

CANADIAN APPRAISER ÉVALUATEUR CANADIEN

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David Highfield, AACI, P. App
AIC President

Celebrating early results

It is working. Our profession is on the move. Considering all the focus recently on the challenges we are facing, I decided it was time to reflect on, and celebrate, the Appraisal Institute, its members, and our achievements over recent years. Five years ago, much of the success we are seeing today was only a vision. I think it is time to remind ourselves of the progress that has been made by the volunteers, staff, partners and members of AIC across Canada.

In the late 1990s, the leaders of AIC and many of the members across Canada recognized that we had to take responsibility for the diminishing profile of our profession and reverse the trend. Despite a series of forward looking initiatives, such as the creation of the professional liability insurance program, the professionalization of our education program, the creation of the Canadian Standards, and the raising of our educational standards, we found ourselves questioning our future. Our membership had dropped from 10,000 to 3,800 over a 10-year period, and our organization was focused on one discipline. That discipline was predominantly employed serving one major client group that was applying continual downward pressure on our incomes and requiring less of our product.

The leaders of the day joined with members from across the country to build a plan that would give our present and future members a profession on which to build. A profession that would offer us broader career opportunities, more attractive incomes, greater respect and increased protection to the public. As at the beginning of 2006, the following is a list of examples of the significant progress that has been made against the 2000 Strategic Plan.

Membership decline halted

An important reference in the Plan concerned 'membership retention and recruitment.' A combination of good fortune, quality decisions, and hard work has delivered great results. On the retention side, many of our senior practitioners lost their focus on 'freedom 55' and retiring, due to stock market losses and a vibrant demand for their services resulting from an active market. On the recruiting side, course registration numbers in 2000 were in the range of 100. In 2005, they exceed 1,400. In addition, 800 copies of the textbook *Appraisal of*

Real Estate, 2nd Canadian Edition have been sold during 2005. Over the last four years, our membership has been trending upwards in the range of 5% per year. Thus, we have the good fortune of having available the skills and experience of our senior members to mentor a robust next generation of designated professionals. However, we have much work still to do on recruiting. We are now targeting business schools across Canada and have re-structured our education requirements to be more attractive to students.

Enhancing our skills

Another reference in the plan under the heading: Changing Market For Members Services states “members careers will be supported by increased skill sets, and the Institute will play a continuing role in this education” and “new methodologies and practices will be developed, supported by innovative core education.” The changes in this area over the last five years are remarkable. With the assistance of the Sauder School Of Business at UBC, all our existing

course material has been expanded to achieve the rigor required for university credit level and to give graduates the knowledge required to excel in today’s marketplace. Further, entirely new courses have been created to broaden the education of our recent graduates and permit them to challenge a variety of disciplines. This is an ongoing initiative for AIC supported by significant annual investments by both UBC and AIC.

The route to designation has been simplified and, depending on the path chosen, can be abbreviat-

ed. Currently, three undergraduate degrees in Canada contain all our educational requirements for the AACI and CRA designations. Alternatively, the Post Graduate Certificate in Real Property Valuation allows business, commerce, and agriculture graduates to complete all the academic requirements for the AACI, with six AIC courses and the Guided Case Study. This allows employers to short list for graduates and expect them to qualify for an AACI well within five years.

Promoting our image

There are a number of references in the plan to promotion and advocacy of our profession. “That the Institute and its members (will) have increased presence and influence.” There is no question that even though we have not commenced a major repositioning

campaign which is due to start this year, AIC and its members have an enhanced profile in Canada. This is partly due to our relocation to Ottawa, and partly due to targeted advocacy by volunteers and staff. Government, major corporations, and other professional organizations

are increasingly aware of what we do, and that we do it well. At the most recent AIC Advisory Committee meeting, it was stated by a representative of a major stakeholder that “the quality of appraisal reports had definitely improved over recent years.”

Expanding our influence

The Strategic Plan also makes reference to our input being sought on the international stage. At one point in 2005, Wayne Llewellyn, AACI, was the President of the International Association of Assessment Officers; Gordon McNair, AACI, was President of the International Right-Of-Way

Association; AIC Past-President, Peter Clark, AACI, was the Chair of the Board of Trustees of the Appraisal Foundation; AIC Past-President, Keith Goodwin, AACI, was the Deputy Chair of the World Association of Valuation Organizations; AIC Past-President, Brad Wagar, AACI, was the AIC representative on the

International Valuation Standards Committee, as well as the chair of the Toronto Valuation Accord; and I was the Chair of the International Advisory Committee for the Appraisal Foundation. All of these members were chosen for their focus on advancing the valuation profession.

Broadening our scope of practice

Also envisioned throughout the Strategic Plan is the broadening of our scope of practice to “provide a broad range of services related to the principles of value in real estate.” Increasingly, there are firms and individuals across Canada that are prospering while pursuing one of the many disciplines that are supported by our education program. The real estate advisory services that our members are

increasingly supplying are both challenging and well rewarded.

The level of support that members have given has been vitally important to the ongoing change in our profession and has allowed the Board of Directors to remain focused on what needs to be done to increase the opportunities, the incomes, and the respect for our members. As we move forward with repositioning the profession, more

changes will be required. But, at the same time, individual member benefits will become more tangible. You can rest assured that the leaders of our organization will stay the course. To confirm that now, and in the future, you can measure everything they do against the objectives contained in our strategic plan. 🍷



David Highfield, AACI, P. App
Président de l'ICE

Célébrer nos résultats

Tout va comme prévu. Notre profession est en évolution. Compte tenu de l'attention récemment accordée aux défis qui nous guettent, j'ai décidé de m'arrêter un moment et de célébrer l'Institut des évaluateurs, ses membres et nos réalisations des dernières années. Il y a cinq ans, le succès que nous connaissons aujourd'hui n'était qu'une vision. Je crois qu'il est temps de nous rappeler le progrès accompli par les bénévoles, le personnel, nos partenaires et les membres de l'ICE à l'échelle du pays.

Vers la fin des années 1990, les dirigeants de l'ICE et plusieurs membres de tout le pays ont reconnu qu'il fallait assumer la responsabilité du déclin du profil de notre profession et de renverser cette tendance à tout prix. En dépit d'un ensemble d'initiatives axées sur l'avenir comme la création d'un programme d'assurance-responsabilité professionnelle, l'amélioration du professionnalisme de notre programme pédagogique, la création de normes canadiennes et le raffermissement de nos normes en matière d'éducation, nous nous sommes retrouvés à questionner l'avenir. En dix ans, le nombre de nos membres a dégringolé de 10 000 à 3 800 et une seule discipline retenait l'attention de notre organisme. Cette discipline visait à servir un groupe spécifique de clients seulement, contribuait à réduire nos revenus et à faire baisser la demande pour nos services.

Les dirigeants de l'époque se sont donc joints aux membres de tout le pays pour élaborer un plan qui servirait de base aux membres présents et futurs. Une profession qui ouvrirait la porte à une gamme variée d'occasions, permettrait de toucher des revenus plus intéressants, susciterait un respect accru et qui offrirait une plus grande protection au public. En date du début de 2006, les exemples suivants illustrent parfaitement le progrès accompli par rapport au plan stratégique de l'an 2000.

La baisse du nombre d'adhésions à l'ICE est freinée

De façon toute particulière, le plan faisait allusion au « maintien des membres actuels et au recrutement de nouveaux ». La combinaison d'une bonne fortune, d'excellentes décisions et d'un travail assidu a donné d'excellents résultats.

En ce qui touche le maintien des membres, plusieurs praticiens de longue date ont perdu le goût de « liberté 55 » et de la retraite suite à la chute du marché boursier et à une demande accrue pour leurs services sur un marché des plus actifs. En ce qui touche le recrutement, le nombre d'inscriptions aux cours était d'environ 100 en l'an 2000. En 2005, ce nombre a dépassé 1 400. Aussi, 800 exemplaires de l'ouvrage intitulé *Appraisal of Real Estate, 2nd*

Canadian Edition (L'évaluation immobilière, 2^e édition canadienne), ont été vendus en 2005. Au cours des quatre dernières années, le nombre de nos membres s'est accru à raison d'environ 5 % par année.

Nous avons donc la chance d'avoir à notre disposition la compétence et l'expérience de nos membres plus anciens pour assurer le mentorat de la prochaine génération de professionnels agréés. Toutefois, nous avons encore beaucoup à faire en matière de recrutement. Nous visons maintenant les écoles commerciales du Canada et avons restructuré nos exigences pédagogiques pour qu'elles soient plus attrayantes pour les étudiants.

Parfaire nos aptitudes

Un autre point mentionné dans le plan et sous le titre « Marché changeant pour les services des membres » dit que « la carrière des membres sera fondée sur un ensemble d'aptitudes accrues et que l'Institut jouera un rôle important dans cette formation » et que de « nouvelles méthodes et pratiques seront mises au point en fonction d'un programme pédagogique clé et innovateur. » (traduction libre) Au cours des cinq dernières années, les modifications apportées à ce niveau ont été remarquables. Moyennant l'aide de l'école commerciale Sauder de l'U.C.-B., tout le matériel de cours actuel a été

amélioré en réponse aux exigences rigoureuses menant à l'obtention de crédits universitaires et pour donner aux diplômés les connaissances requises pour œuvrer utilement sur le marché d'aujourd'hui. Aussi, de nouveaux cours ont été mis au point pour parfaire la formation de nos récents diplômés et leur permettre d'évoluer au sein d'une grande variété de disciplines. Il s'agit là d'une initiative continue de l'ICE qui a été rendue possible grâce à d'importants investissements annuels à la fois par l'U.C.-B. et l'Institut.

Le processus d'obtention des désignations a aussi été simplifié et selon la voie choisie, peut être

abrégé encore davantage. Actuellement, le programme menant à trois diplômes de premier cycle au Canada contient toutes nos exigences pédagogiques pour les désignations AACI et CRA. En guise de rechange, le certificat d'études supérieures en évaluation immobilière permet aux diplômés en gestion des affaires, en commerce et en agriculture de suivre six cours de l'ICE et une étude de cas supervisée et obtenir ainsi leur désignation AACI. Les employeurs peuvent donc dresser une courte liste de diplômés et prévoir leur admissibilité à la désignation AACI en un maximum de cinq ans.

Promouvoir notre image

À quelques reprises, le plan fait aussi mention de la promotion et de la représentation de notre profession. « ... que l'Institut et ses membres auront une présence et une influence accrues. » (traduction libre) Il ne fait aucun doute que bien que notre campagne de repositionnement ne soit pas

encore amorcée, l'ICE et ses membres ont déjà un profil amélioré au Canada. Cela est partiellement attribuable à notre déménagement à Ottawa et à la représentation par nos bénévoles et notre personnel. Le gouvernement, les grandes sociétés et autres organismes professionnels sont de plus en plus au courant

de notre travail et du fait que nous l'accomplissons avec brio. Lors d'une récente réunion du Comité consultatif de l'ICE, le représentant d'un important intervenant disait : « au cours des dernières années, la qualité des rapports d'évaluation s'est définitivement améliorée. »

Accroître notre influence

Le plan stratégique fait aussi allusion à notre présence sur la scène internationale. À un moment donné en 2005, Wayne Llewellyn, AACI, présidait l'International Association of Assessment Officers; Gordon McNair, AACI, était président de l'International Right-Of-Way Association; Peter Clark, ancien président

de l'ICE, AACI, présidait le Board of Trustees of the Appraisal Foundation; Keith Goodwin, ancien président de l'ICE, AACI, était président adjoint de la World Association of Valuation Organizations; Brad Wagar, ancien président de l'ICE, AACI, représentait l'ICE auprès du International Valuation Standards Committee en plus

d'occuper la présidence du Toronto Valuation Accord, alors que je présidais moi-même le Comité consultatif international pour la Fondation des évaluateurs. Tous ces membres ont été choisis en raison de leurs efforts visant à promouvoir l'avancement de la profession des évaluateurs.

Élargir la portée de notre pratique

Enfin, le plan stratégique vise à élargir la portée de la pratique pour « offrir une vaste gamme de services liés aux principes de la valeur immobilière. » (traduction libre) De plus en plus, des entreprises et des gens à l'échelle du pays connaissent la prospérité en se livrant à l'une des nombreuses disciplines découlant de notre programme pédagogique. Les services consultatifs qu'offrent nos membres dans le secteur immobilier sont de plus

en plus populaires et très rentables.

Le niveau de soutien dont les membres ont fait preuve s'est révélé très important dans l'évolution de notre profession et a permis au Conseil d'administration de concentrer ses efforts sur ce qu'il faut faire pour multiplier les occasions, améliorer les revenus et susciter le respect à l'endroit de nos membres. À mesure que nous progresserons avec le repositionnement de la profession, d'autres changements seront néces-

saires mais du même coup, les avantages pour les membres individuels deviendront plus tangibles. Soyez assurés que les dirigeants de notre organisme ne perdront pas leur point de mire. Pour confirmer ce que je viens de dire dès maintenant et dans l'avenir, il suffit de regarder ce qu'ils font et d'évaluer les réalisations par rapport aux objectifs contenus dans notre plan stratégique. 🍀



Georges Lozano, MPA
AIC Chief Executive Officer

The changing profession

It has been said that change is the only constant in our times. This is certainly true for the Appraisal Institute of Canada (AIC) and its members who are living through significant changes that impact the profession. Living with change can be very challenging, at times confusing, and often frustrating. The Institute is well aware of this and has endeavored to keep members informed of the many changes coming their way. I would like to take this opportunity to comment on some of the changes that have taken place as well as new policies that will have an impact on members in the future.

Since the restructuring program began – literally at the turn-of-the-century – significant changes have been made to everything from the education program that prepares members to become designated professionals, to the standards of practice that set out what and how members should perform their work. The list is long. In the late 1990s, we started by redeveloping the education program in partnership with the University of British Columbia. This resulted in a greatly enhanced program of professional studies that is world-class and prepares Institute members to compete successfully as real property appraisal professionals. Next, the professional liability insurance program was outsourced. This move put the insurance program in the hands of a professional insurance manager and freed up resources within the Institute so that it could focus on developing new programs and services for members. Among them, the recertification program was replaced by the continuing professional development program. The CPD program is aimed at encouraging members to broaden their professional skills and knowledge, and to enhance their careers.

Achieving our Strategic Plan objectives

The Institute then restructured internally, moving the National Office to Ottawa and repurposing its resources in order to be able to achieve the objectives set out in its Strategic Plan. The Strategic Plan, among other things, called for the Institute and its membership to be widely recognized as the preeminent professionals in the field of real property appraisal and related consulting and advisory services. This meant three things. First, the Institute's quality standards would have to be increased, and the scope of practice of its members would need to be broadened. Second, the plan called for the Institute and its members to re-brand themselves with the aim of promoting the profession widely, and raising awareness among

stakeholders of the wide range of real property valuation and consulting services that AIC members can provide. Third, the Strategic Plan called for sound management of the Institute and the review of its governance to ensure that members receive the best value for money. All of the above objectives are being addressed in consultation with the membership.

The New Horizons initiative has focused on the Strategic Plan's professionalism objective. As a result, a number of policies have been put in place with the express purpose of raising the bar and ensuring that AIC designated members can truly refer to themselves as first-tier professionals in the field of real property appraisal. As of January 1,

2006, an undergraduate degree will be required for both Institute designations. There are several reasons why this policy was adopted. First, a university degree will provide future designated members with the educational foundation that they will need to take on the increasingly complex assignments that will become a growing part of their appraisal business. A degree will provide future members with the critical thinking and analytical skills, the research skills, and the communications know-how they will need to have as multidisciplinary professionals. The degree requirement puts AIC members on par with all the other first-tier professions in Canada.

In addition, policies addressing professional experience, mentoring, and admission to the designation have been revised and the requirements increased. A written professional exam has been added to the oral interview as the

last step before a member achieves his or her professional designation. The written exam will complement the oral interview and provide an added measure of quality assurance to the admissions process. It will help to ensure uniformity and consistency in designating members of the Institute. It will provide a reliable way of assessing a Candidate's ability to integrate all of the skills and knowledge assimilated as a result of his or her applied learning experience. It will also assist in reducing any subjectivity in the admissions process. Again, the written exam will align AIC's admissions process with that of most professions.

