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*Streams, Currents  
& New Waves*

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George Maurice, AACI, PApp, *Ontario*

Sheila Young, AACI, PApp, *Alberta*

Laurent Brosseau, AACI, PApp, *Quebec*

Michael Garcelon, AACI, PApp, *Saskatchewan*

Beverley Girvan, AACI, PApp, *Nova Scotia*

Terrence Kerslake, AACI, PApp, *British Columbia*

Roland Mayr, AACI, PApp, *Ontario*

Gerry McCoombs, AACI, PApp, *New Brunswick*

Robert Robson, AACI, PApp, *Ontario*

Craig Soderquist, AACI, PApp, *Alberta*

Robert Tipple, AACI, PApp, *Newfoundland & Labrador*

Georges Lozano, MPA, *Ottawa*

Joanne Charlebois, *Ottawa*

Craig Kelman, *Winnipeg*

Cheryl Parisien, *Winnipeg*

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**Craig Kelman**  
& ASSOCIATES

3rd Floor – 2020 Portage Avenue  
Winnipeg, MB R3J 0K4  
Phone: 866-985-9780  
Fax: 866-985-9799  
E-mail: [info@kelman.ca](mailto:info@kelman.ca)  
Web: [www.kelman.ca](http://www.kelman.ca)

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

# Global valuation initiatives within Canada and around the world

**A**s Canada's pre-eminent valuation organization, we cannot ignore what is happening in the world relative to valuation issues. To do so would be a disservice to the Appraisal Institute of Canada (AIC) and its members. Nor has the Institute neglected its duty as a leader in the international arena.

In 2003, AIC adopted the following objectives and expected outcomes as the basis for its International Program:

- Establish AIC internationally as the Canadian professional real estate valuation body.
  - Play a leading role in establishing international valuation and quality standards.
  - Develop strategic partnerships with like-minded professional valuation organizations worldwide.
  - Identify professional opportunities for the benefit of AIC members.
  - Promote AIC members as highly-qualified professionals internationally.
- Our expected outcomes are:
- Increased recognition internationally and in Canada.
  - Integration of Canadian standards and values to the international standards and policies that impact the profession.
  - Increased influence in decisions taken by international valuation bodies.
  - Leveraging of resources through collaborative initiatives to develop and produce programs, products and services that benefit the profession and AIC members.
  - Gain greater access for AIC members to international business opportunities.

Keeping these objectives in mind, AIC is and has been participating and cultivating relationships with a number of valuation organizations, many as a founding member. Included in the list are:

## **International Valuation Standards Committee (IVSC)**

The IVSC is the premier standards-setting body for the valuation profession worldwide. AIC is a founding member and is represented on its management board.

Current happenings include restructuring proposals that would see, among other things, a broadening of the membership to include not only the original valuation organizations, but those involved with valuation such as companies, users of valuations, standards setters and others.

## **World Association of Value Organizations (WAVO)**

WAVO was established in 2002 and serves the valuation profession internationally with respect to representation and promotion, qualifications and educational issues. The Institute is also a founding member and actively participates on its board.

Membership includes Canada, US, Australia, China, Hong Kong, UK, Korea, Romania, Poland, Singapore and New Zealand.

AIC has recently signed a memorandum of understanding (MOU) on designation recognition and portability that aims to give our members increased access to world markets for valuation services.

## **Pan Pacific Congress (PPC)**

This entity includes valuation organizations from the Pacific Rim countries that meet every two years to address emerging trends, facilitate the research, and present technical and professional papers on a wide spectrum of topics. This forum also enables AIC to further work with other bodies on educational and qualification issues. AIC, in collaboration with Public Works and Government Services Canada (PWGSC), presented a well received paper on *Green Valuation & Sustainability*. This forum also presented members from our Learning Advisory Committee (LAC) and Professional Qualifications & Competency

Committee (PQCC) with the opportunity to meet with other valuation organizations to discuss mutual concerns and share resources.

### North American Conference of Appraisal Organizations (NACAO)

This conference was established in 1969, with the first meeting hosted by AIC in Winnipeg, and most recently in Ottawa in 2002. It provides the opportunity for the presidents, presidents-elect and CEOs of the seven US appraisal organizations, Mexico and Canada, as represented by AIC, to discuss and debate the most current issues facing each body. It also provides the opportunity to share resources and work collectively on those issues common to all, such as public relations, strategic alliances, educational programs, membership trends, etc.

A topic garnering attention in Canada, North America and around the world is the concept of Valuation for Financial Reporting (VFR). In 2003, an International Summit on Financial Reporting was held in Toronto, with participation by the International Accounting Standards

Board, the Canadian Accounting Standards Board, the Financial Accounting Standards Board (US), and representatives of the valuation profession.

### Toronto Valuation Accord (TVA)

Following this summit, the TVA was signed with AIC as an original signatory. The Accord called for the professional valuation organizations to take steps to co-ordinate their efforts to work jointly with legislative and regulatory bodies, standards setting groups and other professional groups. The TVA group is chaired by an AIC member and past-president. They work actively on issues related to the VFR and establishing the valuation profession's prominence by collaborating with accounting standards bodies. This work includes responding to exposure drafts on this subject, with the goal of having our members recognized as the professionals to engage for this type of advice. The TVA group requested that a dialogue be started between valuers and auditors and, to that end, the Centre for Advanced Property Economics (CAPE) has organized a series of

roundtable discussions, most recently in New York during December 2006. This has laid the groundwork for additional public discussions to be held in locations such as Vancouver, Toronto, Los Angeles, Chicago and Houston.

Working with these groups and maintaining close relationships with other valuation organizations south of the border provides us the opportunity to stay abreast and have input on emerging issues. It also affords AIC a venue to explore and seek out opportunities that allow for a broadening of scope and diversity for you, the member. It will be incumbent upon us to follow-up by working with the other allied organizations and our education provider to ensure the information, training, specialty courses, etc. are available to prepare AIC members to meet opportunities emerging from these international consultations.

By adhering to our planned objectives and expected outcomes, as outlined earlier, the maximum benefits of our international involvement will be realized. Institute members have the respect of the international community and, in many ways, we are perceived as leaders whose opinions are not only valued, but sought. ☺

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

# Les initiatives en matière d'évaluation au Canada et à l'échelle du monde

À titre d'organisme de choix au Canada en matière d'évaluation, nous ne pouvons ignorer ce qui se passe à l'échelle du monde au niveau de l'évaluation. Agir ainsi serait au détriment de l'ICE et de ses membres. Ensuite, l'Institut ne doit pas négliger son devoir de chef de file sur la scène internationale.

En 2003, l'ICE a adopté les objectifs et les résultats suivants comme formant la base de son programme international

- Reconnaissance de l'ICE à l'échelle internationale comme étant l'organisme professionnel de choix au Canada en matière d'évaluation
- Assumer un rôle de chef de file dans l'établissement de normes d'évaluation et de qualité au palier international
- Créer des partenariats stratégiques avec des organismes à buts similaires en matière d'évaluation professionnelle à l'échelle du monde
- Identifier les occasions professionnelles qui peuvent profiter aux membres de l'ICE
- Promouvoir les membres de l'ICE à l'échelle internationale comme des professionnels hautement qualifiés  
Les résultats prévus sont
- Une reconnaissance accrue sur le front international et au Canada
- L'intégration des normes et valeurs canadiennes aux normes et politiques internationales qui touchent la profession
- Accroître notre influence sur les décisions que prennent les organismes internationaux d'évaluation
- Mettre les ressources à profit via des initiatives en collaboration visant à élaborer et à produire des programmes, produits et services à

l'avantage de la profession en général et des membres de l'Institut canadien des évaluateurs en particulier

- Accroître l'accès des membres de l'ICE aux occasions d'affaires à l'échelle internationale

Compte tenu des objectifs ci-dessus, l'Institut canadien des évaluateurs a toujours été et continue d'être actif en participant et en cultivant des relations avec un certain nombre d'organismes qui oeuvrent dans le domaine, dont plusieurs à titre de membre fondateur. Entre autres :

## **L'IVSC ou International Valuation Standards Committee (Comité international sur les normes d'évaluation)**

L'IVSC est l'organisme de premier ordre pour l'établissement de normes d'évaluation à l'échelle du monde. L'ICE en est membre fondateur et est représenté auprès de son Conseil d'administration.

Ses activités courantes incluent la restructuration de propositions visant, entre autres choses, à accroître la participation pour inclure non seulement des organismes qui oeuvrent dans le domaine de l'évaluation, mais également ceux qui sont affectés par l'évaluation comme les sociétés.

## **La WAVO ou World Association of Value Organizations**

La WAVO a été créée en 2002 et se veut au service de la profession d'évaluateurs à l'échelle internationale en ce qui touche les questions de représentation, de promotion, de qualifications et d'éducation. L'Institut est également membre fondateur de cet organisme et participe activement auprès de son Conseil.

Ses membres incluent le Canada, les



États-Unis, l'Australie, la Chine, Hong Kong, le Royaume-Uni, la Corée, la Roumanie, la Pologne, Singapour et la Nouvelle-Zélande.

Récemment, l'ICE a signé un protocole d'entente sur la reconnaissance et la transférabilité de ses désignations de sorte que ses membres aient accès au marché mondial des services en évaluation.

### **CPP ou Congrès pan-pacifique**

Cette entité regroupe des organismes d'évaluateurs des pays du littoral du Pacifique qui se réunissent tous les deux ans pour discuter les tendances émergentes, faciliter la recherche et présenter des exposés techniques et professionnels sur une variété de sujets. Ce forum permet aussi à l'ICE de parfaire son travail auprès d'autres organismes sur les questions touchant l'éducation et la qualification. L'ICE, en collaboration avec TPSGC, a récemment présenté un ouvrage qui fut très bien accueilli, intitulé « Green Valuation & Sustainability » Ce forum a aussi offert aux membres de notre Comité consultatif sur l'apprentissage (CCA) et notre Comité sur les compétences et qualifications professionnelles (CCQP) l'occasion de se réunir avec d'autres organismes d'évaluateurs pour discuter leurs préoccupations mutuelles et partager les ressources à leur disposition.

### **NACAO ou North American Conference of Appraisal Organizations**

Cette conférence a été établie en 1969, sa première réunion étant organisée par l'ICE à Winnipeg et plus récemment en 2002 à Ottawa. Elle offre l'occasion aux présidents, présidents-élus et chefs de la direction de sept organismes d'évaluateurs des États-Unis, du

Mexique et du Canada (représenté par l'ICE), de discuter et de débattre les questions les plus courantes auxquelles se heurte chaque organisme. Elle offre également l'occasion de partager des ressources et de travailler en collaboration sur les sujets communs à tous les intéressés comme les relations publiques, les alliances stratégiques, les programmes éducatifs, les tendances au niveau de l'adhésion, etc.

### **Le Toronto Valuation Accord (L'Accord de Toronto sur l'évaluation)**

Un sujet qui fait couler beaucoup d'encre ici au Canada, en Amérique du Nord et à l'échelle du monde est le concept d'un modèle d'information financière en évaluation (IFE). En 2003, un Sommet international sur la présentation d'information financière fut tenu à Toronto et voyait la participation du Conseil international de normalisation de la comptabilité, du Conseil canadien des normes comptables, du Financial Accounting Standards Board (États-Unis) et des représentants de la profession d'évaluateurs.

