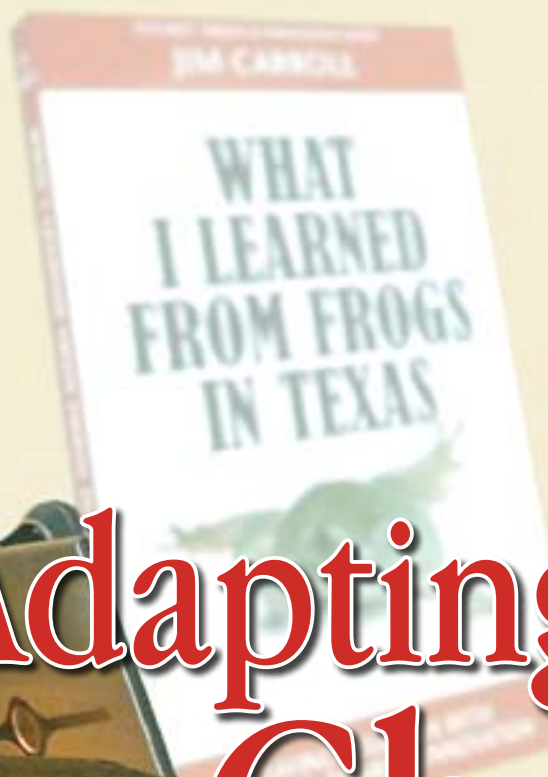


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Volume 50, Book 2, 2006

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Cover: Jim Carroll, keynote speaker at the AIC Conference, conveyed a very meaningful message about adapting to change. (see feature on page 12)

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*Paul Olscamp, AAI, P. App
AIC President*

An interview with Paul Olscamp

Q What is your background in the appraisal profession?

A It all started when I read a job description for an entry level position with the Prince Edward Island Land Valuation and Assessment Division. The type of work appealed to me and I was fortunate enough to be hired. I worked there for a couple of years before taking a five year hiatus to operate a family business involved in mechanical contracting. In 1982, I decided to return to the profession and once again joined the province's Assessment Division. I have been there ever since. In 1995, I moved into management and currently work from the regional office in Summerside.

Q In what appraisal related activities are you involved?

A The division provides assessment valuation services for the entire province, including all municipalities. I manage a dedicated group of valuation professionals that deal with everything related to property including tax and property records, deeds registry, geomatics, etc. I also appear as an expert witness on real estate valuation matters relating to property assessments.

Q When did you obtain your designations and what role have they played in your career path?

A As part of the Treasury Department, employees in our division have always been encouraged to enhance their education and earn professional designations. The province sees these types of credentials as a true mark of professionalism. In fact, earning an AAI designation is a requirement of moving into senior positions or management. Having ambitions to do so, I enrolled in AIC educational courses and programs and subsequently earned my CRA in 1983 and my AAI in 1986. As to the role they have played in my career, it is enormous. Both the CRA and the AAI designations really do open career doors.

Q As you moved up the career ladder, did mentoring play a role for you?

A It most certainly did. I was fortunate to have a gentleman by the name of Bob Enman, AAI take me under his wing. Bob instilled in me the importance of paying attention to small details, while at the same time focusing on the bigger picture. Although

“Both the CRA and the AAI designations really do open career doors.”

There is an ongoing need to examine our internal structures and performance so that we are always challenging the status quo and always improving.

he has since passed away, I am reminded on a regular basis of his teachings and the personal stamp he put on the profession in this region. There is no doubt about it, mentoring is extremely important to the development of a successful career in the valuation profession.

Q While your career developed in the workplace, you always believed in pursuing volunteer activities as well. Why is that?

A It was due to my having a genuine interest in the profession. Here in PEI, we have a very active provincial association. In order to become better informed, to network with my peers, and to actively participate in matters affecting my livelihood, I felt that it was important to get involved. After serving locally on numerous committees and the provincial board, I then began my national involvement in 2001.

Q How would you describe your volunteer experience?

A It has been extremely rewarding. Obviously, you have to balance your time and priorities, as well as make a number of sacrifices along the way. However, there is a true sense of accomplishment when all is said and done. Volunteers form the core of our association and, by bringing their unique insights and perspectives to the table; they have made the Institute what it is today. I highly

recommend the experience to each and every member.

Q While balancing these activities, how would you describe your personal philosophy?

A My philosophy is pretty simple. Set attainable goals; treat people fairly and with respect; and do the best you can. If I am successful in these areas, the rest will take care of itself.

Q What do you see as the most important issues currently facing the Institute and the profession?

A One area definitely involves Institute governance. There is an ongoing need to examine our internal structures and performance so that we are always challenging the status quo and always improving. While being guided by our Strategic Plan and proceeding very carefully in making it a reality, we need to continue seeking input from all parties as we determine which of our structures is necessary, which we can live without, and which we can improve. An example of one development in this process is the task force we are forming to explore ways of improving our service delivery to members. Comprised of representatives from both the provincial and national levels, this task force will look into such things as maximizing our efficiency, eliminating redundancy, and improving accuracy.

Q The Institute is presently developing a brand strategy to reposition the organization. Why is this important?

A The Board identified in the Strategic Plan that strengthening the position of our organization in the marketplace was vitally important. As an organization soon to reach its 70th anniversary, the time is right to undertake a formal branding that sets the stage for moving forward beyond this milestone in our evolution. We realize that branding is a major challenge because of the roots that exist in the status quo, however, the Board is very supportive of the need to rebrand our organization and we endorse the efforts of the communications committee to conduct the due diligence and take the necessary action to ensure success in this area.

Q A great deal of emphasis over the past few years has been placed on the Institute's Strategic Plan. In addition to the rebranding process currently underway, what would you identify as being the major accomplishments to date?

A First and foremost, I believe that we have increased our focus on professionalism and enhanced our profile in the

marketplace. Our promotional and recruiting efforts have successfully increased our membership numbers, particularly in the student member category. It is impressive to note that the Institute has welcomed more than 700 new candidates in the past couple of years alone. We have new educational partners helping us expand the reach of our education programs. We have met with employer groups to help us identify business opportunities and then taken steps to ensure that our members are prepared to take full advantage of these opportunities. One example of this is our recent hiring of a consultant to advise members on machinery and equipment valuation. We have also strengthened alliances with our international partners so that we are continually aware of important developments in other countries that could have a bearing on our markets in Canada.

In addition, we have implemented improved policies relating to education and experience requirements, candidate co-signing, written and oral exams, and mentoring, to name a few.

As these improvements are implemented and others are taking shape, we are already at a point where we need to develop the next phase of the Strategic Plan. We will be starting that process this fall when we invite provincial leaders and AIC board members to provide their input and help determine the next steps to be taken.

Q Why is it so important to undertake initiatives such as these on an ongoing basis?

A The world in which we live and work is always changing and so must we. Pressures in the marketplace require our members to take on increasingly complex assignments and be more multi-disciplined in the services they offer. We continue to hold advisory forums with clients who tell us there is a growing need for valuation, consulting and advisory services. These clients want to better understand valuation issues and emerging trends. They want more commentary from us in these areas and they are willing to pay for this service.

To meet these demands and take advantage of the opportunities, our research, critical thinking and communication skills all have to improve. We should be prepared to take a greater leadership role in the valuation process rather than just being components along the way.

There is also the consideration that, as we attract new members to the profession, we need to ensure that their needs and expectations are being met. For someone just starting their careers in today's business environment, those can be decidedly different from an established appraiser who has been working in the profession for many years. There is a fine balance in meeting the needs of the new members and long standing members.

Our ultimate goal throughout this entire process is to raise the bar for our profession. We are looking to help our members be the pre-eminent professionals in real estate valuation and to be recognized on the same level as other first tier professions.

Q Are we succeeding in the accomplishment of these objectives?

A I believe we are. We have been very proactive in communicating this message and I believe it is having an impact with our members who are definitely shifting to a more multi-disciplined approach. A lot has been accomplished...but there is always more to be done.

Q Is the fact that we are in the midst of a very strong real estate market having any impact on these goals and their accomplishment?

A It is certainly creating a strong demand for our services...which is a good thing. However, we all know that the marketplace operates in cycles and that a cooling off period is bound to come. That is why we cannot be content with things as they are. Members and the Institute must

look to the future and always be seeking out new opportunities. That is what this process is all about. I would also like to emphasize that, while the Institute is helping to identify these opportunities and ensure that it is providing the best service to members as possible so that they are in position to take advantage of them, it is the members themselves who have to take the initiative to be as prepared as possible for what lies ahead. That means accepting change and adapting to it, doing the necessary research, reviewing their own skill sets, and identifying what enhancements they need in order to position themselves for success.

Q As president, what will be your role in all of this?

A My role will be very much one of advocacy for the profession. By that I mean listening to people's opinions, weighing what is being said, responding to their needs, and conveying their message. Provincially and nationally, we have always had a very talented and dedicated team of individuals overseeing our profession. This year's national board, for example, is an extraordinary and progressive group of people with a multitude of talents. They are cohesive, cooperative and dedicated to advancing the profession. As president, my goal is to build on agreement.

Q Do you have any final thoughts to share with your fellow appraisers?

A While I may be repeating myself here, I cannot emphasize enough the need for every individual to become actively involved in the profession. Whether that means bringing their unique talents to the table as a volunteer at some level or accepting the personal responsibility for becoming better informed about the issues and the opportunities that affect them professionally, they owe it to themselves to be active participants. 🍀



*Paul Olscamp, AACI, P. App
Président de l'ICE*

Une entrevue avec Paul Olscamp

Q Quels sont vos antécédents relativement à la profession d'évaluateur?

R Tout a commencé lorsque j'ai lu la description de tâches pour un poste auprès de la Division de l'estimation et de l'évaluation des terres à l'Île-du-Prince-Édouard. Ce genre de travail me souriait et j'ai été assez chanceux pour obtenir le poste. J'ai travaillé à leur service pendant quelques années avant de prendre un congé de cinq ans pour diriger l'entreprise familiale dans le domaine des installations mécaniques. En 1982, je suis revenu à la profession, encore une fois au service du même employeur, un poste que j'occupe toujours. En 1995, j'ai été nommé à un poste de direction et je travaille actuellement à partir du bureau régional de Summerside.

Q Quelles sont les activités liées à l'évaluation qui occupent le plus votre temps?

R La Division offre des services d'évaluation à l'ensemble de la province, y compris à toutes les municipalités. Je dirige un groupe de professionnels de l'évaluation qui oeuvrent dans tous les domaines immobiliers, y compris l'impôt foncier, le registre des biens, l'enregistrement des actes, la géomatique, etc. J'agis aussi comme témoin-expert dans les questions d'évaluation immobilière liées à l'évaluation foncière.

Q Quand avez-vous obtenu vos désignations et quel rôle ont-elles joué dans votre carrière?

R Faisant partie du ministère des Finances, les employés de notre Division ont toujours été encouragés à parfaire leur éducation et à obtenir des titres professionnels. La province considère ce genre de références comme une vraie marque de professionnalisme. En fait, l'obtention de la désignation AACI est une exigence associée à tout poste cadre ou de direction. Étant intéressé à ce genre de choses, je me suis inscrit aux cours et aux programmes de l'ICE et j'ai obtenu la mention CRA en 1983 et celle d'AACI en 1986. En ce qui touche le rôle de ces désignations dans ma carrière, disons simplement qu'elles ont joué un rôle énorme. Les désignations CRA et AACI ouvrent vraiment de nombreuses portes dans le cadre de la carrière d'une personne.

Q À mesure que vous avez grimpé l'échelle, le mentorat a-t-il joué un certain rôle pour vous?

R Absolument. J'ai été fortuné de travailler sous la tutelle de Bob Enman, AACI. Bob m'a montré l'importance du souci du détail tout en concentrant sur l'aspect général des choses. Bien qu'il soit maintenant décédé, je me rappelle constamment son enseignement et sa contribution à la profession dans cette région. Il ne fait aucun doute que le mentorat est très important au succès d'une carrière réussie en évaluation.

Q Bien que votre carrière ait évolué dans votre milieu de travail, vous avez toujours accordé un certain temps au bénévolat. Pourquoi?

R C'est à cause de mon intérêt sincère à l'endroit de la profession. Ici, à l'Î.-P.-É., nous avons une association provinciale très active. Pour être mieux informé, pour réseauter avec mes collègues et pour participer activement aux questions importantes pour mon bien-être, je croyais important de m'impliquer. Après avoir servi auprès de nombreux comités locaux et auprès du Conseil provincial, je me suis tourné vers le palier national en 2001.

Q Comment voyez-vous votre expérience comme bénévole?

R Très enrichissante. Bien entendu, il faut équilibrer son temps et ses priorités, et faire quelques sacrifices chemin faisant. Tout fait considéré, toutefois, on obtient une véritable sensation d'accomplissement. Les bénévoles sont au cœur de notre association et par leurs contributions et leurs idées, ils ont fait de l'Institut ce qu'il est aujourd'hui. Je recommande sérieusement à tous les membres d'en faire l'expérience.

Q Quelle est votre façon de voir en ce qui touche l'équilibre de ces activités?

R Ma façon de voir est très simple. Il faut fixer des objectifs que l'on peut atteindre, traiter les gens avec respect et de façon juste et équitable et faire son possible dans tout ce que l'on entreprend. Si je parviens à faire ces choses, le reste tombera en place automatiquement.

Q Selon vous, quelles sont les questions les plus importantes qui guettent actuellement l'Institut et la profession?

R L'un d'elles est certes la gouvernance de l'Institut. Il existe un besoin continu d'examiner nos structures et notre rendement internes pour ne pas sombrer dans le statu quo et assurer notre constante amélioration. Bien que nous suivions le plan stratégique et que nous avançons prudemment dans sa mise en œuvre, il est nécessaire de consulter tous les intéressés pour déterminer les structures à conserver et celles qui peuvent être améliorées. Un exemple de cela est le groupe de travail qui doit étudier les façons d'améliorer les services que nous offrons aux membres. Formé de représentants des paliers provincial et national, ce groupe se penchera sur l'optimisation de l'efficacité, l'élimination de la redondance et l'amélioration de la précision.

Q L'Institut s'affaire actuellement à élaborer une stratégie de repositionnement de l'organisme. Pourquoi cela est-il si important?

R Dans le plan stratégique, le Conseil a identifié que le raffermissement de la position de notre organisme sur le marché revêt une importance critique. Comme l'organisme est sur le point de célébrer son 70^e anniversaire, le moment est venu d'amorcer un positionnement formel qui nous permettra d'aller librement de l'avant dans le cadre de notre évolution. Nous reconnaissons qu'il s'agit là d'un défi de taille à cause des racines qui résident dans le statu quo. Toutefois, le Conseil appuie fermement le besoin de repositionner l'organisme et nous appuyons les efforts du Comité des communications qui fera preuve de diligence raisonnable et qui prendra les mesures qui s'imposent pour assurer notre succès à ce chapitre.

Q Au cours des dernières années, beaucoup d'accent a été placé sur le plan stratégique de l'Institut. En plus du processus de repositionnement actuellement en cours, quelles sont, selon vous, les principales réalisations à ce jour?

R D'abord et avant tout, je crois que nous concentrons maintenant davantage sur le professionnalisme en plus de rehausser notre profil sur le marché. Nos efforts de promotion et de recrutement ont permis d'accroître le nombre de membres, particulièrement dans la catégorie des membres-étudiants. Il est impressionnant de souligner que l'Institut a accueilli plus de 700 stagiaires au cours des dernières années. Ensuite, nous avons de nouveaux partenaires dans le secteur de l'éducation ce qui nous aide à accroître la portée de nos programmes éducatifs. Nous avons rencontré des groupes d'employeurs, ce qui nous a permis d'identifier les occasions d'affaires et de prendre les mesures nécessaires pour assurer que nos membres puissent profiter pleinement de ces occasions. Un exemple est l'embauche récente d'un consultant qui conseillera les membres sur les questions de la machinerie et l'équipement d'évaluation. Nous avons aussi raffermi nos alliances avec nos partenaires du palier international de sorte à nous tenir à l'affût des principaux progrès dans les autres pays, progrès qui pourraient avoir un impact sur nos marchés canadiens.