Assuring the professionalism of the Institute and its members has been a high priority as reflected in the Strategic Plan and the policies emerging from the New Horizons initiative. One of the policies aimed at increasing our professionalism has been the limitation placed on the cosigning of Candidate reports. AIC

members' signature and designation are the hallmarks of their professionalism. As such, their value should not be undermined. The responsibility associated with professionalism requires that professionals adhere to their standards of practice, code of ethics, and undertake all due diligence before signing off on professional work. In this context, it was determined that a designated member may only oversee and sign the work of no more than four Candidates with less than five years of experience. It was felt that Candidates with five or more years of experience may need somewhat less supervision. That is why it was agreed that a designated member may cosign for an additional four Candidates provided they have five plus years of relevant appraisal experience and have taken at least four of the AIC educational program courses and at least one of them in the last year.

Branding aims to enhance our profile

With AIC members expanding their skills and knowledge and broadening their service offering to their clients, it became increasingly important to tell clients and stakeholders about these new developments. The Strategic Plan clearly identified branding as an important objective. In 2004, after decisions had been reached with respect to the qualifications and the scope of practice of members of the Institute, it was decided that the time was right to embark upon branding research. Subsequently, a communications and marketing plan aimed at pro-

moting the profession and repositioning it as a multidisciplinary one. The branding process calls for a number of steps starting with analysis of the current brand and its strengths and weaknesses. In our case, the market research showed that AIC and the appraisal profession have strong brand recognition particularly in one area – point-in-time appraisal. While this is our core competency, our strategic objectives call for raising awareness of the many other professional services that AIC members can provide. The next step was to explore ways of conveying

to the stakeholders the new professional profile. This has involved looking at alternative names for the Institute, and its designations, and appropriate messages that will help to reposition real property appraisal as professional work and its practitioners as highly qualified professionals. There have been no foregone conclusions. The membership is being consulted. Branding is a sensitive and sometimes even painful exercise, but, in the end, it will provide us with a powerful tool with which to effectively position and promote AIC members and the profession.

Strong and effective management is key to success

The Strategic Plan has also identified sound management of the Institute as one of the prime objectives. It states: *To achieve the mission and vision, the following Key Results must be achieved:*

1. Institute Performance

This encompasses such matters as good governance, improving response time, keeping members' needs first in importance, providing value and relevance to members, and improved communication with members in both official languages, particularly through excellent relations with provincial associations.

The Institute's successes will be recognized and built upon, and the status quo will be abandoned when appropriate."

With this in mind, in the fall of 2004, the Institute established a Governance Task Force comprised of Institute Past-Presidents to review the organizational structure of the Institute, the way members are represented, and the way services are delivered with the objective of finding the best ways of delivering value for money to the membership.

Acting on the Task Force's recommendations, a consultant with expertise in organizational development was engaged to review the governance structure of the Institute and its provincial associations and to provide recommendations with respect to alternative structures that could be considered. This report has been provided to provincial association presidents, and a special meeting has been scheduled for February 2006. This meeting will provide an

opportunity for the national and provincial leadership to discuss the way that AIC and the provincial associations operate, and to explore ways to improve upon it.

Once these initiatives have been completed, will it signal the end of change? Probably not. So long as the turbulent environment that we work in prevails, ongoing change will be the order of the day. For AIC members, this means staying abreast of trends in the industry, and taking the appropriate steps to ensure that you are well qualified and able to capitalize on new business opportunities when they present themselves. For the Institute, it means keeping a sharp eye on the horizon and continuing to work to ensure that the membership will be well served in the present, and the future. 🍎

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Georges Lozano, MPA
Chef de la direction de l'ICE

L'évolution de la profession

On dit souvent que de nos jours, la seule constante repose au niveau du changement. Cela est plus que vrai dans le cas de l'Institut canadien des évaluateurs et ses membres qui vivent actuellement dans une ère de changements importants au sein de la profession. Accepter le changement peut être particulièrement difficile, parfois même bouleversant et souvent décourageant. L'Institut est bel et bien conscient de la situation et s'efforce de tenir les membres au courant des changements qui les attendent. Je profite donc de cette occasion pour commenter quelques changements qui se sont produits et les nouvelles politiques qui, dans l'avenir, auront un impact sur les membres.

Depuis le début du programme de restructuration, au tournant du siècle littéralement, d'importants changements ont été apportés à tous les paliers, du programme éducatif qui prépare les membres à devenir des professionnels agréés, aux normes de pratique qui prescrivent le travail que doivent effectuer les membres et les méthodes pour ce faire. La liste est longue. Vers la fin des années '90, nous avons amorcé le remaniement de notre programme d'éducation en partenariat avec l'Université de la Colombie-Britannique. Il en a résulté un programme de choix grandement amélioré d'études professionnelles qui préparent les membres au succès dans leur pratique à titre de professionnels de l'évaluation immobilière. Ensuite, le programme d'assurance-responsabilité professionnelle a été donné à contrat. Par cette mesure, nous avons confié le programme d'assurance à un gestionnaire professionnel de l'assurance et libéré les ressources de l'Institut si bien que nous avons pu concentrer nos efforts sur de nouveaux programmes et services à l'intention des membres. Entre autres choses, le programme de recertification a été remplacé par le programme de perfectionnement professionnel qui vise à encourager les membres à accroître leurs aptitudes et leurs connaissances professionnelles dans le but d'enrichir leurs carrières.

L'atteinte des objectifs de notre plan stratégique

L'Institut a ensuite procédé à un remaniement interne avec le déménagement de son siège social à Ottawa et le redressement de ses ressources pour mieux répondre aux objectifs établis dans son plan stratégique. Entre autres choses, le plan stratégique visait à améliorer la visibilité de l'Institut et de ses membres à titre de professionnels de choix dans le domaine de l'évaluation immobilière et les services consultatifs connexes. Cela voulait dire que les normes de qualité de l'Institut seraient accrues et que la portée de la pratique serait

élargie. Ensuite, le plan stipulait que l'Institut et ses membres devaient procéder à un repositionnement avec, comme objectif, de promouvoir librement la profession et accroître la sensibilité des intervenants à l'endroit de la vaste gamme de services offerts par les membres de l'Institut dans les secteurs de l'évaluation et de la consultation immobilières. En troisième lieu, le plan stratégique faisait appel à une saine gestion de l'Institut et à un examen en matière de gouvernance afin d'assurer que les membres obtenaient la meilleure valeur pour leur argent. Tous ces

objectifs ont été abordés en consultation avec les membres.

L'initiative Nouveaux Horizons a porté principalement sur le professionnalisme, un objectif du plan stratégique et, comme résultat, un certain nombre de politiques ont été établies dans le but précis de hausser la barre et d'assurer que les membres agréés de l'ICE puissent vraiment être considérés comme les professionnels de choix dans le domaine de l'évaluation immobilière. À compter du 1^{er} janvier 2006, le diplôme de premier cycle deviendra donc une condition préalable à l'obtention de l'une ou l'autre des désignations de l'Institut. L'adoption de cette politique prend appui sur plusieurs raisons. D'abord, le diplôme universitaire donne aux futurs membres agréés les bases pédagogiques dont ils auront besoin pour accomplir les travaux de plus en plus complexes qui feront partie de leurs activités quotidiennes dans le secteur de l'évaluation immobilière. Ce diplôme leur donnera aussi les aptitudes à la pensée critique et à l'analyse, ainsi que les connaissances en communication dont ils auront besoin à titre de professionnels multidisciplinaires. L'exigence d'un diplôme universitaire place donc les

membres de l'ICE sur un pied d'égalité avec toutes les autres professions de premier choix au Canada.

De plus, les politiques sur l'expérience professionnelle, le mentorat, et l'admissibilité aux désignations ont été modifiées et les exigences connexes ont été accrues. Un examen professionnel écrit a été ajouté à l'entrevue en guise de dernière étape avant qu'un membre reçoive sa désignation professionnelle. L'examen écrit complète l'entrevue et rehausse l'assurance de la qualité dans le cadre du processus d'admission. Il aidera à maintenir la normalisation et la cohérence au niveau de l'accréditation des membres de l'Institut. Il permettra également de déterminer de façon fiable la capacité des stagiaires à intégrer toutes les aptitudes et les connaissances acquises comme résultat de leur expérience pratique, en plus d'aider à réduire la subjectivité dans le processus d'admission. Enfin, l'examen écrit aligne le processus d'admission de l'ICE à celui de la plupart des professions.

L'assurance du professionnalisme de l'Institut et de ses membres a toujours été une priorité élevée comme l'indique le plan stratégique et les politiques découlant de l'initiative Nouveaux Horizons. L'une des poli-

tiques visant l'amélioration du professionnalisme est l'imposition de restrictions quant à la cosignature des rapports des stagiaires. La signature et la désignation des membres de l'ICE reflètent leur professionnalisme. À ce titre, leur valeur ne doit pas être sous-estimée. Les responsabilités associées au professionnalisme exigent que le professionnel respecte des normes de pratique élevées, un code de déontologie et qu'il fasse preuve de diligence raisonnable avant d'apposer sa signature sur un travail professionnel. Il a donc été déterminé qu'un membre agréé pouvait surveiller et cosigner les travaux de quatre stagiaires au maximum possédant moins de cinq années d'expérience. L'opinion générale était que les stagiaires possédant cinq ans d'expérience ou plus ont besoin d'une supervision moindre et c'est pourquoi il fut convenu qu'un membre agréé pourrait cosigner les travaux de quatre stagiaires additionnels à condition qu'ils possèdent cinq années ou plus d'expérience pratique en évaluation et qu'ils aient suivi au moins quatre cours du programme éducatif de l'ICE dont un durant l'année immédiatement précédente.

Le positionnement - un outil pour rehausser notre profil

Avec les membres de l'ICE qui acquièrent de plus en plus d'aptitudes et de connaissances et qui offrent maintenant une gamme encore plus variée de services à leurs clients, il est devenu plus important que jamais de faire connaître ces nouveaux développements aux clients et aux intervenants. Le plan stratégique identifie clairement le positionnement comme étant un objectif prioritaire. En 2004, suite aux décisions touchant les qualifications et la portée de la pratique des membres de l'Institut, il a été décidé que le moment était venu pour amorcer une recherche sur le positionnement et d'élaborer par la suite un plan de communication et de marketing visant

à promouvoir la profession et de la repositionner comme secteur multidisciplinaire. Le processus de positionnement compte un certain nombre d'étapes commençant par l'analyse de la position actuelle, ses points forts et ses faiblesses. Dans notre cas, la recherche du marché a révélé que l'ICE et la profession d'évaluateur sont bien reconnus, en particulier dans le domaine de la simple évaluation immobilière. Bien qu'il s'agisse là de notre compétence primaire, nos objectifs stratégiques visent à faire connaître les nombreux autres services professionnels que les membres de l'ICE sont en mesure d'offrir. La prochaine étape consistait donc à étudier les façons de faire connaître ce nouveau profil professionnel aux divers

intervenants. À cette fin, nous nous sommes penchés sur la possibilité de renommer l'Institut et ses désignations et avons élaboré des messages qui avaient pour but de repositionner l'évaluation immobilière comme étant un travail professionnel et ses praticiens comme étant des professionnels hautement qualifiés. Aucune conclusion n'a été tirée prématurément, les membres étant consultés régulièrement. Le processus de positionnement est un exercice à la fois délicat et parfois même douloureux mais en bout de ligne, il produira un outil puissant qui permettra de positionner et de promouvoir efficacement les membres de l'ICE et la profession.

La clé du succès : une gestion solide et efficace

Le plan stratégique identifie aussi la saine gestion de l'Institut comme l'un des principaux objectifs. On y lit : « Pour réaliser sa mission et sa vision, les résultats clé suivants doivent être atteints :

1. Rendement de l'Institut

Ce résultat clé comprend une solide gouvernance, l'amélioration du temps d'intervention, la considération prioritaire des besoins des membres, l'offre de services pertinents et de valeur aux membres et l'amélioration de la communication avec eux dans les deux langues officielles en entretenant, tout particulièrement, d'excellentes relations avec les associations provinciales.

Les réalisations de l'Institut seront reconnues et serviront d'assises, et le statu quo sera abandonné au moment propice.» (traduction libre)

À la lumière de ce qui précède, l'Institut a, à l'automne 2004, créé un groupe d'étude sur la gouvernance formé de présidents sortants de l'Institut avec comme mandat d'examiner la structure organisationnelle de l'organisme, la représentation des membres et la façon dont les services sont offerts dans le but de déterminer la meilleure méthode pour donner aux membres la meilleure valeur pour leur argent.

Suite aux recommandations du groupe d'étude, nous avons retenu les services d'un consultant spécialisé dans le développement organisationnel pour revoir la structure de gouvernance de l'Institut et de ses associations provinciales et formuler des recommandations quant aux rechanges potentiels à considérer. Ce rapport a été présenté aux présidents des associations provinciales et une réunion extraordinaire a été convoquée pour le mois de février 2006. Cette réunion permettra aux dirigeants nationaux et provinciaux

de discuter le fonctionnement de l'ICE et des associations provinciales, et d'explorer les façons de l'améliorer.

Une fois ces initiatives complétées, l'ère du changement sera-t-elle terminée? Il est probable que non. Aussi longtemps que prévaudra la turbulence du milieu dans lequel nous évoluons, la constante du changement sera à l'ordre du jour. Pour les membres de l'ICE, cela signifie qu'ils devront être à l'affût des tendances à l'échelle de l'industrie et qu'ils devront prendre les mesures qui s'imposent pour être bien qualifiés afin de profiter des nouvelles occasions d'affaires dès qu'elles se présenteront. Pour l'Institut, cela signifie qu'il devra maintenir un regard attentif sur l'avenir, tout en assurant que les membres soient bien servis dans le présent et qu'ils le seront dans l'avenir. 🍀

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Reaching beyond borders

Soon after Canada opened its Kabul, Afghanistan embassy in July 2003, Graeme Stephens was there. After only a year with the Department of Foreign Affairs and International Trade as a Portfolio Manager for property in Asia, he was participating in a piece of political history whose realization depended, in part, on his real estate expertise.

Thanks to a combination of ambition, training and experience, Stephens was able to work with a team of real estate experts to resolve a complex real estate problem in a challenging environment. Over the next few years, projects on behalf of the department would take him from this 2,000-square-foot chancery operation in a converted house in war-torn Kabul to a 150,000-square-foot piece of prime real estate in London, England. But something about the opening of that

mission in a fragile land will stay with him for years to come.

“In many ways, the complexity of that project was more daunting than the property in London,” says Stephens, noting that the intricacies went beyond the technical requirements. “When we refer to the complexity of problems, we are not just talking about meeting the Government of Canada’s core accommodation or security requirements. It is also about the environment in which we are working. It is extremely satisfying to be able to work with engineers, architects and other real estate professionals to make such a project happen. Although the opportunity to see and experience such a place is rewarding, the mental challenge is even more so.”

Fast forward two years and Stephens is sitting in his Ottawa office as the Regional Property Program Manager for Europe in the Property Strategy Section of the Physical

Resources Bureau. Foreign Affairs Canada manages property in 168 missions in 111 countries abroad. This includes 114 official residences, 242 chancery facilities and approximately 1800 staff quarters, with about 20% of this portfolio falling under Stephens’ responsibility. This region is particularly busy and the European team has its hands full with major chancery projects underway or planned in Moscow, London, Paris, Rome, The Hague and Madrid.

In Madrid, for instance, the crown has owned the chancery facility since the late 1960s and it is due for replacement. As part of his work, Stephens reviews existing ownership and lease arrangements for the Department’s European properties and identifies changes that need to be made. For the Madrid chancery, market information is gathered, options for relocating are reviewed, and financial analysis is performed in order to determine whether it

would be better to lease or own a new property.

“In these cases, we will do a net present value analysis in order to determine the preferred investment action,” says Stephens. “This is similar to a discounted cash flow analysis that we would do for estimating the value of an office building in a major Canadian city as part of an income approach in an appraisal. The results of that analysis have a significant bearing on the recommended solution.”

In the Madrid situation, it was recommended that the department would be better off leasing. Factors that needed to be taken into account included the needs of personnel, safety, security, and long-term plans for representation in Spain. As in every case, the property strategy was developed in consultation with staff from the embassy, headquarters and the Physical Resources Bureau, which is ultimately responsible for the functioning of all Government of Canada property abroad.

“In the Strategy section, we engage projects,” explains Stephens. “We start by making recommendations to the Bureau Program Committee, which approves or disapproves any projects going forward.”

He now supervises two people who perform the day to day portfolio management for each of the East and West regions of Europe. After the Madrid project was initiated, another member of the European

portfolio team began looking at different leasing opportunities to determine which would be the best in terms of accommodating Canada’s needs.

Meanwhile, Stephens continues to review and respond to situations at the other chanceries throughout Europe. His work also includes managing property inventory abroad, as well as providing a liaison between missions and other departments for property-related matters.