Suite à ce sommet, l'Accord de Toronto sur l'évaluation (ATE) a été signé, l'ICE étant l'un des premiers signataires. L'Accord précise que les organismes oeuvrant dans le domaine de l'évaluation doivent prendre les mesures nécessaires pour coordonner leurs efforts de collaboration avec les organismes de régie, les groupes responsables de la normalisation et autres groupes professionnels. Le groupe de l'ATE est présidé par un membre et président sortant de l'ICE. Les membres travaillent activement sur la question de l'IFE et l'établissement de l'importance de la profession d'évaluateurs en collaboration avec

les organismes de normalisation des pratiques comptables. Ce travail oblige de répondre à des exposés-sondages sur la question avec, comme objectif, la reconnaissance de nos membres comme professionnels à retenir pour ce genre de conseils. Le groupe de l'ATE a demandé que le dialogue soit amorcé entre les évaluateurs et les vérificateurs et à cette fin, le Centre for Advanced Property Economics (CAPE) a organisé une série de discussions en table ronde, plus récemment à New York en décembre 2006. Ainsi, les assises ont été jetées pour des discussions publiques additionnelles à Vancouver, Toronto, Los Angeles, Chicago et Houston.

Le fait de collaborer avec ces groupes et de maintenir une relation étroite avec d'autres organismes d'évaluateurs au sud de la frontière nous permet de nous tenir à l'affût et d'influencer les questions émergentes. Cela sert aussi à l'ICE de moyen d'explorer et de découvrir les occasions qui contribuent à l'élargissement de la portée et de la diversité pour les membres. Il relève de nous de collaborer avec d'autres organismes connexes et notre partenaire en éducation pour assurer que l'information, la formation, les cours de spécialisation, etc., soient disponibles pour que les membres de l'ICE soient prêts à relever les nouveaux défis qui découleront de ces discussions à l'échelle internationale.

En respectant nos objectifs et les résultats prévus tel que mentionné plus tôt, nous profiterons au maximum de notre participation à l'échelle internationale. Les membres de l'Institut respectent la communauté internationale et sont, de plusieurs façons, perçus comme chefs de file dont les opinions sont non seulement valorisées, mais recherchées. 🍷



**Georges Lozano, MPA**  
AIC Chief Executive Officer

# Taking care of business

**T**oday, the business environment for appraisers is more competitive than ever. Client expectations are high and the pressure to turn around quality work in a short time is the order of the day. As professionals, you face the daily challenge of meeting client expectations while adhering to the standards of professional appraisal practice. Whether working alone, in partnership, or through an appraisal management firm, adherence to the *Standards* is essential and will not only help to ensure quality work, but will also prevent complaints, and claims, both of which can prove costly.

While adhering to the *Standards* will help to keep you out of trouble, taking care of business properly involves more. The following paragraphs provide a few ways that you can take care of business and better protect yourself against problems that may result in client dissatisfaction or worse.

Before taking on any assignment, make sure you sell your professionalism. In this respect, your Appraisal Institute of Canada (AIC) designation attests to the fact that you are a highly qualified professional in the field of real property appraisal and related advisory services. Make sure your client is aware of this.

An important aspect of professional service is the relationship that is developed between the professional and his or her clients. Effective client relations management is a key part of any successful engagement. It starts with properly identifying the client. As obvious as this may seem most of the time, there are, in fact, situations where it is less than clear. The *Standards* provide guidance on this and state: "The client is generally the party or parties ordering the appraisal report. It does not matter who pays for the work."

Like good public relations, effective client relations management builds understanding and trust and goes a long way towards avoiding misunderstandings that can make the difference between a satisfied client and potential complainant or a claimant. Research has shown that claims often arise more because of a breakdown in the relationship between the client and a professional than as a result of any loss incurred.

An intrinsic part of professional service is ensuring that you are regarded by the client as a trusted adviser. Earning the confidence of the client requires work and attention to details. It means listening carefully to what the client needs and providing personal attention and advice when clients call.

Your Appraisal Institute of Canada (AIC) designation attests to the fact that you are a highly qualified professional in the field of real property appraisal and related advisory services.



“ Professional quality, clear communications, and delivery on time and on budget are the ingredients for a successful assignment and a satisfied customer. ”

Make sure you clearly understand what your client's needs are and only accept the engagement if you are certain that it is within your realm of expertise. One of the best ways to limit your professional liability risk is to limit your services to those for which you are well qualified. The Institute's professional liability insurance covers members only for the kinds of services that are identified in the *Standards* and for which members are trained.

If you do not have the know-how to undertake a particular type of assignment, consider taking specialized training such as the courses available through the professional development program offered by the Institute and its provincial associations. Once you have determined that you are competent to perform the work that the client needs to have done, work with the client to define the assignment as clearly as possible. Outline expectations of both the client and yourself before any work begins.

An important way to achieve this is through a written letter of engagement. Consider giving your clients a written letter of engagement or other formal means of outlining what services you will, and will not, be providing. Review and sign this document with your client to ensure that you share the same understanding of the work to be performed.

Ensure that engagement letters, including a detailed description of the scope of services you will provide, the limitations of the services, client responsibilities, and other agreed-upon engagement terms, are signed by the client.

Well-prepared engagement letters are an effective tool in defending against allegations that you failed to provide services that were, in fact, never agreed to. However, remember that a good engagement letter alone cannot protect you in the event of a lawsuit, if the service obligations are not met.

In addition to a letter of engagement, all important communications with clients and other professionals that may work for the client should be documented. This is especially important when more than one professional is involved in providing services to the same client.

Make sure everyone on your staff documents every step in the process for all assignments. Encourage everyone who is involved to review documentation on any similar previous actions, before they initiate any new ones. Review your documentation procedures. See if there are any holes in your process, and take steps to address them. The *Standards* require that all work records be retained for a period of at least seven years. The period may exceed seven years due to such things as legislative requirements, which may vary across Canada for differing types of assignments.

In today's world, anyone who performs a professional service is a prime candidate for a lawsuit. The appraisal profession is no exception. Be professional at all times and ensure that required due diligence is done on every assignment. Develop strategies to minimize or limit exposure to potential claims.

Clarify your responsibility for fraud detection and take affirmative steps in each engagement to assess the potential for fraudulent reporting of information and corresponding procedures to provide reasonable assurance of detection. Electronic reports that are digitally signed and sealed with quality encryption software, such as that offered through the Institute, offer the best protection against fraud.

Should a claim arise, you will want to know how to handle it. Make sure you know how to report a claim and what information you should have handy. You will also want to know when your policy requires you to report a claim or circumstances that could lead to a claim. Document these procedures and file them where you can find them easily.

Exercise the practice of defensive appraisal in all engagements. In all stages of an engagement, ask yourself this question, "Am I able to defend my work?" This should be the last check on your work before signing off on a report.

The above measures are by no means exhaustive and there are many more ways that a professional can take care of business in a manner that protects both the practitioner and the public. But, in the end, it boils down to being sensitive to clients' needs, and ensuring that the work product adheres to the *Standards* while meeting the client's expectations. Professional quality, clear communications, and delivery on time and on budget are the ingredients for a successful assignment and a satisfied customer. 🍀



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

# Veiller au succès des affaires

**D**e nos jours, le milieu des affaires dans lequel évoluent les évaluateurs est plus concurrentiel que jamais. Les attentes élevées des clients et la pression de produire rapidement un travail de qualité sont à l'ordre du jour. Comme professionnels, vous devez relever le défi quotidien de répondre aux attentes des clients, tout en respectant les normes de pratique professionnelle en matière d'évaluation. Qu'il s'agisse d'un travail autonome, en partenariat ou via un cabinet de gestion en évaluation, le respect des normes est essentiel et vous aidera non seulement à produire un travail de qualité, mais aidera à prévenir les plaintes et les réclamations qui peuvent se révéler coûteuses.

Bien que le respect des normes vous aidera à éviter les problèmes, veiller adéquatement au succès de vos affaires exige un peu plus d'efforts de votre part. Dans les lignes qui suivent, le lecteur trouvera quelques façons pour ce faire afin de mieux se protéger contre les problèmes qui pourraient découler d'une insatisfaction de la part des clients ou pis encore.

Avant d'accepter un travail, vous devez vous assurer de faire valoir votre professionnalisme. À ce chapitre, votre désignation de l'ICE atteste du fait que vous êtes un professionnel hautement qualifié dans le domaine de l'évaluation immobilière et des services connexes. Veillez à ce que votre client en soit au courant.

Une facette importante de tout service professionnel est la relation établie entre le professionnel et son client. La gestion d'une relation efficace avec la clientèle est un élément clé du succès de tout travail. Le tout commence en

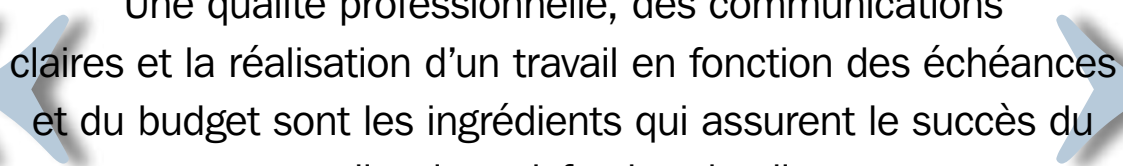
identifiant correctement le client. Aussi évident que la chose puisse paraître la plupart du temps, il existe certains cas où la chose est loin d'être claire. Les normes offrent de bons conseils sur la question et stipulent que « Le client est généralement l'entité ou le groupe d'entités qui a commandé le rapport d'évaluation, peu importe qui en défraie les coûts. »

Comme toute bonne relation publique, une relation efficace avec la clientèle sert à établir une bonne entente et la confiance et contribue à éviter les malentendus qui peuvent faire la différence entre un client satisfait et un plaignant potentiel. La recherche indique que les réclamations découlent le plus souvent d'un effondrement de la relation entre un client et le professionnel que du résultat d'une perte encourue.

Une partie intrinsèque du service professionnel consiste à assurer que vous soyez considéré par le client comme un conseiller en qui il peut avoir confiance. L'obtention de cette confiance de la part du client fait appel à des efforts et au souci du détail. Cela signifie que vous devez écouter attentivement les besoins du client et lui offrir une attention personnelle et de judicieux conseils lorsqu'il fait appel à vos services.

Assurez-vous de bien comprendre les besoins du client et acceptez la tâche seulement si elle relève de vos compétences. L'une des meilleures façons de limiter vos risques en matière de responsabilité professionnelle est de limiter vos services à ceux que vous êtes entièrement qualifiés d'offrir. L'assurance-responsabilité professionnelle de l'Institut couvre les membres uniquement pour les services identifiés dans les normes et pour lesquels les membres sont formés.





## Une qualité professionnelle, des communications claires et la réalisation d'un travail en fonction des échéances et du budget sont les ingrédients qui assurent le succès du travail et la satisfaction du client.

Si vous ne possédez pas les connaissances requises pour un travail spécifique, songez à suivre des cours spécialisés comme ceux offerts dans le cadre du programme de perfectionnement professionnel de l'Institut ou de ses associations provinciales. Une fois que vous aurez déterminé que vous possédez la compétence nécessaire à la réalisation de la tâche demandée par le client, consultez-le pour établir clairement les paramètres du travail en question. Avant d'amorcer vos travaux, décrivez vos attentes et celles du client.

