

3.41 LIMITING CONDITION:

A statement in an Assignment identifying conditions that impact the conclusion. [see 6.2.7, 7.9]

3.42 MACHINERY AND EQUIPMENT DEFINITIONS:

Machinery and Equipment: A term that describes the physical facilities available for production, including: the installation and service facilities, together with all other equipment

3. Definitions

designed or necessary for manufacturing purposes, regardless of the method of installation. It also includes those items of furniture and fixtures necessary for the administration and proper operation of the enterprise. [see 16]

Equipment: includes all machinery and other apparatuses or implements used in an operation or activity (all machinery is equipment, but all equipment is not necessarily machinery). [see 16]

Equipment Classes: typical equipment classes include: production machinery; support equipment; motor control centres and switchgear; power wiring; process piping; foundations and structural supports; material handling and storage equipment; general plant equipment; plant and motor vehicles; laboratory and test equipment; office furniture, fixtures, and equipment; computer equipment; tools; special tooling; patterns and templates; construction in progress; special classes; and inventory. [see 16]

Furniture: a particular type of equipment utilized in ancillary functions of an operation. It is designed to provide a convenient and efficient work location for personnel or necessary storage facilities. [see 16]

Machinery: the term encompassing man-made mechanical devices that are designed to create a product or in some manner alter the state of a material or partial product. [see 16]

Trade Fixtures: Fixtures utilized for the purpose of carrying on a trade or business. In a retail operation, they sometimes include specialized furniture or fixtures designed to display products. [see 9.2.1.iv, 9.12.2]

3.43 MARKET ANALYSIS:

A study of Real Estate market conditions for a specific type of property. [see 13.3, 13.5.1]

3.44 MARKET VALUE:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress¹.

¹ The Appraisal of Real Estate, Third Canadian Edition, ed. Dybvig, (University of British Columbia, Real Estate Division, 2010), p. 2.8

3.45 MARKETING TIME:

Marketing Time is an opinion on the amount of time it might take to sell a property interest in real estate at the concluded estimate of market value during the period immediately after the Effective Date of an appraisal.

3.46 MASS APPRAISAL:

The process of valuing a large group of properties as of a given date utilizing standard methodology, employing common data, and allowing for statistical testing. [see 3.55, 3.58, 18, 19]

3.47 MASS APPRAISAL REPORT:

A Mass Appraisal Report may be in the form of:

- a Report with an opinion of value other than the assessed value;
- a Report in defence of an assessed value;
- sales ratios and other statistical studies used in the production of assessed values; or
- market studies used in the production of the assessment roll.

Notices of assessment are not considered Mass Appraisal Reports because they are produced by an assessment jurisdiction, not an individual AIC Member; therefore, notices of assessment are not bound by these Standards.

3.48 NON-FEE APPRAISER:

A Member who renders Professional Services exclusively for the internal use of their employer and whose Professional Services Reports are kept in-house and are not provided to an outside party, although a fee may be paid by that outside party to cover the cost of the preparation of the Report.

Note 1: Notwithstanding the above, government and crown corporation employees may register as Non-Fee Appraisers, (including those who are employed by one government department but provide Professional Services to other governments, government departments or government-owned corporations), whether or not a fee is paid for the services provided. [see 3.3, 3.16, 3.64, 18, 19]

Note 2: Notwithstanding the above, a Member who is temporarily unemployed or holding employment that does not relate to Professional Services may register as a Non-Fee Appraiser for the period during which they are not providing any Professional Services.

3.49 NORMAL COURSE OF BUSINESS:

Common activities that are necessary and normal for an Assignment. These are not subject to individual interpretation. CUSPAP, other standards of practice and Canadian and international case law recognize and define the spirit and intent of “normal (or ordinary) course of

business". The basic premise of "Normal Course of Business" aligns with the concepts of Member due diligence and the "Reasonable Appraiser".

"The normal course of business is controlled to a large degree by the scope of work in a specific Assignment. The 'normal course of business' is determined by the actions of a Member's peers and by the expectations of parties who are regularly Intended Users for similar Assignments; **it is not any one Member's practices or any one Member firm's policies.** "In developing a[n]...appraisal, a Member must not commit a substantial error of omission or commission that significantly affects an appraisal. Diligence is required to identify and analyze the factors, conditions, data, and other information that would have a significant effect on the credibility of the Assignment results."²

3.50 P. APP:

Professional Appraiser designation. [see 3.18]

3.51 PERSONAL INFORMATION:

Information about an identifiable individual where there is a realistic possibility that the individual could be identified through the use of that information, alone or in combination with other information.

Information about an identifiable individual that a Member may be collecting may include drawings, photographs, sound recordings and/or video. Personal Information includes but is not limited to: photographs of occupants and people, personal value items, diplomas, cannabis plants, etc. Personal Information may often be found in living rooms, dining rooms, family rooms, bedrooms, and office spaces.

3.52 PERSONAL PROPERTY:

Identifiable portable, tangible or intangible objects considered or defined as being "personal" and that are not classified as Real Property. Examples of classes of Personal Property include: furnishings, artwork, antiques, gems and jewelry, collectibles, and Machinery and Equipment.

3.53 PROFESSIONAL ASSOCIATION/ORGANIZATION:

A Professional Association/Organization/Order that is generally accepted within Canada as a reputable association and admits individuals on the basis of their academic qualifications, experience and ethical fitness, and that requires compliance with a set of professional standards for competence and ethics established or endorsed by the organization, and is approved by the AIC.

² Advisory Opinion 24, Normal Course of Business (Appraisal Institute, USPAP 2014-15)

3.54 PROFESSIONAL ASSISTANCE:

Support to the Member that has a direct and significant bearing on the outcome of an Assignment including property Inspections, analysis, and development of opinions and estimates. [see 3.68, 7.12]

3.55 PROFESSIONAL SERVICES:

Real Property Appraisal, Review, Consulting, Reserve Planning, Machinery and Equipment Appraisal, and Mass Appraisal services which are rendered, or which should be rendered, by a qualified, competent Member authorized under the Rules, By-laws, Regulations and CUSPAP.

3.56 REAL ESTATE:

Land, buildings, and other affixed improvements, as a tangible entity.

3.57 REAL PROPERTY:

The interests, benefits, and rights inherent in the ownership of Real Estate. [see 9.2, 12.2.1]

Note: In some jurisdictions, the terms “real estate” and “real property” have the same legal meaning. The separate definitions recognize the traditional distinction between the two concepts in appraisal theory.

3.58 REASONABLE APPRAISER:

A Member providing Professional Services within an acceptable standard of skill and expertise, and based on rational assumptions. [see, 4.2.5, 7.1.2, 9.8]

Note: For the purposes of CUSPAP and the Professional Liability Insurance Program, the term “appraiser”, when employed or referenced outside of the Real Property Appraisal Standard and the Machinery and Equipment Appraisal Standard, is deemed to be generic and synonymous to “AIC Member”, “the Member”, “the practitioner”, “the reviewer” (under the Review Standard), “the consultant” (under the Consulting Standard), “the reserve fund planner” (under the Reserve Planning Standard) and “the assessor” (under the Mass Appraisal Standard).

3.59 RECERTIFICATION OF VALUE:

An inspection performed to confirm whether the Hypothetical Conditions applied in a Report have occurred as assumed. [see 7.10.3]

3.60 RELIANCE LETTER:

A letter of reliance providing authorization for a different Client or Intended User to rely on a Report.

3.61 REPORT:

Any communication, written or oral, of a Professional Service that is transmitted to a Client or Intended User as a result of an Assignment. [see 7.1]

Note 1: These Standards do not dictate the format or style of reports. The substantive content of a report determines its compliance with CUSPAP. When using a form or document created or copyrighted by the AIC, a Member must use the most recent version.

Note 2: Report types may include form reports, concise narrative reports, or comprehensive reports in complete or draft form. A “letter of opinion” is not an acceptable report type.

3.62 RESERVE FUND STUDY:

A budget planning tool that identifies the current status of a Reserve Fund and a Funding Plan to offset the anticipated expenditures for the major repairs and replacement of components, elements or assets, for which a corporation or association is responsible.

The Reserve Fund Study consists of two parts: the Physical Analysis and the Financial Analysis. “Depreciation Study”, “Depreciation Reports”, “Capital Component Report”, and “Contingency Reserves” are synonyms for Reserve Fund Study. [see 14, 15].

3.63 RETAINER:

The engagement of a Member by a Client to provide Professional Services for an Intended Use.

3.64 REVIEW:

The act or process of developing and communicating an opinion about all or part of an Assignment prepared by a Member or non-Member. [see 10, 11]

3.65 SALES RATIO:

The ratio of the assessment value to the sale price of a property.

3.66 SCOPE OF PRACTICE:

The extent of work that a Member can complete based on their designation and qualifications [see 5.4]; scope of practice is also limited by competence [see 3.15].

3.67 SCOPE OF WORK:

The type and extent of an Inspection, research and analysis required, any limitations, or other terms to fulfill the Intended Use of an Assignment. The Scope of Work for an Assignment is determined by the Client’s lawful terms of reference, the Member’s compliance to CUSPAP, and any applicable legislation. [see 6.2.4, 7.5, 7.6]

3.68 SIGNATURE OR CO-SIGNATURE:

The name of a Member or Members represented by a hand written mark, a digitized image controlled by a personalized identification number, or other media indicating authentication of the work performed and accepting responsibility for content, analyses, and the conclusions in the Report or Assignment. [see 6.2.9, 7.11, 7.12]

3.69 WORK-FILE:

Documentation necessary to support a Member's analyses, opinions and conclusions. [see 4.2.9, 5.7]

4 ETHICS STANDARD - RULES

4.1 Requirements of Members

- 4.1.1 Members of the Institute pledge to conduct themselves in a manner that is not detrimental to the public, the Institute, or CUSPAP. A Member's relationships with other Members and the Institute shall portray courtesy and good faith and show respect for the Institute and its procedures. [see 4.2.2]
- 4.1.2 A Member must not render Professional Services in a careless or negligent manner. This requires a Member to use due diligence and due care. The fact that the carelessness or negligence of a Member has not caused an error that significantly affects a Report's opinions or conclusions, and thereby does not seriously harm an Intended User, does not excuse such carelessness or negligence.

4.2 Rules

It is unethical for a Member [see 5.1]:

- 4.2.1 to knowingly fail to comply with the Bylaws, Regulations, Standards, policies, and Professional Liability Insurance Program of the Institute;
- 4.2.2 to knowingly engage in conduct that would prejudice their professional status, the reputation of the Institute, CUSPAP, or any other Member; [see 5.1]
- 4.2.3 to knowingly act in a manner that is misleading; [see 5.2, 5.3]
- 4.2.4 to act in a manner that is fraudulent; [see 5.1.4, 5.1.5]
- 4.2.5 to knowingly complete an Assignment a reasonable Member could not support; [see 3.58]
- 4.2.6 to claim qualifications and Continuing Professional Development credits, improperly; [see 5.6]
- 4.2.7 to undertake an Assignment lacking the necessary competence; [see 5.10]
- 4.2.8 to refuse to co-operate with the Institute; [see 5.5]
- 4.2.9 to fail to create a work-file for each Assignment; [see 5.5, 5.7]
- 4.2.10 to disclose results of an Assignment to anyone but the Client, except with the Client's permission; [see 5.8]
- 4.2.11 to fail to reveal any known conflict of interest; and [see 5.9]
- 4.2.12 to accept an Assignment that is contingent on the result or outcome. [see 5.11]

5 ETHICS STANDARD – COMMENTS

5.1 Conduct [see 4.2.2]

- 5.1.1 A Member must perform Assignments ethically, objectively and competently in a meaningful manner in accordance with these Standards.
- 5.1.2 A Member must not engage in activities within a group or organization that these Standards would preclude them from doing as an individual.
- 5.1.3 A Member must not avoid responsibilities and obligations by doing indirectly what they cannot do directly.
- 5.1.4 A Member acting as a Co-signer must provide the Member seeking designation with adequate and reasonable supervision and advisory services.
- 5.1.5 Conduct by a Member that results in criminal charges may be subject to sanctions in accordance with AIC Consolidated Regulations.
- 5.1.6 A Member must immediately inform the Institute upon any criminal convictions involving fraud, dishonesty, false statements, moral turpitude or any indictments that challenge good moral character or integrity.