Constant communication with the people at the mission is critical. Explains Stephens: “At some of the bigger embassies, we have some real estate people working there, but, in the majority of our missions, we have managers of consular operations who may be doing double duty as property officers. They will turn to us for property expertise regarding contractual issues, maintenance, or anything else related to the property. We are the conduit. The decision-making happens here and gets implemented out there.”

While one of his main areas of focus is strategy development, Stephens still has ample opportunity to get involved in what he calls “the big project pie.” The nitty gritty of financial details and number crunching is an aspect of his work he enjoys immensely. “Because of my experience and background, I participate in some of the larger, more complex projects,” he points out. “It is an exciting place to work. I cannot even begin to describe my

high level of job satisfaction. The things we do here are fascinating and the demands on my expertise are such that I am completely fulfilled in terms of everything I have ever done. It has really been the peak of my career so far. Based on my expertise, training and property knowledge, I have an extremely high degree of confidence in performing the things that I am called upon to do.”

In 1988, Stephens started articling as an appraiser with the Pigeon Roy company, after graduating with an Honours Degree in Economics from Carleton University. He moved to the Regional Appraisal Service firm in 1990 and completed his AACI designation in 1994. The following year, he joined Urbandale Appraisal Ltd., where he continued his work as a fee appraiser.

Notes Stephens: “The education was the package – the coursework, the articling, the demonstration appraisals, etc. – that gave me a very strong basis to move forward and be accomplished in other areas of real estate.”

Although he had enjoyed the liberty, flexibility and self-determination of being a fee appraiser for 11 years, by 1999, Stephens was looking for new challenges. That Christmas, an acquaintance convinced him there were opportunities for a person with his skills at a non-profit organization that manages control towers and navigation systems on and off airports across the country.



The Kabul embassy



By February 2000, Stephens was working for NAV Canada.

"It was a fascinating experience," he says of his three years there. "It gave me the opportunity to take the things I learned as a fee appraiser, turn them around and develop other skills. From there, I stepped naturally into my job with this organization."

In December 2002, Stephens joined Foreign Affairs Canada. He found that many of the skills he had learned as a fee appraiser – including communication and negotiation skills – stood him in good stead in his new position as a portfolio manager. They continue to be invaluable in his work as Regional Property Program Manager for Europe.

"These are skills I have learned that I call upon everyday," he elaborates. "I cannot overstate the importance of the technical real estate skills that you learn during your apprenticeship. That is the meat and potatoes of all this."

At the same time, Stephens strongly believes that appraisers should not be limiting themselves to traditional fee appraisal work.

"I think there is a lot more room out there for our expertise and we should be taking advantage of it," he stresses. "We should be considering ourselves real estate experts first and foremost."

He suspects that the full range of possible careers available beyond fee appraisal may not be well known within Canada's appraisal community. His travels abroad have opened his eyes to these possibilities. In particular, there are many multinational organizations that own large amounts of property. "The sort of skills that Canadian appraisers can bring to the table in terms of providing in-house real estate services and expertise would be a tremendous asset to these corporations," says Stephens. "I do not believe that there is any better training than the one I have enjoyed. The things you learn in terms of investment criteria, valuation methodology, and the nuts and bolts of property are an excellent training ground for all types of jobs."

He also believes appraisers are responsible for creating their own opportunities. The challenge is to

build upon the strong base they have acquired from their education, training and experience. "It is all about asking yourself if you are learning and improving," says Stephens. "Are you moving forward?"

In his present position, he relishes the ongoing challenges of dealing with different legal environments, languages, cultural expectations and business cultures for projects that span the European continent. The complexity and intricacy of each project offers intangible, yet immensely satisfying rewards.

Of course, there are always those monuments along the career path that remain a cherished part of the journey. For Stephens, the chancery in Kabul will always be a special moment. Relying mainly on people on-site to be their eyes and ears, appraisers with Foreign Affairs Canada have few opportunities to see all of their property abroad, never mind one that is so historically significant. Recalls Stephens: "This time I had the opportunity to see it, experience it, live it. It was exceptionally rewarding." 🍷

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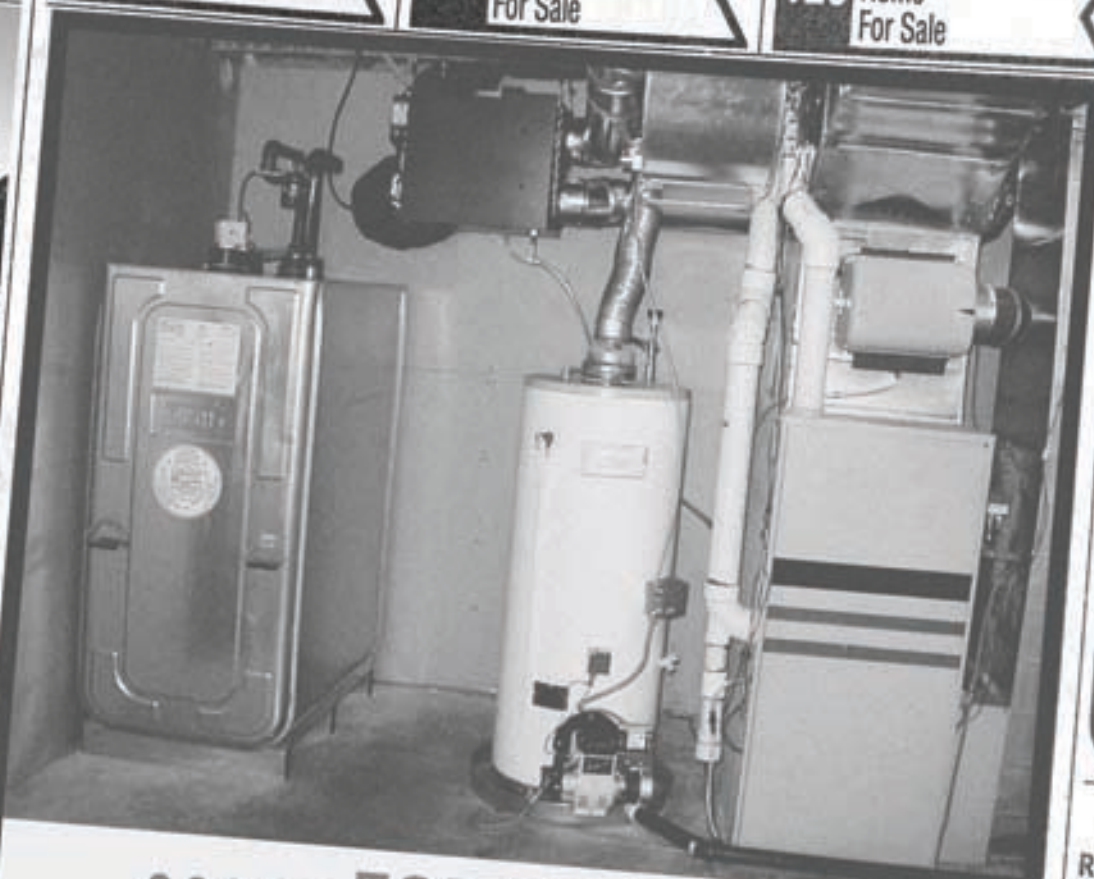
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AIC designations earned / Désignations obtenues de l'ICE

The Appraisal institute of Canada (AIC), together with the provincial associations and the provincial bodies affiliated with the AIC, commend the following members who completed the rigorous requirements for accreditation as a designated member of the AIC during the period July 23, 2005 to November 30, 2005:

L'Institut canadien des évaluateurs (ICE), en collaboration avec les associations provinciales et les organismes provinciaux affiliés à l'ICE, félicitent les membres suivants qui ont complété le programme rigoureux d'accréditation à titre de membre désigné de l'ICE durant la période du 23 juillet au 30 novembre 2005 :

AACI, P. App

Accredited Appraiser Canadian Institute

These members are congratulated on the successful completion of all AACI, P. App designation requirements. We welcome these individuals as fully accredited members of the Institute through the granting of their AACI, P. App designation.

Nous félicitons ces membres pour avoir complété avec succès le programme menant à la désignation AACI P. App. Nous les accueillons comme membres pleinement accrédités de l'Institut et leur accordons avec fierté la désignation AACI, P. App.

ALBERTA

Lisa McCartney
Sidney Cumming

BRITISH COLUMBIA

Sean Knudsen
Charles Wallace
Brady Fleguel
Ed Landry
Darien Mikitka
Campbell Taylor
Georgina Ronning

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Peter Dobbeltsteyn
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NEWFOUNDLAND

Christopher Browne

ONTARIO

Stephen O'Brien
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QUEBEC

Sylvie Lavoie
Michel Bourassa
Annie Labbé
Alain Guy
Rolland Grenier

CRA

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

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

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BRITISH COLUMBIA

Jacob Zaikow
Craig Cameron
Edward Anger
Ken Heatherington

NEW BRUNSWICK

Thomas Davis

NOVA SCOTIA

Jeom Kim

ONTARIO

Dan Sciaky

Stella Maltzov

Don Hui
Floyd Schonauer

PRINCE EDWARD ISLAND

Andrew Reardon

QUEBEC

Steve Henry
Janet Jean
Pierre Corbin
Patrice Tremblay

SASKATCHEWAN

Barbara Doran

Candidates / Stagiaires

AIC welcomes the following new candidate members during the period July 23 – November 30, 2005:

L'ICE souhaite la bienvenue aux personnes suivantes qui ont joint les rangs des membres stagiaires durant la période du 23 juillet au 30 novembre 2005 :

ALBERTA

Cory Moore
Keely Hilderman
Ann Burt
Bonnie Ruscheinski
Thomas Grimsdale
Trevor Frost
Dennis Stordy
Kimberly Parker
Dave McLennan
Alok Babbar
Shari Bouzane
Jennifer Tomaszewski
Clayton Collins
Scott Stooshinoff
Moreen Skarsen
Dana Carroll
Diane Beisel
Robert Barrett
Douglas Schroeder
Chelsea Towns
Francis NG
Nicole O'Keefe
Anthony Hendrata
Erin Shypitka
Tommy Mak
Kira Ross
Jeffrey Hayes
Yvonne Arbour
Shayne Maynard
Cameron French
Alison Batt
Vincent Ho
Robert Picard
Ian Powers
Karen Waldhoff
Tom Liu
Laurel Ferguson
Donna Rawson

Stephanie Church
Deborah Wright

BRITISH COLUMBIA

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David Chubey
Paul Vou
Jeff Sweett
Margaret Kotarska
Richard Jansen
Gregory Ho
Brian Moro
Lok Lee
Robin Farrell
Timothy Hall
Matt Cherrille
Jeremy Duncan
Jagmohan Turna
Bryan Hookenson
Tracey Rafuse
Sandra Crandall
Michael Kind
Gordon French
Kenneth Froese
Keith Bell
David Van Veen
Janet Au
Craig McLellan
Eddie Kwan
Josh Jones
Jason Chiu
Ross Jolly
Grant Kerr
B. Beastall
Clayton Baerg
Warren Wurzer
Brian Cooper
Lionel Parent
Bradley Reimer
Kelley Chretien

C. Bridge
Kevin Rawle
William Woodley
Robert Ironmonger
Jonathan Penner
Robert Broderick
Kerry Dimmock
Tina Nowaczewski
Grace Ang-Lim
Terry Paugh
Kristin Linquist
Deborah Palamos
Richard Summers
Esthel Issa
Tiffany Lee
Robert Bradley
Greg Colpitts
Jatinder Dhatt
Melissa Blais
Denise Pollard
Shawn Sand
David How
Christie Mah
Andrew Mah
Jennifer Wood

MANITOBA

Valerie Reese
Rene Ritchot
Rebecca Dowswell
Tim Tomchuk
Jeffrey Browaty

NEWFOUNDLAND/ LABRADOR

Christopher Browne

NEW BRUNSWICK

Jeff Wade
André Mercure

Sheila Fitzpatrick
Jeff Tobin
Nelson Ayotte
Philomena Williams
Brenda Hall

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Bruce Gouthro
Renee Walker
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NUNAVUT

Travis Hoffe

ONTARIO

Jackie McDonell
Flora Tsui
Cindy Wong
Michael Shelp
Nicholas Mirsky
Craig Hamilton
Melissa Fialho
Marie-Josée
Landry-Morneau
Helen Senis
Douglas Heffernan
Peyman Etemadi
Mike Dineen
Stanley Tang
June McKean
William Warner
Thomas Powell
Varya Lamotchkina
Hank Alsemgeest
Gord Ellis
Leslie Ribey
Angela Szpivak
Mohammed Koussarnia

Tracy Russell
Binh Huynh
Claudette Lemesurier
Janet McKee
Maartje Van Wely
Stephen Disney
Nancy Donati
Laurie Moulton
Ryan Moore
Narender Sharma
Theresa Mackay
Randy Byars
Robin Simon
Portia Yip
Henry Godfrey
John Smeenk
Paul Ballard
Sydney Hassal
Virgilio Bernardino
John Fotheringham
William Butler
Jennifer Tutte
Brent Hyman
Maggris Morgan
Janice Goldthorpe
Shawn Nadaratah
Diana Gardner
Robert Fisher
Demetri Iliopoulos
Jeff Marsh
Alan Coleman
Andrew Danch

SASKATCHEWAN

Charmaine Luscombe
Lorne Albertson
Cameron Walker

Insurance deductibles – who pays?

Deductible payment is a fundamental part of any insurance program and it effectively places the insured in a risk or cost sharing position. Under our current professional liability insurance program, the Appraisal Institute of Canada (AIC) member, through payment of a deductible, is responsible for the first \$2,500 of any indemnity paid as a result of a claim. When only one member's signature appears on the report, responsibility for deductible is obviously clear-cut.

In the case of a co-signed report, the matter effectively becomes a 'joint and several liability' where both members become responsible for the deductible. It is not uncommon to have both members (author of the report and co-signer) as well as their companies named in a claim. From an adjusting or claims management standpoint, the primary author to the report is attached to the claim file and obligated to pay the deductible. Should the author fail to pay, the deductible payment shifts to the co-signer. However, that does not automatically relieve the author from the obligation. The aforementioned shift in responsibility to the co-signer will result only after the attempts to collect from the author have failed. *From a business practice standpoint it might therefore be worthwhile to have an agreement in place to indemnify the co-signer and/or company in this regard.*

Payment of deductibles is considered a serious matter by the AIC and non-payment can result in membership suspension. The deductible is payable on demand and typically

due upon file closure. However, in the case of an economic settlement, it can be demanded to help fund a settlement proposal. *Any outstanding monies not paid can lead to the cancellation of membership and insurance. Failure to comply within 15 days notice of the registered letter will lead to an automatic cancellation. Persons wanting to become an active member again will be subject to reinstatement fees and a break in insurance coverage and full payment of outstanding monies owing prior to cancellation. There is no prior acts coverage on claims that arise during the time the member is cancelled.*

Although the professional liability insurance program is essentially a 'no-fault' premised plan, there is a \$500 step-up penalty per paid indemnity which produces a second claim deductible of \$3,000, third of \$3,500, and so on for claims within any five-year period. The Insurance Advisory Committee claim statistics suggest that repeat offenders constitute a minute portion of the claims paid. This said, there are several members with multiple indemnity paid claims and step-up deductibles. *Since the deductible is based on the claims record of the primary author, it is advisable the co-signer be aware of the claims history of those for whom he or she co-signs. Conversely, candidates or subsidiary authors may not want to be associated with senior members with multiple indemnity claims because future claims could lead to cost-sharing a substantial deductible.*

It is worth noting that, if no indemnity is paid, no deductible is charged. Legal and/or adjusting

costs to defend or deny groundless claims, while occasionally substantial, do not trigger a deductible. Therefore, do not hesitate to report all potential claims, as early detection is often critical to a successful defense. *Finally, striving to provide diligent reports and professional service to your clients will go a long way to contributing to your ongoing avoidance of liability claims and deductibles.* ☺

Professional Liability Insurance Program

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AIC branding – the what, why and how

In late 2004, the AIC's Communication Committee took initial steps toward branding the Institute and early work was focused on researching our markets and measuring our existing brand equity. Since November 2005, the Committee has been very active explaining the branding process to the AIC membership. This article will shed additional light on the subject by expanding on the **what, why** and **how** of branding.

The 'what' of branding is more complex than a simple definition. Branding is our label. By its recognition, our brand defines who we are, what we do, where we have been, where we are going, and what we offer in terms of scope of professional services. So how is the name so critical and how can a name accomplish these things? In fact, some would argue that this is more than can be expected of a name. The answer is in the **recognition**. The market recognition and perception of the brand defines what is being branded.