Aussi, nous avons mis en œuvre des politiques améliorées en rapport aux exigences relatives à l'éducation et à l'expérience, la cosignature des rapports de stagiaires, les examens écrits et oraux et le mentorat.

À mesure que ces améliorations voient le jour et que d'autres prennent forme, nous sommes déjà rendus au point où il est nécessaire de passer à la prochaine phase du plan stratégique. Nous amorcerons ce processus à l'automne lorsque

Il existe un besoin continu d'examiner nos structures et notre rendement internes pour ne pas sombrer dans le statu quo et assurer notre constante amélioration.

nous inviterons les dirigeants provinciaux et les membres du Conseil de l'ICE à partager leurs idées et à déterminer les prochaines mesures à prendre.

Q Pourquoi est-il si important d'amorcer régulièrement des initiatives comme celles que vous mentionnez?

R Le monde dans lequel nous vivons et travaillons est en constante évolution et nous devons nous y adapter. Sur le marché, les pressions obligent nos membres à effectuer des travaux de plus en plus complexes et à offrir des services multidisciplinaires. Nous continuons à tenir des forums consultatifs avec les clients qui nous disent qu'il existe un besoin croissant pour des services d'évaluation et de consultation connexe. Ces clients veulent mieux comprendre les questions liées à l'évaluation et les nouvelles tendances. Ils veulent plus de commentaires de notre part sur ces sujets et sont prêts à payer pour de tels services. En réponse à ces demandes et pour profiter des occasions, nos aptitudes en matière de recherche, de pensée critique et de communication doivent être améliorées. Nous devrions être disposés à assumer un plus grand rôle de leadership plutôt que d'être un élément du processus d'évaluation tout simplement.

Il faut aussi considérer qu'à mesure que nous attirons de nouveaux membres à la profession, nous devons nous assurer de répondre à leurs besoins et à leurs attentes. Dans le cas d'une personne qui commence sa carrière dans le monde d'aujourd'hui, ces besoins et ces attentes peuvent largement différer de ceux d'une personne qui travaille dans la profession depuis plusieurs années. Il existe un équilibre délicat dans la

réponse aux besoins des nouveaux membres et ceux des membres de longue date.

Notre but ultime dans ce processus est d'élever la barre de notre profession. Nous voulons aider les membres à devenir des professionnels de premier choix dans le secteur de l'évaluation immobilière et recevoir ainsi la même reconnaissance que les membres d'autres professions de premier rang.

Q Avons-nous réussi à atteindre ces objectifs?

R Je crois que oui. Nous avons été très proactifs à transmettre notre message et je crois qu'il a eu un impact sur les membres qui semblent de plus en plus adopter une approche multidisciplinaire. Beaucoup a été accompli... mais il reste encore beaucoup à faire.

Q Le fait que le marché immobilier est en plein essor influence-t-il ces objectifs et leur atteinte?

R Il est certain que la demande pour nos services est plus élevée... une bonne chose en général. Toutefois, nous savons tous que le marché suit des cycles et qu'une période de ralentissement est à prévoir. C'est pourquoi nous ne pouvons nous contenter de l'état actuel des choses. Les membres et l'Institut doivent se tourner vers l'avenir et chercher sans cesse de nouvelles occasions. C'est sur quoi notre processus est fondé. Je veux aussi mettre l'accent sur le fait que bien que l'Institut aide à identifier ces occasions et à assurer les meilleurs services aux membres pour qu'ils soient en mesure d'en profiter, il relève des membres de prendre l'initiative et de se préparer à l'avenir. Cela veut dire qu'ils doivent

accepter le changement, s'y adapter, faire la recherche nécessaire, revoir leurs compétences et identifier les améliorations qu'ils doivent apporter à leurs pratiques pour connaître le succès.

Q Comme Président, quel est votre rôle dans tout cela?

R En grande partie, mon rôle en sera un de représentation au nom de la profession. Cela signifie que je dois tenir compte de l'opinion des gens, pondérer ce qui est dit, répondre à leurs besoins et faire connaître leurs messages. Aux paliers provincial et national, nous avons toujours eu une équipe compétente et dévouée de gens qui dirigent notre profession. Le Conseil national de cette année, par exemple, consiste en un groupe progressiste et extraordinaire de gens qui possèdent de multiples talents. Il s'agit d'un groupe cohérent, qui travaille en collaboration et qui s'est engagé à l'endroit du progrès de la profession. Comme Président, mon objectif est de bâtir à même les ententes conclues.

Q Avez-vous quelques dernières pensées que vous aimeriez partager avec vos collègues évaluateurs?

R Au risque de me répéter, je ne peux mettre suffisamment d'accent sur le besoin que tous participent activement à la profession. Que cela signifie qu'ils doivent mettre leurs talents à l'épreuve comme bénévoles ou accepter la responsabilité personnelle d'être mieux informés au sujet des questions et des occasions qui touchent leur vie professionnelle, ils se doivent de participer activement! 🍀



What's your tin can?

By Jim Carroll

After 100 years of using tin cans, StarKist introduced tuna in re-sealable plastic pouches. \$200 million of new revenue later, they realized the benefit of aggressive change and innovation. What does this have to do with members of the Appraisal Institute of Canada? Quite a bit, actually.

Today's world of business is being impacted by an era of unprecedented and relentless change. The emergence of China as an economic super-power and its impact on the North American economy; hyper-innovation and business market change within every industry; rapid scientific advances that render entire industries almost obsolete overnight. Competition is changing rapidly, and permanence has been torn asunder.

The fact is we are in a time that demands a new agility and flexibility: we must make sure that we constantly assess and evolve the nature of our services and the manner by which we deliver them in order that we are properly responding to our clients needs.

Every profession must have skill and insight to prepare for a future that is rushing at them faster than ever before. Opportunity will come from your ability to innovate and change, adapt and evolve, as the very nature of the world around you begins to change at a furious pace.

That is why you need to ask yourself, "what is your tin can?"

The tin can change is a big

change – and it took a long time to come about. The fact is, this new tuna pouch provides a good segue into what is perhaps one of the most important leadership issues that you must deal with – getting out of a 'tin can rut,' in order to deal head-on with the dramatic challenges that surround the world of business today.

How many of you are stuck in a 110-year old rut? Still delivering a tin can day in, day out, with no desire to change? At the same time, dramatic change envelopes you; the emergence of a global labour market in which human capital is becoming a simple commodity; the migration of an ever more skilled white collar work force offshore; and signs of an impending skills crisis as a result of various demographic trends.

It is easy to lose your drive, your courage to go forward, and your willingness to change. You might still be thinking tin cans, when everyone else around you is taking a look at the new re-sealable pouches, and are trying to comprehend what it might mean to the provision of skills and services.

StarKist is an organization that has somehow shaken away the complacency that enveloped it for over a century. It has woken up to the opportunity that comes from real innovation, and from embracing change.

That is your key leadership challenge today, and one that you must begin to manage, before it begins to manage you.

An action plan for change

Rapid times require bold change; action is critical. Thinking differently about what you do is often the first best step to adapting.

Forget everything you know.

Relearn – quickly. The evolution of knowledge is now so quick that entire careers and industries are changing faster than ever before. Consider this: it is said that 65% of the kids in preschool today will work in jobs that do not yet exist. Statistics like this clearly indicate that knowledge is momentary – learn to grab it when you need it, and do not assume that what you know right now will have any relevance tomorrow. Your job from this moment forward is to learn, continuously and relentlessly, about the new challenges that surround you, and how you can adapt to them.

Get young. Throughout the next year, take the time to listen to young people – anyone 10 years younger than yourself, or even more. They are building the future right now, and you would do well to understand it. You will not survive in their future if you do not take the time to understand what they are doing, talking about, and thinking.

Appreciate wisdom. At the same time you listen to young people, be patient with anyone 10 years older than yourself. They might not 'get it,' and you might find their aversion to change to be frustrating, if not infuriating. The fact is, they possess something that you might not yet

have – experience, and the wisdom that comes from ‘having been there.’ Your impatience for change might delude you into thinking that things are far easier than they really are; they know better, and have the battle scars to prove it.

Forget permanence. Everything is transient. Get with the program – everything is temporary, and change is constant. Accept that, and the rest comes easy, since it will help you to focus on what needs to be done, rather than looking back at what was done.

Make decisions. Do not be someone who asks “what happened?” Make things happen.

Change your focus. Old glories and corporate nostalgia will not define future success – aggressiveness and adaptability will. Stop thinking about the past, and how wonderful and easy the world used to be. Instead, focus firmly on the future, and the challenges and opportunities that exist. The most important trait that you can work on developing through the next year is becoming more forward-oriented, so that you can spot the trends, opportunities and challenges that will define your future.

Trap creativity. It surrounds you, and it is a precious resource. The ideas, thoughts, and initiatives of those who surround you can be your most potent weapon. Place less emphasis on innovation-killing buzzwords such as compliance, risk management and accountability. Re-adapt the buzzwords that count: brainstorming, innovation and risk taking. We have become far too focused on managing instead of growing, and to deal with the rate of change that surrounds us, we must get back onto a growth agenda.

Think ‘clear and present opportunities.’ Do not focus on the negativity of change – which is all too easy to do.

Get excited, be happy. Studies show most people do not like change. But, if you change your attitude, you will find that things really can improve. The next year is full of opportunity, and it is yours if you want it.

How do you do this?

Adopt 10 simple words that will help to get you into the right frame of mind.

Observe. Take the time on a regular basis to look for the key trends that will impact the world of skills provision in the future. Far too many organizations sit back after a dramatic change and asked “*what happened?*” Make sure that your organization is one that asks, “*what is about to happen? And what should we do about it?*”

Think. Analyze your observations: spend more time learning from what you see happening around you. If you are like most organizations, you are responding to trends on a short-term, piecemeal basis: you are reactive, rather than proactive. Step back, take a deep breath, and analyze what trends are telling you. From that, do what really needs to be done.

Change. In a time of rapid change, you cannot expect to get by with what has worked in the past – tin cans will not help you – you must be willing to do things differently. Abandon routine; adopt an open mind about the world around you. The world is changing at a furious pace whether you like it or not. Take a look at how you do everything – and decide to do things differently.

Dare. Have you lost your ability to take risks? Maybe so – yet risk-taking is critical to innovation and change. Work with a few of the new technologies, and try them out. That is the only way that you will be comfortable with what comes next.

Banish. Get rid of the words and phrases that steer you into inaction and indecision: “*We cannot do that.*” “*It will not work.*” “*That is the dumbest thing I ever heard.*” These are the innovation killer phrases – watch for them, and do not permit them to be used.

Try. How many of your people have lost their ability to adapt to changing circumstances because they have lost their confidence? Developing new skills and career capabilities is critical, given the rapid change occurring around us. Yet, too many people have managed to convince themselves

that they cannot adapt; they cannot change. Do not let that happen – it is one of the worst attitudes for going forward into the future.

Question. Go forward with a different viewpoint by challenging assumptions and eliminating habit. If your approach to the future is based upon your past success, ask yourself whether that will really guarantee you similar results in the future. If you do certain things because “*you have always done it that way,*” then now is an excellent time to start doing them differently.

Grow. Stop focusing on cutting costs – build your business instead. Do not stand in fear of what you do not know – teach yourself something new. Do not question your ability to accomplish something great – grab the bull by the horns and see what you can do! The point is, in a world of rapid change, you must continually enhance your capabilities and opportunities through innovative thinking. Change your attitude now, and the rest will come easily.

Do. Renew your sense of purpose, and restore your enthusiasm for the future by taking action. Too many organizations, and the people who work within them, are on autopilot. They go into work each day, and do the same things they did the day before, with the belief that everything today is the same as it was yesterday. It is not.

There is no doubt that changing times require bold action; it is critical. Confront your tin cans, and you will have the right leadership frame of mind to take you into the future. 🐸

ABOUT JIM CARROLL



Jim Carroll was the keynote speaker at the AIC Conference in Charlottetown, PEI May 2006. He

is a futurist, trends and innovation expert, and is the author of the book, *What I Learned From Frogs In Texas: Saving Your Skin Through Forward-Thinking Innovation.* www.jimcarroll.com.



Georges Lozano, MPA
AIC Chief Executive Officer

AIC demographics Yesterday, today and tomorrow

Over the past five years, the Institute and its membership have witnessed significant changes in the marketplace for appraisal services. In response to these changes, the Institute has embarked on a restructuring initiative that is wide-ranging and touches on everything from the professional requirements for designation to the scope of professional services that fall under the purview of the profession.

While the full impact of these changes has not yet been felt, there are a number of indicators suggesting that the profession is beginning to change. One of these indicators is the membership of the Institute itself. To highlight my point, I will provide a brief overview of the membership profile. While there is no certain way of knowing whether there is a cause and effect relationship between the Institute's policy and program changes and the membership profile, there is no doubt that changes have indeed taken place and some may be pointing to an emerging trend.

Since 1990, AIC membership had been on a steady decline. From a high of 6,127 active members in 1992, Institute membership stood at a low of 3,876 active members in 2003. Since then, membership growth has increased at a moderate pace and now stands at 4,716 active members and 419 retired members for a total membership of 5,135.

We would like to believe that the turnaround is owed to the Institute's measures to increase quality standards and the promotion thereof. But, more likely, the increased membership is a reflection of a robust real estate market, which has increased the demand for appraisal services. Nonetheless, efforts are being made to promote Institute members as highly qualified real estate professionals who are capable of working in a multidisciplinary environment. Moreover, the Institute's new communications and marketing plan,

which is currently under development, will be implemented next year and will reach out to clients, employers, stakeholders, and the general public to raise awareness of the profession and a wide range of services that AIC members can provide. The success of this promotion will result in our ensuring that membership numbers are sustained and the growth trend that we have experienced in recent years continues.

This will be important if only to replace the significant number of members that we expect will retire in the upcoming years. Currently, 59% of the membership is 45 years of age or older, with more than 25% in the 55-plus range. In contrast, less than 15% of the members are under 35 years of age. What this suggests is that, over the next 10 years, there is a potential for a vast number of members retiring. This will present a challenge for the Institute as it responds to market demands while it maintains its high quality standards for professional designation.

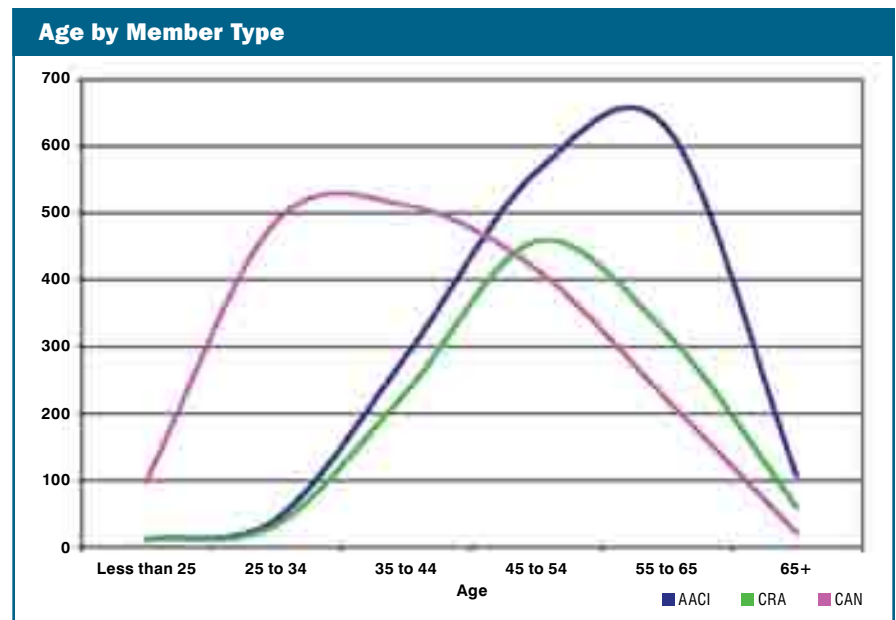
However, there is reason to believe that the Institute will meet that challenge based on the current membership profile. As at this time, candidates represent 40% of the membership, the largest group by member category. In comparison, AACIs represent 36%, and CRAs represent 24% of the active members. Further, more than 30% of the candidates are under 35 years of age. Over the last two years, the Institute has admitted over 700 candidates into membership. If this trend continues, the age profile of Institute members will start falling, with a younger average age resulting.