5.2 Misleading Report [see 4.2.3, 4.2.4]

- 5.2.1 It is unethical for a Member to develop, use or permit others to use, for any purpose, any Report which the Member knows, or ought to know, is defective, erroneous, and/or misleading.
- 5.2.2 A misleading Report can be caused by omission or commission and may result from a single large error or a series of small errors that, when taken in aggregate, lead to a Report that is deemed to be misleading.

5.3 Misleading Advertising [see 4.2.3]

- 5.3.1 A Member must observe only the highest standards of objectivity and impartiality when advertising their Professional Services or referring to the Institute using advertising media for promotional or solicitation purposes including: print advertisements; leaflets; pamphlets; brochures; electronic media; and corporate, business, and/or personal web sites (e.g., LinkedIn, Facebook, Twitter, Instagram).
- 5.3.2 A Member may:
 - 5.3.2.i. use advertising to solicit Clients and business in a manner that does not offend the interests of the public and the Profession and to inform prospective Clients and the public of the availability of their Professional Services;
 - 5.3.2.ii. use advertising to advise as to the range, nature and cost of their

Professional Services;

- 5.3.2.iii. advertise their competence to perform, either directly or indirectly, in any Report or advertising media;
 - 5.3.2.iv. include a University degree or other professional designations when advertising;
 - 5.3.2.v. include the name of the Institute or its designations to refer to a Member's affiliation with the Institute when advertising; and
 - 5.3.2.vi. advertise jointly with another Member.
- 5.3.3 A Member must not [see 4.2.3, 4.2.4]:
- 5.3.3.i. use advertising media which is false, misleading, exaggerated, uses laudatory statements or superlatives to describe their services, or that is contrary to the public interest or the Institute;
 - 5.3.3.ii. refer to or make use of the name of the Institute or its professional designations and trademarks in a misleading or deceptive manner;
 - 5.3.3.iii. refer to or make use of the name of the Institute or its professional designations in a manner that suggests that a business organization is a Member of the Institute and/or holds any professional designation; and/or
 - 5.3.3.iv. use the Institute logos, trademarks or identity in contravention of the AIC Logo and Usage Guidelines.
- 5.3.4 A Member must identify their designation or Membership status (AACI, CRA or AIC Candidate Member) in any advertising media for Professional Services.
- 5.3.5 A Member's business entity that is wholly or partially owned or controlled by that Member must not solicit Professional Services in a manner that is misleading or otherwise contrary to the public interest, the profession, or the Standards.
- 5.3.6 Candidate Members must not [see 4.2.3, 4.2.4, 4.2.6]:
- 5.3.6.i. identify themselves as an "accredited appraiser" or a "Designated appraiser" or with any term/title that might be interpreted as an AIC designation;
 - 5.3.6.ii. use initials or abbreviations that might be interpreted as an AIC designation; or
 - 5.3.6.iii. promote the Candidate Membership in such a way that it might be perceived as a valuation designation (e.g., CRA [or AACI] Candidate or Candidate CRA [or AACI] or any combination or variation thereof).

- 5.3.7 AIC Candidates Members must identify themselves as:
- 5.3.7.i. “Candidate Member of the Appraisal Institute of Canada”; or
 - 5.3.7.ii. “Candidate Member of the AIC”; or
 - 5.3.7.iii. “AIC Candidate Member”. [see 4.2.6]
- 5.3.8 A Jurisdictional Exception may require AIC Candidate Members to identify themselves in an alternative manner (e.g., in Alberta).
- 5.3.9 In any Report or advertising media an AIC Candidate Member must identify:
- 5.3.9.i. that they are working under the supervision of a Designated Member of the AIC; and
 - 5.3.9.ii. the name of the supervisor and their designation. [see 3.18]

5.4 Qualifications [see 4.2.6, 7.11]

- 5.4.1 A Member must identify their designation (AACI, CRA or AIC Candidate Member) wherever their name appears in any CUSPAP Professional Service and related correspondence including letters of transmittal, letters of engagement, reliance letters, progress reports, and/or email correspondence. [see 3.17]
- 5.4.2 Only a Member holding the AACI designation is entitled to use of the term “accredited appraiser.”
- 5.4.3 Only a Member holding the AACI or CRA designations is entitled to use the term “Designated Member” and/or P. App.
- 5.4.4 An Associate, Retired, Honorary AACI, and/or Student Member:
- 5.4.4.i. shall not hold themselves out in any way as a practicing Member of the Institute.
 - 5.4.4.ii. Shall not undertake to perform any type of Report associated with the Professional Services defined in CUSPAP.
- 5.4.5 A resigned, suspended, or expelled Member:
- 5.4.5.i. shall not hold themselves out in any way as a practicing Member of the Institute; and
 - 5.4.5.ii. is not authorized to affix the designation or Member status they held prior to their change in Member status to their name in any type of document.
- 5.4.6 A CRA Member must use that designation in connection with the Real Property Appraisal, Review or Consulting of:
- 5.4.6.i. an individual, undeveloped site for not more than four (4) self-contained family housing units or,

- 5.4.6.ii. a dwelling or property containing not more than four (4) self-contained family housing units.
- 5.4.7 An exception is made for:
 - 5.4.7.i. Reserve Planning Assignments whereby a competent CRA Member can use the CRA designation to undertake Reserve Planning Assignments on any building size or type. Additional limitations may be imposed by Provincial Legislation;
 - 5.4.7.ii. Machinery and Equipment Appraisal Assignments whereby a competent CRA Member can use the CRA designation to undertake standalone Machinery and Equipment Appraisal Assignments on any property only if the Real Property is not being appraised; and
 - 5.4.7.iii. Mass Appraisal whereby a competent Non-Fee CRA Member can use an appropriate provincial license to undertake Mass Appraisal Assignments.
- 5.4.8 Where a CRA Member signs a Report beyond the scope set out in 5.4.6 and which does not fall within the exceptions outlined in 5.4.7, the Report must be co-signed by an AACI Member.
- 5.4.9 The Highest and Best Use - actual or assumed - of the property that is the subject of the Assignment will determine whether an Assignment falls within the scope of practice for a CRA Member. [see 8.2.6, 9.5]
- 5.4.10 An AACI or CRA Member cannot co-sign a Report with a(n):
 - 5.4.10.i. Student Member;
 - 5.4.10.ii. Associate Member;
 - 5.4.10.iii. Retired Member (retired status)
 - 5.4.10.iv. Honorary AACI;
 - 5.4.10.v. Candidate Member unless properly registered in the Candidate Registry; or
 - 5.4.10.vi. A non-member unless properly registered in AIC's Quebec Registry or Non-Member Registry.
- 5.4.11 An AACI or CRA Member registered in the Non-Fee category may not co-sign a Professional Services Report completed by a Fee Member.
- 5.4.12 An AACI or CRA Member registered in the Fee category may co-sign a Professional Services Report completed by a Non-Fee Member.
- 5.5 Co-operate [see 4.2.8, 5.7]**
 - 5.5.1 A Member must not fail or refuse to provide, or must not unreasonably delay the submission of: a written Report, Work-file or other material that is or should be in

their possession or control if requested by the Institute.

5.5.2 A Member having custody of a Work-file must allow authorized committees of the Institute with obligations related to the Assignment appropriate access and retrieval. [see 5.8.2.iii]

5.5.3 A Member must not submit false or misleading information to the Institute.

5.6 Continuing Professional Development

5.6.1 A Member must comply with the Continuing Professional Development (CPD) Policy and must not claim CPD credit improperly.

5.7 Records [see 4.2.9, 5.5]

5.7.1 A Member must prepare a Work-file in hard copy and/or electronically, for each Assignment. The Work-file must include:

5.7.1.i. the name of the Client and Intended Users;

5.7.1.ii. true copies of any written Reports including drafts documented on any type of media;

5.7.1.iii. summaries of any oral Reports (or court transcripts) sufficient to meet the requirements of the applicable Standard and the “Reasonable Appraiser” test;

5.7.1.iv. a signed and dated certification; and

5.7.1.v. all other data, information and documentation necessary to support the Member’s opinions, analysis and conclusions and to show compliance with this rule and all other applicable Standards, or references to the location(s) of such other documentation.

5.7.2 A Member must (subject to 5.7.4) retain the Work-file and have custody of the Work-file, or make appropriate arrangements for Work-file retention, access, and retrieval with the party having custody of the Work-file for a period of at least, whichever period expires last:

5.7.2.i. seven (7) years after preparation or

5.7.2.ii. two (2) years after final disposition of any judicial proceeding in which testimony was given or any professional liability insurance proceeding has taken place.

5.7.3 If a Member is unable to retain a copy of the Work-file, whether by reason of an employer’s internal rules or by change of employer, all reasonable steps must be taken by the Member to ensure the availability of such Reports and Work-files when requested.

- 5.7.4 A Member should obtain written commitment from employers that Reports and Work-files will be made available when required.
- 5.7.5 A photocopy or an electronic copy of the entire written Professional Services sent or delivered to a Client satisfies the requirement of a true copy. The industry standard medium for electronic storage is a PDF or equivalent and not within office or on-line appraisal software.
- 5.7.6 Care should be exercised in the selection of the form, style, and type of medium for written records, which may be handwritten and informal, to ensure they are retrievable by the Member throughout the prescribed record retention period.
- 5.7.7 A Work-file must be in existence prior to and contemporaneous with the issuance of a written or oral Report.
 - 5.7.7.i. A written summary of an oral Report must be added to the Work-file within a reasonable time.

5.8 Disclosure [see 4.2.10]

- 5.8.1 A Member pledges to uphold the confidential nature of the Member/Client relationship.
- 5.8.2 A Member must not disclose the analyses, opinions or conclusions in an Assignment to anyone other than:
 - 5.8.2.i. the Client and those parties specifically authorized by the Member and Client to receive such information;
 - 5.8.2.ii. third parties, when the Member is legally required to do so by due process of law (i.e. the Courts or Legislation); or
 - 5.8.2.iii. an authorized Committee or Committee member of the Institute.
- 5.8.3 A Member must not disclose information provided by a Client on a confidential basis to anyone other than:
 - 5.8.3.i. those parties specifically authorized by the Client to receive such information;
 - 5.8.3.ii. third parties, when the Member is required to do so by due process of law; or
 - 5.8.3.iii. an authorized Committee or Committee member of the Institute.
- 5.8.4 If the conditions of an Assignment requires that the performance of a prior Assignment is to be kept confidential, a Member must decline a new Assignment on the same property, where a condition requires disclosure of any prior Assignment.
- 5.8.5 The Office of the Privacy Commissioner has determined that taking photographs of an

individual's dwelling unit is a collection of personal information and is a violation of statute without the occupant's consent.

- 5.8.6 A Member is strongly cautioned on the use of confidential and/or personal information and must obtain meaningful consent from an occupant (e.g., tenant, property owner if occupant, occupant of office space, etc.) before taking photographs of a property.
- 5.8.6.i. Meaningful consent must state its purposes in such a manner that the occupant can reasonably understand how the information will be used or disclosed.
- 5.8.7 The Member must obtain an occupant's consent to photograph their personal area of occupancy and notify them that photographs may be included in the Report. The Member should include Limiting Conditions to the effect that s/he is not responsible for the misuse of the photographs by third parties.
- 5.8.8 A copy of any written consent to take and use photographs must be kept in the work-file. A sample Consent Form is found here <https://www.aicanada.ca/members-home/professional-practice-resources/forms-templates/> .
- 5.8.9 If written consent cannot be obtained, verbal consent may be relied upon however, a detailed record of when and how the verbal consent was obtained and from whom, must be kept in the work-file.
- 5.8.10 If no form of consent can be obtained, a Member should record that efforts were made to obtain consent but no form of consent could be obtained and provide an explanation in the report, i.e.:
- 5.8.10.i. occupant or, one of multiple occupants, refused;
- 5.8.10.ii. occupant was not present at time of inspection or could not be reached, (e.g., out of town, out of the country);
- 5.8.10.iii. a language barrier existed where the occupant did not understand enough to consent; or
- 5.8.10.iv. occupant at the time of the inspection was not of legal age to provide consent.
- 5.8.11 If no form of consent can be obtained, photos with personal information cannot be taken.
- 5.8.12 Notwithstanding consent, a Member must take reasonable steps to ensure that images of personal information and occupants and people are not captured in photographs.
- 5.8.13 If a property is vacant and has no identifiable personal information, consent is not required.