Une façon de parvenir à cette fin est de rédiger une lettre d'engagement et de la remettre à votre client. Cette lettre, ou tout instrument similaire, expliquera les services qui seront offerts et ceux qui ne le seront pas. L'examen et la signature de ce document avec votre client permet de conclure que les deux parties comprennent bien le travail qui sera effectué.

Vous devez vous assurer que le client signe la lettre d'engagement qui reflète une description détaillée de la portée des services que vous devez offrir, les restrictions y afférentes, les responsabilités du client et toute autre condition mutuellement convenue. Une lettre d'engagement bien préparée est un outil efficace de défense contre toute allégation à l'effet que vous n'avez pas effectué des services qui n'étaient pas convenus à l'origine. Toutefois, rappelez-vous qu'une bonne lettre d'engagement ne peut à elle seule vous protéger en supposant une poursuite si vos obligations ne sont pas respectées.

En plus de la lettre d'engagement, la communication avec le client et autres professionnels engagés par ce dernier doit être documentée. Cela est particulièrement important lorsque plus d'un professionnel travaillent pour le compte d'un même client.

Veillez à ce que tous les membres de votre personnel documentent toutes les étapes du processus pour chaque travail. Encouragez-les à revoir la documentation ou toute action précédente avant d'en entreprendre de nouvelles. Revoyez les procédures de documentation. Voyez si votre processus comporte des lacunes et dans l'affirmative, prenez les mesures qui s'imposent. Les normes stipulent que tous les dossiers de travail doivent être conservés pour une période d'au moins sept ans. Cette période peut être plus longue étant donné les exigences législatives qui peuvent varier pour divers travaux à l'échelle du pays.

Dans le monde d'aujourd'hui, toute personne qui offre un service professionnel est candidate idéale à une poursuite. La profession d'évaluateur ne fait pas exception à la règle. Faites preuve de professionnalisme en tout temps et assurez-vous d'une diligence raisonnable dans le cadre de chaque travail. Élaborez des stratégies pour réduire ou limiter l'exposition à des réclamations potentielles.

Précisez votre responsabilité relativement au dépistage d'actions frauduleuses et prenez des mesures positives dans le cadre de chaque travail pour déterminer le potentiel d'une déclaration frauduleuse

d'information. Les rapports électroniques qui portent une signature numérique et qui sont scellés à l'aide d'un logiciel d'encryptage comme celui offert via l'Institut offrent la meilleure protection contre la fraude.

Si vous faites l'objet d'une réclamation, vous voudrez connaître la façon de procéder. Assurez-vous de savoir comment déclarer une réclamation et de connaître l'information qui doit être à votre disposition. Vous voudrez aussi savoir quand votre police vous oblige à déclarer une réclamation ou les circonstances qui peuvent mener à une déclaration. Documentez ces procédures et conservez-les dans un endroit où vous pourrez les consulter facilement.

Faites preuve de prudence dans le cadre de tout travail d'évaluation. À toutes les étapes du processus, demandez-vous si vous êtes en mesure de justifier votre travail. C'est là votre meilleur outil de vérification avant de signer un rapport.

Les mesures qui précèdent ne constituent pas une liste exhaustive et il existe plusieurs autres façons pour un professionnel de veiller à ses affaires tout en se protégeant lui-même et le grand public. En bout de ligne, toutefois, cela se résume à faire preuve de sensibilité aux besoins du client et à assurer que le produit final est conforme aux normes tout en répondant aux attentes du client. Une qualité professionnelle, des communications claires et la réalisation d'un travail en fonction des échéances et du budget sont les ingrédients qui assurent le succès du travail et la satisfaction du client. 🍀

## FIRST PROFESSIONAL LIABILITY INSURANCE COMPANY

Today we publish our first 'Alert Bulletin' on the subject of mortgage fraud. Mortgage Fraud is one of the fastest growing areas of crime in Canada. Unfortunately, appraisers sometimes unwittingly become involved in these frauds through their offering what appear to be legitimate appraisal services to illegitimate borrowers, who, in turn, pass on the appraisals to lenders. While lenders have no right to rely on appraisals absent compliance with limiting conditions, and while an appraisal is but part of an underwriting process that lenders must complete, the fact is that appraisers, like everyone else involved, will be dragged into such fights whether or not they have exposures. Your insurance does not cover fraud claims. So, what can the appraiser do to avoid the inconvenience? Mark Frederick of Miller Thomson LLP and William Barnstead of Leonard French and Co. review some suspicious circumstances to which you should be alert.



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

# Stealth mortgages and appraisers

By Mark R. Frederick, LL.B. and William Barnstead

Imagine you scrimped and saved for 25 years to be in the position of owning your own home. You made every payment, did without the vacations, put the kids through university. Your home, the single largest investment of your life is mortgage-free. You own it outright – or so you thought. One day you get a demand letter from a bank telling you to pay them the \$200,000 you owe them on account of your mortgage. It must be a mistake you tell them, as you have no mortgage. They then tell you they have it right in front of them – you signed it, you received the cheque. The mortgage is past due and a power of sale is pending.

By the time you, your lawyer, your accountant and the police have pieced things together, it appears that someone assumed your identity complete with duplicate health card and drivers licence. Armed with your address and some municipal tax

information and a couple of bills they stole from your mailbox, they went to a mortgage broker to arrange a mortgage on your home. That broker checked their (your) identity, a credit history for each transaction, and an appraisal that you authored arranged a mortgage with the bank. Before you knew it, their solicitor – who acted for both sides after confirming your identity against the forged drivers licence – drafted the mortgage, registered it, and gave them a cheque which they proceeded to cash. They cannot now be found.

Does this sound like a nightmare? Unfortunately, it is a nightmare for thousands of Canadians who have suffered through this situation.

There are a number of players in this fraud – homeowners, lawyers, mortgage brokers, lenders and, of course, appraisers. As an appraiser, it is not your job nor within the scope of your duties to investigate

transactions for fraud. You are not lenders or brokers. You are not charged with verifying transactions. You are concerned with market value for financing purposes. But, there are some things you can do to avoid being ensnared in the long and costly litigation. This paper will set out some 'issues' that may come up in your appraisal business that may call for you to avoid a transaction or seek additional assurances to protect yourself. The following are not an exclusive, comprehensive or even indicative list of factors that may be suspect, however, they may, in whole or in part, indicate something untoward may be occurring.

1. Who is retaining you? If a homeowner, it may be prudent to verify their identity through requirement of a personal cheque listing the address of the property to be appraised in advance for payment of your fees. Are the clients listed



- in the phone book – can you phone them at that number? If you do not know the client, it may be more prudent to insist upon verifiable payment. Avoid postal money orders or cash in payment of your account.
2. Meet the client, if possible. Do not let third parties retain you on behalf of the client without some contact, preferably personal.
  3. If there is no commitment to paying your account or payment is to be made indirectly, be wary.
  4. When you do the appraisal, be wary if there is no recent sales history. Ask questions about the existence of an agreement of purchase and sale or existing mortgages.
  5. Avoid clients unknown to you who want the utmost haste without some good reason. Speed does not lead to good work and it indicates some other reason for the appraisal.
  6. Continue to avoid any pressure to accept the client's representations absent confirmation in writ-

- ing. If there is a value to be met, it must be your idea of that value in the marketplace.
7. Are there difficulties in arranging inspections? Are you being asked to attend at houses that are listed for sale? Are real estate agents giving you access to the house? Are you being asked to convert your appraisal to a 'drive-by' after numerous attempts to inspect directly.
  8. Is the client asking you to deliver the appraisal directly to third parties, or will they 'drop-by' to pick up the appraisal? Either may present some problems.
  9. Are you being retained by a mortgage broker with whom you have never dealt? Can you find them in the telephone directory? Do they have an office?
- Recently, an Ontario judge determined that a bank could not rely on a falsely registered mortgage on account of it not using an appraiser to verify the owners/occupants of the home on which the mortgage was placed. Ultimately, banks may

start requesting appraisers to do such verifications. Such verifications are not within the scope of appraisal work, and are much more the province of other professionals, such as lawyers.

The aforementioned points will merely keep you from being embroiled in litigation. Arguably, if you do come to some actual knowledge that an appraisal is being used for an untoward purpose, you are bound to remove yourself from that transaction or it may be alleged that you are part of it. Depending on the purpose, you may be required to take additional steps to report. 🐼

*Mark R. Frederick is a barrister with Miller Thomson LLP, a nationally-based Canadian law firm. William Barnstead, a claims representative with Winnipeg-based Leonard French and Co., assisted with the authoring of this paper.*

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The Quebec Certification Centre is a public key infrastructure (PKI) developed by Notarius, which was founded for this purpose by the Chambre des notaires du Québec (professional order of notaries in Quebec). This infrastructure guarantees its members and other clients (such as AIC members) absolute security and confidentiality in their electronic transactions and communications. The digital signature provided by Notarius' PKI is backed by certification authority, strict policies, management services and security that utilize public key



cryptography and digital signature certificates.

Other professional organizations such as those representing engineers, land surveyors and professional technologists have also partnered with Notarius. One of the largest is l'Ordre des ingénieurs du

Québec (OIQ), the professional body representing engineers in the province. OIQ has over 50,000 members and partnered with Notarius to offer digital signature services for its members in 2005. An increasing number of OIQ members are signing up to take advantage of the benefits offered by a secure digital signature.

According to Claude Lizotte, OIQ Director of Professional Affairs, the digital signature offered by Notarius allows members to increase productivity and efficiency, while ensuring complete security and trust in the reports they provide to clients. The Notarius product has the added bonus of ensuring that OIQ members can meet specific legal requirements related to the use of technology and the electronic delivery of documents.

Find out how Notarius and its digital signature service can benefit your appraisal practice by visiting [www.notarius.com/public/ccq/clientele\\_ICDE\\_en.html](http://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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# Candidate Registry overview

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

In January 2006, the Appraisal Institute of Canada (AIC) implemented a new policy to establish limits on the number of candidates for whom designated members may co-sign appraisal reports. At the base level, the policy stipulates that designated members in good standing may co-sign the appraisal reports of a maximum of four candidate members in good standing. Designated members may register only candidates who are working directly under their guidance and supervision. In order to facilitate the registration process, the policy requires designated members to register their four candidates using the convenient online tool found in the members section of the AIC web site. Once registered, the co-signing relationship can be searched using a publicly-accessible look-up tool for the Candidate Registry also on the AIC web site. Individuals who have received an appraisal report signed and co-signed by a candidate and designated member can use the registry look-up tool to ensure that a formalized co-signing relationship has been established at the time that the report was signed.

In order to recognize the diverse environment in which designated members and candidates work, the co-signing policy also includes a provision that allows designated

members in good standing to register an additional four candidates, provided they meet certain stringent education and experience criteria as outlined in the next section. Candidates fall within different categories and are identified as either CAN1 (Candidate 1) for the base four candidates and CAN2 (Candidate 2) for the additional four candidates who meet the specific education and experience requirements.

The Candidate Registry is a significant addition to the range of AIC public trust initiatives, i.e., those Institute activities and programs that maintain its commitment to protect the public interest. Registration of the co-signing relationship has mutual benefits for clients, co-signor and candidate. The policy is designed to ensure that designated members appropriately supervise the work of inexperienced, non-designated members of the Institute, and that candidate members enjoy a rewarding and enriching Applied Learning experience supporting their efforts towards achieving a designation. The online look-up tool allows clients to verify that the parties co-signing their report were appropriately registered at the time the report was prepared. At the end of the first year of registry operations, candidates are now registered in the system.