However, not only is the age profile changing, but so is the gender balance. Currently, 90% of AACIs and 77% of CRAs are men. For candidates, it is different. Over 31% of candidates are women, with 69% of candidates being men. It is too soon to tell if there is a trend present, but, if this profession follows in the footsteps of the other major professional groups in

Canada, in a number of years appraisal may no longer be a male-dominated profession.

AIC members are not only getting younger and better looking, but they are becoming much better educated as well. The new Institute educational requirements for designation include a university degree on exit for both the AACI and CRA designations. The post-graduate certificate in real property valuation program, which is available through UBC for those with degrees in business administration or commerce, has been a great success since its introduction a few years ago. It alone has attracted a significant number of new candidates with university degrees. Currently, almost 45% of AACIs have post-secondary education, with 35% of them holding university degrees. In comparison, about 25% of candidates have university degrees, but, when you factor in all of the candidates who are in university and presumably in the process of acquiring their degrees, the number jumps to 52%. If you add college diplomas to that, some 61% of candidates have post-secondary education.

As has been reported before, about 65% of AIC members are involved in fee work with another 35% in the non-fee area. While these numbers are expected to change in the years ahead, as more non-fee employment opportunities open up, it is the information provided by members in the *Find an Appraiser* listings on the web site that provides some insight about where this profession may be headed.



While 23% of the membership says that they are involved in mortgage appraisal work, a full 15% appears to be doing consulting work and market analysis, with approximately 15% involved in expert witness and related work. Assessment appeals account for about 11% of the work, while appraisal review and expropriation make up 10%, respectively. With respect to property types, appraisals of single-family dwellings and relocation appraisal work are in the top five.

In a rapidly changing marketplace, professions must adapt quickly in order to survive. The real estate market has seen dramatic changes in recent years with more to follow in the years ahead. As such, the Institute and its members will continue to

work to maintain high standards of professional practice and to remain relevant in the workplace. In this environment, where the only constant is change, we will continue to look for new opportunities, and new ways to prepare AIC members for the challenges that lie ahead. The statistical snapshot presented here would indicate that, for the moment, the Institute and its membership is growing and changing to meet the needs of the marketplace. The future looks promising if the trend continues. AIC members will be generally younger, better educated, better represented by both genders, and offering a broader range of appraisal and related advisory services to meet the needs of the changing market. 🌱

AIC Membership – June 2006									
	Fee				Non Fee				Total
	AACI	CAN	CRA	Total	AACI	CAN	CRA	Total	
Int'l	3	1	1	5	16	7	5	28	33
AB	143	220	146	509	100	107	18	225	734
BC	245	259	176	680	246	198	29	473	1153
MB	35	32	34	101	30	25	10	65	166
NB	26	24	26	76	30	38	29	97	173
NL	19	9	21	49	11	6	12	29	78
NS	36	40	51	127	25	23	26	74	201
NT	1	1	2	4	0	0	0	0	4
ON	363	533	390	1286	161	261	59	481	1767
PE	6	10	9	25	10	7	8	25	50
QC	83	3	43	129	53	6	13	72	201
SK	28	26	30	84	30	25	10	65	149
Yukon	0	0	1	1	1	4	1	6	7
Total	988	1158	930	3076	713	707	220	1640	4716



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

Démographie de l'ICE

Hier, aujourd'hui et demain

Au cours des cinq dernières années, l'Institut et ses membres ont vécu d'importants changements sur le marché des services en évaluation. En réponse à cette évolution, l'Institut a amorcé un projet de restructuration de grande envergure à tous les paliers allant des exigences professionnelles menant à la désignation jusqu'à la portée des services professionnels relevant de la profession.

Bien que l'impact général de cette évolution ne soit pas encore tout à fait ressenti, il existe un certain nombre d'indices voulant que la profession soit également en évolution. L'un de ces indices repose au niveau des membres de l'Institut proprement dits. En appui à cette affirmation, je vous présente un aperçu du profil des membres. Bien qu'il n'existe aucune façon certaine de savoir s'il existe un rapport cause-effet entre la modification des politiques et programmes de l'Institut et le profil des membres, il ne fait aucun doute que des changements ont effectivement été apportés et que certains semblent refléter de nouvelles tendances.

Depuis 1990, le nombre de membres de l'ICE a baissé régulièrement. Comptant un total de 6 127 membres actifs en 1992, l'Institut n'avait que 3 876 membres actifs en 2003. Depuis, le nombre de membres a augmenté à un rythme modéré et se situe actuellement à 4 716 membres actifs et 419 membres retraités pour un total de 5 135 membres.

Nous aimerions croire que ce revirement de situation est attribuable aux mesures prises par l'Institut pour accroître les normes de qualité et leur promotion, mais il est plus probable que l'augmentation reflète la solidité de marché immobilier résultant en une demande accrue pour des services en évaluation. Néanmoins, les efforts se poursuivent pour promouvoir les membres de l'Institut comme étant des professionnels hautement qualifiés de l'immobilier et qui évoluent dans un milieu multidisciplinaire. Qui plus est, le nouveau plan de marketing et de communication de l'Institut, actuellement en voie de prépa-

ration, sera mis en oeuvre l'an prochain et s'adressera aux clients, employeurs, intervenants et au public en général afin de les sensibiliser à la profession et à la vaste gamme de services offerts par les membres de l'ICE. Le succès de cette promotion assurera le maintien du nombre de membres et de la tendance à la hausse amorcée au cours des dernières années.

Cela est important, ne serait-ce que pour remplacer le nombre important de membres qui prendront leur retraite au cours des prochaines années. Actuellement, 59 % des membres sont âgés de 45 ans et plus et au delà de 25 % sont dans l'échelle des 55 ans et plus. Par ailleurs, moins de 15 % des membres ont moins de 35 ans. Cela suggère qu'au cours des 10 prochaines années, il est possible qu'un grand nombre de membres prennent leur retraite. Cela pose un défi pour l'Institut qui devra répondre à la demande du marché tout en maintenant des normes de qualité élevée pour ses désignations professionnelles.

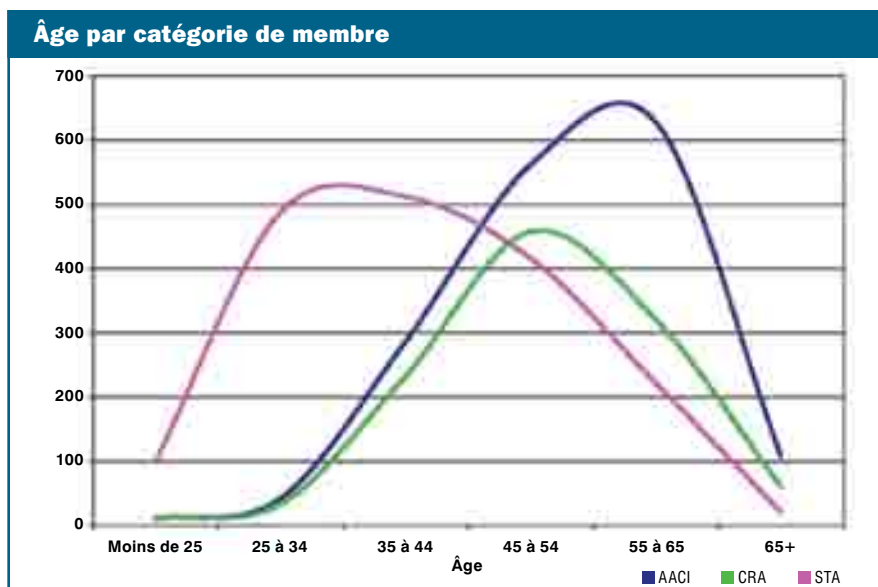
Toutefois, en jetant un regard sur le profil des membres actuels, il y a raison de croire que l'Institut sera en mesure de relever ce défi. Pour le moment, les stagiaires représentent 40 % de tous les membres, soit le groupe le plus important par catégorie d'adhésion. En guise de comparaison, les AACI représentent 36 % et les CRA représentent 24 % des membres actifs. Aussi, plus de 30 % des stagiaires ont moins de 35 ans. Au cours des deux dernières années, l'Institut a accepté la candidature de plus de 700 stagiaires. Si la tendance se poursuit, le groupe d'âge des membres de l'Institut sera plus bas, donnant lieu à un âge moyen plus jeune.

Cependant, non seulement le groupe d'âge est-il en train de changer, mais nous avons aussi constaté un changement dans le sexe des membres. Actuellement, 90 % des AACI et 77 % des CRA sont de sexe masculin. Dans le cas des stagiaires, la situation est différente. Plus de 31 % des stagiaires sont de sexe féminin alors que 69 % sont des hommes. Il est encore trop tôt pour déterminer s'il existe une tendance

à ce chapitre, mais si notre profession suit la voie d'autres groupes professionnels au Canada, elle ne sera plus dominée par les hommes d'ici quelques années.

Non seulement les membres de l'ICE sont-ils plus jeunes et plus jolis, mais ils ont également une meilleure éducation. Les nouvelles exigences éducatives de l'Institut et menant à la désignation incluent un diplôme universitaire final pour les désignations AACI et CRA. Le certificat d'études supérieures en évaluation immobilière, disponible de l'U.C.-B. pour ceux qui détiennent un diplôme en administration ou en commerce a aussi connu un retentissant succès depuis son introduction il y a quelques années. À lui seul, le programme de certificat a attiré de nouveaux stagiaires possédant un diplôme universitaire. Actuellement, près de 45 % des AACI ont une éducation postsecondaire, 35 % détenant un diplôme universitaire. En guise de comparaison, environ 25 % des stagiaires ont une formation universitaire mais lorsque l'on tient compte de tous les stagiaires à l'université et qui sont en voie d'obtenir leurs diplômes, ce pourcentage grimpe à 52 %. En ajoutant les diplômes du collégial, près de 61 % des stagiaires ont une éducation postsecondaire.

Tel que mentionné auparavant, environ 65 % des membres de l'ICE sont rémunérés alors que 35 % travaillent dans le secteur non rémunéré. Bien que ces proportions seront appelées à changer dans les années à venir, à mesure que plus d'occasions seront disponibles dans le secteur non rémunéré, c'est l'information fournie par les membres dans la section *Recherche d'évaluateur* sur



le site web qui nous donne une idée de l'orientation possible de la profession. Alors que 23 % des membres disent qu'ils travaillent dans le secteur de l'évaluation hypothécaire, 15 % semblent faire du travail de consultation et des analyses de marché alors qu'une autre tranche de 15 % agissent comme témoins-experts et se livrent à des tâches connexes. Les appels en matière d'évaluation représentent environ 11 % du travail alors que la révision d'évaluations et l'expropriation en représentent 10 % respectivement. En ce qui a trait aux catégories de propriétés, les évaluations de propriétés unifamiliales et la relocalisation figurent parmi les cinq premières.

Sur un marché en constante évolution, les professions doivent s'adapter rapidement pour survivre. Le marché de l'immobilier a connu des changements dramatiques au cours des dernières années et d'autres change-

ments de la sorte sont à venir. Ainsi, l'Institut et ses membres devront continuer à maintenir des normes élevées de pratique professionnelle et assurer leur pertinence à leur milieu de travail. Dans ce monde où la seule constante est le changement, nous devons chercher de nouvelles occasions et de nouvelles façons de préparer les membres de l'ICE à affronter les défis de demain. Le présent synopsis statistique indique que pour le moment, l'Institut et ses membres sont en pleine croissance et en pleine adaptation aux besoins du marché. Si cette tendance se poursuit, l'avenir sera prometteur. Les membres de l'ICE seront généralement plus jeunes, mieux éduqués, mieux représentés par les deux sexes et offriront une plus grande variété de services en évaluation ainsi que des services connexes de consultation en réponse aux besoins de ce marché changeant. 🌐

Membres de l'ICE – juin 2006									
	Rémunéré				Non rémunéré				Total
	AACI	CAN	CRA	Total	AACI	CAN	CRA	Total	
Int'l	3	1	1	5	16	7	5	28	33
AB	143	220	146	509	100	107	18	225	734
BC	245	259	176	680	246	198	29	473	1153
MB	35	32	34	101	30	25	10	65	166
NB	26	24	26	76	30	38	29	97	173
NL	19	9	21	49	11	6	12	29	78
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NT	1	1	2	4	0	0	0	0	4
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QC	83	3	43	129	53	6	13	72	201
SK	28	26	30	84	30	25	10	65	149
Yukon	0	0	1	1	1	4	1	6	7
Total	988	1158	930	3076	713	707	220	1640	4716

It really is an ocean away from the ordinary!



(L-R) AIC President David Highfield; Sterling MacFayden, Deputy Mayor of Charlottetown; and PEI Premier, Pat Binns at the opening ceremonies.



The keynote address.

After many months of planning and organizing, AIC convened in historic Charlottetown, Prince Edward Island for five incredible days of learning, exploring, networking and, of course, golf. The 2006 Conference Organizing Committee provided delegates, exhibitors, sponsors and guests with a truly memorable conference experience. 317 delegates gathered in Charlottetown to listen to a variety of interesting and informative sessions kicked off by noted futurist Jim Carroll (*see article

on page 12 in this issue). From the ups and downs of the PEI potato industry, through the acquisition of unique properties by the Government of Canada, to assessment and expropriation matters, delegates were provided with a wide variety of educational opportunities. This year's Conference also included a field trip to the Confederation Bridge for an in-depth look at this unique structure. In addition, delegates were also able to meet with vendors and others in the exhibition area.

A number of speakers have made

materials available from their sessions including presentations and handouts. These can be found in the AIC 2006 Conference library on the AIC website at www.aicanada.ca/e/resourcecenter_document_Conference_2006.cfm.

Thanks once again to all those who attended and participated in Charlottetown. See you next year in Vancouver, British Columbia from June 6-9, 2007. Watch for announcements regarding the 2007 Conference throughout the coming months. Information will be added on an ongoing basis at www.aicanada.ca/e/aboutaic_events_con2007.cfm

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Past-President, David Highfield (R) accepting recognition certificate from President, Paul Olscamp.

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Conference co-chair Blair Sinclair (R) receiving Paul Olscamp's first Presidential Citation.

The AIC Conference 2006 provided the occasion for the Institute to recognize a number of individuals and organizations for contributions to the Institute, in particular, and to the valuation profession, in general.

Fellows

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

Bill Gossett, AACI, P. App, Vancouver, BC, was awarded the title of Fellow. Mr. Gossett was selected to receive this high honour for his significant contributions to the advancement of the profession at the local, provincial and national levels, and his lengthy history of service through volunteer commitment to the AIC.

Past-President David Highfield, AACI, P. App was also named a Fellow of the Institute.

Presidential Citations

Outgoing President, David Highfield, AACI, P. App awarded several Presidential Citations this year. The Presidential Citation is awarded by the Institute to recognize in a meaningful way an individual or organization who has made a significant contribution to the growth and enhancement of the appraisal profession.

Wayne Kipp, AACI, P. App was honoured on the occasion of having demonstrated an outstanding record of leadership in the development

of the Standards and his steadfast contribution to the Standards Committee over the years. In well over 20 years of consecutive membership, Mr. Kipp's lengthy resumé of volunteer work with various AIC committees included important contributions as chair of the Standards, Adjudicating and Investigating committees. He was recognized at the same time as a Standards lecturer who can be counted on to go beyond what is required of a lecturer in ensuring that students' questions and concerns are answered and that they gain a meaningful understanding of the Standards.