The Appraisal Institute of Canada (AIC) has existed for 60+ years. It has grown, it has stumbled, but it continues to evolve, and, in today's business world, it is once again faced with challenges. The name AIC is familiar to all of us. Some of us may like it, some may not. But we all know the name and it is familiar and comfortable. Furthermore, there is knowledge and recognition of the AIC name within the business community where too, the name is either appreciated or disliked. So why consider change? Why not just change perception? After all, change for the sake of change is not good. How-



ever, change that provides a better competitive position, enhanced perception and recognition within the market, and which acknowledges the professionalism of the membership is certainly worth exploring. That is the 'why' behind the branding initiative. As we prepare for the future, we owe it to the profession to explore our options.

Branding is part of a bigger initiative. It is part of the AIC's Strategic Plan – a plan that has various short and long-term objectives; including the repositioning of the Institute and its members. This repositioning objective is a response to the changing business environment. Our traditional workload is expanding; opportunities are more abundant and complex, yet the competition within the business world is growing. Therefore, we must insure that our brand continues to define our members and our organization accurately as we evolve over time. This again is why

our brand is being studied, measured, explored, and tested within the organization, and, more importantly, within the ranks of our clients and employers of our members. The end result of our consultation will tell us if the brand should change or be maintained. We will then be in a position to decide whether or not the existing brand will enable us to reposition ourselves as we are, or if repositioning will be more successful and better achieved under a new brand.

In addition to the branding task, the Communications Committee has developed a document entitled *2006-2008 Comprehensive Strategic Marketing and Communications Plan*. The Plan is the vehicle that will launch the repositioning of the Institute and its members with a broader offering of services and competencies. The Plan must also elevate the visibility and profile of the association and its members to one of key importance throughout the field of

real property valuation and related disciplines. Although the Plan is national in scope, it is also designed to reach regional and local audiences. This approach has not been undertaken in the past and is long overdue. The Board of Directors has approved the plan in principal and the implementation will begin once the branding process is completed.

The Strategic Plan, the 2006-2008 Comprehensive Strategic Marketing and Communications Plan, and the Branding initiative are all related. Branding is an integral part of a larger process and cannot be taken without due consideration. It is not a guessing game, and the process to date has been long, comprehensive, and, at times, very complex. The final decision to proceed with promoting the AIC's existing brand, or a newly branded AIC will be in the hands of AIC members. This Committee will provide members with all the required information prior to making this decision. However, it will require a commitment of time from all members to ensure they are informed prior to establishing a position on this matter. We encourage you read the information, give it full consideration and review the options with an open mind. This will enable members to choose the future direction of the Institute and the profession from a position of knowledge. 🍷

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Letter to the Editor

RE: THINK TWICE ABOUT THE COST APPROACH -A CLAIMS SUMMARY

Upon reading the article entitled 'Think twice about the cost approach – a claims summary' in the *Canadian Appraiser*, Volume 49, Book 3, 2005, I became concerned with the stance that the AIC's Professional Liability Insurance Program (PLIP) took and its implications for appraisers.

In every appraisal, including the subject appraisals of this article, it specifically states the purpose of the appraisal and who is allowed to rely upon it. Typically, it states that liability is expressly denied for unauthorized parties relying upon the appraisal. In this instance, the appraisers stated that the appraisal's purpose was mortgage financing and that is the purpose for which the client originally used the reports. Does the content of this article indicate that appraisers are now liable to anyone who may get

their hands on one of their reports? I came away from this article with a couple of thoughts:

1. When using the cost approach, it might now be appropriate to state directly in the cost approach section that the appraisal is not to be relied upon for insurance purposes. For that matter, perhaps we should now restate the authorized party in each section of the report.
2. If PLIP decides to settle a lawsuit, it might be appropriate to have an investigation as to whether the individual appraiser is liable for the deductible. If there is no disciplinary action against an appraiser, how can he or she be liable for any monetary fines?

Kristofer Hansen, CCIM, CPM
AIC Candidate
Surrey, BC (604) 614-7159

PLIP response: *The Standards confirm that an appraiser is required to identify the client and the intended use of a report. Contingent and Limiting Conditions also caution readers that a report can only be used by a client for the specific intended use. However, all these statements do not deter every client from sending copies to other parties for other unintended uses, nor from sending selected parts. In other words, once a report is in the hands of the client, we have no way to control what they do with it. Unfortunately, the courts have not always supported the authors of appraisal reports and have too often stated that the appraiser ought to have known that other parties might rely on the report. In recent years, the insurance program has won some significant cases involving non-reliance and this is helping us to successfully*

defend many, although not all claims, of this nature.

PLIP vigorously defends members and does not settle cases because it is easier or less expensive. In fact, PLIP covers all legal costs for defending a claim and only pays an indemnity (losses suffered by the claimant) in about one third of all claims. The decision to settle a claim always involves the approval and support of the member, as in the summarized claim. Finally, whether this claim had been closed through negotiation, mediation or the courts, the member would only have been required to pay the first \$2,500. The insurance program defends members against claims for damages. The payment of the \$2,500 is not a fine, it is a policy deductible set out in the terms of the policy and is only paid when an indemnity is paid, not when PLIP is successful in the member's defence. 🍷

WHAT DO FROGS IN TEXAS HAVE TO DO WITH AIC members in PEI?

Plan to be in Charlottetown on May 25, 2006 and you will find out

The 2006 Conference opening speaker is **Jim Carroll**, futurist, trends and innovation expert, columnist and author of *What I Learned from Frogs in Texas: Saving Your Skin with Forward Thinking Innovation*. In this, his latest book, Jim provides concrete guidance on how you can turn challenges into opportunity when you anticipate future trends that



will impact you and view change as an opportunity to pursue, not as a threat to be feared.

Jim is internationally recognized as an engaging, witty speaker who will provide high-level insight into economic and business trends that are changing your professional environment. His keynote address will be customized to address the challenges facing the appraisal profession as it explores the 'new horizons' that provide for an expanded scope of practice in a competitive marketplace for those with the courage to embrace change and prepare for a different future. Jim is famously funny, unique and full of fascinating, quirky, yet serious insight into the major factors that are changing the Canadian economic outlook, including globalization, corporate re-structuring and rapid scientific advance.

Among the critically acclaimed books that Jim has authored or co-authored are *Surviving the Information Age*, *Light Bulbs to Yottabits*, and *Get a (Digital) Life*.

Recent speaking engagements have garnered accolades and repeat performances for a host of high profile clients including Microsoft, KPMG, Nortel Networks and numerous professional associations.

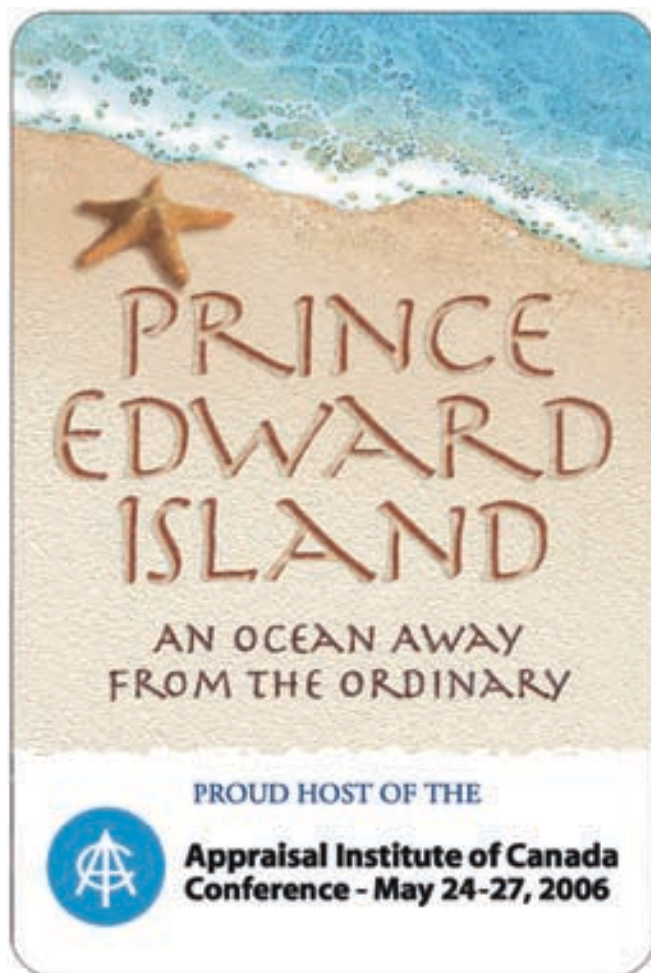
For a sneak preview of Jim's unique take on trends, ideas and innovation, visit him at www.jimcarroll.com.

Once you have been inspired to think about new ways to do business, you will need to consider business and marketing plans that position you to promote these added value services to new and existing clients. That is where our second keynote speaker comes in.

Ann O'Rourke, MAI, SRA, will share the expertise she has developed over some 25 years of appraisal practice. In addition to maintaining a busy commercial and residential appraisal office located inside a marina in Alameda, California, an island in San Francisco Bay, Ann is author and publisher of newsletters, books, and audiotapes, as well as publisher/webmaster of www.appraisaltoday.com. She is also a speaker of note on topics



such as Technology and Appraisers; Profitable Appraising; Income Opportunities for Appraisers; and Internet for Appraisers. Ann's conference presentation will cover ideas from her latest book, *Marketing for Appraisers*, 150 pages on how to, among other things:



- Increase lender work by marketing to different departments and other types of lenders.
- Use quality and service to keep your clients coming back to you, again and again.
- Decrease workload volatility by increasing non-lender work.
- Have clients call you, rather than your competition, by increasing your referrals.

In addition to these inspiring keynote speakers, the 2006 program will feature a diverse selection of education sessions that demonstrate the unique expertise required of appraisers in the Island's economy, from sea to sand traps to spuds. You will have the opportunity to hear from Atlantic Canada's foremost experts on water rights; to hear about the ups and downs of the potato industry and the forecast for the future; to find out more about the trend to 'Green' buildings, in particular the Government of Canada's Jean Canfield building in Charlottetown, cited as the most environmentally friendly building ever constructed by Public Works and Government Services Canada; and to see and hear what factors influence golf course development and valuation at one of PEI's well known courses.

Other programs will reflect the broader scope of practice now being defined through the AIC New Horizon's initiative. There will be opportunities to explore with panelists the components of a successful consulting practice, learn how to incorporate business valuation into your portfolio of services, and hear more about the impact of the burgeoning REIT market. There will also be an opportunity to learn from peers in several programs developed by AIC members. Charlie Abromaitis, AACI, P.App of London Ontario will present a two-part program on *Pattern Discovery in Property Markets*



– *the Appraiser as Detective*; while John Peebles, AACI, P.App, of BC Assessment delivers the thought provoking *ICI Valuation Practices: Assessor vs. Fee Appraisers – who knows best? (Or Why Can't the Assessor and Appraiser be Friends?)*. Sessions on AIC's 3-year Marketing & Communications Plan and professional practice round out the programming and complement the keynote messages on marketing and managing risk. Still in the planning stage are the field trips that will provide delegates with the flavour of the Island, and illustrate the accuracy of the conference theme... **Oceans Away from the Ordinary.**

Visit the conference web site regularly for up to date information on programs and registration details... and make your plans now to be in Charlottetown, May 24-27, 2006 for an extraordinary conference experience.

AIC Offers Unique Sponsorship Opportunities

Members, guests and associates of the Appraisal Institute of Canada (AIC) will join together in Charlottetown, Prince Edward Island for an inspiring, thought-provoking, motivational and educational professional development opportunity from May 24 – 27, 2006. The Annual AIC Conference offers members of the appraisal community, their partners and suppliers an opportunity to connect on a personal level, renewing old acquaintances and forging new ones.

Do not miss this opportunity to put your organization's name in front of members of the premier real estate appraisal association in Canada. Your sponsorship takes you beyond the conference venue and provides recognition to the entire country with additional exposure through the Institute's web site and in AIC's

flagship publication *Canadian Appraiser/Évaluateur canadien*. AIC offers a variety of unique sponsorship opportunities to fit your organization!

For more information on how we can help you reach your market and gain valuable recognition as a key supporter of the profession across Canada, please contact AIC Special Projects Officer Peter Wilson at (613) 234-6533, ext. 230; peterw@aicanada.ca or Blair Sinclair, Conference Co-Chair at (902) 368-6395; dbsinclair@gov.pe.ca.

Complete sponsorship benefits and application forms can be found on the AIC web site at http://www.aicanada.ca/e/aboutaic_events_con2006-sponsorship.cfm.

Appraisal Institute of Canada AGM 2006

DELTA PRINCE EDWARD
CHARLOTTETOWN, PRINCE EDWARD ISLAND

Friday, May 26, 2006, 8:00 a.m.

Agenda

1. To confirm the Minutes of the June 3, 2005 AGM.
2. To receive the President's Report.
3. To receive AIC Committee Reports.
4. To consider AIC By-law revisions as presented by the Board of Directors.
5. To declare the newly elected members of the Board of Directors.
6. To receive audited financial statements for the past year and appoint auditors for the forthcoming year.
7. To consider resolutions submitted in accordance with the By-laws.
8. To consider all other business as may properly come before the meeting.

Note: Designated members have the right to vote by proxy.
http://www.aicanada.ca/e/aboutaic_events_con2005.cfm

Institut canadien des évaluateurs, AGA 2006

DELTA PRINCE EDWARD
CHARLOTTETOWN, PRINCE EDWARD ISLAND

Vendredi, le 26 MAI 2006, à compter de 8 :00

Ordre du jour

1. Approbation du procès-verbal de l'AGA du 3 juin 2005.
2. Présentation du rapport du Président.
3. Présentation des rapports des comités de l'ICE.
4. Examen des modifications aux règlements de l'ICE, telles que présentées par le Conseil d'administration national (CAN).
5. Présentation des nouveaux membres élus du Conseil d'administration.
6. Présentation des états financiers vérifiés du dernier exercice et nomination des vérificateurs pour le prochain exercice.
7. Examen des résolutions présentées conformément aux règlements.
8. Étude de tous les autres points dûment présentés à l'Assemblée.

Nota : les membres accrédités ont le droit de voter par procuration. http://www.aicanada.ca/e/aboutaic_events_con2005.cfm



AIC's Counsellor, Professional Practice focuses on:

- Conflict prevention
- Conflict resolution

In September of 2005, Robert Patchett joined the Appraisal Institute of Canada (AIC) as its new Counsellor, Professional Practice. Robert's hiring is another important step in the Institute's evolution to better serve the ever-changing needs of its members and the public. Robert's extensive background with conflict resolution and mediation makes him an ideal choice to spearhead the AIC's Professional Practice program. In the following interview, he shares his related experience as well as his vision for the important role he is undertaking.

Q. How would you define your role as the AIC's Counsellor, Professional Practice?

A. I see it as being three-fold. First, my primary function will be to serve as a conflict coach to our members. By that I mean helping them develop conflict prevention strategies so that they can prevent problem situations from arising in the first place and also helping them to better deal with conflict when it does arise. For complainants, my role is to listen, to encourage open dialogue and to try to find resolutions that are mutually agreeable to both parties concerned. When a formal complaint is lodged, it is then my responsibility to ensure that the basic principles of natural justice are adhered to and that everyone has the opportunity to be listened to and treated in a fair and respectful manner.



Robert Patchett, LL.B., CD

Q. Your career path leading to the AIC seems ideally suited to effectively fulfilling this role. Can you explain what brought you to this position and how those experiences fit with your responsibilities here?

A. This is really a second career for me and one that I find very appealing for a variety of reasons. I entered the Canadian forces right out of school and was employed by the Government of Canada ever since. Still in my early 40s, I was looking for a career move into the private sector, one, which would allow me to

use my training and experience, and one that would provide an alternate legal career path. This position meets all of those criteria.

As far as my experience is concerned, much of my training as an army officer prepared me for active participation in peacekeeping missions around the world. For example, in the mid-1990s, I was part of a United Nations peacekeeping effort in Yugoslavia. As an unarmed observer, my most valuable resources were my communication and resolution skills. Today's Canadian Forces is much different than it used to be. There is a formal mediation program that teaches one to deal with conflict in a more informal manner and to coach people through difficulties. Having received a great deal of this conflict resolution training over the years, I became a qualified mediator. I then applied to law school where a number of courses focused on mediation and alternative dispute resolution. Following graduation, I articled with the Ministry of the Attorney General for the Province of Ontario and was subsequently employed at the Legal Services Branch of the Ontario Financial Services Commission. With the Federal Government having legislated mandatory mediation throughout its public service, my training and background in these areas proved invaluable.