This new model of accountability has been well received by members and clients alike. Admittedly, there have been a few 'growing pains' for this ambitious initiative, and the lessons learned are reflected in enhancements to both the registry software and the policy.

The following FAQs are provided to assist members in their use and understanding of the registry and policy.

## **Q Under what circumstances may I register more than four candidates?**

Designated members may co-sign the appraisal reports of up to **four** additional candidate members (Candidate 2), each of whom:

- has been a member of the Institute for more than five years
- has more than five years of related appraisal experience
- is working under the guidance/supervision of the designated member; and,
- has completed at least four (4) of the following courses:
  - *BUSI 330 Foundations of Real Estate Appraisal*
  - *BUSI 100 Micro Foundations of Real Estate Economics*
  - *BUSI 101 Capital Markets and Real Estate*
  - *BUSI 111 Real Property Law & Real Estate Ethics*



- *BUSI 400 Residential Property Analysis*
- *BUSI 443 Real Property Assessment*
- *BUSI 444 Computer Assisted Mass Appraisal*
- has completed at least one of the required academic courses in the past 12 months.

**Q I have registered four candidates, all of whom are relatively new to the profession. I would like to hire an additional candidate who is very experienced and has completed the education requirements outlined above, but she has not been a member for the full five years. Is there anything I can do?**

You can apply for an exemption to the policy. Applications for exemption are reviewed by a committee of the Institute and are not automatically granted. Criteria for exemption may include the level of supervision, training, review, feedback and follow-up as it pertains to extenuating circumstances as a result of geographic location, work environment, volume of reports generated by the candidate, or experience of the candidate. The onus is on you to provide sufficient evidence that a co-signing ratio greater than that permitted by the current co-signing policy should be applied.

**A few facts about exemptions:**

- They are not automatic upon application. You should not co-sign reports until you have received written confirmation that the application has been approved.
- Exemption means you are exempt from the policy, not from the co-signing requirements. All reports must be co-signed in accordance with the *Canadian Uniform Standards of Appraisal Practice* and Institute policies.
- Exemptions may be granted on a temporary basis only if the committee feels such a measure is warranted.
- An exemption may also be terminated at the Institute's discretion at any time it is deemed no longer appropriate.

**Q Tom, one of the four candidates I registered originally, now has acquired the right mix of education and experience to qualify under the definition of a Candidate 2. Can I hire Jane, a newly admitted AIC candidate and add her to my registry?**

Yes, you can edit the records to move Tom to Candidate 2 status, using the checkboxes on the form provided to verify his education and experience. Then add Jane as a Candidate 1.

**Q What happens if I fail to register the candidates whose reports I co-sign?**

The consequences are severe. Reports co-signed by designated members for candidate members who have not been registered are not insured. Members found in non-compliance may be charged with breaching professional standards and violating the code of professional conduct and will be disciplined.

**Q I paid my dues late this year. Did this have an impact on my registration records?**

Yes, failure to pay dues by the specified due date, by either the candidate or designated member, results in suspension for non-payment of dues. That individual is no longer a member of the Institute in good standing, and any existing registration relationships terminate as of that date. Once dues have been paid, and membership is reinstated, the adversely affected candidate registrations must be re-submitted online. Note that there will now be a gap in registration covering the period between the end of the previous dues cycle and the re-registration of the candidate.

**Q How do I manage the registry when I am absent for vacation or due to illness?**

Designated members can transfer their co-signing responsibilities to another designated member for a total of 31 days per calendar year, to provide coverage for vacation, illness or other temporary absences from the office. After you have secured an agreement from another member to take on your responsibilities during your absence, you can assign the registrations temporarily using an online form at: [http://www.aicanada.ca/e/members/members\\_member-ship\\_transfer.cfm](http://www.aicanada.ca/e/members/members_member-ship_transfer.cfm)

The member to whom you have transferred responsibilities receives an email advising him or her of the transfer and must reply to accept the transfer before it can be activated.

**Q Can I transfer my candidates to a member who has already registered the maximum number of candidates?**

Yes, those accepting temporary transfer of candidates from another designated member may have registered candidates of their own. Candidates remain assigned to their original designated member during the entire period of the transfer, but will be attached to the other designated member only during the specified period. These temporary assignments do not impact the maximum number of candidates members are eligible for within the policy.

**Q I am a candidate and work with several members in the same firm. Can they each add me to their registry?**

Yes, a candidate can have more than one co-signor, as long as the designated member is able to comply with the policy with respect to the total number of candidates they can register. 📌

# Focus on candidates

For the past few years, BC Assessment has welcomed from 12 to 15 appraiser candidates annually. Next year, however, the crown corporation anticipates hiring 40 to 60 people into the appraisal stream. This increase reflects a new reality. As baby boomers begin to retire, the turnover rate of employees involved in appraisal work is jumping from 4-5% to 10-12%.

“Generally, these new hires are candidate members,” says **Doug Rundell**, AACI, P. App, Chief Executive Officer and Assessment Commissioner for BC Assessment. “It is a significant challenge for us to get people who have the education and training experience to come in at working grade. A majority of our people are hired at the appraiser trainee level, which requires only a few appraisal courses. They continue their education with us and move right through to their accreditation.”

As demand for these appraiser trainees increases, the spotlight is focusing on the candidate experience, from recruitment, to training, to accreditation, within either an institutional setting or a fee-for-service situation. Although both settings share many similarities in their approach to candidates, certain differences are also evident.

“Unlike a fee-for-service company, where a candidate might be focused on residential work for a continuous period of time, here you have the opportunity to be involved with a wide variety of properties,” notes Rundell. BC Assessment is responsible for the annual market value assessment on 1.8 million properties in the province of British Columbia, including commercial, residential and industrial properties, as well as linear structures, pulp mills, saw mills and mines.

The corporation has 600 permanent employees, with 380 in the appraisal stream who have all required appraisal training at one point or another. Working under the

direction of senior appraisers, they eventually acquire either an AACI or a BC Real Estate Institute (RI) designation, both of which are recognized by BC Assessment. Presently, about 65% have one or both of these designations.



**DOUG RUNDELL, AACI, P. App**

“What is key is having a robust orientation program, so that there is a clear understanding of the roles and responsibilities as well as what is appropriate and inappropriate.”

Many of the candidates were first hired by the corporation as temporary seasonal employees to work in property and information collection for new construction and develop-

ment. “It is a large recruiting pool for our permanent positions,” notes Rundell. “It gives them a taste for the type of work that is going on in the office, so they can better decide if this profession is for them. We also do considerable recruiting through university colleges, community colleges, career fairs and the appraisal program at the University of British Columbia.” BC Assessment is a customer-focused organization which seeks people who exemplify excellence in customer service as well as an aptitude for appraisal work.

“For young people interested in becoming appraisers, my advice is to find out as much as they can about the profession,” says Rundell. He recommends they take a foundations course from UBC in order to gain a deeper understanding. “It is a small initial investment that can help them better decide if this is a career in which they may be interested.”

While he stresses that students need to take responsibility for initiating a process of inquiry, Rundell also underlines the role of employers in promoting the benefits of the profession and of their own organizations. When candidates come on board, it is important for their mentors to be patient and supportive. “None of us learned the profession overnight,” notes Rundell. “We are making an investment in a new person. We have to ensure we are providing adequate training and mentoring opportunities. That requires both a system of ongoing coaching and a feedback process.”

While the corporation relies on professional educators to provide formal training on the valuation side, specialized training is provided in-house, along with coaching and mentoring, all of which occur in the local office within a team of senior and working grade appraisers. This team facilitates knowledge transfer and ensures candidates are exposed to progressive complexity in their work over time.

“On the job training is a key component,” says Rundell. “We are in the mass appraisal business, so there is a lot of technical modeling and computer-based valuations that are learned on the job. We provide training for all those aspects.”

He adds that, because BC Assessment values property at market value, it is essential for staff to understand not only all the appraisal principles and standards, but also how they apply in a legislated assessment environment. At the same time, candidates are also exposed to defending their work at the Property Assessment Review Panel or the Property Assessment Appeal Board. Participating in the process of having their assessments challenged is an experience they would be unlikely to have when working with fee appraisers.

Institutional candidates also have the opportunity to act as witnesses at hearings. This requires that they meet the *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)*. Because case law also comes into play, candidates are often compelled to become familiar with its application as well.

Although candidates and appraisers share much of the same work, they each hold a separate place within an organization. Defining those roles is an important part of the best practices an employer needs to establish in order to maintain a respectful mentor/candidate relationship. “What is key is having a robust orientation program,” says Rundell, “so that there is a clear understanding of the roles and responsibilities as well as what is appropriate and inappropriate, right off the mark. That is not only for the candidates, but also for their mentors or supervisors.” In addition, he stresses the importance of continuous feedback. To avoid potential problems, it is essential to create a climate where a candidate is never afraid to ask questions.

At Grover, Elliott & Co. Ltd.,



LARRY DYBVIG, AACI, P. App

“It is a long-term commitment. You have to be prepared to invest time in people. But, if you do it, the youthful enthusiasm is a real asset.”

Larry Dybvig, AACI, P. App agrees on the importance of creating a nurturing work environment for upcoming appraisers. The company’s candidates work in a group with appraisers who rely on their assistance for the successful completion of individual assignments. Like their colleagues, the appraisers-in-training have a nicely furnished office equipped with up-to-date technology.

“It is important to create a positive environment where they feel like

the professionals they will be when they achieve their designations,” says Dybvig. “The culture of the office is a big part of that.” He notes that two thirds of the company’s appraisers are young – 32-years-old or less.

“These younger people tend to be more social, both in and out of the office, than the older, more family-oriented appraisers,” adds Dybvig. “People want to feel reward from their work, that they are part of a team, and that others on the team are people they personally like and respect professionally.”

Nine of the company’s 11 appraisers were all candidates in the office at one point or another. Over the years, to meet growing demand for its services, Grover, Elliott & Co. hired a number of appraisers. At one point, the company decided it only wanted to hire people who were fully trained and designated. “That did not work out very well,” recalls Dybvig. “We found that we had certain ways we wanted to see things done related to the kind of work we had, but, often, we would end up interviewing people who did not have the training in these specific areas.”

The company then tried hiring candidates at the beginning of their courses and starting them on appraisal work. “The problem was that there was a steep learning curve,” he explains. “The time required for training can be onerous. The productivity of candidates at the beginning of their appraisal career is not what it needs to be in order to cover the bottom line.”

So, by mid-2006, Dybvig decided to take a different approach. Now, anyone coming into the firm is hired as an ‘appraisal assistant,’ performing support functions including some clerical work. Assistants will also do some report drafting, market research, data base entry and basic research. An accredited appraiser then reviews and verifies the work.

“Appraising is a process,” notes Dybvig. “Determining value is still



a step, but, if you cannot do the 99 steps before that, then you will struggle at completing the final one. I have concluded that it is important for people to start by developing a solid grasp of the first 30 steps. Then, the next 70 are much easier for them to do.”