David Babineau, AACI, P. App was recognized as a champion of the New Horizons initiative who exemplifies the Institute's vision of the AIC member of the future, as well as for his promotion of professionalism. Of particular mention was his contribution to the development of a new and responsive professional practice model through his work as a member and then chair of the National Adjudicating Committee. The citation was presented as commendation for leadership by example.

Wayne Crawford, AACI, P. App was presented with a citation in recognition of his significant contributions to the Institute at both the national and provincial levels. These include dedicated service in leadership positions at the Toronto Chapter and on Provincial and National Boards; significant contributions to the education of AIC members as an instructor, examination proctor and Education Chairman of Appraisal Institute Exams. In addition to the above-mentioned contributions, Mr.

Crawford's most recent role on behalf of the Institute received special mention. For some five years, he has chaired the Steering Committee for one of the most challenging projects ever undertaken by the Institute – the development of Best Practices for the Valuation of Specialized Federal Property.

At the same time, the other members of the **Best Practices Steering Committee** were recognized with citations for their many hours of dedicated attention to this groundbreaking initiative. They are:

Jean-Pierre Gagnon, ÉA
Richard Lahaye, AACI, P. App
James Racine, AACI, P. App
Doug Rundell, AACI, P. App

New President Paul Olscamp chose to announce his first Presidential Citation in conjunction with the Conference, in order to recognize an individual whose contributions to the PEI Association of the Institute are legendary. In presenting the award to **Blair Sinclair, AACI, P. App**, Mr. Olscamp acknowledged Mr. Sinclair's reputation as 'the heart and soul' of the PEI Association, developed over many years of service as Secretary-Treasurer, as well as his very recent contribution as co-chair of the 2006 conference in Charlottetown.

Retiring Board Members

Retiring board member, **Brian Duncan, AACI, P. App**, Past-President 2005-2006, was presented with a certificate recognizing his numerous contributions during his tenure on the Board.

InterBay would like to thank all delegates who participated in our Dart Board Challenge at this year's AIC conference in Charlottetown, PE.

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TO OUR VOLUNTEERS

The Appraisal Institute of Canada would like to recognize the contributions made by AIC members who provided their knowledge and insight to the continuing professional development of their colleagues by speaking at the 2006 AIC conference. We extend our sincere gratitude to:

- Charles Abromaitis, AACI, P.App
- David Babineau, AACI, P.App
- Allan Beatty, AACI, P.App, Fellow
- Leo Creamer, CRA
- Patrick Doohan, AACI, P.App
- Daniel Doucet, AACI, P.App
- Brian Duncan, AACI, P.App, Fellow
- Mark Freeze, AACI, P.App
- Tom Mills, AACI, P.App
- John Peebles, AACI, P.App
- Louis Poirier, AACI, P.App
- Brian Varner, AACI, P.App
- Bob Wilson, CRA

AIC extends its thanks and appreciation to the AIC 2006 Organizing Committee for its tremendous work in helping to organize our national conference.

The committee consisted of:

- Blair Sinclair, AACI, P.App
– Co-Chair
- D. Harold Moore, AACI, P.App
– Co-Chair
- Suzanne Pater, CRA
- Eugene Power, AACI, P.App
- Bobbi Jo Reardon, AACI, P.App
- Scott Wilson, AACI, P.App

This group of dedicated members, along with their Island colleagues who volunteered onsite, worked tirelessly to bring this national event together.

Congratulations on a job well done!

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Tattoos

By Sheila Young, AACI, P. App, Vice-President, AIC

Branding – do you think of being corralled and tattooed? I do. It is amazing how language changes and new meanings work their way into the vernacular.

Branding, promoting, marketing, all those words are about communicating the value of our skills, knowledge and professionalism to others. As well, they are about building and maintaining a spirit of community within our profession.

As busy real property advisors, how do we build a spirit of community? How do we define our professional values, believe in those values, and communicate them to our clients, our candidates and our community? How do we commit to those values? How do we live consistently and continuously within those values over time?

Those questions are about ‘how’ – we already know ‘why.’ Communicating our business values and ethics creates investment in time and money from like-minded individuals, companies and governments. Business values and ethics drive creativity and innovation, to continually make and improve products that meet those values. Communicating values creates pride in the profession, and adherence to those values, those standards, maintains it. In short, we keep the promises we make.

A large part of ‘how’ is accomplished within our own appraisal community. We need to build and maintain a spirit of community among our members and, in particular, with our candi-

dates. We must encourage and support our candidates, as they become designated members. Traditionally, an organization builds spirit through mutual struggle and pain, together with mutual celebration of accomplishment, and laughter. As well, an organization builds spirit and reinforces its values and standards by working together to achieve common goals.

The first exposure to the Institute for our candidates is often through distance learning. Distance learning gives our candidates knowledge. The courses are appropriate and only occasionally torturous, but they can lack a collegial atmosphere. Without the encouragement of their mentors to attend Institute events, our candidates are missing out on building friendships and networks with fellow appraisers. They are missing out on information and discussions.

As we move forward in promoting our organization, the Institute is asking for your help answering two questions. The Institute needs to find ways of involving candidates in Institute activities, and would appreciate your comments and suggestions on this topic. As well, we need to examine how we welcome newly designated members to the Institute. As we cannot corral and tattoo them, what ritual or welcoming ceremony would be memorable and appropriate? 🍷

Please send your comments and suggestions to:

Sheila Young, AACI, P. App at
sheila.young@gov.ab.ca

(403) 297-5723

The AIC needs to find ways of involving candidates in Institute activities and examining how we welcome newly designated members.



Admission and designation changes

By Leacy O'Callaghan-O'Brien,
AIC Senior Advisor, Professional Development and Member Services

Over the past several years, the Appraisal Institute of Canada (AIC) has implemented important changes to the policies and regulations governing admission, education and designation requirements for candidate members of the Institute. There are also new deadlines for completion of various components of the requirements. These measures reflect the strategic goals that the Institute established to enhance the professionalism of its members and further its mission to protect the public interest and support members by ensuring high standards of professional real estate and related property advisory services.

The AIC has taken a similar approach to many other professional

designating bodies in establishing a 'Triple E' model for candidates working toward either the CRA or AACI, P. App designations. Education, examination and experience are the foundation on which the path to designation is mapped, so that candidates acquire the necessary academic foundation and critical professional skills to succeed in their chosen career. The following outlines in brief key elements of change that affect current and future candidate members of the Institute.

Admission

As of January 1, 2007, admission to **candidate** membership will be open only to those who either hold a university degree, or who have completed all but 10 of the AACI

curriculum requirements. All candidate members must have completed the *BUSI 330 Foundations of Real Estate Appraisal* course prior to admission to the Institute. A new introductory workshop entitled *We Value Canada* will be introduced as an admission requirement for new candidates at this time. Current candidate members who have not entered the Applied Experience Program by this date must also complete this one-day workshop in classroom or e-learning versions by September 1, 2008. The classroom workshops will be offered by provincial associations from time to time while the e-learning version will open for registration this summer. This workshop was created by AIC members for future AIC members, and

packaged as a workshop with the assistance of learning design experts at Polar Bear Corporate Education Solutions (formerly Acerra Learning.)

The entry level for members will be **student** membership, an uninsured category of membership. Student membership terms of reference are being finalized in consultation with the Standards and Insurance committees and this category will be introduced in tandem with the new requirements for candidates in January 2007.

Education

Degree requirements

Degree requirements are now in place for both the AACI, P. App and the CRA designations. For members joining after January 1, 1998, a degree is required for the AACI, P. App designation. For members joining after January 1, 2006, a degree is required for the CRA designation. The degree must be acquired prior to submission of an application for either designation.

For those members who joined the Institute prior to these dates, the following policies with respect to the degree requirements apply:

- All candidates in good standing as of December 31, 2005 remain grandfathered from the CRA degree requirement until January 1, 2018, provided they continue to take at least one or more courses per year towards designation and remain candidate members in good standing.
- Candidates who joined the Institute prior to January 1, 1998 who are continuing to complete the AACI, P. App requirements also remain grandfathered from that degree requirement until January 1, 2018, provided they continue to take at least one or more courses per year towards designation and remain candidate members in good standing.

To retain candidate status

All candidates must now complete a minimum of one university level course annually to retain candidate status. This may be one of the AIC courses leading to designation, or other courses needed to complete degree requirements.

This replaces the CPD program

requirement for candidates in the next cycle, which commences October 1, 2007. In addition to the course per year requirement, candidates remain obligated to complete the mandatory AIC Standards Seminar once every five years.

The first deadline for reporting annual course completion is September 30, 2008. An online reporting tool will be provided for candidates to record their progress through the AIC program of professional studies. Failure to comply with this requirement will result in suspension of candidate status and a \$500 fine.

Deadlines for completion of requirements

- Candidates who joined the Institute on or after January 1, 2006 have a maximum of 10 years from the date of admission to candidacy to complete all education, curriculum and experience requirements to obtain their designation.
- Candidates who joined the Institute prior to that date were subject to deadlines for completing the requirements as specified at the time that they started their education program, typically six years from the commencement of studies for the CRA designation, and 12 years for the AACI, P. App designation.
- Candidates who have failed to complete the requirements by the assigned deadline are now subject to any new requirements introduced during the time since they began their program of study.
- Candidates in this situation are encouraged to contact their provincial association office to confirm their outstanding requirements and the deadline for completing them.
- For candidates who joined prior to January 1, 2006, the latest date to complete the current program of study is January 1, 2018.

Curriculum updates

BUSI 460 Critical Analysis and Forecasting in Real Estate becomes a program requirement for the AACI designation for all candidates who have not completed their AAIC designation

requirements by September 1, 2006.

A new course entitled *BUSI 344* is in development for introduction in January 2007. On implementation, this will replace *BUSI 444* as the AIC curriculum requirement for the study of Computer Assisted Mass Appraisal.

Demonstration report requirements

CRA designation: The Single-Family Demonstration Report is being phased out and registration of an unassisted Single-Family Demonstration Report will only be accepted until September 1, 2006. After this date, the only remaining options for meeting AIC's CRA Demonstration Report requirement will be AIC 399 and the BUSI 444 Comprehensive Case Study Examination.

AACI, P. App designation: Either of the UBC *Guided Case Study (BUSI 499)*, or *Agricultural Guided Case Study (BUSI 497)* fulfills the Demonstration Report requirement for this designation.

Experience

The minimum required experience for candidates for the CRA designation is now one year, and two years for candidates for the AACI, P. App designation. The commencement date for the applied experience program is subject to completion of a certain number of required courses and the submission of the Applied Experience Application Form and Enrolment Report. Regardless of the designation sought, the minimum time must immediately precede the date of application for sitting the examination(s).

Examinations

The Institute's Applied Experience examination model tests the candidate's ability to apply knowledge and application of the principles of value, as well as to demonstrate Critical Professional Skills such as ethics, critical thinking, and effective communications. Effective January 1, 2007, candidates applying for designation must successfully complete an oral and written examination in order to be awarded an AACI, P. App designation. A companion written examination to the oral examination will be introduced for the CRA designation shortly thereafter. 🍷



Professor Mark Leavens of Seneca College presented a \$500 award to Adrienne Begg, graduating student in the Real Property Administration Program.

The Jack Warren Educational Trust

The Jack Warren Educational Trust advances education in the areas of appraisal and valuation by:

- Providing financial assistance by way of scholarships and bursaries to members of the public who wish to undertake a course of studies in the areas of appraisal and valuation.
- Providing financial assistance for research in the areas of appraisal and valuation by way of grants and bursaries.
- Sponsoring or providing financial assistance for courses, seminars and lectures in the areas of appraisal and valuation, all of which would be open to the public.

Applicants wishing to be considered or anyone wishing to make a tax deductible donation to this trust should contact the BC Association of the Appraisal Institute of Canada at 604-266-8287 or visit the web site at www.appraisal.bc.ca under the headings Publications and then Brochures.

Over the last several years, the Appraisal Institute of Canada (AIC) has introduced a series of academic awards that recognize the achievements of students undertaking appraisal studies in programs delivered through AIC's partners in professional education.

University of British Columbia Appraisal Institute of Canada Bursary

A bursary of \$1,000 is offered by the AIC to an undergraduate student specializing in the Real Estate Division of the Faculty of Commerce and Business Administration. The recipient for 2006 is **Brad Loewen**, Duncan, British Columbia.

Appraisal Institute of Canada Prize

A \$500 prize is awarded annually to the student receiving the highest standing in *BUSI 330* offered by the Real Estate Division, Sauder School of Business. The 2006 winner is **Don Edey**, Carleton Place, Ontario.

Université de Québec à Montréal Bourse de l'Institut canadien des évaluateurs

A gift in the amount of \$ 1000 is presented annually to the student receiving the highest standing in 'les cours d'évaluation approfondie' offered at Chaire SITQ en immobilier at UQAM. The 2006 recipient is **Annie Pitl**, l'Université Laval.

Seneca College, Toronto The Appraisal Institute of Canada Award

An annual award in the amount of \$500 is presented to a graduating student in the Real Property Administration Program (RPA), who has, in the opinion of a Seneca faculty panel, demonstrated academic excellence in *RPA 112* and one or more of the additional AIC curriculum courses at the College, and an active interest in the field of real property as a career as well as made valuable contributions to the classroom environment. The first winner of this new award is **Adrienne Begg**, Seneca College.

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Examine the theory and methods used in the inspection and appraisal of agricultural properties, and apply your knowledge in a case study.

Hotel Valuation

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Explore the field of hotel appraisal, test the three approaches to value, and discover the supply and demand factors that affect a hotel's income producing potential.

Highest and Best Use Analysis

1 lesson / 4 AIC CPD credits

Learn how real estate market forces and market analysis impact the profitable use of both vacant and improved property.

Multi-Family Property Valuation

2 lessons / 7 AIC CPD credits

Discover the physical considerations and valuation methods specific to multi-family dwellings, and apply these in practical case studies.

Office Property Valuation

2 lessons / 7 AIC CPD credits

Find out how the physical aspects of office properties influence their value, with a focus on appraisal techniques specific to multi-tenanted office projects.

Seniors Facilities Valuation

1 lesson / 4 AIC CPD credits

Examine the specialized data requirements and specific inspection and valuation techniques needed for the growing seniors health care and assisted living sector.

Appraisal Review

2 lessons / 7 AIC CPD credits

Learn how to review appraisal reports for appropriateness and reasonableness, testing if the report achieved the client's purpose in a meaningful and ethical manner.

Real Estate Consulting: Critical Thinking, Research and Risk Analysis

3 lessons / 10 AIC CPD credits

Explore the foundations of real estate advisory services: thinking creatively and critically, gathering and evaluating necessary data, and evaluating risk.

Coming Soon

Real Estate Consulting: Decision Analysis

3 lessons / 10 AIC CPD credits

Learn how to accurately diagnose complex real estate problems and structured objective methods for identifying and evaluating solutions.

Real Estate Consulting: Forecasting

3 lessons / 10 AIC CPD credits

Examine how data patterns are used to forecast future results for real estate and demographic variables. Introduces hands-on tools for statistical forecasting; requires statistical software.

Exposure Time and Its Impact in Valuation

1 lesson / 4 AIC CPD credits

Examine how limiting the time allowable to market and sell real estate can affect its valuation. Learn practical methods for carrying out these contingent valuation assignments.

Machinery and Equipment Valuation

1 lesson / 4 AIC CPD credits

Learn the foundations of personal property valuation, specifically for plant, machinery, and equipment, an emerging discipline in Canada.

Land Valuation

2 lessons / 7 AIC CPD credits

Explore principles and techniques for valuing land. Refresh skills and learn new techniques.

Lease Analysis

2 lessons / 7 AIC CPD credits

Examine the impact of lease documents in commercial real estate, specifically their legal and financial implications.

Proposed Courses

- Exploratory Data Analysis in Real Estate
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Keeping it in the family

THE BELLS

Ringing the Bell over four generations

When **Charles Bell, AACI, P. App** could no longer keep up with the growth of

his real estate and appraisal firm in the early 1960s, he turned to his son **Frank**. “My grandfather’s business was expanding very rapidly,” explains **Duncan Bell**, the third generation appraiser in the family business. “He needed some help.”