Q. What do you see as the biggest challenges facing the profession from a professional prac-

...tice perspective and how will you help members meet these challenges?

A. One of the biggest issues facing our membership is dealing with the uncertainty that exists whenever a professional practice complaint is launched. There is considerable anxiety with many members over the entire process and a belief that they could get raked over the coals, so to speak, as the complaint process unfolds, often slowly and laboriously. I want to work within the existing process and create an environment where our member and non-member complainants alike know that they will be dealt with in a fair, respectful and timely manner. I want to be a conflict coach that can help them work through unfamiliar situations, to provide advice before problems arise or get out of hand, to help them with prevention rather than reaction, and to provide the advice they need to deal with whatever situation does arise. I want to be a counsellor in the true sense of the word.

There seems to be dissatisfaction with the formal process that has existed to this point in time. I believe that we can promote an informal method of dealing with complaints to avoid the formal process wherever possible. My first approach is to encourage people to talk and make their concerns known. This is the most important step in any form of conflict resolution. At the end of the day, if a formal complaint is still the way to go, then so be it. But, before it reaches the formal stage, people will have had the opportunity to have input and to be heard.



Q. How should the membership view the fact that you are not a designated appraiser?

A. The volunteers on the various committees I work with, i.e., Investigating, Adjudicating, Appeal and Standards Committees, are appraisers. However, sometimes that can cause a degree of discomfort in that some appraisers may not want other appraisers judging how they conducted themselves. With my background, I can be neutral and independent. I do not come with any biases. I understand the nature of a complaint and can understand appraisal standards just as a complainant would. As for knowledge of the profession, I am working to enhance

my understanding by participating in the Standards Seminar and taking appraisal courses through UBC, i.e. *BUSI 330/BUSI 112*. I want to learn as much as I can about appraisal practices and the business of the Institute and to fine tune my skills so that they can be effectively applied on behalf of our members over the phone or in person.

The Appraisal Institute of Canada is committed to making all of its programs as professional as they can be...to raise the bar even higher. I believe that my background and the role I am here to fill helps to raise that bar and to give our organization added credibility with the public, major clients and the government.

Q. What is the added value that members and the public can expect from you as a trained mediator?

A. The value-added is my ability to listen, to understand the complaint, and to help find a resolution. With my legal training, life skills and experience, our members and the public can be confident that they will have an opportunity to tell their story and be treated in a fair and just manner. Although it is an important part of my background, I was not hired as a lawyer, but rather as a mediator. I am not here to provide legal advice, but to help our members avoid conflict in the first place and to resolve it in the best manner possible when it does occur. When someone has a problem, they go to an expert. Conflict resolution is a professional matter that requires a professional approach. I believe I will bring that to this process.

I want to work within the existing process and create an environment where our member and non-member complainants alike know that they will be dealt with in a fair, respectful and timely manner.

Q. The Institute is presently developing a brand strategy to reposition the organization in the marketplace. How do you feel you can assist members in ensuring that the AIC brand, or image, presented to the public is consistent and has integrity?

A. We want to be known as the 'go to' people in this industry. If that means restructuring and reorganizing to accomplish that goal, then that is what must be done. Members need to keep themselves informed, to maintain an open mind, to talk things through, to seek the opinions of others (including clients), and to remove emotions from the process. They also need to have faith in the Communications Committee, the Board, and the organizational branding professionals involved in the process. Just as members have business plans, the Institute is working on a business plan to meet the ever changing demands of the marketplace. And just as appraisers want clients to seek their professional advice when it comes to property valuation, we are seeking advice from experienced branding professionals. By working together, we have the best chance of being successful.

In regards to my role in the presentation of our brand, as I have stated previously, by raising the bar of our Professional Practice program, we are ensuring that the claims we make of being the industry 'professionals' and the 'go to' people are indeed true. When people know that we are committed to resolving problems that may arise in an open, fair, respectful, just and expedient manner, then we are demonstrating our professionalism.

Q. There are significant changes occurring within the Professional Practice programs. How should members view these changes?

A. The most significant change is the development of a Professional Affairs Coordination Committee

I am not here to provide legal advice, but to help our members avoid conflict in the first place and to resolve it in the best manner possible when it does occur.

(PACC), which met for the second time in November 2005. By coordinating the efforts of AIC committees such as Professional Practice, Adjudicating, Appeals, Standards, etc., this group can ensure that these committees are functioning cohesively, consistently and efficiently. With the PACC responsible for analyzing statistics, discussing trends, reviewing procedures and communicating on a regular basis with the other relevant committees, our members can be confident that our processes are functioning with the utmost integrity and that they are being reviewed, modernized and improved where necessary. This provides a unique opportunity for PACC to provide valuable insight into training successes and what improvements can be provided from a claims prevention and complaints prevention perspective.

Q. What would you recommend members do to prepare for these changes?

A. The Institute is modernizing its structure and its processes to maintain its leadership position in the industry. The Institute is looking out for the interests of all members and everything being done is geared to

ensuring that we are the pre-eminent professionals in this industry and that we are perceived as such. Members need to review their own personal business models, improve their business practices, expand their business applications and the value they bring to the table, and have confidence in their skills to do so.

Q. Having shared your career experiences with us, what about your volunteer activities?

A. Although I retired from the regular forces, I still remain involved in a part time capacity through the reserves. This involves some weekends and evenings and gives me an opportunity to pass on my knowledge and share my experiences. The military also has a public speaking program that enables me to go into public schools when asked to speak about Remembrance Day, peacekeeping, etc. I feel that it is important for people in any profession to stay involved in some capacity even after they have retired. The knowledge someone has accumulated throughout a career is too valuable not to pass on. That is the case with two mentors that I have in both the legal and mediation fields who continually provide me with personal and career advice. If you have knowledge to offer, I highly recommend that you do so.

Away from career matters, I have three children and have worked very hard to maintain a balance between work, family and recreation. My 21-year-old daughter is a college graduate while our two teenage sons are involved in activities like air cadets and soccer. Although I was fortunate enough in the past to spend time with them as a scout leader and trainer, it is now more a case of encouraging and supporting their activities. And yes, conflict resolution and mediation definitely come into play on the home front as well.

Now that I've relocated to Ottawa I am seeking a volunteer opportunity in the community. 🍷

From the Counsellor's Desk

BY ROBERT PATCHETT, LL.B, CD

DENYING COVERAGE AND LIABILITY

If a client's payment to an appraiser is denied or reduced, the question sometimes arises as to whether the appraiser can then deny coverage and liability for the appraisal report. As well, there is concern that the PLIP policy would deny coverage if the member advised that he had not been paid for the report.

The answer to both of these questions is no. However, if there

was a contract between the client and appraiser, it may be possible for a lawyer to craft such a clause to exclude liability for non-payment, but this is a legal issue of contract law for the lawyers to answer. In the meantime, there is nothing to stop the client from suing the appraiser and we would be obliged to defend. The status of the invoice has no bearing on the insurance coverage or how liability would be assessed.

CONTACTING COMPLAINANTS

When a complaint is in the formal process, our *Regulations* provide that the member be notified. The notification will have a paragraph to the effect: *You will note that the name of the complainant has not been provided to you, nor are the specifics of the allegations. It is requested that you respect the anonymous nature in which this matter is currently being addressed, and, while you may suspect who the individuals may be, that you refrain from attempting to ascertain the identities and from contacting them in regards to this complaint.*

The reason for this is quite simple.

- The complainant may not have provided consent to release his or her name.

- The *Regulations* provide for the protection of the complainant's confidentiality.
- The complainant is not always the client who received the report, thus, contacting them may be embarrassing.

Finally, as a professional, you should be confident that your work will stand up to scrutiny. Complainants often rely on that confidentiality to come forward, where they might not otherwise do so, out of fear that they will be contacted or that there might be some form of retaliation. Thus, it is recommended you let your work speak for itself and refrain from pursuing complainants.

REFERENCE TOOL

For members involved in consulting or legal proceedings, or candidates taking BUSI 112 or wanting to learn how the courts address appraisal issues in a dispute, the following web site is an excellent reference tool.

www.canlii.org

This site will enable members to search the courts in their provincial jurisdiction, federal tribunals and courts, and the Supreme Court of Canada. To conduct a search, it is recommended you go to your own province, select a level of court, and then, under the search bar, insert 'appraisal.' Here are two appraisal-related examples:

<<Osske v _ Appraisal Institute of Canada-Institut canadien des évaluateurs, 2004 CanLII 22716 (ON S _ C _).htm>>

<<Canada (Ministry of Indian Affairs and Northern Development) v _ St Martin, 2001 FCA 205 (CanLII).htm>>

Academic needs of 'New Horizons'

A Report for the Appraisal Institute of Canada and the Sauder School of Business Real Estate Division

Executive summary

The purpose of this report is to provide a brief analysis of the suitability of the academic program offered by the Real Estate Division (RED) of the Sauder School of Business at UBC towards meeting the objectives set out by the Appraisal Institute of Canada (AIC) in its 'New Horizons' program. The question this report strives to answer is whether RED's coursework achieves AIC's objective of moving its members from providing a technical service to being real estate professionals able to provide consulting expertise on all issues in real estate that relate to property value. RED's curriculum addresses most of the needs of the New Horizons program in providing the academic exposure and knowledge to prepare the next generation of AIC members for the evolving needs of the profession and to help them adapt to changes in competition and technology.

Overall, the RED courses provide a broad coverage of issues related to real estate in general and valuation in particular. Determining a course of study in a real estate world marked by rapid technological evolution and the entry of new market participants is challenging. While the New Horizons document calls to make the industry more 'technology resistant' and 'competition-proof,' these tasks are impossible. What can be done through the education and certification program is to give future AIC ac-



credited members the intellectual base and knowledge exposure to adapt, change, and create opportunities with the emergence of new technologies and the entry of new market participants.

There are areas where the coursework can be strengthened. First, the objective in valuation casework must be to integrate knowledge across courses and focus on the analysis that explains *why* a property has a given value and identifies risk factors going forward rather than just determining *what* the current estimated market value is. For instance, how consistent are

current market values with long run equilibrium values? How do these values relate to property cycles? The technician will provide the value estimate; while the professional will help the client understand what this value means and what might happen to it going forward. Second, the coursework provides one course exposure to each of the basics of micro- and macro-economics, but there is not sufficient attention to the specific economics of real estate. Finally, one of the major changes in real estate markets since 1990 has been the tremendous growth in the integration of capital and real estate

AIC's objective is to move the training and certification of membership from a focus on the technical skills and understanding to perform appraisals to an emphasis on the skills and knowledge to be real estate professionals who can serve the industry in a variety of ways related to real estate values...

markets as well as the internalization of real estate finance through debt and equity securitization. This area receives relatively light coverage in the current program. While there are areas where the program needs to be strengthened and new material added, the coursework combined with a university degree provides an excellent foundation for training real estate professionals with expertise in valuation.

Real estate education needs of New Horizons

The understanding of the objectives of the New Horizons plan used for this report come from the AIC PowerPoint presentation *New Horizons: Expanding the Boundaries of the Valuation Profession to Realize its Full Potential*. Taking that report as a given, this report makes no attempt to evaluate the appropriateness of the objectives outlined in the presentation framework or the extent to which they are realistic or feasible.

The emergence of real estate transaction databases, particularly of residential transactions, has created a profound challenge for appraisers, as the application of statistical techniques to these databases has created lower cost alternatives for consumers of valuation services. At the same time, securitization of real estate debt and equity, the integration of capital and real estate markets, and growing international flows of real estate capital have created opportunities for individuals who can combine valuation expertise with the

ability to provide professional, analytic services in a team framework and as a consulting service for the evaluation of real estate opportunities. AIC's objective in responding to these changes is to move the training and certification of membership from a focus on the technical skills and understanding to perform appraisals to an emphasis on the skills and knowledge to be real estate professionals who can serve the industry in a variety of ways related to real estate values: from providing valuation to understanding and explaining value. One of the central elements of the New Horizons agenda is in moving AIC from an organization of appraisers, who provide the technical service of valuation, to one whose membership is perceived as real estate professionals with a specialized understanding of the determinants of real estate values.

The background and training for real estate professionals is much more detailed and comprehensive than are the education requirements to provide an appraisal. The former demands that the training and preparation for the latter be augmented with the exposure to topics and knowledge and the development of advanced cognitive skills to understand the context from which real estate values emerge. This broader set of skills, professional expertise, and analytical sophistication are necessary if AIC accreditation is going to signal an ability to provide high quality appraisal reviews and consulting and strategic real es-

tate planning advice. The concrete expression of these needs is the detailed development of critical thinking, a foundation in economics and finance, and then knowledge and understanding of the unique institutional characteristics of real estate and valuation.

Economics and finance

From the perspective of what a curriculum must provide, the biggest need for an education program defined by the New Horizons survey findings is a solid foundation in economics and finance. There are several reasons for this. First, above all else, the movement from providing a technical service to a professional service requires an understanding of the context in which they are determined and the causes of real estate values. Real estate markets are driven in no small part by the micro-economic conditions within these markets as well as by larger macro-economic forces. Second, the single largest change in real estate markets has been the growing securitization of real estate. In debt markets, this has meant the tremendous growth in commercial and residential mortgage backed securities. For equity, it is the movement of ownership from private companies to public entities, increasingly real estate investment trusts (REITs). Related to this has been the increased flow of institutional capital into real estate, both domestically and the flow of international capital. The increased role of capital mar-

kets means different approaches to understanding value and different demands for the skills of valuation specialists. To function in this 'new era' and be able to provide guidance on understanding real estate values and risk, the valuation professional through direct assessment of value for, or consulting services, to capital market clients must have a basic understanding of finance, capital markets, asset pricing, and their relationship to real estate assets.

Real estate and valuation knowledge

A goal of the New Horizons vision is to move the valuation profession towards a skill set suitable for providing consulting services and away from perception that AIC certified professionals are limited to only their historic role as the provider of point in time appraisals. This requires a broader understanding of real estate. In particular, an understanding of real estate institutions and critically how they affect outcomes. The latter is necessary to be able to analyze what happens to real estate markets and values as these institutions change or the competitive and technical framework in which they exist evolves. To meet this goal, the education requirements must start with the existing preparation for the traditional, more 'technical' role of the appraiser in making cost, income, and market comparison based appraisals. This needs to be augmented with exposure to the legal, market, and regulatory institutions that are real estate.

Finally, the coursework should provide the opportunity to understand the relationship between these factors and the implications of changes in the makeup of these institutions for real estate values.

Critical thinking

Central to the objective of New Horizons is the ability of AIC members to analyze and advise on factors that determine real estate values and to assess the risks inherent in this process. This requires that AIC members have the base of critical thinking skills to adapt to change and to understand what change means for real estate. Critically, since this is not a body of information, but an analytical ability to evaluate information, this will better prepare AIC members to adapt as unforeseen changes in technology and their competitive environment emerge over time, as they surely will. The avowed purpose of a university education is to develop these skills. The expectation in this report is that the pre-requisite of a university degree will suffice to ensure that AIC members will have higher order cognitive abilities that allow them to understand the context of the more focused professional knowledge they acquire as part of the certification process. The role a professional training sequence can play in refining these skills is to develop the ability to apply these in a real estate context. Forcing the student to integrate different areas of knowledge, formulate a cogent, analytically

sound defense of conclusions, and demonstrate an ability to explain to the reader 'why' is a means by which a professional training sequence can enhance these skills and focus them into the subject context.

The education program for developing a more professional AIC membership by necessity has a substantially greater focus on academic and theoretical knowledge at the expense of more applied and 'practical' understanding. The desired critical skills must be developed from an understanding of why and an ability to assess change rather than the cataloging of a detailed set of facts or specific methodologies. Theory is about explaining why and reflects an intellectual methodology that places an emphasis on intellectual rigor and analysis. The formal education requirements of the New Horizons vision should be viewed as a starting point. The AIC presentation on New Horizons highlights the need to supplement the academic training document with increased periods of supervised professional experience and industry mentoring. This becomes essential as it allows for the building of the practical experience upon the theoretical base.

AIC sees New Horizons as a means to developing an industry that is 'more technology resistant' and 'more competition proof.' With the accelerated development and transmission of new knowledge and technologies, both of these objectives are increasingly unattainable in this or any other industry. The appro-

A goal of the New Horizons' vision is to move the valuation profession towards a skill set suitable for providing consulting services and away from perception that AIC certified professionals are limited to only their historic role as the provider of point in time appraisals.

appropriate education program for the New Horizons vision can better prepare AIC members for adapting to change, so that, rather than being overwhelmed, they can perceive change as a set of opportunities rather than threats. The focus of the education program designed by the Real Estate Division of the Sauder School of Business at UBC must be to give students the intellectual foundation and tools to navigate these changes and find ways to take advantage of them.