Because ‘assistants’ do not provide significant professional assistance, they do not need to sign their names to appraisals or to be insured and registered as candidates with the Institute. In fact, the AIC has recently created a non-insured Student Membership category which supports programs such as Dybvig’s.

When hiring trainees, Grover, Elliott & Co. looks for people with analytical skills and an undergraduate degree, who are taking or are interested in taking appraisal courses. “I want somebody who shows passion for the work,” says Dybvig, adding that he will choose someone who enjoys going to open houses and reads the business section of the newspaper over someone who does not. “When I was a candidate, most people got into appraising as a second or third career. Now, many people get into it while they are still in university. That is a positive thing. The earlier you can get them and the lower the level you can bring them in at, the quicker they are going to be productive.”

Dybvig also has some advice for young people thinking of entering the profession. “They need to make

sure they understand the educational and other requirements,” he says. “This can be a lot of work.” To learn about real estate, he suggests people interested in appraising start by doing such simple things as reading the real estate section of their local newspapers and visiting the properties described. Or, they can go to their municipal web site and learn about planning land use controls in their community. They can also read market reports available on web sites for local residential and commercial brokerages and go to see the properties and neighbourhoods discussed therein.

“Then, if you are still serious, take courses,” he continues. “Employers prefer serious applicants who have completed some of the classes to others who have not. And, if you do not yet have a degree, the best one to get is a business degree that makes you eligible for the AIC/UBC Post Graduate Certificate Program.”

Dybvig requires anyone he hires to give the company a three-year commitment. Another one of his best practices is to require everyone joining Grover, Elliott and Co. to have taken the Standards and Ethics Seminar before starting work with the company. As they progress, they train any incoming appraisal assistants.

When they finish their course load, they register as candidates and become junior appraisers under the primary supervision of three senior

AACIs in the office. “Then, it is up to the supervising appraiser to ensure that the candidates work within the standards in everything they do,” says Dybvig.

To assure the public that candidates who co-sign reports are provided appropriate guidance and supervision, Institute policy provides requires designated members to register four candidates only. However, this ratio has proven to be challenging for a company such as Grover, Elliott, where candidate training and supervision is spread out over a number of AACIs.

Dybvig appreciates the great advances the Institute has made in educating and grooming future appraisers. He notes that trainees and candidates continuously find similarities between case studies in courses and the work that takes place in the office. He also reflects on the great strides made since he trained as an appraiser in the early 1970s: “Today, I do not think you could find a valuation organization that has a better connection with its education and actual practice in the field.”

His advice to employers is to maximize on the excellent training provided to today’s candidates. On the other hand, he cautions that bringing on a candidate is not necessarily “for everybody.” “It is a long-term commitment,” he explains. “You have to be prepared to invest time in people. But, if you do it, the youthful enthusiasm is a real asset.” 🍷

## BE AN AUTHOR FOR THE *Canadian Appraiser*

*Canadian Appraiser* magazine is one of the Appraisal Institute of Canada’s most effective tools for communication with and between members. Every issue is distributed Canada-wide to the Institute’s entire membership of AACIs, CRAs and Candidates. An expanded distribution and subscription list extends the reach of this magazine to Institute members’ clients, affiliate organizations and libraries.

Through content licensing arrangements *Canadian Appraiser* articles are made available to

researchers and students by way of various research libraries’ electronic databases. As well, all articles are posted on AIC’s web site where they are fully available to Internet users via popular search engines.

In addition to regular features dealing with such significant initiatives as continuing professional development, standards, liability insurance, communications and professional practice, each issue also provides a venue for members to share their knowledge, expertise and experience by

contributing articles they have written on timely and informative appraisal-related topics.

The CPD Program allows for members to earn a maximum of 40 credits for authoring articles throughout the 5-year cycle. Credits should be reported on the basis of one credit per hour required to author the articles.

If you are interested in contributing an article, please contact Joanne Charlebois, AIC’s Director of Communications at (613) 234-6533 ext. 224 or joannec@aicanada.ca



## Streams, Currents & New Waves in Vancouver!

Six keynote speakers, two educational tours, informative and thought-provoking sessions, and a number of networking opportunities promise to make AIC 2007 in scenic Vancouver, British Columbia the must-attend event for the appraisal community in Canada this year. Co-chairs **Craig Barnsley**, AACI P. App and **Kelvin Coley-Donohue**, AACI P. App, along with the rest of the 2007 Conference Committee extend a warm invitation to their colleagues from across Canada to join them for Streams, Currents and New Waves!

### AIC 2007...A Streamed Approach

It is no coincidence that the conference theme incorporates 'streams' flowing naturally from its organization along these streams:

- **Hot topics** focusing on current valuations issues, industry trends and emerging opportunities in the valuation profession.
- **Tools, techniques & tips** focusing on technology and new approaches enabling our profession to keep pace with ever changing models, systems and approaches in real property valuation and consultation.
- **Personal growth, lifestyle and balance** addressing the need for sustained health in all aspects of our professional, social and personal lives.

### Keynotes, Keynotes, Keynotes

Each day starts and ends with an informative, educational, entertaining and inspiring keynote speaker including former Premier of British Columbia **Mike Harcourt**, author and CBC Radio personality **Stuart McLean**, the 'Master of Disaster' **Randall Bell**, prominent demographer, urbanist and planning consultant **Dr. Andrew Ramlo**, former Executive Vice-President and Chief Economist of the Bank of Montreal **Dr. Lloyd Atkinson**, and doctor and noted behavioural medicine and stress expert **Dr. Ken Nedd, MD**. All registered conference delegates, including companions and retirees, are welcome to attend the keynote addresses. Brief biographies of each keynote speaker can be found at [www.aicanada.ca/e/aic2007/keynote.html](http://www.aicanada.ca/e/aic2007/keynote.html).

### Educational program

The Conference Committee and AIC staff have worked hard to develop a strong program of interesting and informative sessions to meet the educational needs of attendees. Full conference delegates can earn 16 credits toward their continuing professional development requirements for the current cycle.

This year's education program is an excellent mix of topics and sessions. From a takeoff on the reality TV craze of 'flipping' real estate, to an overview of professional responsibility and ethics, there is something for everyone on this year's program. Some of the highlights include:

- **Appraising the Tough Ones** ~ case studies for appraising tough residential properties;

- **Global Real Estate Trends** ~ providing an overview of relevant global real estate trends;
  - **Taking New Ground - The Evolution of Our Profession** ~ a panel of experts who will discuss the variables that affect the profession and discuss entry into new areas of practice;
  - **Impact of Land Use Patterns on Public Health** ~ find out how our built environment shapes our transportation choices and in turn human health;
  - **Ask an Accountant** ~ tax tips, advice on retirement planning and information on selling your practice from a chartered accountant;
  - **Expropriation and Eminent Domain** ~ experts share their insights into expropriation work and the issue of eminent domain; and
  - **Future of Appraisal** ~ a pragmatic approach to looking at the biggest issues, challenges and opportunities facing the profession.
- A variety of other topics will also be covered so check the complete details on each session as well as information on the speakers at [www.aicanada.ca/e/aic2007/program.html](http://www.aicanada.ca/e/aic2007/program.html).

### Educational tours

Take your education off-site for two, limited-seating educational tours, where delegates will explore the challenges of valuation of some unique Vancouver properties. On Thursday, delegates will see 'Canada Line,' the new rapid transit line from the city centre, and then continue on to see Vancouver International Airport's ongoing expansion. Saturday's tour takes delegates to Vancouver's downtown waterfront development followed by visits to a few of Vancouver's 2010 Olympic venues.

### Networking with colleagues

The 2007 conference also offers delegates excellent opportunities to network with their colleagues from across the country. The Welcome Reception, 2008 St. John's Host Night, Networking Night Harbour Cruise, and President's Reception and Banquet each offer different ways of meeting up with old acquaintances and making new ones. Those participating in the Companions/Retirees Program may also attend each evening's social event as part of their registration. For more information on the networking aspects of the conference, please visit [www.aicanada.ca/e/aic2007/networking.html](http://www.aicanada.ca/e/aic2007/networking.html).

### Personally Yours

Experience even more of Vancouver with Personally Yours on Thursday evening, following the 2008 St. John's Host Reception. Each Personally Yours event is a unique activity hosted by a Vancouver AACI. The four distinctive events being offered are:

- An Evening Out in Yaletown (including dinner at the Yaletown Brewing Co., then soaking up the atmosphere of the AFTERglow lounge);
- Jazz Evening with singer and pianist Jennifer Scott at the Vancouver Club;
- Biking in Stanley Park;
- Charity Poker Nite at River Rock Casino, your chance to be crowned the AIC poker champ and test your skills against your peers in a fun yet competitive environment in support of Habitat for Humanity.

**These events require pre-registration and payment, as they are not covered by your conference registration.**

More details on the Personally Yours events can be found at [www.aicanada.ca/e/aic2007/networking.html](http://www.aicanada.ca/e/aic2007/networking.html).

## Pre-conference events Tuesday, June 5 ~ Wednesday, June 6

### ■ Standards Seminar (2-Day)

8:30 am – 4:30 pm  
FEE: \$371.00 (includes GST)

Seminar fee includes: refreshment breaks, lunch and seminar materials including a copy of the *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)*.

The Standards Seminar is MANDATORY for:

- All members applying for designation.
- All members once within each five-year Continuing Professional Development cycle (October 1, 2002 – September 30, 2007).
- All persons wishing to join the AIC as candidate members or to reinstate their previous membership.

The seminar covers the *Standards, By-laws, Regulations* and insurance issues and attendees earn 14 continuing professional development credits.

For more information and to register, visit: <http://www.aicanada.ca/e/aic2007/standards.html>. Complete the Standards Seminar registration form available on that page, and return with payment to:

British Columbia Association  
Appraisal Institute of Canada  
845 - 1200 West 73rd Avenue  
Vancouver, BC V6P 6G5  
Fax: (604) 266-3034

### ■ Tee it up @ Langara Golf Course OR McCleery Golf Course

Tee times commence at 9:30 am **FEE:** \$68.00 (includes GST)

Join your colleagues at either the Langara Golf Course or the McCleery Golf Course on Wednesday, June 6, 2007. Tee-off times begin at 9:30 with space for up to 120 golfers (60 per course). Langara is a 6,085 yard, par 71 course redesigned in 1994, while McCleery is a 6,265 yard, par 71 course redesigned in 1996.

The price for golf will include a deli style 'on-the-go' lunch and power cart. This event will proceed, rain or shine. Full refunds for cancellations before May 22, 2007 will be possible, however, no refunds will be given from May 22 until the date of the event.

The courses are an approximate +/- \$24 cab ride from the Westin Bayshore, Vancouver Hotel.



# Thank you!

## Education Partner and Diamond Sponsors

The 2007 AIC Conference would not be possible without the generous support of many organizations. AIC extends its sincere thanks to those organizations and firms who have pledged their support to AIC and the Vancouver conference, most notably our \$10,000 Diamond level sponsors:

- **Altus Group**
- **BC Assessment**
- **Campbell & Pound Ltd. Real Estate Consultants**
- **Colliers International**
- **HVS International**

The Appraisal Institute of Canada also wishes to thank our education partner for the 2007 AIC Conference, the **Real Estate Foundation of British Columbia**, for its generous support in the form of a \$35,000 grant.

For a complete listing of the organizations that have pledged their support, please visit our conference sponsor page at [www.aicanada.ca/e/aic2007/sponsors.html](http://www.aicanada.ca/e/aic2007/sponsors.html).