At the time, Frank had recently completed his college education in finance and business. Unfortunately, the finance company for which he worked had transferred him to Thunder Bay, far from his beloved home town of Sudbury. In 1961, he packed his bags and joined his father Charles in the appraisal business. By 1975, he had completed the work required to earn his AACI designation.

Eight years later, it was Frank’s son Duncan who decided to follow in the family tradition. “In 1983, when I graduated from university in finance and accounting, there were no jobs in Sudbury,” recalls Duncan. A year before his grandfather retired, he too joined the family business. Then, in 1987, the Bells decided to focus solely on appraising.

They took on several native land claims, eventually becoming specialists in the area. In fact, Duncan credits his father with imparting the expertise that has made this facet an ongoing strength of Bell Appraisals.

Tragically, Frank was afflicted with cancer in 2000. Duncan pressed forward with his AACI so that he could better lead the business his father and grandfather had worked so hard to build. Today, the business has expanded beyond the family. “There is a shortage of AACIs here in Sudbury, so we found that it was a good time to start building a larger company,” explains Duncan. Now,



(L-R) Duncan and Christopher Bell

Bill Beaton, AACI, P. App takes care of studies and statistical analyses, while Tom Call specializes in residential appraisals. Tom is presently working towards his AACI and will become a full partner once he earns the designation. All members of Bell Appraisals participate in the firm’s general commercial and industrial work.

Because he knew both his business partners for well over 20 years, Duncan trusts them in the same way he would a member of his own family. To him, trust is an important element in a family business. “One of the problems with our business as appraisers is that, when we bring someone through the training and they become an AACI, there is a possibility that they will pack up immediately and open their own office,” says Duncan. “When they are

in your family, there is an opportunity for them to stay and take over. That means there is more security in your investment of time.”

The likelihood that Bell Appraisals will continue to thrive as a family business received a strong endorsement a few weeks ago when **Christopher Bell**, Duncan’s son, joined the firm after graduating cum laude with a university degree in Commerce. “He would like to stay in Sudbury and the business here is set up and doing well,” notes his father. “I think it is an excellent profession to get into. Certainly, there is an advantage in working for your family because you take a greater interest. He benefits from the investment, the years and the files which are someday going to be his. For me, there is security in knowing that, if he eventually does leave the firm, he will not be leaving to go to the competition.”

So that he will be able to slow down one day, Duncan plans to get his son involved in appraisals related to native land claims. But, before then, Christopher will have to ‘pay his dues.’ Now that the young Bell has completed his university studies, he will join the Institute and begin working towards his AACI. He will be the fourth generation appraiser in his family.

Despite being a family member, Christopher knows better than to expect special treatment. His father acknowledges that, despite the fact appraisers in a firm mostly deal with their own client base, it is important to handle work distribution professionally so that family members do not appear to be getting an advantage. “There is no question you have to watch for that,” reflects Duncan. “But, if I am anything like my father and his father before him, I will likely be a little harder on Christopher than the others will.”

THE JOHNSONS

Father and daughter make for dynamic duo

Perceptions of favouritisms were not an issue at Brunsdon Junor Johnson Appraisals when **Wayne Johnson** and his daughter **Kristene** joined the Saskatchewan company in 1996. However, Wayne admits that one of the subsequent partners was initially concerned about coming into a firm where there were two members from the same family. “She says she was completely surprised at how well we got along,” relates Johnson senior. “There are no family issues brought to work at all.”

In fact, there is no family friction despite the fact that Wayne and Kristene see each other every day at work. But then, before coming to the firm, the father-daughter team had four years of experience working together on appraisals.

After being employed at four different appraisal companies since starting in the business in 1979, Wayne decided to work at home in 1992. That was also the year Kristene graduated from high school. “When I was working on my own, I really needed some help, but could not afford to bring somebody on,” recalls her father. “Being able to start her in a hold-the-tape, hold-the-camera sort of rapport was very beneficial for me.”

Family members are more likely to defer reaping the rewards of a partnership until a business is firmly established. Besides paying her five dollars a house, Wayne was gradually equipping his daughter with valuable skills and training in the appraisal profession. “He was a fabulous mentor,” recalls Kristene Johnson, who quickly began to appreciate the flexibility that comes with the profession. “I knew what he expected of me from day one because *he* knew what he could expect from me as a person. Today, I still feel I can ask questions without looking like an idiot because he has seen me at my best and my worst.”

Her father admits that their working relationship was not always without challenges. “When you are



Wayne and Kristene Johnson

dealing with a family member and you want something done a certain way, sometimes it is difficult to impose your will,” he explains.

Today, however, Kristene and Wayne each work in their separate areas of expertise. When the pair came to the firm, they brought with them a significant amount of business from the agricultural sector, an area in which Wayne continues to specialize. He also covers industrial and commercial appraisals along with Rick Brunsdon, the president of the company. Lease arbitrations

and hearings are also Brunsdon’s responsibility. Property assessments are covered by the newest partner, Grace Muzyka. Meanwhile, Kristene and Don Junor cover the residential appraisals. Kristene earned her CRA five years ago and continues to enjoy the residential side of the business.

Her father is pleased to see that she is making appraising her career. Three of the partners are over 50 years of age and he knows that the firm will only continue to exist if it can rejuvenate itself. Kristene is an important part of that equation.

THE BABINEAUs

Strong family ties bind mother, father and four sons



(L-R) Henri, Michel, Aline, Paul, Daniel and Conrad Babineau

On the other side of the country, the **Babineaus** could not agree more. Just like the Johnsons in Saskatchewan, the Moncton-area appraisers see rejuvenation and mutual support as being key factors in the Babineau family appraisal business. However, unlike the Johnsons or the Bells, none of the partners in Évaluations Babineau Appraisals come from outside the family.

Before the two youngest Babineau brothers came on board, the firm tried to partner with another appraiser who was not part of the family. “We did hire someone once, but it did not work out,” says **Michel Babineau, CRA**, the oldest son and one of the firm’s original members. “It is difficult for us to train someone. Working as a family means having an unwritten trust that is not there with anyone else.”

Trust and mutual support were certainly two important assets when Michel, his brother **Daniel** and their father **Henri** founded Évaluations Babineau Appraisals in 1991. Prior to that year, Henri Babineau, AACI, P. App had owned a real estate and appraisal firm with another partner.

In the late 1980s, Michel and Daniel, AACI, P. App were dissatisfied with their jobs. A university graduate in psychology, Michel owned a computer

graphic design company with several other partners. Daniel was working as a computer programmer. Eager for a change, the brothers decided to work alongside their father and his partner in the appraisal and real estate company. After six months, they took their first course towards their CRA designation. The course-work got them thinking.

"I came to work one day and said, 'why don't we open our own business and only do the appraisal part of it?'" recalls Michel, reflecting on the trust it must have taken his father to move forward with his son's suggestion. "For a man in his 50s, it must have taken a lot of courage to start a new business without knowing what the future would hold."

There was certainly no shortage of appraisal work in New Brunswick. Besides, Henri had built an excellent reputation with financial institutions in the Greater Moncton and Shediac areas. "We took his name and reputation and built on that," says eldest son Michel. Because they were now focusing strictly on appraisal work and no longer on real estate, the Babineaus anticipated a 50% drop from what the former company had billed the previous year. To their surprise, in the first year, they succeeded in billing 25% more.

Michel credits their success partly to his family's strong bonds of mutual support. Around the same time we opened our office, our mother **Aline** came to give us a hand," he recalls. "She came on the first day and has been here ever since."

As the business continued to grow, the two youngest Babineau brothers would frequently lend a hand. A graphic artist, **Conrad** started working on appraisals part time for about six months of the year. With a diploma in civil engineering, **Paul** initially offered his services to the firm in a different way. "In 1995, we thought the banks would soon be requiring home inspections on all properties," recalls Michel. "So, we decided to

branch out in the home inspection field using Paul's company."

However, demand never did materialize. When he was not busy doing home inspections, Paul started to help with appraisals. He soon developed an affinity for the appraisal side of the business. By the end of the 1990s, Paul had decided to drop the home inspections and become a candidate with the Institute. He is presently working towards his CRA.

Meanwhile, Conrad was also developing a taste for the family business. Subsequently, he started working full time at the firm, quickly earned his CRA designation, and is now working toward his AACI.

Business boomed, with each Babineau responsible for a certain geographical area and a specific domain of expertise. Daniel takes care of the commercial work and is the company's expropriation expert. As the senior residential appraiser, Michel's work consists of 75% residential and 25% commercial appraisals (mostly apartment buildings), all in the Moncton area. Paul focuses exclusively on residential appraisals, but all outside of the city limits.

Conrad's geographical area is also outside the city limits, consisting mostly of residential work, but also about 10% commercial appraisals of lobster plants, woodlands, and large parcels in the Shediac area.

In 2005, with the firm running smoothly, Henri decided to retire. His plan was to transfer his shares to his sons, including his two youngest who were not yet partners in the company. "However, we discovered that, because we were all family members, the transfer of shares was much more complicated than a non-family corporation," recalls Michel. "We sought legal and financial advice from insurance brokers, financial planners and other experts."

"We organize things differently now," he adds. "It is definitely something that we are paying attention to."

In the meantime, his parents are enjoying their retirement. But, like many retirees, they have not completely left behind the work they love. Aline still fills the role of office manager. Henri still makes forays into Fredericton, Amherst, rural New Brunswick and sometimes even Nova Scotia to take care of appraisals. "If there is anything that we do not have time to do or that is very time consuming, our father is the man for that," chuckles his eldest son.

But, continuing to rely on the family only delays a process that the Babineaus are still reluctant to undertake, i.e., bringing in expertise from outside. Since the failed attempt in the mid-1990s, the family has not taken on any candidate appraisers even though each year at least two people approach the Babineaus in hopes of coming on board.

"It is difficult for us to train someone," says Michel. "Working as a family for the last 15 years makes it difficult for anyone else to come in. When Henri really retires, we may have to look at doing it. I have been thinking about getting an assistant candidate, but I am concerned about training anyone who could then become the competition."

Once again, the issue is trust, the glue that has kept Évaluations Babineau Appraisals strong throughout the years. Some might wonder if working together for so long might not wear away at the family dynamics. But that is definitely not the case says Michel, noting that, in their line of work, the Babineaus spend so little time at the office, they rarely see one another.

"I guess that has helped the family dynamics in a way," he reflects. "When we have a family get together, we always end up talking about work. But that is okay because we do not see each other all the time." After all, in the winning recipe that constitutes the Babineaus, their family and their work are one and the same. 🍷



Commitment and dedication... the keys to our success

The Appraisal Institute of Canada (AIC) is blessed with a rich abundance of determined and dedicated volunteers who make the work of the Institute possible and who help move the profession forward in progressive and fundamental ways. Under heavy commitments both professionally and personally, AIC members have stepped to the fore and proudly serve in so many ways. Whether through elected office, serving on a committee, or assisting in conference planning, their contributions are invaluable.

We are pleased to recognize and honour our dedicated volunteers in Canadian Appraiser magazine. In each issue, you will meet some of your colleagues and learn why serving the Institute is so important to them both personally and professionally. We always need individuals to serve the Institute, now and in the future...we are sure that their stories will inspire you to get involved.

PAUL HARE, AACI, P. App
Senior Valuator,
Canada Revenue Agency

According to Paul Hare, Senior Valuator at the Canada Revenue Agency, "volunteering provides a great chance to learn about oneself in an environment outside of your typical work, home and social realms." First involved as a volunteer with AIC in 2004 with the Professional Qualifications and Competency Committee, Paul is at the midpoint of his career going on 20 years in the valuation profession.

We all know that life can be very busy. In the Hare household, both Paul and his wife work full time as

well as raise three young children. "From my other volunteer experience, I appreciate how hard it can be to get people involved, and it has become very important for me to balance the various demands on my time and to prioritize those areas in which I wish and need to be involved." While Paul had not done a significant amount of volunteer work in his professional life, he felt that he was at a stage in his career where it was time to give back. "In addition, I feel that, through my experience in real estate, other volunteer roles and life in general, I have something to contribute."

Asked how he feels his experience with the Institute has benefited his professional life, Paul notes

“These experiences have challenged me both professionally and personally and provided an opportunity to meet new people and new challenges”

that “it has provided me a much better appreciation of the changes going on in our profession and in our business.” He has also been impressed with the level of commitment of other volunteers, which has been one of the most unexpected and rewarding aspects of his experiences. “I have met many committed and able people, including volunteers and staff of the AIC.”

He feels that the main benefit to his professional life has been the re-acquaintance with our profession. “In the valuation field, I think we spend a great deal of time working on our own and often find ourselves disconnected from the larger community of like-minded and trained individuals doing similar and often differing work.”

Paul feels strongly about the benefits he has realized from his volunteer experiences. “These experiences have challenged me both professionally and personally and provided an opportunity to meet new people and new challenges that I may not have normally experienced, while at the same time allowing me to give something back to an aspect of my life that has provided so much.”

Anna-Marie Meckling, CRA
Appraiser,
Stewart, Weir, MacDonald Ltd.

Anna Meckling, CRA, an appraiser at Stewart, Weir, MacDonald Ltd. in Yellowknife, has no qualms about telling you how proud she is to be a designated member of the Appraisal Institute of Canada. And, having made the investment in achieving that designation, she has “a natural interest in the organization that strives to be proactive in promoting me as a professional.”

At the suggestion of her mother (who holds the RI (BC) designa-

“Without getting involved, I do not think that one can get a good grasp on what the Institute is all about.”

tion) and with the thought that she might find it interesting, Anna took her first appraisal course in the fall of 1996, becoming a member of the Institute in February 1997. After almost three years working as a residential fee appraiser, she became mother to daughter Abby in December 1999. Anna then took three years off from appraisal work, returning as a designated appraiser in 2002, having received her CRA designation in November 2001. She has since completed *BUSI 499* and plans to apply for her AACI interview in the fall.

Anna’s involvement as a volunteer with the Institute began in the fall of 2003, when she was approached to serve for a two-year term on the then newly created Professional Qualifications and Competency Committee (PQCC). The rewards and challenges of that position have led her to agree to an additional term. “Volunteering with AIC provides me with a sense of accomplishment.”

Why get involved with so many commitments, both personally and professionally? “I honestly do not see a time in my immediate future where I will have fewer personal and professional commitments, so there is no time like the present.” She notes that volunteers are a critical part of any organization, and there are so many opportunities to volunteer your time. “I think it is important for everyone to volunteer in some capacity, whether it is in the community or with a professional organization like AIC.”

We all know how valuable networking can be and with Anna living ‘North of 60’ in Yellowknife, the challenges of face-to-face networking are obviously considerable. “Being active with the Institute provides me the opportunity to at least converse on a regular basis with my peers.” Anna attended the recent AIC Conference in Charlotte-town and had the pleasure of meeting with most of her committee members face-to-face. “I have also found that, the more colleagues you meet and get to know, the more you want to be actively involved.”

“It is so easy to work, pay your dues, and never really get involved in the Institute,” says Anna. “Without getting involved, I do not think that one can get a good grasp on what the Institute is all about. Participating on the PQCC has provided me the ability to stay current with the issues faced by the membership and the Institute. It has given me a better understanding of where we are headed as a profession in a rapidly changing world.” She will quickly tell you that it is important for new members to get involved. “The newer members, those just embarking on their careers, are the ones that will bring new ideas and innovation to the Institute.” 🍀

NOTE: If you know of an AIC member who has received an award, honour or other recognition, please let us know so that we can share their achievements through *Canadian Appraiser* magazine.