5.9 Conflict [see 4.2.11]

- 5.9.1 A Member pledges to develop, support and communicate each analysis, opinion and conclusion without regard to:
- 5.9.1.i. any personal interest in the subject matter;
 - 5.9.1.ii. any party related to the Assignment; or
 - 5.9.1.iii. the outcome of the Assignment.
- 5.9.2 It is unethical for a Member to accept an Assignment if the Member has any direct or indirect, and/or current or contemplated, personal interest in the subject matter or the outcome of the Assignment, unless:
- 5.9.2.i. the personal interest is revealed to the Client in writing prior to acceptance of the Assignment, or as soon as the conflict is revealed or perceived;
 - 5.9.2.ii. the Client acknowledges and accepts the conflict in writing; and
 - 5.9.2.iii. the personal interest is fully and accurately revealed in the Report.
- 5.9.3 The payment and/or receipt of concealed fees, commission or things of value or of non-value in connection with the procurement of any Professional Service Assignment is unethical.
- 5.9.4 Disclosure of fees, commissions or things of value connected to the procurement of an Assignment must appear in the certification of the written Report and in any transmittal letter in which conclusions are stated.
- 5.9.5 The Client must be made aware of and consent to any fees, commissions or things of value, including referral fees, connected to the procurement or referral of an Assignment prior to accepting the Assignment.
- 5.9.6 Referral fees do not have to be disclosed in the Report if:
- 5.9.6.i. the referral is because of the competency and ability of a Member to undertake the Assignment;
 - 5.9.6.ii. the referral fee does not increase the total fee charged to the Client;
 - 5.9.6.iii. the Client is informed in writing of the referral and referral fee arrangements; and
 - 5.9.6.iv. the Client consents.
- 5.9.7 Members must take all steps necessary to ensure that they are not in conflict when they have previously completed an appraisal on a property and are requested to reappraise the property – known as “successive representation”.

5.10 Competence [see 4.2.7]

- 5.10.1 Prior to accepting an Assignment or entering into an agreement to perform any Assignment, the Member must properly identify the problem to be addressed and have the knowledge and/or experience to complete the Assignment competently or alternatively:
- 5.10.1.i. disclose the lack of knowledge and/or experience to the Client in writing before accepting the Assignment; and
 - 5.10.1.ii. take all steps necessary or appropriate to complete the Assignment competently; and
 - 5.10.1.iii. if the Member lacks experience and/or knowledge to undertake an Assignment, the Member must describe in the Report, the steps taken to complete the Assignment competently.
- 5.10.2 The steps necessary and appropriate to complete an Assignment competently include: personal study of relevant educational offerings from accredited educational sources , association with another Member or professional with the necessary knowledge or experience, or retention of others who possess the required knowledge and experience.
- 5.10.3 Competency extends to a Member required to travel to geographic areas where they lack the required knowledge and experience. A Member must acquire an understanding of local market conditions beyond hard data such as: demographics, costs, sales, and rentals. A Member must spend the time in a market area necessary to gain competency or affiliate with a local qualified Member or third party professional.
- 5.10.4 Competency, including geographical competency, applies to co-signing. [see 3.15, 3.68]

5.11 Contingent [see 4.2.12]

- 5.11.1 It is unethical for a Member to accept a Professional Service Assignment, excluding a Consulting Assignment, if compensation for the Assignment is contingent upon:
- 5.11.1.i. Reporting a predetermined value;
 - 5.11.1.ii. a direction in value that favours the Client as a result of bias;
 - 5.11.1.iii. the amount of the value opinion (i.e. ad valorem);
 - 5.11.1.iv. the attainment of a stipulated result; or
 - 5.11.1.v. the occurrence of a subsequent event directly related to the value opinion.
- 5.11.2 When a Member is asked to undertake an Assignment to perform both a Real Property Appraisal Assignment and a Consulting Assignment, compensation for the

Real Property Appraisal Assignment may not be on a contingent fee basis but compensation for the Consulting Assignment may be on a contingent fee basis.

- 5.11.3 In these circumstances, the Member must:
- 5.11.3.i. make arrangements with the Client such that compensation for providing the Real Property Appraisal is not on a contingent fee basis; and
 - 5.11.3.ii. include a disclosure of the separate compensation arrangements for the Real Property Appraisal portion and the Consulting portion of the Assignment in the certification; or
 - 5.11.3.iii. retain (or suggest that the Client retain) another Member to perform the Real Property Appraisal under compensation that is not on a contingent basis.
- 5.11.4 A Member must follow legislation in their jurisdiction governing advocacy and Professional Services completed on a contingency basis.
- 5.11.5 Where a Member also works as a real estate professional or a real estate broker; appropriate disclosures must be made so that Intended Users understand what role the Member is taking when acting in their capacity of a real estate professional or real estate broker, as opposed to providing a value opinion or recommendations in the case of a Real Property, Consulting, Machinery and Equipment, or Reserve Planning service.
- 5.11.5.i. An agency relationship implies that the individual will maximize the position of their Client. Professional Services are provided on an objective, unbiased and impartial basis, when the Member is acting as an appraiser, consultant or reserve fund planner.
 - 5.11.5.ii. Care must be taken to ensure the Client understands this difference, in order to properly understand the opinion or advice offered.
 - 5.11.5.iii. Disclosures must be in writing, and a Member will disclose that insurance coverage under the AIC program is not applicable to their activities as a real estate professional or a broker with a statement similar to: ““This opinion should not be considered a formal appraisal of market value and is not covered under the Professional Liability Insurance Program of the Appraisal Institute of Canada.”
- 5.11.6 A Member may recommend a listing price for a Client when acting as a broker or sales/listing agent provided no Report [see 3.61] is prepared and the Member clearly informs the Client that no formal Appraisal has been completed. [see 5.11.7]
- 5.11.7 A Member acting as a broker or sales/listing agent shall not be covered by the Professional Liability Insurance Program of the Institute for claims arising from

5. Ethics Standard - Comments

expressions of value prepared for sale/listing purposes.

6 REPORTING STANDARD -RULES

6.1 Preamble

- 6.1.1 This Standard provides the reporting rules common to all Reports.
- 6.1.2 Members cannot complete Reports in compliance with only the Reporting Standard.
- 6.1.3 Members must complete Reports in compliance with the Reporting Standard and with the Standard appropriate to the type of Assignment being undertaken:
 - 6.1.3.i. A Real Property Appraisal Assignment must be prepared in compliance with the Reporting Standard **and** the Real Property Appraisal Standard.
 - 6.1.3.ii. A Review Assignment must be prepared in compliance with the Reporting Standard **and** the Review Standard.
 - 6.1.3.iii. A Consulting Assignment must be prepared in compliance with the Reporting Standard **and** the Consulting Standard.
 - 6.1.3.iv. A Reserve Planning Assignment must be prepared in compliance with the Reporting Standard **and** the Reserve Planning Standard.
 - 6.1.3.v. A Machinery and Equipment Assignment must be prepared in compliance with the Reporting Standard **and** the Machinery and Equipment Standard.
 - 6.1.3.vi. A Mass Appraisal Assignment must be prepared in compliance with the Reporting Standard **and** the Mass Appraisal Standard.

6.2 Rules

In a Report [see 7.1] the Member must:

- 6.2.1 identify the Client by name and Intended User by name; [see 7.2]
- 6.2.2 identify the Intended Use of the Member's opinions and conclusions; [see 7.3]
- 6.2.3 identify the purpose of the Assignment, including a relevant definition of value if applicable; [see 7.4]
- 6.2.4 define the Scope of Work necessary to complete the Assignment; [see 7.5, 7.6, 7.9.4, 9.16]
- 6.2.5 identify the Effective Date of the Member's analyses, opinions and conclusions, and identify whether the opinion is current, retrospective, prospective, or an update; [see 7.7]
- 6.2.6 identify the Date of the Report; [see 7.8]
- 6.2.7 identify all Assumptions and Limiting Conditions (including Extraordinary Assumptions and Extraordinary Limiting Conditions); [see 7.9]

6. Reporting Standard - Rules

6.2.8 identify any Hypothetical Conditions; [see 7.10] and

6.2.9 include a signed Certification; [see 3.68, 7.11]

Note: A Member who signs a Certification accepts responsibility for the Report and the contents of the Report. [see 7.1, 7.12]

7 REPORTING STANDARD – COMMENTS

7.1 Report [see 3.61, 6.2]

- 7.1.1 A Report transmitted through any medium must comply with this Standard and any other applicable Standard.
- 7.1.2 A Member must take steps to meet the “Reasonable Appraiser” test in order to protect the integrity of transmitted Reports, including Reports transmitted electronically.
- 7.1.3 Members must have sole control of affixing their signatures or where affixing of the signature has been delegated, written confirmation of the delegation must be kept in the work-file. Delegation must be on an Assignment basis only and not a blanket delegation.
- 7.1.4 A Drive-by or Desktop Report is only permitted for Real Property Assignments and must comply with the Reporting Standard and the Real Property Appraisal Standard.
 - 7.1.4.i. A Drive-by or Desktop Report may not be performed for a Reserve Fund Study or a Machinery and Equipment Assignment.
- 7.1.5 A Drive-by or Desktop mortgage financing Assignment may only be prepared for Assignments meeting the following criteria:
 - 7.1.5.i. the authorized Intended Use is first mortgage financing;
 - 7.1.5.ii. reliable data is available on the subject property through either public and private sources that are less than three (3) years old; and
 - 7.1.5.iii. the Report includes appropriate Assumptions and Limiting Conditions; [see 7.9]
- 7.1.6 A Drive-by or Desktop mortgage financing Assignment may only be prepared under the assumptions that:
 - 7.1.6.i. the lender has determined that the borrower has the capacity and willingness to repay; and
 - 7.1.6.ii. the loan-to-value ratio is in accordance with lending institution and federal lending policies.
- 7.1.7 Desktop or Drive-by assignments shall be prepared only on existing properties where construction is believed to be one hundred percent complete. Desktop or Drive-by assignments shall not be performed on new construction or partially constructed improvements.

7.2 Client And Intended User [see 3.14, 3.35, 6.2.1]

- 7.2.1 The Client is the individual or organization for whom the Member renders or agrees to

render Professional Services.

- 7.2.2 Except as indicated in 7.2.3.ii, The Client and/or Intended User must be identified by name in the Report.
 - 7.2.2.i. Terms including: “To be determined”, “To be confirmed”, “John Doe and his lenders”, “Lender ABC and its subsidiaries”, “John Smith and his assignees” are not acceptable.
 - 7.2.2.ii. The use of vague or undefined Client and/or Intended User names and/or Client and/or Intended User types is not permitted.
- 7.2.3 The Client/Member relationship lasts at least until the completion of the Intended Use of the original Report, or release from the Client is granted.
 - 7.2.3.i. A party receiving a copy of a Report does not become an Intended User or Client unless authorized, and clearly identified by name and in writing, by the Member and the Client.
 - 7.2.3.ii. Where a Report is prepared by the Member for consideration by a tribunal or court, such as assisting in resolving a formal dispute, an Intended User, including: a judge, mediator, arbitrator, or other trier of fact does not need to be identified by name.

7.3 Intended Use [see 3.34, 6.2.2]

- 7.3.1 Before accepting an Assignment, a Member must communicate with the Client to identify and consider the Client's Intended Use in order to:
 - 7.3.1.i. properly define the problem under study; and
 - 7.3.1.ii. understand the development and reporting responsibilities of the Assignment.
- 7.3.2 The Intended Use of the opinions and conclusions, as established with the Client, must be stated in a Report.
 - 7.3.2.i. The use of vague or undefined Intended Use types is not permitted.

7.4 Purpose [see 6.2.3]

- 7.4.1 The purpose of a Report states what the mandate is in response to the Client's Intended Use or objective.
- 7.4.2 The purpose of a Report must be clearly stated.
- 7.4.3 Value definition(s), if applicable, must be included in a Report together with the source of the definition.

7.5 Scope of Work [see 3.67, 6.2.4]

- 7.5.1 Scope of Work refers to the amount and type of information researched and the analysis applied and includes:
- 7.5.1.i. Inspection (Inspection of the subject property is mandatory, subject to any Extraordinary Limiting Condition);
 - 7.5.1.ii. research into physical, legal, social, political, economic and/or other factors that could affect the property;
 - 7.5.1.iii. data research and verification, and Inspection of comparable data;
 - 7.5.1.iv. documents relied upon and their availability for review by the client or an intended user;
 - 7.5.1.v. analysis applied; and
 - 7.5.1.vi. any limitations to the Assignment.
- 7.5.2 The Scope of Work applied must be sufficient to result in analyses, opinions and conclusions that are credible in the context of the Intended Use of the Report. The Member has the burden of proof to support the Scope of Work decision and the level of information included in a Report.