### Register today!

Do not miss this exciting education and networking opportunity! Complete conference details and online registration is available by visiting the official conference web site at [www.aicanada.ca/e/aic2007](http://www.aicanada.ca/e/aic2007)

## Embracing a value-added opportunity



A year after obtaining his AACI designation in the spring of 2005, **Scott McEwen** attended his first Appraisal Institute of Canada (AIC) Conference in Charlottetown, PEI. As an appraiser in the host city, McEwen volunteered for a variety of roles at the conference. "I probably met more people volunteering than just attending," says the newly-minted AACI, who worked with the Altus Group before launching his own practice, McEwen Appraisal Services, as part of the Atlantic Realty Advisors or ARA group, in the fall of 2006. His business comprises mainly commercial appraisals along with a small amount of residential work.

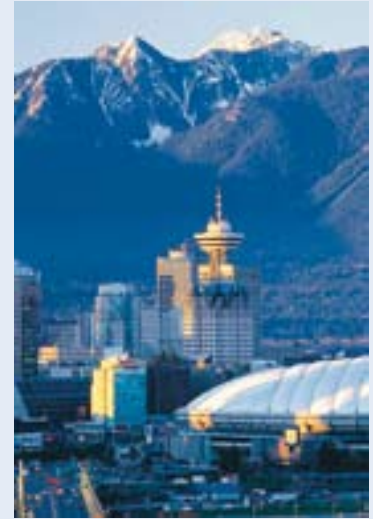
He sees the professional conferences as an explicitly value-added opportunity. "When I was at the conference, I learned more about the profession and how others go about their business than if I had stayed in my own bubble working on projects," he explains. "The ability to learn, meet new people and network is tremendously important, especially for somebody who is entering the profession or who works in a smaller urban or rural centre."

McEwen plans to attend the 2007 AIC conference in Vancouver despite the fact that, this time, the obstacles are more pronounced. Aside from the distance, he has a young family who needs him at home. But, he is determined to go. "If I can do it," he says, "anybody can."





**Appraisal Institute of Canada  
AGM 2007  
The Westin Bayshore,  
Vancouver, British Columbia  
Friday, June 8, 2007, 10:30 a.m.**



**AGENDA**

1. To confirm the Minutes of the May 26, 2006 AGM
2. To receive Reports from the President and Management
3. To receive AIC Committee Reports
4. To consider AIC By-law revisions as presented by the Board of Directors
5. To declare the newly elected members of the Board of Directors
6. To receive audited financial statements for the past year and appoint auditors for the forthcoming year
7. To consider resolutions submitted in accordance with the By-laws
8. To consider all other business as may properly come before the meeting

Note: Designated members have the right to vote by proxy.

Proxy forms available at [www.aicanada.ca/e/aic2007/agm.html](http://www.aicanada.ca/e/aic2007/agm.html)



**Institut canadien des évaluateurs  
AGA 2007  
Le Westin Bayshore,  
Vancouver, Colombie-Britannique  
Vendredi, le 8 juin 2007, à compter de 10 h 30**



**ORDRE DU JOUR**

1. Approbation du procès-verbal de l'AGA du 26 mai 2006
2. Présentation des rapports du président et de la direction
3. Présentation des rapports des comités de l'ICE
4. Examen des modifications aux règlements de l'ICE, telles que présentées par le Conseil d'administration national (CAN)
5. Présentation des nouveaux membres élus du Conseil d'administration
6. Présentation des états financiers vérifiés du dernier exercice et nomination des vérificateurs pour le prochain exercice
7. Examen des résolutions présentées conformément aux règlements
8. Étude de tous les autres points dûment présentés à l'Assemblée

Nota : les membres accrédités ont le droit de voter par procuration.

Les formulaires de procuration sont disponibles à l'adresse [www.aicanada.ca/e/aic2007/agm.html](http://www.aicanada.ca/e/aic2007/agm.html)



**The web site is your link to up to the minute Conference info...**

The official conference web site is your source for complete information on the 2007 AIC Conference. Additional information will be continually added as details are finalized. Visit the AIC 2007 web site at: [aicanada.ca/e/aic2007](http://aicanada.ca/e/aic2007)

## CONTINUING PROFESSIONAL DEVELOPMENT

BY LEACY O'CALLAGHAN-O'BRIEN, CAE  
SENIOR ADVISOR, PROFESSIONAL  
DEVELOPMENT AND MEMBER SERVICES

# Learning in cyberspace

**W**here do you go to find quality learning opportunities that meet your personal needs for professional development, accommodate your busy schedule, and match the Appraisal Institute of Canada (AIC) definition of creditable activity for the mandatory Continuing Professional Development (CPD) program? Online classes are now in session 24/7 – you choose the time and the place. Thanks to the collaboration between AIC and its primary education partner, the Real Estate Division of the Sauder School of Business at the University of British Columbia, members now have access to leading-edge learning that is based on the current program of studies leading to AIC designations. You can now register for 'bite-size' courses on specialized topics and have them delivered to your computer desktop, so you can study at your own pace, earning from four to 10 credits per course. With the end of the current CPD cycle fast approaching (i.e., September 30, 2007) these new CPD courses provide a 'just in time' learning experience that is challenging and convenient.

### Currently available:

Business Enterprise Valuation  
Valuation of Property Impairments and Contamination  
Agricultural Valuation  
Hotel Valuation  
Highest and Best Use Analysis  
Multi-Family Property Valuation  
Office Property Valuation  
Seniors Facilities Valuation  
Real Estate Consulting:  
Critical Thinking, Research, and Risk Analysis

### Coming soon:

Real Estate Consulting:  
Decision Analysis  
Real Estate Consulting:  
Forecasting  
Exposure Time and Its Impact on Valuation  
Machinery and Equipment Valuation  
Land Valuation  
Lease Analysis

To find out more about UBC's online CPD courses, visit: [http://www.sauder.ubc.ca/re\\_creditprogram/programs/cpe/index\\_pd.cfm](http://www.sauder.ubc.ca/re_creditprogram/programs/cpe/index_pd.cfm)

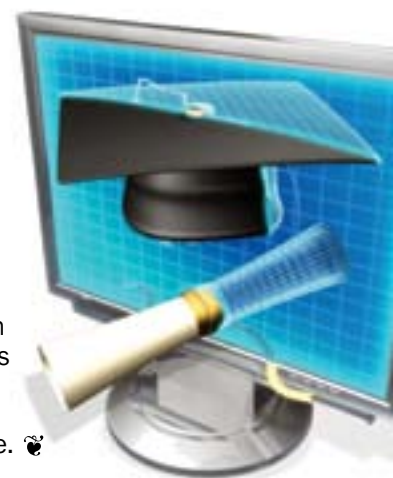
### We Value Canada

AIC has also recently launched its first online education program, the new *We Value Canada* introductory workshop. Because credit for this workshop is now a mandatory requirement for admission to candidate membership (along with the *Foundations of Real Estate Appraisal Course (BUSI 330* at UBC, or equivalent), having it available online means it is always available on time for new candidates to complete when they are ready to apply for admission. Designed as an orientation to the profession, the Institute and the standards of practice, it will also be offered from time to time in a classroom setting in areas where demand is sufficient. The online version is a six module workshop that includes important information along with interesting exercises and valuable career planning tools.

Registration for *We Value Canada* online workshop is now open at: [http://www.aicanada.ca/e/aboutaic\\_we\\_value\\_canada.cfm](http://www.aicanada.ca/e/aboutaic_we_value_canada.cfm)

AIC's CPD records are also online. Members can record their credits as they obtain them, confirm their current status with regard to accu-

mulated credits, and review the CPD guidelines for information on creditable activity and program requirements on the members-only web site. 📄



### Learning Advisory Committee

John Yannacopoulos, AACI, P. App – Chair  
(604) 850-5900  
[John.Yannacopoulos@bcassessment.ca](mailto:John.Yannacopoulos@bcassessment.ca)

John Clark, AACI, P. App  
(613) 230-2100 (ext 6200)  
[jjclark@regionalgroup.com](mailto:jjclark@regionalgroup.com)

Suzanne de Jong, AACI, P. App  
(519) 672-7550  
[suzannedejong@rogers.com](mailto:suzannedejong@rogers.com)

Wayne Kipp, AACI, P. App  
(403) 259-2249  
[wkipp@shaw.ca](mailto:wkipp@shaw.ca)

Thomas Lee, Candidate  
(416) 364-4600  
[researcher@robson-mclean.com](mailto:researcher@robson-mclean.com)

Terence Kerslake, AACI, P. App  
(250) 374-7731  
[terry@fmmkamloops.ca](mailto:terry@fmmkamloops.ca)

John Bridal – UBC  
(250) 642-0127  
[John.bridal@sauder.ubc.ca](mailto:John.bridal@sauder.ubc.ca)

Andre Gravelle – UBC  
(604) 822-8444  
[Andre.gravelle@sauder.ubc.ca](mailto:Andre.gravelle@sauder.ubc.ca)



# The burden of professionalism

**A**s members of the Standards Committee, we are asked to weigh in on various questions that members have asked the Counsellor of Professional Practice, or other committees. The question of retired members taking on “a few small assignments” keeps popping up. Considering the demographics of the Appraisal Institute of Canada (AIC) and the population at large, that is not surprising. ‘Grey Power’ has been an effective lobby for years, and is expected to become more formidable as baby boomers retire. So, what is the answer for those appraisers who wish to spare the expense of dues and insurance, but still keep their hand in a profession that provided their livelihood for many

years? I propose the answer lies in a series of questions.

## Who is a retired member?

A retired member is one who has requested and been granted retired status by the Institute. [*Consolidated Regulations 7.1(b)*] It is important to note that Ethical Standard 5.5.1 states: *It is unethical for members to fail to identify their status with the Institute in a report.*

## Are retired members covered by liability insurance?

At this time, the Professional Liability Insurance Program does not cover appraisal work done by retired members. Retired members can obtain

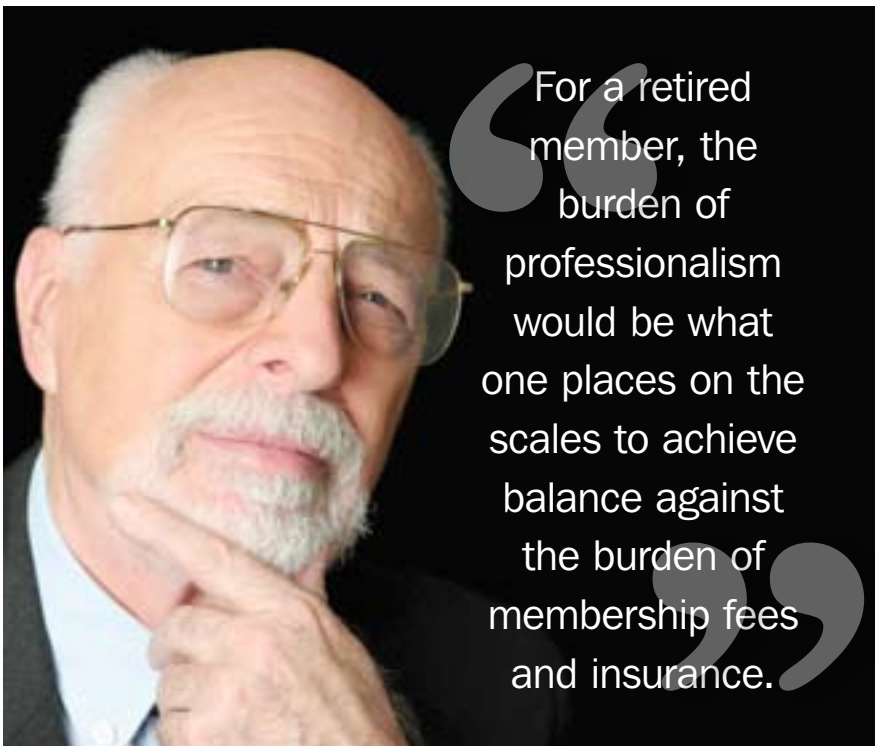
Tail Coverage from the insurer, to cover work done while they were active practitioners. It is not mandatory, however. Ethical Standard 5.8.1 states *5.8.1 Members must be properly registered in the Professional Liability Insurance Program of the Institute.* While it has been suggested that retired members could invoke 5.8.3 by *making clear to the client prior to accepting the assignment that no recourse to the program exists for that assignment*, I would suggest that a retired member would want to carefully consider the consequences of not having insurance coverage.