Education recommendations

As is mentioned in the executive summary, the current education program implemented by RED for AIC addresses most of the needs of the New Horizons vision as described in the preceding section.

Economics and finance

For students who have not studied economics in university, there is a two-course sequence (*BUSI 100* and *101*) in micro- and macro-economics. Only a few students will have done undergraduate work in real estate, so the program provides exposure to the basics of urban economics in *BUSI 300*. The shortcoming in this area is the limited opportunities to study the economics of institutions, issues, and topics specific to real estate. *BUSI 100* and *101* include real estate related examples and questions while *BUSI 300* has one lecture on each of housing and real estate markets. This is really the most one could reasonably expect from these courses, but it does leave out any in-depth treatment of topics such as real estate cycles, investment versus consumption demand for housing, search models, filtering and gentrification, and natural vacancy rate models. Ideally, a separate course or half course would exist to explicitly look at real estate economics. An alternative would be to revise *BUSI 300* to include a more developed treatment of the

Central to the objective of New Horizons is the ability of AIC members to analyze and advise on factors that determine real estate values and to assess the risks inherent in this process.

identification and measurement of local amenities as well as the relationship between land, real estate, and property taxation.

The most important focus for any changes in the education program in the area of economics would come from adjusting the focus of the appraisal case studies (*BUSI 442*, *BUSI 452*, *BUSI 497*, and *BUSI 499*) and changing the prerequisites. Beyond the mechanics of doing the appraisals, the emphasis in these courses should be for the students to explain how they came up with the appraised value and why. This requires integrating the property specific analysis with the larger economic forces at play: applying the analytical approach and understanding gained in *BUSI 100*, *BUSI 101*, and *BUSI 300* to the cases. One of the advantages of implementing this change is that, because it is one of focus rather than content, it can be done relatively easily and quickly.

The treatment of finance in the existing program is more limited than is that of economics. This reflects a history of focusing on what students have needed to know for a world where real estate was wholly an investment vehicle for private equity with financing from loans then held in the lender's portfolio. The courses *BUSI 121*, *221*, and *331* provide the principal exposure to the mathematical techniques for discounted cash flow (DCF) analysis as well as mortgage mathematics and pricing. DCF is used extensively in a real estate context in *BUSI 331*.

The coverage of real estate securitization and the role of institutional capital in real estate finance needs to be strengthened. Currently, these subjects are incorporated into Lessons 10 and 11 of *BUSI 331*, along with other material on information structures and more general real estate portfolio issues. Material on debt securitization is somewhat more limited: it is covered only partially in *BUSI 121* Lesson 4 'Yields, Bonuses, Discounts, and the Secondary Market.' It is a positive statement about the education program that these topics are included in the course of study. However, given the developments in capital markets over the last five years, more material is necessary. As currently constructed, the program does not fully mirror the reality of real estate finance. Addressing this gap requires both coursework on securitization and on corporate finance, especially an understanding of the approaches capital markets use to valuing assets.

Real estate and valuation knowledge

The existing program is very strong in this area. The one area not covered is international real estate. With the growth in securitization, there has been an increase in the flow of capital for real estate and an increased need for awareness

of the differences in institutions and legal systems that are relevant to real estate around the world. A course in this area would be excessive, but a lesson on international real estate would be quite valuable. Material might be drawn for the Appraisal Institute's *Real Valuation in Global Markets*, which surveys the differences in property rights, title systems, lease structures, and valuation standards and methodologies around the world.

Critical thinking

As indicated above, the expectation here is that, for an individual entering AIC's program of professional studies, critical thinking skills will primarily be developed as part of their studies towards an undergraduate degree. RED's program of courses should take this as a given, to be used and honed. Perhaps the best way to both refine these skills and encourage their use in developing and explaining valuation is to focus on the content and expectations of the case study courses: *BUSI 442*, *BUSI 452*, *BUSI 497*, and *BUSI 499*. As is argued above regarding economics and finance, the emphasis in the case work in these four courses should be on using critical thinking to explain the 'why' of the value, rather than the 'how.' This approach demands that market analysis and economic conditions be explicitly related to the value and that an assessment be given of the relevant sensitivities of the resulting values.

Conclusion

The educational and certification expectations that emerge from the New Horizons document reflect a profound change in appraisal pedagogy. The emphasis is no longer on the candidate members assembling a set of technical methodological skills. Instead, it is on establishing the foundation for a lifelong understanding of real estate valuation, which is then augmented with the

specific knowledge and skills to provide appraisal services. The current set of courses provided by Sauder School of Business at UBC's Real Estate Division goes a long way to achieving the objectives of the New Horizons vision. There remain a limited number of areas where material needs to be added and the focus of the coursework adjusted. However, within the context of the New Horizons' paradigm shift for the profession, these are minor in nature. 🍷

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Jack Warren Scholarship Recipients -2005

The Jack Warren Educational Trust Committee is pleased to announce the recipients of the 2005 scholarships.

Congratulations go to **Hlynn Kenny**, St John's, Newfoundland; **Charlotte Ciok**, Vancouver, BC; and **Anthony Plumtree**, Abbotsford, BC this year's recipients of the Jack Warren Education Trust Scholarship.

Previous recipients include:

| | | |
|------|-------------------|-------------------------|
| 2004 | Bronwen Vaughan | Victoria, BC |
| 2004 | Karen Osland | Victoria, BC |
| 2004 | Samantha Sawyer | Vancouver, BC |
| 2003 | Kristin Linquist | Port Moody, BC |
| 2003 | Anita Powell | High River, Alberta |
| 2002 | David Bush | Victoria, BC |
| 2001 | Sandra Carlson | Aldergrove, BC |
| 2001 | Yvonne McIntyre | Nanaimo, BC |
| 2000 | Daryn Stewart | Salmon Arm, BC |
| 1999 | Brent Kaup | Edmonton, Alberta |
| 1999 | Laina Chwelos | St Albert, Saskatchewan |
| 1999 | Colleen Underwood | Surrey, BC. |

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

For more information or to obtain an official application form, please contact the British Columbia Association of the Appraisal Institute of Canada, #845 – 1200 West 73rd Avenue, Vancouver, BC, (604) 266-8287, or visit the BC Association Appraisal Institute of Canada web site www.appraisal.bc.ca, click on publications, brochures and the Jack Warren Educational Trust.

Preventative practice

In my view, there are five basic rules of preventative practice that can usefully be applied by appraisers. These are:

1. Written confirmation
2. Contemporaneous notes
3. Good business practices
4. Specific limiting conditions
5. Following a discipline for appraisal format

Fundamentally, the first three rules of preventative practice have to do with assisting the professional to jump over the hurdle of credibility at trial.

By indicating that credibility is a hurdle, I do not mean that a court will presume that a professional person is dishonest. However, the court will have difficulty in believing that a professional person will recall, without assistance, precisely what he did, said, and was told in a specific case. You will be in the courtroom many years after the event. Judges know that, in the ordinary course of human affairs, you will simply be unable to remember the specifics of a transaction that was somewhat like a hundred other transactions you handled many years ago.

By contemporaneous notes, I mean notes that are taken at the time the advice is given to you. At any time you are given information or instructions, whether by telephone or in the course of a personal interview, and you will rely on that advice or information, you should make a note of it. Record the date, time, place of the meeting, and the facts or instructions in the words of the person giving you the advice as accurately as you can.

By written confirmation, I mean writing letters to clients and former clients. These letters might be used to confirm instructions and limiting

conditions. Every time you are given specific instructions that reduce the scope of the inquiry you ordinarily would make, or qualifies your report in a material way, you should record the fact that the client gave you these instructions. I return to the concept of 'neighbour' to note that your own client is not the only person who might sue you. Any person whom you might have reasonably contemplated might rely on your work is entitled to sue you if he or she is misled and harmed by it. Accordingly, you must confirm special instructions and limiting conditions in the report that might fall into the hands of others. For example, appraisers have been successfully sued by purchasers of a property, even though the appraisal report was prepared for a mortgage company that was lending money to the purchaser, and the purchaser did not see the report prior to signing the Agreement of Purchase and Sale.

Written confirmation can also be used to successfully avoid liability for breach of fiduciary duties. The most obvious method of avoiding a lawsuit for breach of fiduciary duties is to avoid a conflict of interest altogether. However, if a professional wishes to act in a situation where a conflict exists or may arise, then he or she should make disclosure of the conflict. It must be borne in mind that the obligation is for a full disclosure. If the professional wishes to rely on disclosure as a defence, he or she bears the 'onus' of proving that the disclosure was made. Obviously, it is wise to provide evidence of the disclosure of conflict of interest and the client's consent to your acting by writing at least a confirming letter.

By good business practices, I mean no more than maintaining adequate files and records. As well

as keeping your reports for at least seven years, you should keep every single piece of paper, in chronological order, in each file, for at least that period of time. The minimum period of seven years is derived by making an allowance for the time allowed to serve an action and other contingencies on top of the six-year limitation period. That it is only a minimum period is clear if one recalls that, with the application of the discoverability principle, you can be sued more than seven years after the event.

The best way to avoid liability to unknown third parties and to confirm unusual instructions from clients is to draft specific limiting conditions. As is clear by reference to the case of *Seeway Mortgage Investments Corp. v. First Citizens Financial Corp. et al.*, the courts will pay as much attention to a standard form limiting condition as did the appraiser who signed the report without adapting the form to the particular appraisal problem dealt with in the report, i.e., the court will pay *no* attention to it.

The last rule of preventative practice is to follow a standard appraisal format. This will serve as a checklist to avoid some of the common types of oversights or errors that appraisers tend to make when pressed to complete an assignment. The use of checklists is perhaps the technique most widely used by the Law Society in training lawyers in preventative practice. ♡

This column is intended to convey brief, timely but only general information and does not constitute legal advice. Readers are encouraged to speak with legal counsel to understand how the general issues noted in this column apply to their particular circumstances.

A REVIEW OF THE subdivision development method

PART II

BY TONY SEVELKA, AACI, P. APP

Highest and best use

While the courts have cited countless reasons for rejecting the SDM as a means of estimating land value, the primary reasons for rejection can be found in the conclusion that subdivision is not the highest and best use and the necessary foundational requirements have not been satisfied.

When describing highest and best use, the courts consistently maintain that the contemplated use must not be speculative or too remote in time, and that there be demand for that use. Often, the word *immediate* or *imminent* is used in describing highest and best use. *Black's Law Dictionary Centennial Edition (1891-1991)* provides the following definitions:

Immediate – Present; at once; without delay; not deferred by any interval of time. In this sense, the word, without any very precise signification, denotes that action is or must be taken either instantly or without any considerable loss of time.

Imminent – Near at hand; mediate rather than immediate; close rather than touching; impending; on the point of happening.

Both *immediate* and *imminent* relate to the *ripeness* and *demand* of the land for subdivision at the time of condemnation or expropriation. *Ripeness* of land for subdivision means that the landowner and the municipality have executed a subdivision or development agreement that indicates the maximum number of permitted lots and the obligations, financial and otherwise, of the developer, inferring that construction financing has been

arranged and servicing contracts are in place. Signing of the subdivision agreement, which must be backed by a letter of credit or other form of security adequate to cover the cost of infrastructure improvements, is a clear expression that the developer is committed to development of the land as a subdivision.

Provided there are no unforeseen impediments on or off the land to the development of the land in question, construction of the subdivision can legally commence following execution of a subdivision or development agreement. Unless a subdivision exists on the ground, inclusive of infrastructure improvements, many courts, in construing the issue of *ripeness*, argue that sales of individual lots is hypothetical, and in the absence of signed servicing contracts, budgeted infrastructure costs are too uncertain to warrant use of the Subdivision Development Method. Further, evidence of sufficient and effective *demand* for new housing consistent with the type proposed (a proxy for finished lots) is the last and most critical foundational hurdle that must be overcome for

the courts to accept the SDM as an appropriate valuation model. As aptly noted by the court in *D & D Construction Ltd. v. Consor Builders Ltd.*,¹

[a]ll the 'development' in the world is of little benefit if the [proposed] lots cannot be sold. That comes down to market factors... Market conditions are essentially the economists' twin pets of demand and supply.

The collective requirements of *ripeness* and effective *demand* are articulated in the expropriation case of *Shindle v. Yorkton, City Of*² involving 160 acres, by way of reference to the following two cases:

In *Hulmann*, the property that was already zoned for single and semi-detached housing developments, was expropriated in October, 1970. Sanitary sewers and other services were then available and there was a strong demand for semi-detached housing. In 1969, the claimant had prepared a draft plan of the subdivision. This plan was submitted to the municipal authorities but was not approved for the reason that the land was going to be expropriated. The board adopted the position of



the appraiser... “that the property was in such an intermediate process, having been ripe for development since June, 1969, about one and one-half years prior to the expropriation,” at which time a plan had been filed, services were available...and there was a rising market for semi-detached lots- and concluded that the development approach to value was clearly the appropriate one.ⁱⁱⁱ

In Harris, 60 acres of farmland was expropriated on 10 November, 1971, of which 17.2 acres had already been sold to Kenman in 1970, under an agreement for sale. In the summer of 1971, Kenman applied to the Nova Scotia Water Resources Commission and the Department of Public Health for 60 ‘hookups’ for modern sewer services. The application was approved 12 days after the property was expropriated. A plan prepared on 10 December, 1970, and revised on 26 July, 1971, showed the 63 lots (3 were added) in the area. MacKeigan, C.J.N.S., at p. 247, stated:

The Plan had no official approval and was merely lines on a piece of paper, except for the Kenman area. It is common ground that the plan of the Kenman area, as first drawn and again as revised, had received unofficial ‘preliminary approval’ of officials of the Halifax County Town Planning Board and that it should be treated as if it had actually received formal tentative approval at the time of expropriation. By that time, survey stakes had been placed marking streets and at least some lots in the Kenman area; engineering specifications had been prepared for installation of roads, water and sewer (although no physical work had been done); quotations had been received for sewer pipe and other supplies; and, as noted, ‘hookup’ approvals were secured a few days after expropriation.”

In Harris, the learned arbitrator, from whose award the appeal was taken to the Appeal Division of the Nova Scotia Supreme Court, found that the Kenman “lots were ripe for development” and applied the development method in arriving at their value. This finding was not disturbed on appeal.^{iv}

The Saskatchewan District Court ruled that *Shindle’s* 160-acre tract was not ‘ripe’ for development, rejecting the development method which indicated a value of \$578,251,

instead awarding compensation of \$192,000 (excluding disturbance damages) based on the comparative (or market data) method of land valuation, while commenting as follows:

...[D]espite the thrust of the residential development in the direction of the subject land, I find, on the evidence, nothing to indicate that development of it was imminent. I find, too, that there is ample evidence of reasonably like sales within a reasonable date of the expropriation. For these reasons, I am reluctant to accept the development method in determining the market value of the subject land, and prefer to adopt the comparative approach, and here more so because the subject property was not reasonably ripe for development. *Eddy v. Minister of Transportation and Communication* (1974) 7 L.C.R. 120; *POW Investments Ltd. v. Nova Scotia* (1973) 5 L.C.R. 57, (1975) 2 S.C.R. 86.

Shindle appealed the judgement of the lower court to the Saskatchewan Court of Appeal,^v arguing in part that,

[t]he learned trial judge erred in holding that the subject property was not ripe for development and thereby erred in not taking this into consideration when valuating the subject property [and that]

the comparable sales method was unreliable because there were insufficient reasonably-like sales within a reasonable time of the expropriation of the subject property and in this case the development method of valuating the subject property was preferable.

In dismissing the appeal and affirming the trial judge’s ruling, the Saskatchewan Appeals Court made the following observations:

Whether land is ‘ripe for development’ or whether development of it is ‘imminent’ are questions of fact and of degree, and the learned trial judge not having overlooked or misapprehended some material evidence of fact, his findings should not be disturbed by this court.

As counsel for the city pointed out, the subject land was located outside the city limits and was zoned for agricultural use and was not annexed within the city limits until January 1978. The subject property at the time of expropriation [November 15, 1976] was being used for

agricultural purposes. The appellants had no development plan of their own for establishing the subdivision. Mr. Ervin Shindle [Planner] said their plan to develop a subdivision “did not get off the ground” and Mr. Staseson advised Mr. and Mrs. Shindle to defer development until about 1978. No roads or services had been extended into the land and there was no storm sewer. The time for development was not ripe because many lots remained unsold in Heritage Heights which adjoins the subject land in the north east part of the city and which the city itself was developing. Lots also remained unsold in Silver Heights subdivision being developed by the appellants on the south side of the city.