7.6 Scope of Work – Appraisal Review [see 10, 11]

- 7.6.1 A Member must define the Scope of Work and indicate the extent of the Review process.
- 7.6.2 Scope of Work refers to the amount and type of information reviewed and researched, and the analysis applied.
- 7.6.3 The Scope of Work applied must be sufficient to result in opinions and/or conclusions that are credible in the context of the Intended Use of the Review.
- 7.6.4 Scope of Work in a Review Assignment may include one or more of the following:
- 7.6.4.i. Inspection - in a Review Assignment, an Inspection of the property under review is not mandatory; it is subject to the terms and Intended Use of the Assignment as well as reliance on third party information, and any Hypothetical Conditions, Extraordinary Assumptions and/or Extraordinary Limiting Condition; [see 3.8, 3.23, 3.24, 3.30]
 - 7.6.4.ii. the research into physical, legal, social, political, economic or other factors that could affect the property;
 - 7.6.4.iii. data research and verification, and Inspection of comparable data;
 - 7.6.4.iv. analysis applied (e.g. application of the valuation methodologies);

- 7.6.4.v. validation of the arithmetic;
 - 7.6.4.vi. any limitations to the Assignment arising from the terms of the Assignment, per the Client's instructions or other;
 - 7.6.4.vii. completing a Review without an opinion of value; and/or
 - 7.6.4.viii. completing a Review with an opinion of value.
- 7.6.5 The Member has the burden of proof to support the Scope of Work decision and the level of information included in a Report.
- 7.7 Effective Date [see 3.20, 6.2.5]**
- 7.7.1 Establishes the context for the value opinion; the date of the value.
 - 7.7.2 Current Value Opinion refers to an Effective Date contemporaneous with the date of the Report, at the time of Inspection or, at some other date within a reasonably short period of time from the date of Inspection when market conditions have not, or are not expected to have, changed.
 - 7.7.3 Retrospective Value Opinion refers to an Effective Date prior to the date of the Report. The use of clear language and consistent terminology in a retrospective report (i.e. past tense throughout) is necessary so that the reader is not misled and clearly understands market conditions as of the retrospective Effective Date.
 - 7.7.3.i. Extraordinary Assumptions and/or Extraordinary Limiting Conditions must be clearly stated in the Report citing the conditions under which the retrospective value opinion was developed.
 - 7.7.4 Prospective Value Opinion is a forecasted value opinion and refers to an Effective Date beyond the date of the Report. The use of clear language and consistent terminology in a prospective report (i.e. future tense throughout) is necessary so that the reader is not misled and clearly understands market conditions as of the prospective Effective Date.
 - 7.7.4.i. A prospective value opinion is intended to provide an opinion of value occurring on a future date, based upon current market perceptions of future market conditions. This opinion should be based on the market data for the forecasts when made, not whether in hindsight they, in fact, occurred.
 - 7.7.4.ii. An Extraordinary Assumption must be clearly stated in the Report citing the market conditions from which the prospective value opinion was developed, and absolving the Member from responsibility for unforeseeable events that alter market conditions prior to the Effective Date.
 - 7.7.5 Update Value Opinion refers to an extension of an original Report, changing the Effective Date. In the update, any changes in the status of the subject, in market

conditions, or in any aspect affecting the analysis, opinions and conclusion since the prior Report must be identified, with analyses of the effect these changes had in developing an update opinion.

7.7.5.i. The update Report must clearly show that it can only be relied upon by a reader familiar with the original Report. The update Report must reference the Effective Date, date of Report, and the estimated value in the original Report. The update Report must reference that it is to be read only in conjunction with the original Report or be attached to the original.

7.8 Date of Report [see 6.2.6]

7.8.1 The date of the Report refers to the date of completion of the Report. Where retrospective or prospective, the date of the Report and the Effective Date of the report must be included in tandem throughout, to provide the reader with a clear understanding of any distinction in conditions between the two dates.

7.9 Assumptions and Limiting Conditions (including Extraordinary Assumptions and Extraordinary Limiting Conditions) [see 6.2.7]

7.9.1 If an Extraordinary Assumption is invoked, wherever an opinion or conclusion is stated within a Report, the Extraordinary Assumption must be either stated in its entirety or reference provided to its exact location within the Report.

7.9.2 When referencing the subject matter of an Extraordinary Assumption in a Report, it must be clearly indicated that the conclusions are based on the Extraordinary Assumption.

7.9.3 Wherever an Extraordinary Assumption is referenced in a Report, it must be clearly identified as an Extraordinary Assumption.

7.9.4 Before invoking an Extraordinary Limiting Condition, the Member must determine that the Scope of Work applied will result in analyses, opinions and conclusions that are credible and will not be misleading. The Member must include an explanation and justification of Extraordinary Limiting Conditions in the Report.

7.9.5 Extraordinary Assumptions and Extraordinary Limiting Conditions do not require a Hypothetical Condition.

7.9.6 A Member must include in every Report as a minimum all of the Assumptions and Limiting Conditions found here <https://www.aicanada.ca/forms-templates/> unless clearly not appropriate and clearly not relevant.

7.9.7 A Member working outside of Canada must:

7.9.7.i. prior to accepting the Assignment, clearly inform the Client in writing that the Assignment is not covered by the AIC Professional Liability Insurance Program; and

7.9.7.ii. include an Extraordinary Limiting Condition to this effect in the Certification and Letter of Transmittal.

7.10 Hypothetical Conditions [see 3.31, 6.2.8]

7.10.1 Hypothetical Conditions may be used when they are required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison.

7.10.2 With respect to proposed improvements or modifications, the Member shall examine and have available for future examination:

7.10.2.i. plans, specifications, and/or other documents sufficient to identify the scope and character;

7.10.2.ii. evidence indicating the probable time of completion; and

7.10.2.iii. reasonably clear and appropriate evidence supporting development costs, anticipated earnings, occupancy projections, and the anticipated competition at the time of completion.

7.10.3 A recertification of value does not change the Effective Date of the appraisal. [see 3.59]

7.10.4 A Hypothetical Condition requires an Extraordinary Assumption.

7.10.5 Hypothetical Conditions can apply whether the Assignment is for the purpose of developing a retrospective, current, prospective, or update value opinion. The Member must avoid making unsupported Assumptions. It must be clear to the reader that:

7.10.5.i. the condition does not in fact exist as at the Effective Date;

7.10.5.ii. the analysis performed to develop the opinion of value is based on a hypothesis, specifically that the condition is assumed to exist when, in fact, it does not;

7.10.5.iii. certain events need to occur, as disclosed in the Report, before the condition will in fact exist;

7.10.5.iv. the Report does not consider unforeseeable events that could alter the value conclusion; and

7.10.5.v. the absence of the hypothesis would likely result in a different value conclusion.

7.10.6 Reports for expropriation can require Hypothetical Conditions, and may require the Member to invoke a Jurisdictional Exception. [see 3.39]

7.10.7 The Hypothetical Condition must be clearly disclosed in the Report, with a description of the hypothesis, the rationale for its use and its effect on the result of the

Assignment.

- 7.10.8 An analysis based on a Hypothetical Condition must result in a credible analysis and must not result in a Report that is misleading.

7.11 Certification [see 6.2.9]

- 7.11.1 Each written Report must contain a signed certification that is substantially similar to that found at <https://www.aicanada.ca/forms-templates/>.

7.12 Responsibility [see 6.2.9]

- 7.12.1 By signing a Report, a Member assumes responsibility for the Report, including any Professional Assistance, unless limitations to responsibility have been outlined in the certification.
- 7.12.2 A Member may rely on any manner of Professional Assistance provided by a Member who is:
- 7.12.2.i. a Member in good standing with the AIC; and
 - 7.12.2.ii. competent to perform the Professional Assistance according to the Reasonable Appraiser [see 3.58]; and
 - 7.12.2.iii. not a Student, Associate, Honorary, or Retired Member; and
 - 7.12.2.iv. if a Candidate Member, properly registered with the Member in the Candidate Co-signing Registry.
- 7.12.3 A Member may rely on Professional Assistance provided by a non-member in two instances:
- 7.12.3.i. Inspections which the Member would be qualified and competent to perform themselves; and
 - 7.12.3.ii. services (e.g. Land Planning, Engineering, Surveying, Accounting) not included in definition 3.55.
- 7.12.4 The Professional Assistance of inspection may be received only from a non-member who is:
- 7.12.4.i. An individual employed to perform property inspections by a Corporation that is properly registered with the AIC as a provider of inspection services and whose requirements for employees performing property inspections include:
 - membership in good standing in a Professional Association approved by the AIC or employment by an Organization approved by the AIC; and
 - if required by provincial and/or national legislation/regulation, a license or certification and approval to perform inspections; and

7. Reporting Standard - Comments

- a reputation as a credible professional/tradesperson who is competent to perform property inspections; and
- a minimum of ten years of experience relevant to inspection; or the educational equivalent to, or greater than: UBC BUSI 400 Residential Property Analysis, Laval GUI-2103: Real estate and sustainable development, or Seneca RPA 306: Construction and Cost Techniques; and
- liability insurance for errors and omissions that is appropriate and adequate for property inspection.

7.12.4.ii. An individual who:

- is a member in good standing of a Professional Association/Organization approved by the AIC; and
- if required by provincial and/or national legislation/regulation, is licensed/certified to perform inspections; and
- is a reputable and credible professional/tradesperson and competent to perform the Inspection; and
- has a minimum of ten years of experience relevant to inspection; or has education equivalent to or greater than UBC BUSI 400 Residential Property Analysis, Laval GUI-2103: Real estate and sustainable development, or Seneca RPA 306: Construction and Cost Techniques and
- carries liability insurance for errors and omissions that is appropriate and adequate for Inspection; and
- is properly registered with the Member in the AIC's Non-Member Registry.

7.12.5 Professional Assistance for services (e.g. Land Planning, Engineering, Surveying, Accounting) not included in definition 3.55 may only be received from a non-member who is a member in good standing of a Professional Association/Organization; and

7.12.5.i. if required by provincial and/or national legislation/regulation, is licensed/certified to perform the Professional Assistance being provided; and

7.12.5.ii. is a reputable and credible professional/tradesperson and competent to perform the Professional Assistance being provided; and

7.12.5.iii. carries liability insurance for errors and omissions that is appropriate and adequate for the scope and type of the Professional Assistance being provided.

7. Reporting Standard - Comments

- 7.12.6 A Member is responsible for ensuring that any individual providing Professional Assistance, including Inspections, in the preparation of a Report meets the requirements outlined in sections 7.12.2 and 7.12.3.
- 7.12.7 A Member must disclose in the certification of the Report:
- 7.12.7.i. all individuals who provided Professional Assistance; and
 - 7.12.7.ii. the extent of Professional Assistance.
- 7.12.8 An Extraordinary Assumption and/or a Limiting Condition regarding the Member's reliance upon Professional Assistance provided by a non-member must be included in the certification of a Report.
- 7.12.9 A Member may rely on Clerical Assistance from Members and/or non-members and is not required to disclose Clerical Assistance in the certification of a Report.
- 7.12.10 If the certification bears the signature of one or more Members as joint authors, then all signatories assume responsibility for the entire contents of the Report unless limitations have been outlined in the certification. A Member may only co-sign a Report with an AIC Member who is in good standing and properly insured under the Professional Liability Insurance Program.
- 7.12.11 Candidate Members must be properly registered in the Candidate Registry by a Designated Member prior to co-signing Reports or providing Professional Assistance.
- 7.12.12 A CRA-designated Member working toward the achievement of the AACI designation is not required to be registered in AIC's Candidate Co-signing Registry.
- 7.12.13 Co-signing Members must include both signatures for Reports, progress inspection Reports, reliance letters or any related Assignment Report that would require a co-signature. If one signature is not included, there must be prior written authorization from a co-signer on a per Assignment basis only and not a blanket delegation.
- 7.12.14 Another person with authorization may sign the certifying Member's name, unless contrary to the law of the relevant jurisdiction. Delegation must be provided in writing on a per Assignment basis only and not a blanket delegation.