A case could be made for the AIC, in the future, providing a category of insurance coverage for retired members who take on assignments on a pro bono or minimal honorarium basis, for example, volunteering with an organization such as Canadian Executive Services Overseas (CESO). While larger organizations like CESO do have liability insurance in place, not all organizations will. In the meantime, this coverage is not available from the First Professional Liability Insurance Company program.

Insurance coverage is addressed in the *Standards* in accordance with how the program and the policy are currently structured. Changes to the program are not within the purview of the Standards Committee. If there is sufficient interest in creating some type of limited coverage to retired members in order to do work while retired, members should take this issue up with First Professional Liability Insurance Company, the Institute’s wholly owned subsidiary in charge of the program.

## What about recertification?

Ethical Standard 5.7.3 states *the retired member is not required to recertify.* This presents a problem for a retired appraiser, because, in order to use the



designation AACI or CRA, recertification is mandatory. The *Standards* are clear at 5.1.3 and 5.1.4 about use of the terms 'accredited appraiser' and 'designated appraiser.' In my view, these standards implicitly excluded those members with retired status.

Of course there will be retired members who do continue with professional development. My mentor in *BUSI 499* was one of those. However, the issues of knowledge and skill currency require careful individual consideration.

### What is the burden of professionalism?

For a retired member, the burden of professionalism would be what one places on the scales to achieve balance against the burden of membership fees and insurance. The retired member might ask him/herself these questions:

- Do I take on assignments while in retired status?
- Do I give up my AIC membership entirely, to avoid these costs, and

complete assignments that fall under the Appraisal, Review or Consulting Standards?

- How am I serving my client if I do so? With integrity?
- How am I serving the working members of the Appraisal Institute? Am I competing unfairly, with the benefit of reduced operating costs?
- Will my actions serve to enhance the profession of appraisal that the AIC and its members have worked so diligently to achieve, especially if my knowledge and skills have not remained current?
- Will my actions enhance my own credibility?

These are questions that ultimately rest with the individual, and it is not the place of a member of the Standards Committee to answer them. I would suggest that it is a good topic for the Appraisers Forum. Feel free to start a discussion – we can all benefit by considering this topic. <http://www.aicanada.ca/e/members/forum/topics.cfm>

### Standards Committee

Ray Bower, AACI, P. App – Chair  
(519) 944-5005  
rbower@bowerappraisal.com

Allan Beatty, AACI, P. App  
(250) 763-2236  
abeatty@kent-macpherson.com

Iain Hyslop, AACI, P. App  
(250) 493-6734  
iain@inlandappraisers.com

Anne Clayton, AACI, P. App  
(250) 782-8515  
anneh@pris.ca

Brian Varner, AACI, P. App  
(416) 392-1858  
bvarner@toronto.ca

Brad Wagar, AACI, P. App  
(403) 215-1050  
brad.wagar@outlookrealty.ca

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(416) 777-2200  
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# Recent commentary from Canadian courts

**T**his is a new feature for *Canadian Appraiser* magazine. If you know of a court case or legal decision that will benefit members, contact the Counsellor Professional Practice with the details at [counsellor@aicanada.ca](mailto:counsellor@aicanada.ca)

## ***Rabi v. Rosu***

Canlii 36623 (ON C.C.)

Dated October 31, 2006

<http://canlii.org/on/cas/onsc/2006/2006onsc16476.html>

[29] Ought the bank to be viewed in a similar light? Arguably, the bank could have exercised greater due diligence before advancing a sizeable sum at the request of a mortgagor with whom it had never before had dealings. It delegated dealings to a mortgage broker who had no authority to bind the bank. Important tell-tale signs of the fraud were missed including the highly unusual failure to convey parking and storage spaces; payment of \$30,000.00 to mortgage brokers for a standard mortgage; and the absence of a deposit being paid. If any of these simple matters had been noticed, the fraud might have come to light. **The appraisal exercise failed to even send an appraiser into the unit. A simple interior house inspection could have thwarted a mortgage fraud attempt such as occurred in this instance.** Where the lender is granted an interior inspection, a fraudulent mortgagor would be less likely to be able to pull off its scam.

[30] In this day and age of **impersonalized mortgage lending and**

**borrowing, in which banks download the appraisal process to a mortgage broker who, in turn, does as little as possible to maximize profit, such frauds can and will occur.** I cannot help but observe that there ought to have been more care taken in advancing a sum in excess of one quarter of a million dollars.

## ***Foley v. Shamess***

CanLII 20850 (ON S.C.)

Date: June 7, 2006

<http://canlii.org/on/cas/onsc/2006/2006onsc15509.html>

[26] In considering the evidence given by the appraiser, including the reports, as well as the submissions by the parties, I would give greater weight, in the final analysis, to Mr. Rouleau's (AACI) report, than to Mr. Payerl's (MVA) report. I come to this conclusion for several reasons:

- (1) **An accredited appraiser of the Canadian Institute is, by virtue of that designation, the highest qualified in the field of appraisal work.**
- (2) Ninety-five percent of Mr. Rouleau's work is in the appraisal field.
- (3) Mr. Rouleau examined both an income approach and a market approach in arriving at valuation.
- (4) Mr. Payerl has more experience in the Parry Sound area, certainly with respect to the purchase and the sale of property. However, although he carries out a great deal of appraisal work, this is, by definition, a secondary function of his work, and the MVA designation does carry

some limitations with respect to commercial valuations.

- (5) Mr. Rouleau does give weight, or acknowledge the existence of negative reports (deficiency reports), relating to the 1 Emily Street property as at October 1997.

## ***Thompson v. Thompson, 2006***

ABQB 796 (CanLII)

Date: November 2, 2006

<http://canlii.org/ab/cas/abqb/2006/2006abqb796.html>

[28] On the other hand, the appraisal completed by Perry Appraisal Associates was completed on September 25, 2006, almost three months after the Daines Realty evaluation, which is stated to be as of July 1, 2006. For the same reason I gave earlier, it is my view that the more recent valuation more closely approximates current value in a rising market such as the one now being experienced in Alberta. **Further, the Perry Appraisals' appraisal was completed by Jim Brown, a certified appraiser with the designations AACI and P. App. The AACI designation means that Mr. Brown is an appraiser accredited by the Appraisal Institute of Canada and, therefore, that Mr. Brown has taken a recognized course of study.** The comparables used are also clear on the face of the document. For all of these reasons, it is my view that the appraisal completed by Perry Appraisal Associates is more reliable than is the one completed by Daines Realty. ☺



## Be aware of these RED FLAGS

**T**he term RED FLAG is used in this article to indicate an unusual practice or factor that may indicate a possible fraud, or the potential of one.

Where RED FLAGS are present (or suspected) they should be viewed and examined not in isolation, but as a whole. One indicator is a concern; a few indicators raise the concern substantially. The more RED FLAGS present or uncovered, the greater the cause for concern and exposure.

In today's marketplace, parties involved in realty transactions increasingly rely on others for due diligence. Whether or not this is a preferred approach is not the issue. The issue becomes whether or not someone failed in his or her responsibilities. Is there or was there something that a 'typical' appraiser should have noticed, investigated, commented upon or advised the client of, that may have prevented a 'fraud?'

Some examples of RED FLAGS:

- You call for the appointment and the owner has no idea what you are talking about.
  - This could and has happened when a spouse is a developer, for example, and often uses the matrimonial home as short-term collateral, but it is rare.
- Difficulty in obtaining information from the 'owner.'
- If the applicant is difficult to contact, has only a cell number, and you have concerns about their legitimate ownership of the property:
  1. Ask for a copy of a survey, utility bill, assessment notice, tax bill, or cable TV bill. An applicant should at least have a utility, telephone or cable TV bill.
  2. Is the name the same on each item and also the same as the applicant's name?

- Inconsistency with owner and property
  - Does it 'feel' to you that the property is 'inconsistent' with the applicant that you meet?
  - Does the applicant appear nervous or concerned over the time that you are taking on your inspection?
  - When inspecting, are the 'typical' items present, such as kitchen utensils, or are the clothes closets empty?
- Property changes ownership over a short period.
  - This can happen. But did the price or reported price increase without a valid reason such as renovations?
  - If the property reportedly sold and resold, who were the vendors and purchasers? Were they numbered companies? Were the surnames the same or similar? Who was the real estate agent? Did the same agent act for all parties? Did the same real estate company list and sell in each instance?
  - If this is a sale, do you have a copy of the sales agreement, and is it 'normal,' i.e., does it include chattels or other considerations?

As the appraiser, it is up to you to assign various weights to these items. On its own, the existence of any of these factors may be explained. Perhaps even several of these could be legitimate. But, on the whole, and taken in perspective, the presence of some of these factors should be a warning to you.

It may not be your responsibility to identify the presence of a possible fraud, but, it is you who attended the property, it is you who saw or spoke with the owner, and it is you who some will look to if and when

there is a provable claim.

Look for these and other RED FLAGS, advise the lender of your concerns, and keep a record of the incident.

We live in litigious times. Ensure that you have done your due diligence and properly reported to your client. Hopefully, your client will appreciate your professionalism and the 'extra value' you add to the report. Even if they do not, you will know you have gone the extra step to set yourself above the norm. It is guaranteed your insurance company will recognize and appreciate your efforts.

Ask probing questions and use your judgement. You are the professional. Ask yourself if this makes sense? If the answer is "no," then, as a professional, you should investigate further until the concerns are resolved. If any doubt remains or if you cannot obtain satisfactory answers, it is incumbent upon you to advise your client. ☹

### Ad Hoc Real Estate Fraud Task Force

Gordon Tomiuk, AACI, P. App – Chair  
(204) 942-2121  
gordon.tomiuk@tgk.ca

Craig Soderquist, AACI, P. App  
(403) 356-5533  
craig\_soderquist@soderquist.ab.ca

George Maurice, AACI, P. App  
(416) 866-7151  
george.maurice@scotiabank.com

Michael Garcelon, AACI, P. App  
(306) 236-4661  
mgarcelon@sasktel.net

Paula Malcolm-Scaller, CRA  
(613) 836-1445  
paula.malcolmschaller@rogers.com

# On reflection

**T**he end of one year and the beginning of another is always a good time to pause and reflect on the efforts that have been expended over the past year. Did we accomplish what we set out to accomplish? Was the effort worth it? What does the future hold?