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 March 1, 2006 to June 26, 2006:

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 1 mars au 26 juin 2006 :

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

Christine Van Staden
Richard D. Sieben
David N. Lopatka
Terrance J. Brooke
Carol A. Lewis
Ernie J. Paustian

BRITISH COLUMBIA

Clinton J. Bhend
Melanie Miao Shi
Christian Piche
Tony Duffy
Jason J. Friesen
Edward Y.F. Chan
Averil J. Matthews

NOVA SCOTIA

Kenneth T. Young

ONTARIO

Tristan B. Bock
Michael D. Vecchio
Randy D. Richardson
Peter S. Thachuk
Dan Brewer
Shawn P. O'Connor
Mark G. Penney
R. James Griesbaum
Robert Alexander Brown
Cheryl Farrow

QUÉBEC

Andreanne Lavallee
Francois Brouillard
Stephan Roy

CRA

Canadian Residential Appraiser

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

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

ALBERTA

Cherie L. Skolney
Tony Squair
Travis L. Horne
Earl H McDowell
Elaine M. Garrett
Richard Moore

BRITISH COLUMBIA

Bruce A Bennett
Timothy CS Bradshaw
Alex Ip
Gordon Leversidge
Sally Lynn Carlton
Sheryl Hopkins
Steve Anton Vukovic

NOVA SCOTIA

Natalie J. Bell

ONTARIO

Melissa M. Ozturk
James E. Mallette

Charles CY Mok

Barry G Wood
Steven Rocca
Gary Wilson
Ian Rogers
Kasipillai S.K. Bales
Baleswaran
Gordon J. Sommerville
Gordon F. Morland
Stephen B. Lazette
Clifford O. Olaye
Diane M. Anderson

PRINCE EDWARD ISLAND

Suzanne E Pater

QUÉBEC

Lila Émond Paquin
Eric Dallaire
Michel Ritchie

SASKATCHEWAN

Gordon C. Lawson

Candidates / Stagiaires

AIC welcomed the following new candidate members during the period March 1, 2006 to June 26, 2006:

L'ICE souhaite la bienvenue aux personnes suivantes qui ont joint les rangs des membres stagiaires durant la période du 1 mars au 26 juin 2006 :

ALBERTA

Joachim F. Mayer
Darby Ritchie
Michael R. Heffernan
Pawel Martyniak
Jackie Houston
Jonathan Siggelkow
Kyle Stinson
Mike Helm
Verla Wong
Shirley Martin
Gisele Purdy
John Henry Drebit
Richard G. Miskiewicz
Stan Penchuk
Chantelle New
Lorna I. Sarah
Jacalyn Rycroft

Kevin Steckler
Jolene O'Byrne
Catherine Watt

BRITISH COLUMBIA

Nicholas L. Goulet
Kirby L. Thompson
Simon Kwan
Kayla A. Goriak
Ruby Kung
Megan J. McFarlane
Greg C. Rounis
Walter A. Hames
Cynthia J. Martin
Sarah S. Davison
Arthi R.D. Narayan
David L. Mathieson
Warren Fan-Hsin Kung

Jason R. Lafreniere
Stephanie Shiu
Benjamin A. McCallum

NEW BRUNSWICK

Denis Voisine
Jason White
Adam Dickinson

ONTARIO

Peter Chan
Holly R. Hannam
Pritesh Patel
Paul D. Anderson
Steven M. LeFaivre
Eric A. Kushner
Andrea Kawano
Ramin Shamaie

Marina MacDougall
Megan Hopper
William J.C. Norton
Stacy A. Cooper
Steven Gray
Dan R. Dragosits
Gerald D. Sykes
Kenneth S.H. Tai
Elton Chan
Robert M.J. Reeve
Eric A.J. Tworo
David P. Wenger

Since January 2006, the following members of the Appraisal Institute of Canada have passed away. On behalf of everyone connected with the Institute and the profession, we extend our sincerest sympathies to their families, friends and associates.

Todd Grauer, Candidate,
Richmond, BC

Gerry Hupp, AACI, P. App,
Regina, SK

Mohammed S. Khan, AACI, P. App,
Winnipeg, MB

John Lucchetta, Candidate,
Scarborough, ON

Alfred Penny, AACI, P. App, Fellow,
New Westminster, BC

Joseph R. Potvin, AACI, P. App,
Vanier, ON

Roelof Ring, CRA,
Prince Albert, SK

Jean Paul Robichaud, AACI, P. App,
Fredericton, NB

A. M. (Max) Stead, AACI, P. App,
St. John's, NF

James Vermette, AACI, P. App,
Edmonton, AB



Gerry Hupp
AACI, P. App

It is with great sadness that AIC announces the death of Gerry Hupp, AACI, P. App, AIC Director 2000-2006, on May 3, 2006.

Gerry, from Regina, Saskatchewan, had been a member of the Institute since October 26, 1976, receiving his AACI, P. App designation September 28, 1994. He served on the Saskatchewan Provincial Council for over 10 years, including the position of President. Gerry sat as a Director on the AIC Board from 2000 until January 2006 when he had to resign this position due to his health. Gerry also

volunteered as mentor giving freely of his time to assist new members of the Institute. Gerry was most recently employed by the Saskatchewan Assessment Management Agency.

Funeral services for Gerry took place Saturday, May 6, 2006 in Regina. He is survived by his wife Dianne, their two daughters, Sheri and Tracy, his parents, Gerald A. and Vera Hupp, and his brother Murray.

Gerry's passing leaves a void in our organization and in our hearts and we extend our deepest sympathies to his family.

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Êtes-vous prêts? Savez-vous ce qu'est une ICP??

La venue de nouvelles technologies a dramatiquement modifié la façon dont les membres de la profession font leurs affaires quotidiennes. À mesure que la tendance se poursuit vers une plus grande dépendance sur la technologie pour transmettre l'information, les membres d'organismes professionnels doivent prendre les mesures pour assurer que l'intégrité de l'information transmise par la voie de l'électronique est maintenue. Non seulement cela rassure-t-il les clients et les autres utilisateurs de l'intégrité de l'information, mais aide à raffermir la réputation de l'évaluateur à titre de véritable professionnel et protège ce dernier contre des altérations faites à son insu à ses rapports électroniques qui pourraient impliquer sa responsabilité professionnelle.

À cette fin, l'Institut canadien des évaluateurs a conclu une entente avec Notarius pour offrir aux membres de l'ICE accès à un service de signature numérique. Ce service permet aux membres de se conformer en toute confiance aux aspects spécifiques des *Règles uniformes de pratique professionnelle en matière d'évaluation au Canada (RUPPEC)*. Notamment, les *RUPPEC* requièrent que « l'évaluateur raisonnable doit prendre les mesures nécessaires pour protéger l'intégrité des rapports transmis ». C'est exactement ce que fait l'inclusion d'une signature numérique pour les rapports transmis sur support électronique tel que celle offerte par Notarius.

La signature numérique offerte dans le cadre de l'infrastructure de clés publiques (ICP) de Notarius est supportée par une autorité de certification de confiance, des politiques strictes, des services de gestion

de clés et de certificats électroniques basée sur les principes de chiffrement à clés publiques. Une ICP offre une garantie technique qui assure, l'intégrité de l'information, et l'identité de l'expéditeur et peut aussi garantir la confidentialité du document électronique qui porte une signature numérique. L'utilité d'une signature numérique certifiée par une tierce partie de confiance comme celle de Notarius est de plus en plus mondialement reconnue et davantage d'organismes professionnels et d'entreprises utilisent l'ICP pour assurer la sécurité de leurs documents électroniques officiels.

Notarius a mis au point et gère l'ICP de la Chambre des notaires du Québec, nommée Centre de certification du Québec (CCQ). Le rôle du CCQ consiste à attribuer un certificat contenant des renseignements préalablement vérifiés et qui confirme l'identification ainsi que le statut professionnel du détenteur de clés et de certificats. Le CCQ offre ce service à bon nombre d'organismes professionnels dans la province de Québec, y compris ceux qui représentent les ingénieurs, les arpenteurs-géomètres, les évaluateurs agréés et les technologues professionnels.

Pour plus d'information au sujet de Notarius et du service de signature numérique offert aux membres de l'Institut canadien des évaluateurs, veuillez consulter le site www.notarius.com/public/ccq/clientele_ICDE_en.html. Joignez-vous au nombre croissant de professionnels qui ont reconnu l'occasion d'utiliser cette technologie afin d'appliquer les mêmes normes et les principes de déontologie à leurs documents imprimés authentifiés et confidentiels.

Are you ready? Do you know what a PKI is?

The advent of new technologies has dramatically changed the way in which members of the profession work on a day-to-day basis. As the trend continues towards an increasing dependence on, and use of technology to transmit information, members of professional organizations need to take steps to ensure that the integrity of the information they transmit electronically is maintained. This not only provides assurance to clients and other users of this information, but helps strengthen the reputation of the appraiser as a true professional.

To this end, the Appraisal Institute of Canada (AIC) has entered into an agreement with Notarius to provide AIC members with access to a digital signature service. In particular, this service will ensure members can comply, in complete confidence, with specific aspects of the *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)*. Notably, *CUSPAP* requires that “appraisers must take steps to meet the ‘Reasonable Appraiser’ test to protect the integrity of transmitted reports.” Including a digital signature security feature for reports transmitted electronically, a service to be offered by Notarius provides exactly that.

The digital signature provided by Notarius’ Public Key Infrastructure (PKI) is backed by certification authority, strict policies, management services and cryptography

services that utilize public key cryptography and digital signature certificates. A PKI offers technical guarantees that ensure the confidentiality, integrity, completeness and the identity of the sender of the digitally signed electronic document. The usefulness of a digital signature that is certified by a trusted third party, such as Notarius, is increasingly recognized throughout the world, as more and more professional organizations and businesses utilize the services of a PKI to provide digital security on their important documents.

Notarius developed and manages the PKI of the *Chambre des notaires du Québec*, named the *Centre de certification du Québec (CCQ)*. The role of the CCQ consists of issuing digital certificates containing authenticated information as to the identity and professional status of the holder of the keys and the certificates. The CCQ offers this service to a number of noted professional organizations in the province of Québec including those representing engineers, land surveyors, appraisers and professional technologists.

For more information about Notarius and the digital signature service being offered to members of the AIC, visit www.notarius.com/public/ccq/clientele_ICDE_en.html. Join the growing number of professionals who recognize the opportunity to utilize this available technology to apply the same standards and ethics for the authenticity and confidentiality of their printed documents.

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NOUVELLE ÉPOQUE, MÊME OBLIGATION

Aujourd'hui il est pratiquement impensable d'exercer sa profession sans avoir recours aux technologies de l'information. Toutefois, l'obligation de signer vos documents demeure quel que soit le support utilisé. Dans ce contexte, il est impératif de conférer à vos documents électroniques la même authenticité que celle que vous attribuez à vos documents signés à la main sur support papier.

DIFFERENT AGE, SAME OBLIGATION

Today, it is virtually impossible to do business without using information technologies. Nevertheless, you are still required to sign your documents regardless of the format used. Given this fact, it is imperative to confer the same authenticity to your electronic documents that you grant by signing paper documents by hand.

FIRST PROFESSIONAL LIABILITY INSURANCE COMPANY

With the incorporation of the First Professional Liability Insurance Company in 2005, Canadian appraisers began the process of taking control of their liability insurance destiny. Part of the mandate of this new corporation is not only the management and control of the professional liability plan assets, but also the protection of those assets. One of the greatest cures in medicine is the simple principle of prevention, and the same holds true for the professional appraiser.

First Professional, along with our claims manager at Leonard French and Co. and our counsel at Miller Thomson LLP, will present articles dedicated to claims prevention and risk management and topics of general interest to appraisers. This column is for you and we ask that you let us know if there are any topics that are of particular interest to you, the appraiser. Please let us know through Joanne Charlebois at the AIC offices in Ottawa: joannec@aicanada.ca.

Our first topic is a vexing one indeed. There is a great deal of confusion in the marketplace over the use of CAP rates, particularly in situations where the real estate market has been particularly active. Mark Frederick of Miller Thomson LLP and Denis Rivard of Leonard French & Co. explore this topic.



Brian Duncan
*AAI, P.App.,
Chairman of the Board,
FPLIC*

CAP rates in a rising market

Capitalization rates or CAP rates, as they are more commonly known, are an essential part of the commercial appraiser repertoire in calculating the income approach in an appraisal. Generally, CAP rates are compiled from recent market real estate sales transactions. The simple formula is:

$$\text{CAP} = \frac{\text{NOI (net operating income)}}{\text{Sales Price}}$$

The formula, however, is where all simplicity ends. A key to the determination of the rate is the availability and sufficiency of data collected from various real estate professionals regarding evidence of income and sale prices in the market. Here is where the dilemma lies, because the definition of what NOI means to one real estate agent may be quite different from the one an appraiser may wish to use.

Even more important is the obtaining of CAP rates in a market that

is 'red hot' may be entirely correct one day, but far from reality when and if real estate market adjusts drastically one way or another.

Remember, realtors are in the business of selling property. This means that, from time to time, they may portray the income producing ability of property slightly different than the expense side of property. The motivation is different and the results of the valuation then become different.

As an appraiser, how do you deal with these variations in a responsible manner?

1. Do not simply accept data provided by real estate agents or brokers without some evidence ascertaining how that data was compiled. For example, is the NOI being used by them inclusive of or exclusive of structural repair and maintenance? Are there any other qualifications to the NOI? Is an allowance made for non-performing rentals?

One can easily see the problems that arise – an appraiser not knowing that certain operating expense components were not being used can throw off the NOI values, if the appraiser assumed they were being used. The result is a CAP rate that is inaccurate.

The solution here is to make careful notes and keep records of the information you received from the real estate professional in order to ensure that your method of calculation is appropriate. You can always adjust or re-calculate, but you should keep copies of your work and methodology of how you made the apples into oranges for comparison purposes.

A second solution is to use more than one source. This may be difficult and may require some investment of time, effort and understanding on your part to develop alternate sources of information by cultivating good relationships with commercial real-

tors. But, this is part of the territory of commercial appraising and you should not shy from it.

Finally, you must be careful that your comparables are appropriate for the task at hand. This involves careful review and classification of properties. The fourplex may get the same unit rental income per month as the 20-storey apartment building, but the similarities and costs end there. In the same fashion, do not rely on your results if they are out of date. Properties switch hands so quickly these days and at upward pricing that the sale price you relied upon last month may be entirely useless this month.

2. Beware of the overheating market. Rental income is all about supply and demand. If you are unable to get appropriate comparables or you think

a report is simply a spike as opposed to a trend, you should indicate this within your report and provide values that are consistent with averages. It may still be useful to note your concerns within the report.

You must also be aware of other properties coming online nearby that effect local rates and vacancies. Just as a shortage of property will increase the NOI, a glut of property will reduce the NOI, lower values and increase CAP rates.

Concern should be raised about riskier properties – ones that are in areas of crime or neglect. These can suffer more readily in a tightening market. The same is true for properties that are going to suffer the burden of a nearby transportation development with the difficulties of

construction, etc. However, recall that, when construction ceases, the utility of the property will rise and the CAP rate will again change.

CAP rates are tools that are developed by others, but used by you. Beware of their source and beware of the underlying assumptions present within them. Beware of how they relate to the physical and financial condition of the property and of the immediate market. ☹

Mark R. Frederick is a partner with the Toronto office of Miller Thomson LLP, a nationally based law firm. Denis Rivard is the principal of Leonard French & Co. in Winnipeg.



Interactive edition of *Canadian Appraiser* available online

With print and electronic communication operating hand-in-hand more than ever before, we are more than happy to advise you that *Canadian Appraiser* magazine is available online in a highly interactive format.

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Please check out the interactive *Canadian Appraiser* at www.aicanada.ca/e/resourcecenter_canadian.cfm

Factual market activity – an important piece of the report

The best part of the *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)* is the requirement to analyze sales, options or listings of the subject property. A strong statement that is certainly subject to debate and maybe the best 'new' requirement that the *Standards* incorporated when they were adopted by AIC on January 1, 1994

The requirement was first part of the *Uniform Standards of Professional Appraisal Practice (USPAP)* promulgated by the Appraisal Foundation, of which the AIC was an early partner and arose from what was known as 'the savings and loan disaster.' In the US, there are hundreds, if not thousands, of relatively small lending institutions, including privately or very closely held local banks. During and following the real estate meltdown of the 1980s, it was revealed that many of these smaller institutions, and some larger ones, had very poor underwriting practices and that many poor loans were aided and abetted by poor appraisal practice and, in many cases, outright fraud perpetrated by mortgagors.