8 REAL PROPERTY APPRAISAL STANDARD RULES

8.1 Preamble

- 8.1.1 This Standard deals with the procedures for the development and communication of a formal opinion of value for Real Property [see 8.2] and in conjunction with the Reporting Standard, incorporates the minimum content necessary to produce a credible Report that is not misleading.
- 8.1.2 A stand-alone Market Rent Report on an identifiable property must be prepared in accordance with the Real Property Appraisal Standard.

8.2 Rules

When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must:

- 8.2.1 provide an analysis of reasonable exposure time linked to a market value opinion; [see 3.21, 9.1]
- 8.2.2 identify the interest appraised;
- 8.2.3 identify the property and describe its location and characteristics; [see 9.2]
- 8.2.4 identify and analyze land use controls; [see 9.3]
- 8.2.5 state the existing use and the use reflected in the Report; [see 9.4]
- 8.2.6 define, analyze and resolve the Highest and Best Use as of the Effective Date of the Report; [see 3.30, 9.5]
- 8.2.7 describe and analyze all data relevant to the Assignment; [see 9.6]
- 8.2.8 describe and apply the appraisal procedures relevant to the Assignment and provide reasoning for the exclusion of any of the relevant valuation procedures; [see 9.7]
- 8.2.9 detail the reasoning supporting the analyses, opinions and conclusions of each valuation approach; [see 9.8]
- 8.2.10 analyze the effect on value, if any, of the terms and conditions of the lease(s) when developing an opinion of the value of a leased fee, leasehold interest; [see 9.9]
- 8.2.11 analyze the effect on value of an assemblage; [see 9.10]
- 8.2.12 analyze the effect on value of anticipated public or private improvements; [see 9.11]
- 8.2.13 analyze the effect on value of any personal property; [see 3.52, 9.12]
- 8.2.14 analyze and comment on:
 - 8.2.14.i. all Agreements for Sale, Options, or Listings of the property, subject to 9.13, and

8. Real Property Appraisal Standard - Rules

- 8.2.14.ii. all prior sales of the property, subject to 9.13.
- 8.2.15 review and reconcile the data, analyses and conclusions of each valuation approach into a final value estimate; [see 9.14] and
- 8.2.16 report the final value estimate. [see 9.15]

9 REAL PROPERTY APPRAISAL STANDARD – COMMENTS

9.1 Exposure Time [see 3.21, 8.2.1]

- 9.1.1 Exposure Time is a retrospective estimate of a length of time based upon an analysis of past events assuming a competitive and open market.
- 9.1.2 Exposure Time is always presumed to have preceded the Effective Date of the appraisal.
- 9.1.3 Exposure Time is different for various types of real estate and under various market conditions. Rather than appearing as an isolated estimate of time, it must refer to the property appraised, at the value estimated.
- 9.1.4 The overall concept of reasonable Exposure Time encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort.
- 9.1.5 The distinction between Exposure Time and Marketing Time must be made clear if both are referred to in the Report.

9.2 Characteristics of the Property [see 3.42, 8.2.2, 8.2.3, 16.2.2]

- 9.2.1 The characteristics of the property must be adequately described and analyzed. The Report must include:
 - 9.2.1.i. the property identification by civic address and/or legal description or other such specific reference to describe the location of the property with certainty;
 - 9.2.1.ii. the interest to be valued;
 - 9.2.1.iii. physical, legal, and economic attributes;
 - 9.2.1.iv. any personal property, chattel, trade fixtures, and/or intangible items if included in the value estimate;
 - 9.2.1.v. any known or apparent restrictions, easements, encumbrances, leases, reservations, covenants, contracts, declarations judgments, special assessments, ordinances, liens, and/or other items of a similar nature if relevant to the Assignment;
 - 9.2.1.vi. consideration of known detrimental conditions; [see 3.19, 3.29] and
 - 9.2.1.vii. whether the subject property is a fractional interest or a partial holding;
 - 9.2.1.viii. the extent of Inspection of the subject property.

9.3 Land Use Controls [see 8.2.4]

- 9.3.1 Land Use Controls, including zoning, must be identified and their effect on use and value analyzed, together with any reasonably probable modifications of such regulations in light of economic demand, the physical adaptability of the property, and market area trends.
- 9.3.2 In the context of properties where the Highest and Best Use indicates a change in land use (e.g., rezoning or redevelopment), the Member must reasonably support the imminence or probability of the land use change.

9.4 Use [see 8.2.5, 16.2.3]

- 9.4.1 The existing use of the property as of the Effective Date of the Report must be included to distinguish it from the Highest and Best Use.
- 9.4.2 If the property is a non-conforming use, the Member must discuss and analyze the implications of this use.

9.5 Highest and Best Use [see 3.30, 8.2.6]

- 9.5.1 The Report must contain the Member's opinion as to the Highest and Best Use of the property, unless an opinion as to Highest and Best Use is irrelevant.
- 9.5.2 If the purpose of the Assignment is to provide a market value, the Member's support and rationale for the opinion of Highest and Best Use is required.
- 9.5.3 The Member's analysis of the Highest and Best Use (as if vacant and as improved) and reasoning in support of the opinion and conclusion must be:
 - 9.5.3.i. provided with the depth and level of detail required in relation to its significance to the Report; and
 - 9.5.3.ii. based on the relevant legal, physical and economic factors. [see 9.5.4]
- 9.5.4 Opinions on the Highest and Best Use of a property are required on both:
 - 9.5.4.i. the land, as if vacant; and
 - 9.5.4.ii. the property, as improved.

9.6 Describe and Analyze All Data Relevant to the Assignment [see 8.2.7, 16.2.5]

- 9.6.1 The Member must take reasonable steps to ensure that the information and analyses provided in a Report are sufficient for the Client and Intended User(s) to adequately understand the rationale for the opinion and conclusions.
- 9.6.2 In the process of collecting and verifying relevant information the Member must perform this function in a manner consistent with the "Reasonable Appraiser" test.
- 9.6.3 All three approaches to value require the collection of comparable data. The decision

to inspect the comparable data and the extent of verification of data will be determined by the scope of the Assignment, but in all cases the Member must conform to the “Reasonable Appraiser” test. [see 3.58]

9.7 Appraisal Procedures [see 8.2.8, 16.2.6]

- 9.7.1 Excluding an approach to value that is relevant under the “Reasonable Appraiser” test requires an Extraordinary Limiting Condition and supporting reasons.
- 9.7.2 Excluding an approach to value that is not relevant under the “Reasonable Appraiser” test requires supporting reasons only.
- 9.7.3 When a Direct Comparison Approach is applicable, the Member must analyze such comparable data as are available to indicate a reasonable value conclusion.
- 9.7.4 When a Cost Approach is applicable, a Member must:
 - 9.7.4.i. develop an opinion of site value by an appropriate appraisal method;
 - 9.7.4.ii. analyze such comparable cost data as are available to estimate the cost new of the improvements (if any); and
 - 9.7.4.iii. analyze such comparable data as are available to estimate the difference between cost new and the present worth of the improvements (accrued depreciation) if applicable.
- 9.7.5 When an Income Approach is applicable, a Member must:
 - 9.7.5.i. analyze clear and relevant market evidence to estimate the Market Rent of the property;
 - 9.7.5.ii. analyze such comparable operating expense data as are available to estimate the operating expenses of the property;
 - 9.7.5.iii. analyze such comparable data as are available to estimate rates of capitalization and/or rates of discount; and
 - 9.7.5.iv. base projections of future rent and expenses on reasonably clear and relevant market evidence.
- 9.7.6 When a Discounted Cash Flow Analysis is applicable, in addition to the requirements in 9.7.5, the Member must:
 - 9.7.6.i. analyze such data as are available from the real estate and capital markets and surveys of investor opinions;
 - 9.7.6.ii. ensure that input data is specific to the type of property being appraised and the market conditions prevailing and forecasted as of the Effective Date of value;
 - 9.7.6.iii. clearly display all relevant data, cash flow projections and assumptions on

which the analyses are based; and

9.7.6.iv. identify and describe any computer software used in the analyses.

9.7.7 When an Automated Valuation Model (AVM) [see 3.10] is applicable, a Member must:

9.7.7.i. determine if use of the AVM is appropriate for the Assignment;

9.7.7.ii. ensure that the AVM does not exclude relevant data necessary for a credible result;

9.7.7.iii. disclose or invoke relevant assumptions and limiting conditions; and

9.7.7.iv. identify and describe the AVM or AVM output used in the analyses.

9.7.8 The output of an AVM is not a “value”.

9.8 Reasoning [see 3.58, 8.2.9, 12.2.4, 16.2.7]

9.8.1 Reasoning requires the logical review, analysis and interpretation of data in a manner that will support the value conclusion, not be misleading to a reader, and conform with the “Reasonable Appraiser” standard.

9.9 Leased Fee/Leasehold Interest [see 8.2.10, 16.2.8]

9.9.1 A Leased Fee/Leasehold Interest may be less than, equal to, or greater than the value of all interests in the property.

9.9.2 A Leased Fee/Leasehold Interest may be omitted when not relevant to the Assignment.

9.10 Assemblage [see 8.2.11, 16.2.10]

9.10.1 The value of the whole property may be less than, equal to, or more than the sum of the components of the various estates or parcels.

9.10.2 Assemblage establishes the effect, if any, on value of the “larger parcel”.

9.10.3 When relevant to the Assignment, assemblage must be considered and analyzed as to the effect on value.

9.11 Anticipated Improvements [see 8.2.12, 16.2.11]

9.11.1 When relevant to the Assignment, anticipated public or private improvements must be considered and analyzed as to the effect on value.

9.12 Personal Property [see 3.42, 3.52, 8.2.13, 16, 17]

9.12.1 When relevant to the Assignment, personal property must be referenced in the Report and analyzed as to the effect on value.

9.12.2 A Member must have the competence to ascertain whether the fixture is an improvement, personal property, or a trade fixture.

9.13 Agreement for Sale/Option/Listing [see 8.2.14, 16.2.12]

- 9.13.1 Any agreement for sale, option, or listing of the property that occurred within one year prior to the Effective Date of the Report, including any pending/current Contract of Purchase and Sale or lease must be analyzed and reported if such information is available to the Member in the normal course of business.
- 9.13.2 Any sale of the subject property that occurred within three years prior to the Effective Date of the Report must be analyzed and reported if such information is available as at the date of valuation to the Member in the normal course of business.
- 9.13.3 Any impact on the price paid for the subject property or any effect on value under known undue stimulus must be reported.

9.14 Review and Reconcile [see 8.2.15, 16.2.13]

- 9.14.1 The Member must review, discuss, and reconcile in the Report the quality and quantity of data available and analyzed within the approaches used, and the applicability and reliability of those approaches in the context of the scope of the Assignment.

9.15 Final Value [see 8.2.16, 16.2.14]

- 9.15.1 May be a single point value, a range of values, or an indication of value, for example, “not less than” or “not greater than” a specified amount.

9.16 Scope of Work for Valuation for Financial Reporting [see 7.5, 9.7]

- 9.16.1 A Member must understand the applicable standard and ensure their work is in compliance.
- 9.16.2 In order not to mislead an Intended User of an external appraisal for financial reporting, all four items listed below must be conducted independently by an External Valuer. If all four items are not carried out, the resultant opinions cannot be regarded as an external appraisal:
 - 9.16.2.i. An Inspection of the subject property sufficient enough to estimate its Highest and Best Use, adequately describe the real estate and make meaningful comparisons.
 - 9.16.2.ii. A test of a reasonable sample of major tenant lease documents to ensure rental terms match the landlord’s rent roll and to check for renewal options, termination options, etc.
 - 9.16.2.iii. The utilization of independent market-based assumptions in the development of cash flow, not simply acceptance of the management cash flow and the implicit Assumptions therein. [see 9.7.6]
 - 9.16.2.iv. The reliance on market data/yields that have been independently developed

9. Real Property Appraisal Standard - Comments

in a manner that is consistent with the development of the subject property cash flow. Meaningful comparisons are critical for consistency, accuracy and transparency. [see 9.7.5]

10 REVIEW STANDARD - RULES

10.1 Preamble

- 10.1.1 In performing a Review [see 3.64] Assignment, a Member must develop and report a credible opinion as to the quality of the work of another Member and must clearly disclose the Scope of Work performed in the Review Assignment.
- 10.1.2 This Standard deals with the methodology for developing and communicating a review of a Report done by a third party, who may or may not be an AIC Member. This Standard in conjunction with the Reporting Standard, outlines the minimum content necessary to produce a credible Review Report that is not misleading. The Review must be done to determine compliance with the CUSPAP Standard to which the Member of the reviewed Report was required to comply. The Review may also be done to determine compliance with another recognized Standard (USPAP, Red Book, EVS/Blue Book, les Normes, IVS, etc.).
- 10.1.3 This Standard is applicable to reviews also known as “technical reviews” and “compliance reviews”.
- 10.1.4 This Standard is not applicable to:
- 10.1.4.i. AIC Peer Review;
 - 10.1.4.ii. Supervisory co-signing; and
 - 10.1.4.iii. Administrative Reviews - work performed Professional Services as a due diligence function in the context of making a business decision within an organization. An administrative Review is generally completed for internal purposes by on-site or in-house staff. Administrative Reviews are generally undertaken to ensure Reports comply with Client or Intended User requirements. The scope is typically less than a Review and may entail requirements that are not standards-related, such as the age of comparable properties, the length of time between the comparable sale date, and/or the Effective Date. An administrative review might be of a clerical nature and not require appraisal training.
 - 10.1.4.iv. An external reviewer may be engaged by individuals or organizations to conduct an administrative review. When an external reviewer conducts such administrative review Assignments, the Review conducted must follow this Standard.