In an appeal to the British Columbia Supreme Court of an arbitration award involving *Vancouver School District No. 39* and *Royal Oak Holdings Ltd.*^{vi}, the meaning of ‘immediate’ in a rent renewal clause had implications for determining highest and best use and market value of a site. The relevant valuation clause of the lease reads in part as follows:

...SAID LANDS would be valued...if vacant and ready for immediate development to their highest and best lawful use by a person or persons ready, willing and able to purchase and develop the SAID LANDS for that immediate use...

As authority that the words ‘forthwith’ and ‘immediately’ have the same meaning, the arbitration panel referred to *The Accident Insurance Company of North America v. Young*, [1891] 20 S.C.R. 289, which had quoted from *Queen v. Justices of Berkshire*, 4 Q.B.D. 469, that,

forthwith and **immediately** “are stronger than the expression ‘within a reasonable time’, and imply prompt, vigorous action, without any delay, and whether there has been such action is a question of fact, having regard to the circumstances of the particular case.”

This interpretation was found to be consistent with the *Oxford English Dictionary, Second Edition, Vol. VII*, definition of *immediate*:

Immediate --“Of time: Present or next adjacent” and “occur-

ring, accomplished, or taking effect without delay or lapse of time; done at once; instant."

On the basis of the interpretation of the meaning of 'immediate' in the context of highest and best use, the arbitration panel concluded that,

[t]he phrase '...immediate use' distinguishes it from uses that are not immediate.

The C-3A zoning of the site provided for an outright approval use, which is a legal entitlement, and a conditional approval use, which involves the exercise of discretion by the city's Development Permit Board.

The 'as of right' zoning permitted immediate development of the site with a broad range of retail uses to a maximum density floor space ratio (FSR) of 1.0, with issuance of a development permit within seven to 12 weeks. On this basis, the indicated value of the property was \$6,000,000. Alternatively, the 'conditional approval use' would allow quite a comprehensive range of other uses, notably for manufacturing and residential, to a maximum density of 3.0 FSR with issuance of a development permit taking at least 60 months, with any development subject to public notification. On the basis of conditional approval use at an FSR of 3.0, the indicated value of the property was \$11,000,000.

The arbitration panel ruled that the outright entitlement to development at an FSR of 1.0 was more consistent with the highest and best use of the site as implied by the valuation clause in the ground lease, and fixed the market value of the site at \$6,000,000.

Conclusion

Regardless of the method applied to the valuation of land, it must be relevant, reliable and properly applied as a measure of market value. Courts prefer the SCA (direct comparison approach) over the SDM as a means of estimating land value. Courts will, however, entertain the SDM, provided subdivision is the highest and best use, and development is 'imminent' or 'immediate,' but only if *all* of the foundational requirements of the SDM are satisfied, and the SCA (direct comparison approach) is not a viable option. Accordingly, under the best of circumstances, the SDM should be sparingly used in the valuation of land with subdivision potential in condemnation and expropriation proceedings. An SCA should always be prepared, even when reliance must be placed on transactional data from outside of the general area in which the condemned property is located. 🍷

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Understanding value shifts in development land: adjusting for market conditions

BY JAY WALKER, AACI, P. APP

Introduction

Over the years, I have reviewed appraisal reports of properties offering subdivision potential and discussed subdivision valuation with many otherwise knowledgeable appraisers. In the process, I have concluded that some appraisers do not fully appreciate how shifts in general real estate market values and conditions in the real estate cycle are magnified in properties with development potential.

Although almost all appraisers understand that measuring market movement for the direct comparison approach comparables is best done using traditional methods (i.e., re-sales, paired sales, etc.), re-sale data of subdivision tracts tends to be rare. Paired sales analysis is also often quite difficult, because the land sales themselves are rarely 'paired' in the same way that two houses might be, for instance. Typically, there are significant differences in the relatively few indicators that sell from year to year. Some of these differences can include the land size, projected lot yields, estimated time to complete the governmental approval processes (and the different level of development charges that may apply), differences in view corridors, topographical differences, differences in estimated servicing costs, and so on.

Trying to adjust for relatively minor differences in an attempt to produce a 'paired' sale set requires considerable subjective judgement, as the adjustments often cannot be well-supported because of the limited available marketplace data. Because of the amount of subjectiv-

ity required, this reduces the reliability of any so-called paired sale set to produce a time adjustment.

Consequently, appraisers often rely on various 'proxies' to estimate the time element shift in subdivision land. Often, this proxy consists of the value shift in finished lots of the same type, i.e., residential lots for residential development land, industrial lots for industrial development sites, and so on. Other times, an appraiser may rely on raw acreage sales lacking any development potential to provide a proxy for the changes in market conditions. In some cases, appraisers rely on value shifts in the built-out projects (i.e., residential houses, townhouses, apartments, industrial buildings, etc.) to approximate a time element.

Understanding some factors in a real estate cycle affecting development land and as clarified through the development approach to value show how shifts in value of development land over the short and intermediate term can be significantly different than the shifts indicated by the prior-noted proxies.

Understanding leverage

Most experienced real estate appraisers understand that all real estate is affected by financial leverage. Financial leverage consists of the ability to finance moderately to very high ratios of value. During periods of stable or declining interest rates, this leverage typically enhances the rate of return on the investors' equity portion of the property. For instance, it is not unusual to see public real estate companies

in the rental apartment sector, the commercial rental building sector, or the industrial rental building sector, have financing ratios in the 65-75% range on their entire portfolio value. In other words, financing occurs at a 2:1 or 3:1 ratio of debt to equity. These financing ratios are much higher than is typical in other businesses, where debt is usually less than a 1:1 ratio.¹

Because of the relative medium and long-term stability of this type of real estate, both in terms of value and operating income, commercial bankers will finance high loan to equity ratios at quite reasonable loan rates. Cyclical downturns are mitigated, to some extent, by relatively long-term leases, often to national or strong regional tenants. Lengthy leases are managed against long mortgage terms and periods, providing relatively good security to the lender, and offering relative stability to the borrower, since lending costs are often well matched to lease terms.

However, commercial bankers are generally unwilling to lend to such high ratio values on development land, due to the lack of operating income provided by a raw land parcel, and the possibility of reverse *market* leverage in the event of a cyclical downturn. The reverse *market* leverage is then exacerbated by the financial distress many development companies find themselves in, as they struggle to maintain loan payments in the face of no income, or income which is provided only by losing money on each lot sale. This further distresses this property market subset, as the number of

buyers dwindle and the number of vendors increase.

Because of this fact, commercial banks are generally unwilling to lend more than 50% of the raw land value, and may finance subdivision improvements (e.g., road works, utilities, etc.) only to a 60-75% value ratio. This lessens their risk, but still offers the developer reasonable *financial* leverage. During most market conditions, financial leverage boosts the return ratio to the developer, but what the developer-owner is really hoping for even more is some positive market leverage.

Market leverage

More than any other type of real estate, development land experiences the effect of market leverage. It is the most market leveraged of all real estate, since its cost in the raw state typically constitutes only a fraction of its final value as a finished lot. For instance, BC Assessment Authority reported that an analysis of residential development sites² from 1990 to 1995 showed that raw land traded at between 15% and 40% of the then projected finished lot values for developments of 40³ or more lots. Generally speaking, the greater the number of projected lots, the lower the ratio of raw land to finished land values.

Market leverage, in the instance of developable land, can be defined and briefly explained as follows:

“The unique volatility factor that development land experiences during periods of changing market conditions compared to finished lots of the same type. The factor is composed of a number of different constituent parts consisting primarily of finished lot value changes, profit margin expectations, lot absorption rate expectations, servicing cost expectations, and governmental approvals cost (i.e., development cost charges) expectations.”

During changing market conditions, and over the course of a typical real estate cycle, each of these factors can move independently in either direction. However, most of these factors tend to follow the changes in absorption rates and finished lots values; but it is the lag-

ging of the other factors that creates the leverage.

Over the course of an upswing in the real estate cycle, the following trends will generally be experienced in the land development business:

1. Finished lots start being absorbed more quickly, and then,
2. Developers begin raising prices on those lots, and then,
3. Developers seek to develop their existing land inventory more rapidly and also
 - a. Acquire more land (which is more intensely competed for, thus lowering pro-forma profit expectations) and,
 - b. Begin building the land inflation factor into their profit expectations and,
 - c. Begin building the more rapid absorption into their value models, and then,
4. Land servicing contractors become busier and begin raising their prices (and their own internal profit margin expectations), and then,
5. Municipalities begin raising their charges to offset rises in their costs.

The first three factors provide positive leverage for the value of the raw land to increase, while the latter two factors are negative. However, so long as the land inflation factor exceeds the latter two inflationary factors (and the absorption remains stable or improves), then the raw land will continue to experience positive market leverage.

At some time before the real estate cycle for finished land has peaked, the factors fueling the prior-noted leverage will begin to be in rough equilibrium, and no overall market leverage will exist. In other words, any changes in the components will be approximately offsetting, and the value of development land will rise and fall at roughly the same rate as the finished lots. This, however, will not last.

As the real estate cycle peaks and heads into the early part of its decline, these factors begin reversing themselves, usually in the same order. In other words, lot absorption slows, lot prices start being cut,

developers halt consideration of new projects, and land servicing contractors begin cutting prices. However, at this stage it is rare that municipalities will consider reducing their charges, although they may do so when the cycle is deep in its trough.

As the downturn becomes more sustained and evident, the value reversal becomes more dramatic, and any developers strong enough to considering acquiring land now base their projections on the much poorer conditions evident. In many cases, they extrapolate that conditions will continue to worsen. In the face of this, they become unwilling to buy land using long-term historical profit margins as a guide. At the trough of the cycle, when even a stable outlook appears hopelessly optimistic, pessimism rules the day and allows for the occasional land purchase at a pro-forma margin of 30+%. This compares to common pro-forma profit margins of 10-15% today.⁴

Appraisers are prone to understating the degree of market movement during times when development land values are changing most rapidly - the early to mid-point of a rising market, and the mid-point of a falling market. This is typically because there are very few sales occurring at those points. In the early to mid-point of a rising market, few owners are selling because they can see nothing but good times ahead. At the late mid-point of a downturn, few are selling because no one is actually on the verge of bankruptcy or in extreme distress. Those still in the market are trying to hang on, hoping for the market to turn.

The market leverage factor tends to be most significant at these points. In part, this is due to servicing costs and governmental costs which are then expected to remain relatively stable (thus providing some leverage effect). These factors are further amplified as other market leverage portions (absorption rates and return expectations) change more rapidly than results from the change in the value of the finished lots.

However, understanding the underlying economics through the lens of a development pro-forma helps to more clearly understand,



In conjunction with the stable elements forming a part of this and all subsequent valuations, these estimates produced a value for the entire parcel of \$871,371, an average raw lot value of \$29,046 each, and a ratio of raw to finished lot value at 29.0%. These values correlated closely to values indicated by your direct comparison approach comparables.

Your client has approached you to update the valuation at different periods:

Period one valuation

In reviewing the current, relatively stable market, it appeared that most valuation elements were almost identical to your original valuation, but you noted that finished lot prices had escalated by roughly 3%, and, as the various contractors had become busier, they were quoting lagging cost increases of 2%. All other elements appeared roughly similar to the original valuation.

Inputting these elements into the development approach pro-forma, produced an overall value change for the parcel of +5.4%, against a finished lot increase of only 3%. The ratio of raw to finished lot value is 29.7%

Period two valuation

In reviewing the market, you also realize that absorption rates are improving, and that it would only take 11/4 years to sell out the development, instead of the original estimate of 11/2 years. Concurrently, finished lot prices have increased since the last valuation by about 6%. Lagging cost increases in the construction and servicing are also reported, but only by 4%. Developers are having trouble acquiring land using a 20% margin, and most are now using around 18% in their pro-formas. All other elements appear similar to the last valuation.

Using these valuation elements in the development pro-forma, and comparing it to the last valuation, the value of the parcel has now increased 18.0%, against a finished lot value increase of just 6%. The ratio of raw to finished lot value is now 33.1%.

and account for, market leverage. Since most full-time developers use this approach to make acquisitions, it is incumbent upon us to understand their perspective and expectations, and how these expectations in their aggregate influence raw land values.

A theoretical 30-lot development

Before a couple of real life examples of market leverage are discussed, a theoretical example at different phases of the cycle is examined. This is viewed through the perspective of a development approach, which most developers undertake in order to understand both the probable land value, but also the viability of, and the risks to, the development.

In order to examine only the market leverage forces already discussed, changes in financial leverage have been eliminated, and the assumption is that financing would be available at a stable rate and for a stable value ratio over the entire course of the real estate cycle. The valuation is further simplified in that only the land value only is discounted (financed), at 100% of its value (i.e. no assumed financing on the construction portion). While this is not what would occur in real life, the effects of financial leverage are fairly well understood and have, therefore, been stabilized and simplified in order to clarify market leverage forces.

The theoretical development consists of a proposed 30-lot subdivision in the Kelowna, BC area. It will take roughly nine months to complete the government approvals and construction process before registration of the individual titles can occur. It is further assumed that

most developers would choose to develop this property as a single-phase development during any point of the real estate cycle. Monetary payments received from lot closings are assumed to first satisfy the financing element and thus provide for an average absorption period of roughly twice the actual discounting period on that element.

The valuation points are referred to as 'period' one, two and so on, rather than years, as they may take somewhat more or less to reach the next period from the last one. However, it is generally assumed that the next valuation period would not be arrived at any sooner than eight to nine months, nor any longer than two to two-and-a-half years.

The property is assumed to having been appraised by you some time ago; at that time, you estimated the following:

Average Finished Lot Value:
\$100,000

Average Governmental Charges
per lot (except credit is given for
one lot): \$18,000

Average Construction/Service
and other costs (based on cost
quotations) per lot: \$25,000

Marketing and Commission Costs:
5% (of gross sales receipts)

Absorption Period: 1 1/2 years,
starting from registration

Developer's expected pro-forma
profit: 20% (of gross sales receipts)

Period three valuation

The market is now starting to crank up, with finished lot increases of 12% over the last valuation. Absorption is also continuing to improve, and you now think that the development will sell out in one year.

Land contractors and those in the land servicing business are beginning to complain how they cannot keep up with all the activity, and that it is getting tough to hire the experienced people they need. They are also looking to increase their own internal profit margins, as they seek to offset a number of lean years. For the first time, their price increases match the increase of the value of the finished parcels, at 12%.

There is now great difficulty in acquiring development land at an 18% margin. Some developers forecast increasing prices over the life of the development, and have now reduced their pro-forma margins (based on today's prices) to 15%. You also use the same rate.

Some bureaucrats in the city have begun to make noises about increasing city development cost charges, but have not set up a time table for that to occur and no firm proposal in that regard has been presented to city council. No increases are expected in the city charges within the six to 12 months of the development approval and build-out.

These changes produce a value shift for the parcel of +27.6%, against an increase of just 12% on the finished lots. The ratio of raw to finished lot value has now elevated to 37.1%.

Period four valuation

Although it cannot be foreseen by most market participants (including appraisers), the market cycle has either peaked, or is near its peak. The good times appear to stretch as far as the eye can see. Your client approaches you for another valuation.

You now estimate the finished lot values have increased by 20% over the last valuation, and people are virtually lining up to grab the finished lots. It appears that the development might be sold out within a month or two, but you have allowed for a six-month absorption period. Due

to the very rapid absorptions being seen, many developers have been able to reduce their marketing and sales expenses; you project these have lowered from 5% of gross sales receipts to only 4%.

Developers continue to experience problems buying development land using a 15% margin in their pro-formas and the market rate appears to have dropped to 11%. It appears that those developers successful in acquiring land are counting on continued price escalations to produce part of their future profits.

Servicing contracts have escalated by 30% since your last valuation, as contractors are having great difficulty in hiring sufficient quantities of experienced workers, and wage demands are also escalating. Contractors are now making provision for future wage increases in their cost quotations.

The city, after a considerable period of discussion, announced six months ago that their development cost charges would be increasing by some 35%, as they seek a 'catch-up' increase in their charges. The development of the subject would be affected by these new charges.

The change in these elements produce a valuation shift for the parcel of +25.9%, against an increase of 20% on the finished lots. The ratio of raw to finished lot value reaches a peak at 39.5%

Period five valuation

For the first time in years, prices of finished lots have dropped slightly since the last valuation. However, while the market appears to be

softening slightly, it is not known whether this is the beginning of a cyclical downturn, or simply a consolidation phase in the market, as somewhat more stable conditions return.