The participation by appraisers in these bad loans involved either their reliance on non-arm's-length transfers or 'flips' of the subject property that ratcheted up the 'value' of the property or their failure (non-requirement) to report recent sales or listings of the property. If this all sounds familiar, it is because of the current significant increase in mortgage fraud. The current fraud perpetrators are sometimes using

'traditional' techniques such as forging signatures and fabricating employment and income records, but the use of non-arm's-length transactions to justify higher values is apparently also on the rise. This is where the reporting standards of *CUSPAP* come in to play.

It is a requirement under Rules 23 and 24 of the *Standard Rules* to "analyze any Prior Sale, Agreement for Sale, Option, or Listing of the property." Specifically, Agreements for Sale, Options and Listings of the subject property which occurred within one year prior to the date of valuation are to be reported and analyzed. Any prior sale of the property which occurred within three years of the valuation date must be reported and analyzed. I would suggest that the timelines of one and three years are minimums. In our practice, we routinely report any relevant sales or listing history. Clearly, an unsuccessful listing 18 months prior to the appraisal date can be relevant and it is certainly useful information for a prospective purchaser or lender.

It is important to understand that the *Standard* requires us to report *and analyze* the sales and listing history. A detailed analysis is not required but a commentary about changes to market conditions or to the property itself would be appropriate. If you were to report that a shopping plaza sold for \$2,000,000 one year prior to your appraisal date, but that general market demand had improved, renovations had been completed and cash flow had improved, the reader could understand your justification of a higher

current value. Conversely, if there were no improvement to the property or market conditions, the reader would have valuable additional information to aid in making an investment decision.

The proper analysis of transactions should reveal whether or not the parties were dealing at arm's-length. This is more difficult where sophisticated parties are involved, but an appraiser's experience and reference to known market activity should help the appraiser decide if the reported transaction appears reasonable. Some guidance can be taken from real estate agents where the property was formally listed for sale, but even agents can be drawn into a fraud, unwittingly or otherwise.

The appraiser is to report on the market history "if such information is available to the appraiser in the normal course of business." Appraisers have many research tools available to them, including the obvious ones of Multiple Listing Service and sales reporting agencies, but a critical step is to simply ask the client or property owner. Direct questions will often reveal an expired listing or a rejected, unsolicited offer, and will provide the appraiser a level of protection in the event of a subsequent insurance claim or professional practice complaint. The Practice Notes section of *CUSPAP* provides guidance to the appraiser and also suggests sample reporting statements.

Often, a client or property owner will not want the appraiser to have details of a pending offer. They will argue that they want the appraiser's

“unbiased” opinion, not influenced by a potential transaction. That can be perceived as a legitimate concern, and, if the appraiser cannot find the information through other channels, he can truthfully state in the report that he is aware that there is a potential transaction pending, but that the parties would not reveal details. Such reporting will again provide valuable information to potential purchasers or lenders. A lender can demand production of the offer as a condition of a loan.

When you are preparing your appraisal report, form or narrative, give this section the attention it deserves. Do your research and make sure you ask the client or the property owner about the property's sales and listing history. Clearly set out the results of your enquiries and you will have prepared a more valuable and reliable report.

Real estate appraisal is a blend of science and art, and a well drafted report, with appropriate

descriptions, data presentation, analysis and a thoughtfully rationalized conclusion, will generally convince the reader of the appropriateness of that conclusion. The problem is that appraisers can be misled or misinformed by clients and there is the possibility that the misinformation can lead to a well

prepared, thoughtful and incorrect conclusion. This is precisely why research and disclosure of factual market activity involving the subject property can provide such valuable protection to the client, to potential lenders and, in the event of a professional practice investigation or insurance claim, to the appraiser. ☹

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Surveying

Comprehensive review for 2007

As the current Continuing Professional Development (CPD) cycle nears the 2007 deadline, the Standards Committee is looking forward to a new and improved Seminar being professionally designed by the same organization that recently created the *We Value Canada* seminar for the Learning Advisory Committee. The new Standards Seminar comes at an opportune time to showcase the new design of the *Standards* themselves as well as introduce the changes to the 2007 edition of the *Canadian Uniform Standards of Professional Appraisal Practice*.

The new design of the *Standards* document is well underway. A sample has been posted on the AIC website. Some proposed changes to the 2007 edition have been incorporated in this sample, and members are reminded that the sample document is posted strictly as an opportunity for members to comment on the layout and style. The edits and changes proposed for the 2007 edition will be posted separately for member comments. As the Committee moves forward with this initiative, it is our desire to maintain the integrity of the architecture of the document which permits navigation by a line numbering system, but will also enable members to navigate by simple mouse clicks on highlighted areas. It will also align the English and French version.

The 2007 edition of the *Canadian Uniform Standards of Professional Appraisal Practice* will contain both content and editorial changes, however, we do not anticipate any changes in the Rules themselves. The intent of some of the content changes is to add clarification to Comments and Practice Notes with

regards to Progress Reports, personal property, sales transactions occurring subsequent to the effective date, the use of valuation and technical assistants, and the definition of a Client. Most other changes are considered 'housekeeping' and are intended to eliminate contradictions of terms, improve navigation and provide continuity throughout the document itself. Other changes or edits may come about as proposals can be submitted to the Committee at any time. Further, comments will be invited on the proposed changes as posted in the fall of 2006.

The Committee is also currently involved in preparing guidelines for the limits on CRAs when appraising nursing homes, condominiums, large lot residential properties, mixed use properties, recreational properties and properties in transition. The 'Case of the Month' prepared by Allan Beatty AACI, P. App, is ready to be published. The case studies are designed to provide insight into some of the traps appraisers may fall into and the resulting Professional Practice procedures. It is designed to assist members in avoiding similar situations. The formation of the Professional Affairs Coordinating Committee (PACC) has facilitated communication among the Board of Directors through the President, the Counsellor of Professional Practice and the Chairs of the Professional Practice Committees, Standards Committee and Insurance Committee. The 'Case of the Month' is intended to focus on members' concerns and current issues arising from PACC.

Finally, I would like to take this opportunity to thank Wayne Kipp, AACI, P. App., upon his retirement from the Standards Committee.

His knowledge and expertise were instrumental in crafting the new *Standards* and his continuing contribution has been significant. I also welcome Brian Varner AACI, P. App, as the newest member. Brian brings extensive experience from the Liability Insurance Committee and we look forward to his contribution. 🍷

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Examen complet en 2007

Comme le cycle courant de perfectionnement professionnel continu (PPC) approche l'échéance de 2007, le Comité des normes prévoit la tenue d'un colloque nouveau et amélioré, conçu par les mêmes professionnels de l'organisme qui a récemment conçu le colloque *Nous valorisons le Canada* pour le Comité consultatif sur l'apprentissage. Le nouveau colloque sur les normes arrive à point compte tenu du nouveau format des normes et l'introduction des modifications à l'édition 2007 des *Règles uniformes de pratique professionnelle en matière d'évaluation au Canada*.

Le remaniement du document sur les normes va bon train. Un échantillon a été affiché sur le site web de l'ICE. Certaines modifications proposées à l'édition 2007 ont été incluses dans cet échantillon et on rappelle aux membres que cet échantillon est affiché uniquement à des fins de commentaires quant au style et au format adoptés. Les modifications proposées à l'édition 2007 seront affichées séparément à des fins de commentaires par les membres. À mesure que le comité avance dans le cadre de cette initiative, nous prévoyons maintenir l'intégrité de la structure du document qui permet actuellement de le consulter selon le numéro des lignes. Toutefois, les membres pourront dorénavant le consulter par un clic de souris sur les sections qui auront été surlignées. Les versions française et anglaise seront également plus cohérentes entre elles.

La version 2007 des *Règles uniformes de pratique professionnelle en matière d'évaluation au Canada* contiendra des modifications au contenu et des modifications rédactionnelles. Nous ne prévoyons toutefois pas de changements dans

les règles proprement dites. Le but de certaines modifications est de clarifier davantage les commentaires et les notes de pratique concernant les rapports provisoires, les biens personnels, les transactions de vente suite à une date convenue d'entrée en vigueur, le recours aux évaluateurs et à d'autres adjoints techniques et la définition du terme « client ». La plupart des autres modifications sont plutôt rédactionnelles et visent à éliminer les contradictions, à améliorer la consultation et à assurer la cohérence à l'intérieur même du document. D'autres modifications peuvent aussi être apportées puisque toute proposition à cet effet peut être adressée au comité en tout temps. Également, les commentaires au sujet des modifications proposées seront sollicités dès qu'elles seront affichées à l'automne 2006.

Le comité s'affaire aussi à préparer des directives concernant les restrictions qui s'appliquent à un CRA qui se livre à l'évaluation de foyers de soins, de condominiums, de propriétés résidentielles sur grands lots, de propriétés à usages multiples, de propriétés récréatives et de propriétés en transition. Le « cas du mois », préparé par Allan Beatty AACI, P. App., est prêt à des fins de publication. Les études de cas sont conçues pour faire connaître les pièges auxquels peuvent succomber les évaluateurs et les procédures connexes en matière de pratique professionnelle. Elles visent à aider les membres à éviter des situations similaires. La formation du Comité de coordination des affaires professionnelles (CCAP) a facilité la communication au niveau du Conseil d'administration par le biais du président, du conseiller en pratique professionnelle et les présidents des comités sur la pratique profession-

nelle, les normes et l'assurance. Enfin, le « cas du mois » vise à répondre aux préoccupations des membres et aux questions courantes découlant du CCAP.

En terminant, je profite de l'occasion pour remercier Wayne Kipp, AACI, P. App., qui a pris sa retraite du Comité sur les normes. Ses connaissances et sa compétence se sont révélées importantes pour l'élaboration des nouvelles normes et sa contribution fut tout simplement inestimable. Du même souffle, je souhaite aussi la bienvenue à Brian Varner AACI, P. App., à titre de nouveau membre. Brian possède une solide expérience acquise auprès du Comité sur l'assurance-responsabilité. Sa participation sera certes d'une grande valeur. 🍀

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Sorry, I'm too busy to...

(fill in the blank)

Is anyone out there not busy? If so, I envy all three of you. It seems that the workload is consuming this profession at an ever-increasing pace. So why do we need to be reminded of this? Simple – we have become complacent and comfortable with being busy, and worse, we may actually believe this demand for our services is permanent.

Any economic model will tell us that, when things are good and profits are being made, competition will follow. The thing is, we are already in the middle of it. Segments of our industry have become commoditized through the appearance of Automated Valua-

tion Models (AVMs) and appraisal management firms. Most residential appraisers are currently facing this and have been dealing with it for several years. The reality is that the chances of winning the battle with computers are not good. Furthermore, AVMs are being tested on segments of the industrial and commercial sectors and their use in these areas is not far off. Now, add to this situation the increased pressure from competing associations and competing professions. Luckily, in the face of significant adversity brought to bear on AIC's members from all these sources, things are still good because the market is currently strong.

“ Take ownership of your profession. ”

“Rather than getting comfortable, we better have a plan to address a downturn before it arrives on our doorstep.”

Rather than getting comfortable, we have to force ourselves to remember that, in our industry, things were not always good and they will not always be good in the future, so we better have a plan to address a downturn before it arrives on our doorstep.

Let's back up for a minute and take a look at where we were not so long ago. The AIC Board of Directors recognized the competitive environment and the overall situation several years ago and developed a Strategic Plan in 2001. Some might disagree, but the reality is that the leaders of the day had the foresight to construct a multi-level plan for the future. In addition to developing this strategic plan, the Board ensured that it was actually *implemented*.

Fast forward from 2001 to 18 months ago when, in response to the directives of the Strategic Plan, the arduous task was undertaken of researching and measuring the AIC's brand position, i.e., how we are perceived within the market.

Fast forward again to today. The branding research is now complete and the final decision regarding the Institute name and designations we choose to promote is approaching. I have heard it all in the last year: "What is wrong with what we have?" "If it is not broken, do not fix it." "Why not just advertise and get on with it?" The answer is simple. We do not know, and what we do not know, we ask about. We had to find out if what we have is broken or not, working or not, worth keeping or not, how we can improve, where we have to improve, and why we have to improve. These are the elements of sound research which had to be completed prior to taking a next

step. Our qualitative research confirmed that it is broken and that the window of opportunity to fix it is now.

The membership is now being informed regarding the recommended options relating to the branding of the Institute. The pros and cons are being debated and, once the decision is made, the Marketing and Communications Plan will roll out. A comment I have made at many of the AGM and Chapter meeting presentations across the country in recent months is that a marketing and promotions strategy is not something you develop when things are bad. Instead, you have to work on your future and strengthen your share of the market from a position of strength. As noted earlier, we are in such a position today because of a hot market, and also because of the implementation and follow through of the Strategic Plan over the past five years.

The comprehensive Marketing and Communications Plan will benefit all levels of membership. It will promote our members, our Institute, our *Standards*, our education, and all aspects that make us better than our competition. This plan will take us from a fragmented group to a cohesive team. Details of this plan were presented at the AGM in Charlottetown. The PowerPoint presentation can be viewed at http://www.aicanada.ca/e/pdfs/3_year_marketing_charlebois_poirier.pdf and more information will be posted to the http://www.aicanada.ca/private/private_Phase3.cfm section of the AIC website as it becomes available.

Will the market stay strong and active? The only certainty is uncertainty and, of course, the fact that the market has always fluctuated

throughout history. So, when things change, would you rather be in a position to challenge the competition and respond to an economic swing with a sound plan, as a member of a strong team, or will you be forced to scramble and respond with a knee-jerk reaction?

The Marketing and Communications Plan is a critical element of the Institute's overall Strategic Plan. The end goal is to firmly entrench Institute members within the market, government, corporate employers, and the public as the 'go to' people for real property expertise and advice. If we do not do this, someone else will.

Please stay informed and take ownership of your profession. 🇨🇦

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From the Counsellor's Desk

BY ROBERT PATCHETT, LL.B, CD, AIC COUNSELLOR, PROFESSIONAL PRACTICE



The professional practice process: the nature of complaints and complainants

seminar, I also set a goal to detail the process because it has undergone significant changes in the past year. I also wanted to provide members with a basic understanding of why it can take not just months, but sometimes several years, to address complaints.

Now that the Conference is behind us, I have had the benefit of reviewing the feedback that was provided at the session; and believe this article offers a good opportunity to build on that input.

The members have asked for greater detail, mirroring the statistics that are available in the insurance program, and I can say that efforts are underway to develop a data collection model so that this can be provided. This will be taken one step further and, where possible, incorporated into the Standards Seminar.

Members have asked about the types of typical complaints, so that they can adopt policies and practices to prevent the possibility of similar complaints being directed at them. Without suggesting that there is a common theme, I would say that communication, or lack thereof, with clients and homeowners is a root cause of many problems. If your client (a lender/mortgage broker) does not explain that the homeowner will not be provided a copy of your report, this leaves you in a difficult position to deal with an upset homeowner when there is a problem.

Not returning phone calls and emails leads to more difficulties. Would you prefer to spend a few minutes managing the expectations of a homeowner/client up front or significantly more time dealing with

a complaint? I am not suggesting divulging confidential information, however, the time to explain the appraisal process and your research methodologies, or to listen when there is a suggestion that the home description is inaccurate (and to go back and correct it), can do much more for your reputation than ignoring a consumer.

I often say that practicing effective communication skills can save you time and aggravation in the long run. Taking time to attend sessions like the one offered at the Conference on Interest-Based Negotiation is one example of how you can develop new skills and adopt them in your business and personal life. The risk of doing nothing and ignoring a problem is that a consumer who is displeased with your service will typically tell an average of 55 people what a poor business you operate, and how difficult you are to deal with.