10.2 Rules

When completing a Review Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must:

- 10.2.1 identify the Report under Review, the author(s) of the Report under Review, the Machinery and Equipment and/or real estate and real property interest involved, and the Effective Date of the opinion in the Report under Review; [see 3.20, 7.7]
- 10.2.2 provide an opinion as to whether the Scope of Work employed in the Report under Review is appropriate and reasonable for its intended use and whether the Scope of Work employed has been met; [see 7.6, 11.1.2, 11.1.4, 11.5]
- 10.2.3 provide an opinion as to the adequacy and relevance of the data and the propriety of any adjustments to the data; [see 10.2.2, 11.6]
- 10.2.4 provide an opinion as to the appropriateness and proper application of the methodologies (valuation or other) and techniques used; [see 11.1.1]
- 10.2.5 provide an opinion as to whether the analyses, opinions and conclusions in the Report under Review are appropriate and reasonable; [see 11.1.2] and
- 10.2.6 provide reasons for any disagreement or agreement with the Report being reviewed. [see 11.5, 11.6]

11 REVIEW STANDARD – COMMENTS

11.1 Review [see 10.2]

- 11.1.1 A Review Report is a critique intended for use in conjunction with the Report under Review. The reviewer must develop a Review using a professional tone and professional language.
- 11.1.2 A Review of a Report is performed by an independent and competent Member for the purpose of forming an opinion as to whether the analysis, opinions and conclusions in the Report under Review are appropriate and reasonable.
- 11.1.3 The reviewer does not sign/co-sign the Report that is under Review.
- 11.1.4 The reviewer goes beyond checking for a level of completeness and consistency in the Report under Review by providing comment on the content and conclusions of the Report.

11.2 Purpose of Review [see 7.4]

- 11.2.1 A reviewer must ascertain whether the purpose of the Assignment includes:
 - 11.2.1.i. a Review without an opinion of value of the subject property of the Report under Review; or
 - 11.2.1.ii. a Review with an opinion of value of the subject property of the Report under Review. [see 11.2.2]
- 11.2.2 If the Client's objective in the Assignment includes the development of an opinion of value, that opinion is an Appraisal Assignment that must comply with the Real Property Appraisal Standard. The reviewer is required to complete the Review in accordance with this Review Standard and develop their opinion of value in accordance with the Real Property Appraisal Standard; in this instance, two Standards apply for the same Assignment.
- 11.2.3 If including an opinion of value, the reviewer must identify and state any new information relied upon, the reasoning and basis for the opinion of value and all Assumptions and Limiting Conditions (if different from or in addition to those in the Report under Review).
- 11.2.4 If including an opinion of value, those items in the Report under Review that the reviewer concludes are in compliance with CUSPAP can be used in the reviewer's development process. Those items deemed not to be in compliance must be replaced with information or analysis developed in accordance with the Real Property Appraisal Standard in order to produce a credible value opinion.
- 11.2.5 If the Review is to determine compliance with the standards in effect as of the date of the Report under Review., the reviewer may be required to reference two different

versions of the Standards those being: the version applicable as at the date of the Report under Review and the version to be complied with, by the reviewer, for the writing of the Review, that being the version of the day.

11.3 Review with an Opinion of Value [see 6, 7, 8, 9]

11.3.1 When the purpose of a Review includes the Member developing an opinion of value, the Member may use additional information that was not available in the development of the value opinion in the Report under Review. The Member may conclude that their opinion:

11.3.1.i. concurs with the opinion of value in the Report under Review;

11.3.1.ii. differs from the opinion of value in the Report under Review; or

11.3.1.iii. does not need to be set forth in a separate Report; however, that it must be prepared and reported in accordance with CUSPAP.

11.4 External/Internal Review [see 3.22, 9.16.2, 10.1.4.i]

11.4.1 For the purposes of financial reporting, an “internal” Report may be supported by an “external review” under the Review. The function of an “external review” is not to appraise the subject property but to examine the contents of the Management (internal) valuation and form opinions as to its adequacy and appropriateness, its suitability, and its Intended Use and User. An “external review” judges the reasoning and logic of the original Report but the reviewer does not substitute his or her own judgment. An “external review” does not lead to an alternate value conclusion. Given the function of an “external review” an “internal” valuation supported by an “external review” must still be considered an internal Report.

11.5 Completeness of the Report under Review [see 6.2.3, 6.2.4, 7.4, 7.5, 10.2.2]

11.5.1 The reviewer must form an opinion as to the completeness of the Report under Review. This requires the reviewer to determine whether or not the Report under Review met the requirements set by its stated purpose and Scope of Work. (e.g.: the “Reasonable Appraiser” test, the relevant Standard, Rules and Comments)

11.6 Adequacy and Relevancy of the Data [see 8.2.1, 8.2.7, 9.1, 9.6, 10.2.3]

11.6.1 The Review must be conducted in the context of market conditions as of the Effective Date of the opinion in the Report being reviewed.

11.6.2 Data that could not have been available for the Report under Review on the date of that Report must not be used by a reviewer in the development of a Review, but may be used when the purpose of the Review includes the requirement to develop an opinion of value [see 11.3].

12 CONSULTING STANDARD - RULES

12.1 Preamble

- 12.1.1 This Standard in conjunction with the Reporting Standard outlines the procedures for developing and communicating a Consulting Report and incorporates the minimum content necessary to produce a credible Consulting Report that is not misleading.

12.2 Rules

When completing a Consulting Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must:

- 12.2.1 identify the real estate/property under consideration, if any; [see 13.2]
- 12.2.2 collect, verify, reconcile, and report all pertinent data as may be required to complete the Consulting service;
- 12.2.3 describe and apply the Consulting procedures relevant to the Assignment; [see 13.2, 13.3, 13.4, 13.5, 13.6, 13.7, 13.8]
- 12.2.4 detail the reasoning that supports the analyses, opinions, and conclusions; [see 9.8] and
- 12.2.5 report the Member's final conclusions/recommendations (if any).

13 CONSULTING STANDARD – COMMENTS

13.1 Consulting

- 13.1.1 Consulting is a broad term that is applied to Assignments other than estimating value. Land utilization studies, Highest and Best Use analysis, marketability, feasibility, investment studies, assessment appeals, expropriation, awarding compensation, property condition assessments, stand-alone progress inspection Reports, or other research-related Assignments are examples of Consulting.
- 13.1.2 Market Rent Reports on a general type of property are considered Consulting Assignments.
- 13.1.3 If a formal opinion of value or rent on a specific, identifiable property is required within the Consulting Assignment, that portion of the Consulting Report must be developed in compliance with the Real Property Appraisal Standard. [see 6, 7, 8, 9]
 - 13.1.3.i. The Report must disclose that this component is completed within the Real Property Appraisal Standard. [see 12.2.3]

13.2 Real Property Consulting [see 3.57]

- 13.2.1 In performing a Consulting Assignment involving real estate or real property services, a Member must:
 - 13.2.1.i. identify and analyze alternative courses of action to achieve the Client’s lawful objective, and analyze their implications;
 - 13.2.1.ii. identify both known and anticipated constraints to each alternative and consider their probable impact;
 - 13.2.1.iii. identify the resources actually, or expected to be, available to each alternative and consider their probable impact; and
 - 13.2.1.iv. reconcile the data and identify the optimum course of action to achieve the Client’s lawful objective.

13.3 Market Analysis

- 13.3.1 In performing a market analysis, a Member must:
 - 13.3.1.i. define and delineate the market area;
 - 13.3.1.ii. identify and analyze the current supply and demand conditions that make up the specific real estate market;
 - 13.3.1.iii. identify, measure, and forecast the effect of anticipated development or other changes and future supply;
 - 13.3.1.iv. identify, measure, and forecast the effect of anticipated economic, or other,

changes and future demand; and

13.3.1.v. reconcile the data into a final recommendation, opinion and/or conclusion.

13.4 Cash Flow/Investment Analysis

13.4.1 In developing a cash flow and/or investment analysis, a Member must:

13.4.1.i. analyze the quantity and quality of the income stream;

13.4.1.ii. analyze the history of expenses and reserves;

13.4.1.iii. analyze financing availability and terms;

13.4.1.iv. select and support the appropriate method of processing the income stream; and

13.4.1.v. analyze the cash flow return(s) and reversion(s) to the specified investment position over a projected time period(s).

13.5 Feasibility Analysis [see 13.3]

13.5.1 In developing a feasibility analysis, a Member must:

13.5.1.i. prepare a complete market analysis; [see 13.3]

13.5.1.ii. apply the results of the market analysis to alternative courses of action to achieve the Client's lawful objective;

13.5.1.iii. consider and analyze the probable costs of each alternative;

13.5.1.iv. consider and analyze the probability of altering any constraints to each alternative;

13.5.1.v. consider and analyse the probable outcome of each alternative; and

13.5.1.vi. reconcile the data into a final recommendation, opinion and/or conclusion.

13.6 Property Condition Assessment

13.6.1 In performing a property condition assessment Assignment of real estate and/or real property improvements within a real estate parcel, a Member must:

13.6.1.i. review documentation and interview those who are knowledgeable with the operation and physical condition of the subject property;

13.6.1.ii. complete an inspection of the subject property;

13.6.1.iii. observe and report on the physical condition of the subject property; and

13.6.1.iv. prepare an estimated opinion of costs to remedy observed and apparent physical deficiencies if required within the Assignment scope.

13.7 Progress Report

- 13.7.1 A progress Report prepared to estimate percentage complete without reference to value, as part of an original Report, is an extension of the original Report. [see 6, 7, 8, 9]
- 13.7.2 A stand-alone progress Report, prepared to estimate percentage complete without reference to value, without an original appraisal Report, is considered to be a Consulting Assignment and must be prepared in compliance with the Consulting Standard.
- 13.7.3 In performing a stand-alone progress report, prepared to estimate percentage complete without reference to value and without an original appraisal Report a Member must:
- 13.7.3.i. complete a walk-thru survey of the subject property; and
 - 13.7.3.ii. observe and report on the physical condition of the subject property.

13.8 AVM Output Validation

- 13.8.1 An AVM Output Validation is undertaken to determine if an Intended User's particular course of action is or is not supported by market evidence.
- 13.8.1.i. This section [13.8] does not apply to assessment or other mass appraisal uses that are considered Appraiser-Assisted, where a Member reviews the AVM output and arrives at a value opinion by applying judgment and experience [see 9].
- 13.8.2 A Member undertaking an AVM Output Validation will not:
- 13.8.2.i. perform any research;
 - 13.8.2.ii. provide a value or an opinion of value;
 - 13.8.2.iii. prepare a Report; or
 - 13.8.2.iv. sign a certificate of value.
- 13.8.3 A Member undertaking an AVM Output Validation may:
- 13.8.3.i. comment on criteria used to reach the AVM value
 - 13.8.3.ii. comment on the AVM generated value
- 13.8.4 A Member undertaking an AVM Output Validation may be exempt from the following Reporting Standard Rules:
- 6.2.3 In a Report a Member must identify the purpose of the Assignment, including a relevant definition of value;

- 6.2.5 In a Report a Member must identify the Effective Date of the Member's analyses, opinions and conclusions, and identify whether the opinion is current, retrospective, prospective, or an update;
- 6.2.6 In a Report a Member must identify the date of the Report;
- 6.2.9 In a Report a Member must include a signed certification;

13.8.5 A Member is required to maintain a Work-file for AVM Output Validation Assignments.

14 RESERVE PLANNING STANDARD - RULES

14.1 Preamble

- 14.1.1 The purpose of a Reserve Fund Study [see 3.62] is to provide cost estimates for the required period of various reserve components for which major repairs and/or replacement are required over the lifetime of the subject of the Reserve Fund Study, and to estimate funding required for such major repairs and replacement.
- 14.1.2 This Standard in conjunction with the Reporting Standard, outlines the procedures for the development and communication of a Reserve Fund Study and incorporates the minimum content necessary to produce a credible result that is not misleading.
- 14.1.3 The higher standard of practice shall apply, whether it be the applicable legislated requirements governing the preparation of Reserve Fund Studies/Depreciation Reports or CUSPAP.