Compared to your last valuation, finished lot prices have dropped by 3%, and the absorption is projected to have increased to roughly nine months. Developers have also made a minor increase in their margin allowances, from 11% to 12%, as some uncertainty has crept into their minds about future conditions.

However, contractors anticipate difficulty building out all the projects they are currently working on, plus those they have quoted on over past several months. They are quoting a lagging average price increase of 7% since your last valuation.

These changes reduce the value of the parcel by some 13.4%, against a market reduction of 3% for the finished lots. The ratio of raw to finished lot value has now declined to 35.3%

Period six valuation

It is clear to most market participants that the market is now in some type of cyclical downtrend. Finished lots are now selling for 7% less than the last valuation, and the absorption period for the development is thought to be 11/2 years. Realtors are no longer willing to discount their commissions and sales and marketing expenses have reverted to a more normalized 5%. Developers are unwilling to purchase land without a higher profit incen-



tive, and this has raised margins to the 17% range. The slowing workload among those servicing land has resulted in price cuts, and these costs have dropped by 10% since the last valuation.

This produces a significant value change for the parcel, reducing its value by some 24.5%, against a market reduction of 7% for the finished lots. The ratio of raw to finished lot value has now dropped to 28.7%

Period seven valuation

The market has continued to sink, and prices for finished lots have dropped another 10%. Servicing contractors are trying to increase their market share in a severely diminishing market, by offering steep discounts, in this case 15% since the last appraisal. Belatedly, the city has responded to the development industry by lowering their charges, in this case by 10%. However, the anticipated absorption period

lengthens and most realtors and developers tell you they believe the proposed 30 lots would take up to 21/2 years to be absorbed into the market. Uncertainty regarding future conditions is at its height now.

Due to these factors, potential purchasers (the remaining development community) tell you that they would not even consider purchasing the subject development without a minimum 20% margin, and some are even saying 30%. You choose a 24% margin as applicable.

All other valuation elements remain the same. This reduces the subjects' value by some 28.0%, against a market reduction of 10% for the finished lots. The ratio of raw to finished lot value has now dropped to 22.9%.

Period eight valuation

The market has now stabilized, and things are looking better. While finished lot prices have not changed at all, the outlook is better and

absorption for the development is estimated at 11/2 years. Developers are more confident regarding the future and profit expectations have fallen back towards more traditional levels; you select a 20% margin as appropriate.

All other valuation elements remain the same. This results in a value increase for the subject of 22.6%, against no market movement in the finished product. The ratio of raw to finished lot value has increased to 28.1%

To a greater or lesser extent, the cycle is now ready to begin again. Here are the valuations with the bottom three rows illustrating the differences between the change in the subject parcel value over the last valuation period. The bottom row shows the net valuation error that would have occurred if, in adjusting comparables from the prior sales period, you had used the finished lot value changes as a proxy for the change in the parcel value:

| No of lots | Orig Value 30 | Perd 1 Val 30 | Perd 2 Val 30 | Perd 3 Val 30 | Perd 4 Val 30 | Perd 5 Val 30 | Perd 6 Val 30 | Perd 7 Val 30 | Perd 8 Val 30 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Average selling price: | \$100,000 | \$103,000 | \$109,180 | \$122,282 | \$146,738 | \$142,336 | \$132,372 | \$119,135 | \$119,135 |
| Selling commission: | 5% | 5% | 5% | 5% | 4% | 4% | 5% | 5% | 5% |
| Profit margin: | 20.0% | 20.0% | 18.0% | 15.0% | 11.0% | 12.0% | 17.0% | 24.0% | 20.0% |
| Servicing costs per lot: | \$25,000 | \$25,500 | \$26,520 | \$29,702 | \$38,613 | \$41,316 | \$37,184 | \$31,607 | \$30,659 |
| DCC's per lot: | \$18,000 | \$18,000 | \$18,000 | \$18,000 | \$24,300 | \$24,300 | \$24,300 | \$21,870 | \$21,870 |
| Deferment: | | | | | | | | | |
| Years to start of development: | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 |
| Years to the midpoint of marketing period (after regist.): | 0.75 | 0.75 | 0.625 | 0.5 | 0.25 | 0.375 | 0.75 | 1.25 | 0.75 |
| Discount rate: | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% |
| P.V. factor: | 0.89097 | 0.89097 | 0.89959 | 0.90828 | 0.92593 | 0.91706 | 0.89097 | 0.85734 | 0.89097 |
| GROSS INCOME: | \$3,000,000 | \$3,090,000 | \$3,275,400 | \$3,668,448 | \$4,402,138 | \$4,270,073 | \$3,971,168 | \$3,574,051 | \$3,574,051 |
| SELLING COMMISSIONS: | \$150,000 | \$154,500 | \$163,770 | \$183,422 | \$176,086 | \$170,803 | \$198,558 | \$178,703 | \$178,703 |
| PROFIT ALLOWANCE: | \$600,000 | \$618,000 | \$589,572 | \$550,267 | \$484,235 | \$512,409 | \$675,099 | \$857,772 | \$714,810 |
| TOTAL SERVICE COSTS (DCC credit for one lot given): | \$1,272,000 | \$1,287,000 | \$1,317,600 | \$1,413,072 | \$1,863,094 | \$1,944,181 | \$1,820,233 | \$1,582,433 | \$1,553,987 |
| DEFERMENT: | \$106,629 | \$112,353 | \$120,945 | \$139,567 | \$139,165 | \$136,242 | \$139,258 | \$136,262 | \$122,825 |
| VALUE OF PARCEL: | \$871,371 | \$918,147 | \$1,083,513 | \$1,382,119 | \$1,739,559 | \$1,506,438 | \$1,138,020 | \$818,882 | \$1,003,727 |
| VALUE PER RAW LOT: | \$29,046 | \$30,605 | \$36,117 | \$46,071 | \$57,985 | \$50,215 | \$37,934 | \$27,296 | \$33,458 |
| RAW LOT VALUE TO FIN. LOT VALUE: | 29.0% | 29.7% | 33.1% | 37.7% | 39.5% | 35.3% | 28.7% | 22.9% | 28.1% |
| Finished Lot Value Change: | | 3.0% | 6.0% | 12.0% | 20.0% | -3.0% | -7.0% | -10.0% | 0.0% |
| Parcel Value Change, | | | | | | | | | |
| Period to Period: | | 5.37% | 18.01% | 27.56% | 25.86% | -13.40% | -24.46% | -28.04% | 22.57% |
| Potential % Error: | | -2.37% | -12.01% | -15.56% | -5.86% | +10.40% | +17.46% | +18.04% | -22.57% |

Sales examples of market leverage

In case you think that the market leverage discussed here is unrealistic, consider two parcels in Kelowna, BC.

One sale involves a large development parcel, the 700-acre Dilworth Mountain Estates, then owned by Daon Development. Daon was a large, prominent, land developer in the 1970s and 1980s.⁵ Proposed for 1,200 residential units, the property was the subject of an assessment appeal in 1981 in which BC Assessment Authority and Daon ultimately agreed on a value of \$9.1 million. That year, 1981, was the market peak for BC development land during the 1980s. The property was offered for sale for years during Daon's subsequent financial difficulties and ultimate demise. After a lengthy listing period, the property ultimately sold in foreclosure in 1987, at just \$2.5 million. The property was essentially the same as in 1981, although some 72 single-family lots had been developed, a small reduction on the 1,200 permitted units.

Although the property sold in distress,⁶ it is important to remember that it had been offered for sale for a number of years without selling, and this was felt to be its value at that time. During the same period, finished lot prices in the region fell by only 35-40%, but the value of this development parcel fell to slightly over one-quarter of its peak value.

In contrast, another property sale illustrates the positive market leverage that is currently being experienced in the same region. This involves a 35-acre parcel with single-family development potential that has sold a few times over the past few years, during a rising market. It is located near the popular Kettle Valley residential community in Kelowna. It sold and resold, as a normal market transaction after conventional marketing as follows:

In December 2001 - the very earliest part of a rising market - it sold for \$310,000; it sold again in January 2004 for \$650,000; and then again in June 2005 for \$1,150,000. Physically and legally the property remains virtually identical to the original sale. This amounts to almost a quadrupling of value over that period,

against finished lot price increases in the area of about 65-70% over the same period. Prime interest rates have changed relatively little over the course of these sales, implying that financial leverage affected the property's value very little over the course of these three sales.

These sales clearly illustrate the phenomena of positive and negative market leverage.

Conclusion

Although appraisal texts consistently warn against valuing raw land solely by subdivision approach, the influence of the constituent parts cannot be ignored when the property has subdivision as its highest and best use. The effect of market leverage needs to be carefully considered when valuing development land by the direct comparison approach, or when providing an update to a previous value estimate. This is especially true when the sales indicators are dated.

Viewing constituent component changes in this way can help you avoid a serious error in your development land appraisals or value updates. This may prove particularly important in avoiding a legal claim over the next few years as the residential market becomes even more extended.

Discussions with developers (profit expectations), realtors (absorption expectations), companies involved in land servicing (servicing costs), and governmental authorities (development cost charge changes) can help to clarify what type, and to what extent, market leverage is occurring since the date of each of the comparable sales. In conjunction with changes in the finished lot prices, examining these additional elements through the lens of even a simple development pro-forma can help to produce a superior quality adjustment for market condition changes since the date that each of the comparable sales occurred. 🍷

Endnotes

¹ Research from New York University indicates a debt to equity ratio among 7,000 companies at a median of 0.8:1, and a mean of 1.1:1. The 135 REITs surveyed had an average debt/equity ratio in excess of 2:1. (<http://pages.stern.nyu.edu/~adamodar/pc/datasets/roe.xls>)

² Real Estate View, BC Assessment, (c)1995, study of residential development land sales in the Kelowna area from 1990-1995.

³ Forty lots would likely be termed a small to medium size development, and would typically be developed as a single phase. More than forty or fifty lots would usually constitute a multi-phase development in this marketplace.

⁴ Profit margins in the B.C. area; in a 2002 presentation paper, the Urban Development Institute (an association of developers and large scale builders) reported that recent margins were as low as 1-2%. This is, they say, in contrast to traditional margins in the 15-20% range. (<http://www.udi.bc.ca/Files/Publications/Misc/2002%20statement%20to%20finance.pdf>) Industry Canada reported Canada-wide margins in the NAICS 2311 and 2312 groups (developers and builders), were in the order of 3-4% in the four years from 1998 to 2001. (<http://strategis.ic.gc.ca/epic/internet/indsib-fsib.nsf/en/ou00017e.html>)

⁵ Prior to its bankruptcy, Daon was reported to be the second largest second-largest real estate development company in North America; 1983 revenue exceeded \$400 million dollars. (Source: <http://www.lib.uwo.ca/business/BC-Top50.html> and http://www.protocol.gov.bc.ca/protocol/prgs/obc/2003/2003_JPoole.htm)

⁶ In the monograph, Subdivision Analysis, (Lovell and Martin; Chicago; Appraisal Institute; 1993, pages 51-52) the appropriateness of using distressed transactions as valid indicators in the Direct Comparison Approach is commented upon as follows ... "Even in markets where [sales] data is available, it is often argued that past sales were transacted under duress and are therefore not comparable. Although such arguments have validity, their implications are rarely explored ... [distress transactions] should not be ignored simply because the sales were transacted under duress. The presence of distressed properties in a market may indicate that the overall market is experiencing a slump."

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| | <p>International Property Tax Institute's Mass Appraisal Symposium 1st International Mass Appraisal Valuation Symposium – Theory and Applications on Thinly Traded Markets and Special Property Types</p> <p>February 6 – 7, 2006 Vancouver, British Columbia, Canada</p> <p>IPTI, in co-operation with the Appraisal Institute of Canada, The Real Estate Institute of British Columbia and the Real Estate Division of the University of British Columbia, is conducting a symposium on Mass Appraisal Techniques. The theme of this year's symposium is Thinly Traded Markets and Special Property Types. It will address challenges in the application of techniques to the valuation of real property when market data is scarce. The symposium venue will be the University of British Columbia's Robson Square Campus in downtown Vancouver. For brochure and registration form see: http://www.aicanada.ca/e/aboutaic_events_seminars.cfm</p> | <p>BC</p> | <p>BCAAC Provincial Conference Sept 28 - 30, 2006 Coast Bastion Hotel – Nanaimo, BC</p> <p>For further details contact Kathy Porter kathy@appraisal.bc.ca</p> |
| <p>AIC</p> | <p>Appraisal Institute of Canada Board of Directors Meeting February 18 and 19, 2006 Courtyard Ottawa Downtown Ottawa, Ontario</p> <p>2006 Annual conference of the Appraisal Institute of Canada May 24 – 27, 2006 Delta Prince Edward Hotel Charlottetown, Prince Edward Island</p> <p>For further information contact info@aicanada.ca</p> | <p>MB</p> | <p>Manitoba Association AIC Standards Seminar March 17 and 18, 2006 9:00 a.m. to 4:00 p.m. Victoria Inn 1808 Wellington Avenue, Winnipeg Instructor: Allan Beatty, AACI, P.App</p> <p>For further information contact Lynne Smith Dark mbaic@mts.net or call (204) 943-1177.</p> |
| <p>AB</p> | <p>Alberta Association AIC Spring Appraisal Standards Seminars: Calgary and Edmonton, dates TBA</p> <p>Seminar: Appraising the Tough Ones (Appraising Complex Residential Properties) Calgary: Saturday, January 21, 2006 Edmonton: Saturday, January 28, 2006</p> <p>Spring 2006 Conference and AGM Lethbridge, AB, March 3 and 4, 2006</p> | <p>NB</p> | <p>New Brunswick Association of Real Estate Appraisers</p> <p>2006 AGM and Annual Conference April 25 and 26, 2006 Delta Saint John Saint John, New Brunswick</p> <p>For further information contact Susan MacKenzie nbarea@nb.aibn.com</p> |
| <p>BC</p> | <p>British Columbia Association AIC Standards Seminars 2006 Tentative Dates - <i>Although venues have not yet been selected for all locations, we are currently accepting registrations for the following dates.</i> January 13 and 14 – Langley March 10 and 11 – Victoria May 5 and 6 – Vancouver May 7 and 8 – Vancouver - Restricted to AACIs June 16 and 17 – Kelowna The registration form can be found at: http://www.appraisal.bc.ca/news_events/index.php/listing/138</p> <p>Payment in the form of a cheque or money order must be received 4-6 weeks prior to the seminar. Credit card payments will be processed 4-6 weeks prior to the seminar. Confirmation letters will be mailed once payment has been processed.</p> | <p>NS</p> | <p>The Nova Scotia Real Estate Appraisers Association Friday, March 24, 2006 Two half-day seminars preceding the March 25.NSREAA AGM Prince George Hotel, 1725 Market Street, Halifax Seminar topics to be announced.</p> <p>2006 Annual General Meeting Saturday, March 25, 2006 - 10:00 am Prince George Hotel, 1725 Market Street, Halifax, Nova Scotia</p> <p>Friday and Saturday, June 16 and 17, 2006 Standards Seminar Facilitators: David Babineau, AACI and Brian Varner, AACI Seminar to be held in Halifax; specific location to be determined.</p> <p>For further information contact Davida Mackay email: nsreaa@nsappraisal.ns.ca phone: (902) 422-4077</p> |
| | | <p>ON</p> | <p>Ontario Association AIC Standards Seminars: January 20 and 21 – Kitchener March 3 and 4 – Toronto March 24 and 25 – Kingston May 12 and 13 – Hamilton June 2 and 3 – Orangeville</p> <p>Conference & AGM St. Pete Beach – Florida April 25 – 29, 2006</p> <ul style="list-style-type: none"> • Standards Seminar (Two Sessions) • Conflict Management: Dealing with Difficult Situations • Time Management - Making the Plan Work 'Focusing on the Important' • What Clients Would Like Their Appraisers to Know <p>For further information contact info@oaaaic.on.ca</p> |
| | | <p>SK</p> | <p>Saskatchewan Association AIC Saskatchewan Spring Professional Development Conference and AGM Delta Regina March 24 and 26, 2006</p> <p>For further information contact Marilyn Steranka skaic@sasktel.net</p> |

2005 DESIGNATED MEMBER SOURCE GUIDE ADDENDUM

PLEASE NOTE THE FOLLOWING CORRECTIONS TO THE 2005 DESIGNATED MEMBERS SOURCE GUIDE:

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* indicates availability for assignments

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