The professional practice process has changed, and will continue to evolve to meet the needs of the profession. These changes will be incorporated into the updated Standards Seminar. Regulations are frequently updated to reflect ongoing policy changes. The *Regulations* available on the AIC website contain the changes as they are adopted, and members are encouraged to review them each time they receive a complaint, so that they can work within the professional practice process to resolve it in an expedient manner.

As always, you can contact me at 1-866-726-5996 for Conflict Coaching, so that you can deal with difficult clients and prevent complaints and claims. ☺

At the May 2006 Conference in PEI, I presented a session that detailed two daily aspects of my job and how the process is governed. That session was co-chaired by Brian Varner, AACI, P.App, former member of the Professional Liability Insurance Committee. The presentation, like many others at the Conference, is available on the AIC website for viewing at http://www.aicanada.ca/e/resourcecenter_document_Conference_2006.cfm

Brian and I had set out to provide some statistics on the type and nature of complaints, and how complainants that also file claims have used both processes. During the

Fraud Task Force

tackles appraisal related issues

By Gordon Tomiuk, AACI, P. App, AIC President Elect and Chair, Mortgage Fraud Task Force

At the May 2006 Board of Directors meeting in Charlottetown, a Task Force was created to deal with the numerous mortgage fraud issues that have evolved during the past several years. The goal of the task force is to prepare position papers and member best practices. The position papers will be used to develop public service announcements for the general public and key messaging aimed at point of origin users and third party users of our members' appraisal reports.

Mortgage fraud is a growing trend in North America and it involves a wide range of people from employees within the mortgage industry, to lawyers, appraisers, mortgage brokers, realtors, lenders, or a combination thereof. While the regulatory bodies concerned have taken some steps towards mortgage fraud prevention, the regulatory measures in place seem to be insufficient to curb this growing problem.

The Task Force has undertaken preliminary research which will serve as the foundation of its work. The following defines the scope of the issue facing the real estate market.

The real estate market

According to Statistics Canada, "At the end of 2003, individuals and unincorporated businesses held more than \$1.6 trillion in residential structures and land – about 1/3 of all assets held by individuals. Some 271,000 people were employed in real estate and leasing." The Canadian Real Estate Association's web site notes that the value of national MLS (Multiple Listing Service) sales was \$8.8 billion in January 2005.

At mid-2005, there was \$617 billion in outstanding residential mortgage credit in Canada. This represents one-third of the total credit for households and businesses.

During the past 15 years, residential mortgage credit has expanded at an average rate of 6.4%, which is slightly faster than the growth rate for total household and business credit (5.8%). Mortgage credit has also expanded more rapidly than the Canadian economy, which has grown at an average rate of 4.7% per year over the past 15 years.

The magnitude of the problem was recognized in a report on mortgage fraud issued last year by the Law Society of Upper Canada which stated that "*Mortgage fraud has emerged as a serious issue in recent years and published estimates show it is costing lenders and insurers millions, if not billions of dollars, in losses in both Canada and the US.*"

Growth of residential mortgage credit has accelerated in recent years, as low interest rates have resulted in increased home buying activity for both new and existing homes and condominiums. This has resulted in increased demand for mortgages.

During the past two years, mortgage credit has expanded at an average rate of 9.4% per year. In 2004, the volume of credit expanded by \$55 billion. Another perspective on growth of the mortgage market is in the volume of new approvals, which includes not just new mortgages, but also transfers between lenders as well as refinances of existing mortgages. During the second half of the 1990s, annual volumes of approvals were relatively flat. However, low interest rates and stronger housing markets have resulted in rapid growth in recent times. In 2004, the volume of approvals (\$161 billion) was more than double the figure for 2000 (\$75 billion).

Chartered banks account for three-fifths of residential mortgage credit. Among the other categories of lenders are NHA mortgage-

backed securities (14%), credit unions and caisses populaires (13%), and five other categories that account for 12% in combination (trust and mortgage loan companies, life insurance companies, pension funds, non depository credit intermediaries and other financial institutions, and special purpose corporations). Among the provinces, Ontario accounted for almost one-half (47.5%) of approvals in 2004. Three provinces accounted for more than 10% each (British Columbia, Quebec, and Alberta) and each of the remaining provinces and territories accounted for less than 3% of the total.

The member best practices will define the due diligence required to assist AIC members in avoiding inadvertent involvement in a fraudulent transaction. The member best practices shall be the first document developed for review by the Board at its October meeting. In the meantime, if you have any fraud related issues that would be relevant to this initiative, please send them to the attention of one of the members of the Task Force. ☺

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Addressing the ‘growing’ problem of mold

By Virginia Salares, Senior Researcher, CMHC

Home appraisers should be aware of mold and the damage it can cause to homes. If mold is allowed to spread unchecked, homeowners may face repairs costing hundreds or even thousands of dollars.

What causes mold?

Mold will grow just about anywhere moisture and nutrients are present. Different kinds of molds grow on different materials some require an extremely wet environment, while others can grow even if no water can be seen. Dampness inside a material can be enough for mold to grow.

High moisture levels in a home can be the result of water coming in from the outside through the floor, walls or roof when there is a weakness or failure in the structure. Moisture can also be produced by people living in a home and carrying out daily activities such as bathing, washing clothes or cooking. More serious occurrences such as floods, leaks, spills and back-ups also provide ample opportunity for molds to grow and flourish. Materials and areas that become damp, wet or saturated and that dry improperly become susceptible to microbes such as molds, bacteria or other organisms.

Effects of mold on homes

Mold can damage and ruin materials inside the home. If not properly addressed, the same conditions that cause mold growth may lead to structural decay. Perhaps even more serious are the health effects mold can have on those living inside the home if it remains untreated. Mold is a known trigger for asthmatics and a common allergen. Other health effects can range from insignificant to more serious depending on the type of mold present, the amount and degree of exposure, and the health condition of those in the home. For example, pregnant women, infants, the elderly

and those with health problems are generally more susceptible to the effects of mold.

Detecting molds

In fighting mold, early recognition is half the battle. Detecting mold before it has time to spread means being able to fight it before it becomes a more serious problem. Tell-tale signs of mold include staining and discoloration. Mold may be any colour: black, white, red, orange, yellow, blue or violet. Fuzz can often be seen on affected surfaces.

To determine if a spot is mold, dab a drop of household bleach onto the suspected area. If the stain loses its colour or disappears, it may be mold. If there is no change, probably it is not mold.

Sometimes molds cannot be seen. A musty or earthy odour often indicates the presence of molds.

Even when you do not see mold or notice a smell, wet spots, dampness or evidence of a water leak are indications of moisture problems and mold may follow.

Most homeowners usually ask to have the air tested for mold. When mold is seen, homeowners are advised against testing. They can use their resources towards solving the problem rather than identifying the types of mold present.

Is mold a problem?

Mold spores are always found in the air outside and in all buildings. They can enter a home in a variety of ways – through open windows or doors, or on clothing, pets, food or furniture. The problem starts when mold grows inside the home. This indicates the presence of too much moisture – a situation which must be corrected.

The existence of mold in a home can range from a small to an extensive area. Depending on how advanced the mold area is, professional help is not always required.

Small area

This refers to a patch no larger than a square metre – about 10 square feet. There should be no more than three small patches in a home.

Small areas can be cleaned by the homeowner using a detergent solution (not bleach), household rubber gloves and a dust mask for protection.

If mold reoccurs, a homeowner should seek professional help. If ignored, small mold areas may become larger over time, so it is important to clean-up and remove even small patches of mold.

Moderate area

A mold area is considered ‘moderate’ if there are one or more isolated patches larger than a square metre, but smaller than three square metres (about the size of a 4 x 8 foot sheet of plywood).

Assessment by a professional is recommended. Homeowners attempting to clean up a moderate mold need to proceed cautiously. Before doing anything, they should first acquaint themselves with the proper procedures and use the proper protective equipment.

Extensive area

An extensive mold area consists of a single patch of mold that is larger in area than a sheet of plywood. Homeowners should not attempt to clean up large areas of mold on their own. A professional should be consulted to determine why the mold is there in the first place and how to clean it up.

Mold remediation

Although extensive areas of mold require professional attention, homeowners may choose to handle small and moderate areas of mold themselves. However, in a rental situation, tenants should not try to clean even small areas of mold without landlord permission – the mold may be a symptom of a larger or concealed moisture problem.

To address small to moderate areas of mold, homeowners could try the following:

- Wear a disposable dust mask (e.g., 3M 8210 or equivalent), glasses or safety goggles, and household rubber gloves.
- Isolate the area to be cleaned with plastic sheeting, taped to walls and ceiling.
- Vacuum surfaces with a High Efficiency Particulate Air (HEPA) or externally exhausted vacuum. Scrub or brush the area with a mild, unscented detergent solution. Rinse by sponging with a clean, wet rag. Repeat. Dry quickly.
- **For wood surfaces**, vacuum loose mold using a HEPA or externally exhausted vacuum. Try cleaning the surface with detergent and water – rinse with a clean, damp rag and dry quickly. If the staining does not come off, sand the surface, vacuuming at the same time to prevent mold spores from being dispersed into the air.
- **For concrete surfaces**, vacuum with a HEPA or externally exhausted vacuum. Clean surfaces with detergent and water. If the surfaces are still visibly moldy, use TSP (trisodium phosphate). Dissolve one cup of TSP in two gallons of warm water. Saturate the area with the solution using a sponge or rag and keep it wet for at least 15 minutes. Rinse with clean water and dry thoroughly as quickly as possible.
- **For drywall**, the paper facings grow mold when they get wet and do not dry quickly. If the mold is growing on the paper facing beneath the paint, it is best to cut out the moldy area rather than clean it with water containing detergent, since this only adds moisture to the paper. However, if it is on top of the painted surface, remove it by general cleaning.

Cleaning-up after a flood

Removing water within minutes or hours of a flood, leak, spill or back-up will help homeowners reduce damage and personal loss. The clean-up process begins with assessing the damage:

- 1) How much water is involved?
- 2) Has mold started to grow?
- 3) Is the water contaminated with sewage?

The answers to these questions will affect how a flood or similar situation should be dealt with either by the homeowner or by a professional. Large amounts of water and the existence of excessive mold and/or contaminated water will likely require the attention of a professional.

Safety should be the number one priority when dealing with a flood or any situation involving large amounts of water. A flood that includes sewage contaminants rather than relatively clean water will require special precautions. If sewage contamination is suspected, the local health department should be notified immediately. All material should be treated as though it was contaminated and local regulations should be followed for its disposal. Utilities such as electricity and gas should be disconnected and the safety of the flooded area should be ensured before entering. Rubber boots and long rubber gloves should be worn and, in the event that the water is contaminated or if mold has started to grow, a respirator should be used.

Homeowners should contact their insurance companies and make a record detailing the damage, with photos or video if possible, before the clean-up begins. The homeowners should also inform their municipality find out if resources are available.

Stopping it before it starts

Here are some basic points all homeowners concerned about mold should keep in mind:

- Check home for signs of moisture and molds.
- Determine whether water is coming in from the outside and if substantial moisture is produced inside the home.
- Fix water leaks promptly.
- Think of the different ways moisture is produced inside the home (i.e., cooking, bathing, plant jungle). Reduce sources of moisture, e.g., cover sump pits or minimize the number of plants. Remove the moisture as it is produced with exhaust fans. In the absence of fans and where outdoor humidity levels are not high, open windows for a short time, but note that the wind can push the moisture to other parts of the home.
- Measure how much moisture is in the air. Find the relative humidity

in a home requires a hygrometer that costs from \$5 to \$20. Relative humidity in the home should be under 45% in the winter (or lower to avoid condensation on windows). If necessary, a dehumidifier should be used to lower the relative humidity.

- Reduce the amount of stored materials, especially items that are no longer used. Molds grow on fabrics, paper, wood and practically anything that collects dust and holds moisture.

Mold is not only an annoying household issue, but it can also have more serious consequences for homeowners, including structural damage and even illness. The best defence is knowledge. Homeowners who acquaint themselves with the causes of mold as well as prevention and remedies have taken an important step towards ensuring that their homes are structurally sound. Knowing how to detect mold early means their homes can continue to be healthy places to live. 🍀

CMHC has developed courses for building professionals. The one-day *Let's Clear the Air* seminar or *Build and Renovate to Avoid Mold* workshop provides a comprehensive overview of indoor air contaminants. Participants learn the different contaminants found in the home, their sources and typical solutions to common problems. The one-day seminar or workshop is a pre-requisite to the three-day Residential IAQ investigator course, the first phase of a program that trains qualified individuals to be IAQ investigators for residences.

For more information on CMHC's Residential Indoor Air Quality Training Program and the programs above, visit www.iaq-qai.com. To learn more or to obtain CMHC products and publications, visit Canada Mortgage and Housing Corporation's website www.cmhc.ca or call 1-800-668-2642.

AIC Appraisal Institute of Canada (AIC)

Strategic Planning Meeting – October 21, 2006 - Ottawa

Board of Directors Meeting – October 22, 2006 - Ottawa

For information contact info@aicanada.ca

AB Alberta Association (AIC)

STANDARDS SEMINARS
Calgary – October 27–28, 2006

Edmonton – November 3 - 4 2006
An application form can be found on the Association website, www.appraisal.ab.ca or contact the Association office at (403) 207-7892.

Lethbridge – September 22–23, 2006
For information contact Verle Blazek (403) 320-3996

BC British Columbia Association (AIC)

Standards Seminars
2006 Tentative Dates - *Although venues have not yet been selected for all locations, we are currently accepting registrations for the following dates.*
September 27–28 Nanaimo - Pre BCAAIC Conference
November 17–18 Vancouver
The registration form can be found at: www.appraisal.bc.ca/news_events/index.php/listing/138

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.

BCAAIC Provincial Conference
September 28–30, 2006
Coast Bastion Hotel - Nanaimo, BC

For information contact Kathy Porter kathy@appraisal.bc.ca

NB New Brunswick Association of Real Estate Appraisers

Standards Seminar - September 2006
(Date and Location to be confirmed)

Regional Seminars - October 2006 (Date to be confirmed)

For information contact Susan MacKenzie nbarea@nb.aibn.com

MB Manitoba Association (AIC)

UPDATE on the RESIDENTIAL APPRAISAL REPORT FORM
Presented by Deana Halladay, CRA, Winnipeg
Wednesday, November 1, 2006 1:00 to 3:45 PM
Norwood Hotel, Tache Room, 112 Marion St., Winnipeg

ANNUAL GENERAL MEETING
November 1, 2006
Please join us for the Complimentary Reception at 4:00 PM that precedes the AGM commencing @ 5:00 PM.
Norwood Hotel, Tache Room, 112 Marion St., Winnipeg

HOME INSPECTION REFRESHER SEMINARS (2 Credits)

- Furnaces & Fireplaces - Thursday, September 21 2006
- Plumbing & Electrical - Wednesday, November 22 2006
- Damp Basements & Identifying Structural Defects - Wednesday, January 10, 2007

All seminars are presented by Tom van Leeuwen, RHI, Senior Inspector with Pillar to Post Professional Home Inspection. As a leader in the Home Inspection industry, Tom draws from his 20 years of contracting experience, and 10 years of home inspection experience to make every seminar fun, dynamic, and interactive. The 8,500+ inspections he and his team have performed give proper context to every subject and explain its relevance in today's and yesterday's homes. All seminars are scheduled from Noon to 2:00 PM at the Winnipeg Real Estate Board Classroom, 1240 Portage Avenue, Winnipeg.

For information contact Lynne Smith Dark mbaic@mts.net or call (204) 943-1177.

ON Ontario Association (AIC)

Standards Seminars:
September 15–16, Toronto
September 29–30, Niagara Falls
October 27–28, Toronto
November 17–18, Windsor

December 1–2, Barrie
December 8–9, Ottawa
December 15–16, Toronto

For all upcoming seminars please log onto www.oaaic.on.ca
For information contact lrigas@oaaic.on.ca

SK Saskatchewan Association (AIC)

Fall Professional Development Conference
September 22, 2006 – Saskatoon

Standards Seminar – Regina, February 23–24, 2007

For information contact Marilyn Steranka skaic@sasktel.net

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