14.2 Rules

When completing a Reserve Planning Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must:

- 14.2.1 identify the characteristics of the property; [see 9.2]
- 14.2.2 identify the legislation that applies to the Assignment; [see 15.1.1]
- 14.2.3 describe and analyze all relevant data to complete the Reserve Fund Study; [see 9.6]
- 14.2.4 define and delineate the pertinent components the Reserve Fund Study is to cover; [see 15.2]
- 14.2.5 provide a benchmark analysis; [see 15.2.1.i]
- 14.2.6 provide at least one cash flow projection; [see 15.2.1.ii]
- 14.2.7 provide an opinion on the adequacy of reserve fund contributions; [see 15.2.1.iii]
- 14.2.8 provide at least one reserve fund funding model; [see 15.2.1.iv]
- 14.2.9 detail the reasoning that supports the analyses, opinions, and conclusions; [see 9.8]
- 14.2.10 report the final conclusions/recommendations; [see 15.3] and
- 14.2.11 identify whether the Report is an update (if applicable). [see 7.7.5]

15 RESERVE PLANNING STANDARD – COMMENTS

15.1 Preamble

- 15.1.1 Legislation that applies to Reserve Fund Studies exists in a number of provinces. The Member is required to be familiar with and comply with the requirements of applicable legislation for such studies, including the qualification criteria set out in such legislation. The higher standard of practice shall apply, whether it be the legislated requirements governing the preparation of Reserve Fund Studies/Depreciation Reports or CUSPAP.
- 15.1.2 The output of a Reserve Fund Study is not a “value”; it is primarily a cash flow forecast and budget planning tool.
- 15.1.3 The investment analysis of a Reserve Fund Study must be conveyed in such a manner so as not to be construed as the Member providing “investment advice”.

15.2 Components of the Reserve Fund Study [see 14.2.4]

- 15.2.1 Benchmark analysis, cash flow projections, an analysis of the adequacy of the reserve fund contributions and preparing a reserve fund funding model are compulsory components of a reserve fund planning Assignment.
 - 15.2.1.i. A benchmark analysis usually contains summary information about the age and expected life of a component and an estimate of the amount that should be set aside in order to accumulate the appropriate amount at the time that major repair or replacement of the component will be required.
 - 15.2.1.ii. Cash flow projections must cover a minimum 25 years, unless legislated otherwise,
 - 15.2.1.iii. The contingency reserve and the recommended annual contributions are inter-related and must be discussed in terms of their adequacy, as well as the recommended actions required to achieve the recommended level of funding.
 - 15.2.1.iv. In preparing a reserve fund funding model, the Report must clearly state the objectives under which it is prepared. Options include: fully funded models, special levies, financing, legislated requirements, or other options to make up shortfalls between the existing fund balance and what is considered to be prudent and/or legislated.

15.3 Review, Reconciliation and Final Conclusions/Recommendations [see 14.2.9, 14.2.10]

- 15.3.1 The Report must discuss the quality and quantity of data available and analyzed, along with the applicability and reliability of the data in context of the scope of the Assignment.

16 MACHINERY AND EQUIPMENT APPRAISAL STANDARD - RULES

16.1 Preamble

16.1.1 This Standard in conjunction with the Reporting Standard outlines the procedures for the development and communication of a formal opinion of value for Machinery and Equipment [see 3.42] (a category of personal property) and incorporates the minimum content necessary to produce a credible Report that is not misleading.

16.2 Rules

When completing a Machinery and Equipment Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must:

- 16.2.1 provide an analysis of reasonable Exposure Time linked to a market value opinion; [see 9.1]
- 16.2.2 identify the property type and classification, inspect the property, and describe the characteristics of the property including applicable component parts, that are relevant to the type of Machinery and Equipment (personal property) and the ownership interest to be valued; [see 9.2]
- 16.2.3 define and analyze the property's current use and alternative uses, as relevant to the type and definition of value; [see 9.4]
- 16.2.4 define and analyze the appropriate market consistent with the type and definition of value;
- 16.2.5 describe and analyze all data relevant to the Assignment, including the relevant economic conditions that exist on the Effective Date of the valuation, including market acceptability of the property and supply, demand, scarcity or rarity; [see 9.6]
- 16.2.6 describe and apply the appraisal procedures relevant to the Assignment and provide reasoning for the exclusion of any of the relevant valuation procedures; [see 9.7]
- 16.2.7 detail the reasoning supporting the analyses, opinions and conclusions of each valuation approach; [see 9.8]
- 16.2.8 analyze the effect on value, if any, of the terms and conditions of the lease(s) or encumbrances; [see 9.8]
- 16.2.9 analyze the significance of the value of individual assets to the Assignment results when appraising multiple objects. Those objects which are more significant to the Assignment results should be the focus of the analysis and analyzed in appropriate detail; [see 9.12]
- 16.2.10 analyze the effect on value, if any, of an assemblage of various component parts of a property. The Member must refrain from valuing the whole solely by adding together the individual values of the various component parts; [see 9.10, 17.2]

- 16.2.11 analyze the effect on value, if any, of any anticipated modifications of the property, to the extent they are reflected in market actions; [see 9.11]
- 16.2.12 analyze all agreements for sale, validated offers or third-party offers to sell, options, and listings, as well as all prior sales of the property within a reasonable and applicable time period given the Intended Use of the appraisal and property type;
- 16.2.13 review and reconcile the data, analyses and conclusions of each valuation approach into a final value estimate; [see 9.14] and
- 16.2.14 report the final value estimate. [see 9.15]

17 MACHINERY AND EQUIPMENT APPRAISAL STANDARD – COMMENTS

17.1 Characteristics of Property [see 16.2.2]

17.1.1 Relevant to the purpose and Intended Use of the Report, these characteristics along with those listed in 9.2 must be described, analyzed and included in the Report:

17.1.1.i. the property identification by serial number or other specific identifying features;

17.1.1.ii. physical, legal and economic attributes including condition, style, size, quality, manufacture, author, materials, origin, age, providence, alterations, restorations, and obsolescence; and

17.1.1.iii. Information used to identify the personal property characteristics must be from sources the Member reasonably believes to be reliable. The Member is permitted to use a combination of a property inspection and documents or other resources to identify the relevant characteristics of the subject property.

17.2 Assemblage [see 16.2.10]

17.2.1 When appraising multiple objects, those objects that are more significant to the Assignment results should be subject to a greater and appropriate depth of analysis.

17.2.2 Where applicable, the value of the whole of an assembled facility must be tested by reference to appropriate data and supported by an appropriate analysis of such data. A similar procedure must be followed when the value of the whole has been established and the Member seeks to value a part. The value of any such part must be tested by reference to appropriate data, and supported by an appropriate analysis of such data.

18 MASS APPRAISAL STANDARD - RULES

18.1 Preamble

- 18.1.1 This Standard in conjunction with the Reporting Standard outlines the procedures for the development and communication of a Mass Appraisal Report and incorporates the minimum content necessary to produce a credible Report that is not misleading.

18.2 Rules

When completing a Mass Appraisal Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must:

- 18.2.1 identify the prevailing Act or Regulation granting authority for the assessment and standards thereof; and
- 18.2.2 adhere to the relevant provincial or jurisdictional Mass Appraisal standards and procedures as determined through provincial statutes and municipal bylaws. [see 19.3.1].

19 MASS APPRAISAL STANDARD – COMMENTS

19.1 Mass Appraisal Principles

19.1.1 Mass Appraisal is a broad term that is applied to the production of property values for a group of properties on a 'mass' level by using standard methods, common data, and allowing for statistical testing. Values produced on a mass level differ from those produced under the other Standards in CUSPAP in that they are not completed on an individual property basis but rather as a group based on the individual characteristics of a property in comparison to a group of properties. This process is often referred to as assessment modelling.

19.1.1.i. This Standard does not apply to AVM Output Validation [see 13.8] where a Member does not:

- perform research;
- provide a value opinion;
- prepare a report; or
- sign a certificate of value.

19.1.2 Documentation for the development of a Mass Appraisal may be in the form of:

19.1.2.i. property records;

19.1.2.ii. sales ratios and other statistical studies;

19.1.2.iii. appraisal manuals and documentation;

19.1.2.iv. market studies;

19.1.2.v. model building documentation;

19.1.2.vi. regulations;

19.1.2.vii. statutes; and

19.1.2.viii. other acceptable forms.

19.1.3 All of these elements together may make up a Mass Appraisal.

19.1.4 In addition, stand-alone (individual) Mass Appraisal Reports covered under this standard only include:

19.1.4.i. Mass Appraisal Reports with an opinion of value other than the assessed value;

19.1.4.ii. Mass Appraisal Reports in defence of an assessed value;

19.1.4.iii. sales ratios and other statistical studies used in the production of assessed values; and

19.1.4.iv. market studies used in the production of the assessment roll.

19.1.5 In developing a Mass Appraisal Report, a Member must be aware of, understand, and correctly apply those recognized methods and techniques to produce and communicate credible results.

19.2 Mass Appraisal Report with an Opinion of Value Other than the Assessed Value

19.2.1 If a formal opinion of value other than that on the assessment roll for an identifiable property is required for the purpose of adjudicating/hearing an assessment appeal, a Member must:

19.2.1.i. develop the Mass Appraisal Report in compliance with the Real Property Appraisal Standard. [See 6, 7, 8, 9]

19.3 Mass Appraisal Report in Defence of an Assessed Value

19.3.1 If a Mass Appraisal Report is developed for the purpose of adjudicating/hearing an assessment appeal and no value other than the assessed value is being argued, a Member must:

19.3.1.i. identify the assessed value of the property, where relevant;

19.3.1.ii. identify the property and describe its location, use, and other characteristics;

19.3.1.iii. state any information relied upon in the production of the assessed value;

19.3.1.iv. state the reasoning and basis for the assessed value; and

19.3.1.v. state any assumptions, limiting conditions and/or if any Jurisdictional Exceptions have been made in the assessment process.

19.3.2 In assessment jurisdictions where the assessed value is not appealed but the characteristics of the property and the elements of the assessment model are appealed, the Member does not need to identify the assessed value in the appeal Report.

19.4 Negotiations or Mediations Outside the Appeal Hearing Process

19.4.1 Discussions, negotiations, or mediations outside the appeal hearing process for the purposes of resolving a disputed assessment, or conclusion of an assessment inquiry, are not bound by this Standard. No Report is required; these resolutions do not constitute a Mass Appraisal Report covered under this Standard.

19.5 Sales Ratios and other Statistical Studies used in the Production of Assessed Values

19.5.1 In producing sales ratios or other statistical studies as part of the assessment roll production, a Member must:

19.5.1.i. identify the real estate/property under consideration, if any;

- 19.5.1.ii. collect, verify, and report all pertinent data;
- 19.5.1.iii. define and delineate the market area and data set;
- 19.5.1.iv. identify the supply and demand conditions that make up the specific data set;
- 19.5.1.v. detail the reasoning that supports the analyses, opinions, and conclusions; and
- 19.5.1.vi. reconcile the data into a final recommendation, opinion, and/or conclusion.

19.6 Market Studies and Analysis used in the Production of the Assessment Roll

- 19.6.1 In performing a market analysis as part of the assessment roll production, a Member must:
 - 19.6.1.i. identify the real estate/property under consideration, if any
 - 19.6.1.ii. collect, verify, and report all pertinent data;
 - 19.6.1.iii. define and delineate the market area;
 - 19.6.1.iv. identify the supply and demand conditions that make up the specific real estate market;
 - 19.6.1.v. identify and measure the effect of anticipated development or other changes;
 - 19.6.1.vi. identify and measure the effect of anticipated economic or other changes;
 - 19.6.1.vii. detail the reasoning that supports the analyses, opinions, and conclusions; and
 - 19.6.1.viii. reconcile the data into a final recommendation, opinion, and/or conclusion.

19.7 Jurisdictional Exception

- 19.7.1 Every assessment jurisdiction across Canada is governed by its own provincial, territorial, municipal, or local legislation, rules, or procedures.
 - 19.7.1.i. As such, a Jurisdictional Exception may apply to sections of CUSPAP where an assessment administration is subject to provincial/territorial laws and assessment case law [see 3.39].
- 19.7.2 A Member may claim a Jurisdictional Exception where:
 - 19.7.2.i. legislative requirements override CUSPAP; or
 - 19.7.2.ii. procedural rules of the assessment appeal process prohibit the Member from providing information required by CUSPAP.

- 19.7.3 When a Jurisdictional Exception is being claimed, a Member must be able to explain and justify why the exception is being claimed and provide the legislative or other authoritative reference supporting the Jurisdictional Exception.
- 19.7.4 The assessment appeal process varies across Canada according to prevailing legislation and assessment jurisdiction.
- 19.7.4.i. Depending on location, the value defence process may be based on the value on the assessment roll as determined through the Mass Appraisal process, or it may be open to argument based on the fee simple valuation of the subject property as of the assessment date.
- 19.7.4.ii. It is the procedural rules or legislative requirements of the assessment jurisdiction that prevail over this Standard and must be adhered to in the adjudication of the appeal process, which will ultimately determine which Standard applies: the Mass Appraisal Standard, the Real Property Appraisal Standard, or the Consulting Standard.

20 APPENDIX A - INDEX

Each entry in the index includes a reference code. The codes refer to the corresponding sections of the Standards. Each item in the index references the section(s) where they appear.

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21 APPENDIX B - CHANGES TO CUSPAP FROM 2018 EDITION

The following table highlights the changes implemented by the Appraisal Institute of Canada for the 2020 edition of the *Canadian Uniform Standards of Professional Appraisal Practice* (CUSPAP).

CUSPAP 2020 Section:	CUSPAP 2018 Section:	Change
1: Introduction	1: Introduction	Text streamlined and Headers added
2: Foreword	3: Foreword	Order of sections changed
		References to Practice Notes and Professional Excellence Bulletins removed.
		Text streamlined for readability
3: Definitions	2: Definitions	Order of sections changed
3.5 Appraiser-assisted AVM		added
3.6 Assessment Jurisdiction		added
3.11 AVM Output Validation		added
3.22 Extraordinary Assumption		Text added for clarity
3.26 Forced Sale Value	2.24 Forced Sale Value	Definition expanded
3.43 Market Value		Definition added
3.44 Mass Appraisal Report		Added
3.48 Personal Information		Added
	2.60 Value	removed
3.64 Sales Ratio		Definition added
3.65 Scope of Practice		Definition added.
4: Ethics Standard Rule	4: Ethics Standard Rule	
4.2.1	4.2.1	“policies” added
4.2.2	4.2.2	“the appraisal profession” changed to “CUSPAP”
5: Ethics Standard Comment	5: Ethics Standard Comment	
5.1.4		Section added re: co-signing
5.3.3.i	5.3.3.i	Added “” or the Institute”
5.3.6.i & 5.3.6.ii	5.3.6.i & 5.3.6.ii	“valuation designation” changed to “AIC designation”
5.4.1	5.4.1	“any professional service” changed to “any CUSPAP Professional Service”
5.4.4 & 5.4.5	5.4.4	Section split into two – one for Retired and one for Resigned
5.4.10.vi	5.4.9.vi	“Non-Member Registry” added
5.7.5	5.7.5	“would be” changed to “is”
5.7.7	5.7.7	Re-formatted
5.8.3.i	5.8.3.i	:data” changed to “information”
5.8.4	5.8.4	“If the conditions of an assignment requires that” added
5.8.5 through 5.8.13		Sections added re: PIPEDA and consent for photographs
5.9.2	5.9.2	Redrafted for increased clarity.
5.10.1.i	5.10.1.i	“in writing” added
5.10.2		“study of relevant educational offerings from accredited educational sources” added
5.11.2 and 5.11.3	5.11.2	Expanded for clarity
5.11.5		added
5.11.6	5.11.4	Sections re-arranged
5.11.7	5.11.5	Sections re-arranged

Appendix B: Changes to CUSPAP from 2018 Edition

6 Reporting Standard Rules		Section added.
6.1. Preamble		added
6.2.1	6.2.1, 8.2.1, 10.1.1, 12.2.1, 14.2.1	Consolidated in one Standard
6.2.2	6.2.2, 8.2.2, 10.1.2, 12.2.2, 14.2.2	Consolidated in one Standard
6.2.3	6.2.3, 8.2.3, 10.1.3, 12.2.3, 14.2.3, 16.2.3	Consolidated in one Standard
6.2.4	6.2.4, 8.2.6, 10.1.7, 12.2.8, 14.2.4, 16.2.3	Consolidated in one Standard
6.2.5	6.2.6, 8.2.4, 10.1.5, 12.2.5, 14.2.6, 16.2.5	Consolidated in one Standard
6.2.6	6.2.7, 8.2.5, 10.1.6, 12.2.6, 14.2.7	Consolidated in one Standard
6.2.7	6.2.9, 8.2.7, 10.1.8, 12.2.9, 14.2.9	Consolidated in one Standard
6.2.8	6.2.10, 10.1.9, 12.2.10, 14.2.10	Consolidated in one Standard
6.2.9	6.2.24, 8.2.13, 10.1.14, 12.2.20, 14.2.23	Consolidated in one Standard
7 Reporting Standard Comments		Section added.
7.1 Report	7.1	Consolidated in one Standard
7.1.5	7.1.5	Revised for clarity
7.2 Client and Intended User	7.2	Consolidated in one Standard
7.2.2	18.6	Moved from Practice Note to Comments
7.3 Intended Use	7.3	Consolidated in one Standard
7.3.2.i		Added
7.4 Purpose	7.4	Consolidated in one Standard, some wordsmithing for clarity
7.5 Scope of Work	7.5	Consolidated in one Standard
7.5.1.iv		Added
7.6 Scope of Work- Appraisal Review	9.3	Consolidated in one Standard
7.7 Effective Date	7.7	Consolidated in one Standard
7.8 Date of Report	7.8	Consolidated in one Standard
7.9 Assumptions and Limiting Conditions	7.10	Consolidated in one Standard
7.9.7	7.10.6	Revised for clarity
7.10 Hypothetical Conditions	7.11	Consolidated in one Standard
7.11 Certification	7.25	Consolidated in one Standard
7.12 Responsibility	7.26	Consolidated in one Standard
7.12.3 and 7.12.3.i	7.26.3 and 7.26.3.i	Consolidated in one Standard and revised for clarity
8 Real Property Appraisal Standard Rules	6 Real Property Appraisal Standard Rules	
	6.2.1, 6.2.2, 6.2.3, 6.2.4, 6.2.6, 6.2.7, 6.2.9, 6.2.24	Moved to: 6 Reporting Standard Rules
8.1 Preamble	6.1 Preamble	Renumbered
8.2		Added: "When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard [see sections 6, 7], and" must:
8.2.6	6.2.13	Added "as of the Effective Date of the report"
8.2.3	6.2.8	Revised
8.2.10	6.2.17	"leasehold estate" changed to "leasehold interest"
9 Real Property Appraisal Standard Comments	7 Real Property Appraisal Standard Comments	
	7.1, 7.2, 7.3, 7.4, 7.5, 7.7, 7.8, 7.10, 7.11, 7.25, 7.26	Moved to 7 Reporting Standard Comments
9.1 Exposure Time	7.6	

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9.2.1.iv	7.9.1.iv	Added "if included in the value estimate"
9.7.4.iii	7.16.4.iii	Added "if applicable"
9.7.5i	7.16.5.i	Changed "trends, forecasts, and available comparable rental data" to "clear and relevant market evidence"
9.7.6.ii	7.16.6.ii	Added : "in addition to the requirements in 9.7.5" and "and the market conditions prevailing and forecasted as of the Effective Date of value"
9.9	7.18	"leasehold estate" changed to "leasehold interest"
9.14.1	7.23.1	Revised
10 Review Standard Rules	8 Review Standard Rules	
	8.2.1, 8.2.2, 8.2.3, 8.2.4, 8.2.5, 8.2.6, 8.2.7, 8.2.13	Moved to: 6 Reporting Standard Rules
10.1.4	8.1.4	revised
10.1.4.iv		added
10.2		Revised: "When completing a Review Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must"
10.2.1	8.2.4	Added: "machinery and equipment and/or"
10.2.2	8.2.8	"for its intended use" added
11 Review Standard Comments	9 Review Standard Comments	
	9.1.1 Preamble	Removed
11.2	9.2	Title changed to "Purpose of Review"
11.2.4	9.2.4	Added: "If including an opinion of value,"
12 Consulting Standard Rules	10 Consulting Standard Rules	
	10.1.1, 10.1.2, 10.1.3, 10.1.5, 10.1.6, 10.1.7, 10.1.8, 10.1.9, 10.1.14	Moved to: 6 Reporting Standard Rules
12.1 Preamble		Added
12.2	10.1	Added: "When completing a Consulting Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must:"
13 Consulting Standard Comments	11 Consulting Standard Comments	
	11.1.4 Preamble	removed
13.5.1.ii	11.5.1.ii	Added "lawful"
13.6.1.ii	11.6.1.ii	Revised "a walk-thru survey" to "an inspection"
13.6.1.iv	11.6.1.iv	Added: "if required within the assignment scope."
13.8 AVM Output Validation		Added
14 Reserve Fund Planning Standard Rules	12 Reserve Planning Standard Rules	
	12.2.1, 12.2.2, 12.2.5, 12.2.6, 12.2.8, 12.2.9, 12.2.10, 12.2.20	Moved to 6: Reporting Standard Rules
14.1.2	12.1.2	Added: " in conjunction with the Reporting Standard" and "that is not misleading"
14.2	12.2	Added: "When completing a Reserve Planning Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must:"
14.2.11	12.2.19	Added: "if applicable"

Appendix B: Changes to CUSPAP from 2018 Edition

15 Reserve Fund Planning Standard Comments	13 Reserve Planning Standard Comments	
	13.1.1 Preamble	removed
15.1.2	13.1.3	“it is primarily a cash flow forecast and budgeting planning tool.” added
15.2.1.iv	13.2.1.iv	Added: “financing”
16 Machinery and Equipment Appraisal Standard Rules	14 Machinery and Equipment Appraisal Standard Rules	
	14.2.1, 14.2.2, 14.2.4, 14.2.6, 14.2.9, 14.2.10, 14.2.23	Moved to 6 Reporting Standard Rules
16.1.1	14.1.1	Added: “in conjunction with the Reporting Standard outlines”
16.2	14.2	Added: “When completing a Machinery and Equipment Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must:”
17 Machinery and Equipment Appraisal Standard Rules	15 Machinery and Equipment Appraisal Standard Rules	
	15.1 Preamble	removed
18 Mass Appraisal Standard Rules	16 Mass Appraisal Standard Rules	
18.1.1	16.1.1	Added: “in conjunction with the Reporting Standard outlines”
18.2	16.2	Added: “When completing a Mass Appraisal Report, a Member must comply with the Reporting Standard [see sections 6, 7], and must:”
18.2.1	16.2.4	
18.2.2	16.2.13	Revised to: “adhere to the relevant provincial or jurisdictional mass appraisal standards and procedures”
	16.2.1, 16.2.2, 16.2.3, 16.2.5, 16.2.6, 16.2.7, 16.2.8, 16.2.9, 16.2.10, 16.2.11, 16.2.12	removed
19 Mass Appraisal Standard Comments	17 Mass Appraisal Standard Comments	
	17.1.2	removed
19.1 Mass Appraisal Principles		Added
19.2 Mass Appraisal Report with an Opinion of Value Other than the Assessed Value	17.2	Title Changed
19.3 Mass Appraisal Report in Defence of an Assessed Value		Added
19.4 Sales Ratios and other Statistical Studies used in the Production of Assessed Values		Added
19.5 Market Studies and Analysis used in the Production of the Assessment Roll		Added
19.6 Jurisdictional Exception	17.3 Jurisdictional Exception	Renumbered
	18 Practice Notes	Removed
	19 Professional Excellence Bulletins	Removed
	20 Professional Excellence Bulletins	Removed