2006 was a big year for the Communications Committee. Continuation of the branding exercise was the main focus and the member consultative phase was completed. The information derived from this investigation was assimilated and the options were analyzed. The Communications Committee then presented its recommendation to the Board of Directors at their spring meeting in Charlottetown. At the Appraisal Institute of Canada (AIC) Annual Conference, all of the provincial associations, through their presidents, executive directors and/or representatives, were fully briefed and their input was sought. Louis Poirier, Chair of the Communications Committee, presented the research findings and the committee's recommendations to the general membership at the AGM. The resulting discussion was fast and furious. This reinforced our recommendation to the Board of Directors to undertake a member poll in the fall.

Thus, the focus of the committee shifted from one of investigation and research to one of education and provision of information. This was accomplished in several ways:

- Video-clips posted on the AIC web site for members to view at their convenience;
- Communiqués announcing and supporting the releases;
- Communiqués responding to



questions and/or feedback as they arose;

- Focus groups held to obtain the direct feedback from a sampling of members;
- Provision of articles to provincial associations wishing to incorporate this information in provincial newsletters;
- 4-page insert dedicated to re-branding and the one brand strategy mailed to members with membership receipts;
- Video and audio clips posted on the branding web pages;
- Power-point presentations prepared and presented at various provincial AGMs
- Information sessions at various chapter meetings across the country;
- Branding and marketing articles included in the *Canadian Appraiser* magazine;
- As much French content as possible included in the varied communication initiatives.

These initiatives were undertaken in an attempt to provide the members

with as much information as possible so that they would be able to make an informed decision in the AIC Member Poll that was held between November 20 and December 2, 2006.

These efforts paid off and the members came through by providing our Board of Directors with the type of direction necessary for them to make some important decisions – decisions that will affect all of us. As reported by President Olscamp, the participation rate was 35.4%. The industry norm for a successful electronic survey is a 20% participation rate. AIC is pleased that we exceeded this norm substantially. Not only does this information let the Directors know the wishes of the members that participated, but it also provides demographic data that is invaluable for future marketing and recruiting planning.

On reflection, there are a number of side benefits to this national communications extravaganza. Not the least of which is the increased correspondence, impassioned debate at chapter meetings, extremely active chat lines, and greater interaction

between provincial associations and the AIC office. Some members were strongly in favour of the single brand philosophy and others were strongly opposed. A number of members who do not typically participate in decisions regarding AIC initiatives emerged to make their views known and truly did take on the responsibility of informing themselves about issues that will affect them.

This is an exciting phenomenon. It shows that we have broken through some of the apathy that typically plagues professional organizations such as AIC. And signs of apathy are definitely apparent within our organization. This indifference is highly evident when you observe the number of past national and provincial presidents and directors that are currently holding positions (in some cases for the second and third time) at the local chapter, provincial association, and national level. It is also evident when you see the number of volunteers (the author included) who

are recycled from committee to committee over a span of many years. Is this because these people do not know when to hang up their skates or is it because there is no one moving in to take their place?

The future for the Institute and its members has never been rosier. There is an opportunity at hand to form and shape AIC into an organization that offers its members a sense of pride together with many membership benefits. However, this will take continuation of the type of responsible involvement that emerged as a result of the branding initiative. The successful implementation of the new marketing plan will also require each and every member to take a responsible role in helping keep the ball rolling. An infusion of new blood will make sure it goes in the right direction.

So, to answer the questions:  
*Did we accomplish what we set out to accomplish?*

Yes, and then some.

*Was it worth the effort?*

A resounding yes!

*What does the future hold?*

With member involvement and enthusiasm, the sky is the limit! 🐻

#### Communications Committee

Louis Poirier, AACI, P. App – Chair  
(403) 517-3036  
louis.poirier@outlookrealty.ca

Tom Fox, AACI, P. App  
(306) 545-5226  
tfoxappraisals@sasktel.net

Jacqueline Cox, CRA  
(613) 995-8613  
cox.jm@forces.gc.ca

Glen Power, AACI, P. App  
(709) 753-7800  
glenpower@mac.com

Beverly Girvan, AACI, P. App  
(902) 543-3000  
bdgirvan@eastlink.ca

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# Is there a future for peer review within AIC?

**P**eer review is defined by *Wikipedia* as a process of subjecting an author's scholarly work or ideas to the scrutiny of others who are experts in the field. Peer review programs have been adopted by many professional associations. An example is the Law Society of Upper Canada's practice review initiative which was expanded in 2006.

As many of us know, it is difficult to objectively review one's own work. As professionals, our goal is perfection, and we all want our work to be top tier and our reports to be bulletproof. On occasion, some of us ask a colleague to review a report and have discovered the benefits of peer review. I can personally advise that it is a very positive educational experience to have a colleague objectively and critically review a report. The feedback is tremendously valuable, as it opens one's eyes to imperfections which are difficult to see in one's own work product.

A mandatory, educationally oriented peer review program would have many benefits for the Appraisal Institute of Canada (AIC) and its members. Such a program would provide each participating member with unbiased, objective, and valuable input on how to

improve and elevate one's work product, and would provide this feedback in a safe, non-hostile environment. Considering the bigger picture, additional benefits would include higher quality reports, reduced professional practice complaints, reduced insurance claims, and, of course, significantly elevated credibility and stature of the AACI and CRA designations in the public arena.

To be sure, many issues would have to be dealt with during the development of a program proposal. Should candidates and/or public designated members be included in a mandatory program? What is the scope of the review? How should the reviewers be selected, and/or qualified, and/or trained for this task? How long should the review cycle be, and should there be remedial or follow-up reviews? Should it be a double blind process? How do we ensure that members' work is not being reviewed by their competitors?

Also to be considered is the volume of work this program would create. There are currently about 2850 'public designated' members. If a five-year cycle were to be adopted, for example, this would result in about 570 reviews per annum, or 48 reviews per month.

Then, of course, there are the financial implications....need I say more?

Yes, the challenges are significant, although as mentioned herein, the benefits for us all can be enormous. I remind members of AIC's Mission Statement, which reads in part "...to protect the public interest and support our members by ensuring high standards..." An educationally oriented mandatory peer review program would address this very principle and also serve as the next step towards true professionalism.

Development of a peer review program is addressed in the draft 2007-2010 Strategic Plan. Having attended the Strategic Planning session, I can report that the concept of a peer review program had a great deal of support from the many participants. It seems that the time has come for AIC to seriously consider a mandatory peer review program. 🍷

## **Ad Hoc Committee on Professional Practice**

Mike Garcelon, AACI, P. App  
– Chair  
(306) 236-4661  
mgarcelon@sasktel.net

Terry Kerslake, AACI, P. App  
(250) 374-7731  
terry@fmmkamloops.ca

Robert Robson, AACI, P. App  
(416) 364-4600  
robson@robson-mclean.com

The time has come for AIC to seriously consider a mandatory peer review program.

# The role of the Appeal Committee

An appeal is the act or fact of challenging a judicially cognizable and binding judgement to a higher judicial authority. The Appeal Committee, an Appraisal Institute of Canada (AIC) standing committee of the Professional Practice Group of committees, is such an authority. However, as a cursory scan of five years of *Canadian Appraiser* issues revealed, this committee has kept a low profile, with little written about its duties and activities. In an effort to make AIC members more aware of the role of the Appeal Committee within the professional practice sphere of activity, a brief outline is presented here.

The Professional Practice Group of committees, together with the Counsellor of Professional Practice, essentially constitute the AIC's disciplinary body. With the exception of the Counsellor of Professional Practice, these committees are staffed by volunteers, all members of the AIC. Among these committees, the Appeal Committee is the least busy. From my perspective, this unequal load of work speaks to the effectiveness of the Investigating and Adjudicating Committees in fulfilling their mandate, especially in light of AIC members having the ability to appeal as of right and not by leave or permission.

To achieve the level of fairness and equity expected of a higher judicial authority, one of the primary concerns in constituting a panel to hear an appeal case is that the members hearing the appeal are free from any bias, whether real or perceived.

“The role of the Appeal Committee continues to expand.”

As three members are needed to constitute a quorum for any hearing, every member of the Appeal Committee does not participate in each case that reaches this level of the disciplinary process. It is not unusual, therefore, to have a member disqualify him/herself from sitting on a hearing on the basis of potential conflict of interest. Also, from time to time, an appointed committee member is unable to attend a hearing because of other commitments. With only four appointed members, it can sometimes be difficult to obtain a quorum. In these instances, the committee draws upon the volunteered services of former Appeal Committee members to complete its task.

The four current members of this committee reflect the diversity of the general AIC membership; they are located across Canada, with some working in private fee practice and others for governments or corporations. Although ongoing behind the scenes participation is required of these members, attendance at formal sessions to hear appeals is needed about two times every year. For any hearing, a high level of advance preparation to familiarize oneself with the details of a case is required of an Appeal Committee member. A complete copy of the file, including transcripts of the Adjudicating Committee hearing, if there was one, is sent to each committee

member. These files are returned to the AIC offices to be destroyed after the appeal has been heard. It is my experience that members of the Appeal Committee take their role seriously, and that appeals are heard by members who have strived to acquaint themselves fully on the issues put forth by the appellant. Ultimately, members who have been to the Investigating and Adjudicating Committees must appreciate that Appeal Committee decisions are final.

The role of the Appeal Committee continues to expand. In a future issue of *Canadian Appraiser*, we will describe these duties and outline how the committee fulfills them. 🍷

## Appeal Committee

Charles Abromaitis, AACI, P. App  
– Chair  
(519) 661-2500 (x4713)  
cabro@sympatico.ca

Andy Chopko, AACI, P. App  
(780) 432-0616  
achopko@telus.net

Brian Duncan, AACI, P. App  
(905) 777-1225 (x105)  
bduncan@antecappraisals.com

Leonard Lee, AACI, P. App  
(604) 241-1361 (x234)  
Leonard.lee@bcassessment.ca

# From the Counsellor's Desk

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

## Succession planning

In my last article, I discussed the process of finding the right match in the co-signer/candidate relationship and some key factors to consider when negotiating the terms of this relationship. The same principles and factors are applicable to finding business partners and hiring employees. In this article, however, I would like to address the other end of the spectrum – succession planning for your appraisal practice. After all, that next candidate that you hire, with a business commerce background, will bring new skills to your business, and may wish to eventually become a full partner who subsequently takes over the business when you retire. This is about training your successor and not necessarily your next competitor.

If you are not thinking about retirement, then why do you need to consider this? Succession planning, like estate planning, is about having control over what happens to your business. Prudent estate planning ensures who inherits your assets and

reduces the tax liability. Succession planning ensures the appraisal business that you have developed will continue long after you retire.

A recent survey by the Canadian Federation of Independent Business indicates that at least one-third of small and medium sized business owners plan to retire in the next five years. This is no surprise, since the first wave of Canada's baby boom generation turned 60 years of age in 2006.

From the perspective of the Appraisal Institute of Canada (AIC), the upcoming retirement cycle can be predicted. The reality of an older membership (55% between the ages of 45 and 65) has been one motivating factor behind the recruitment element of the branding and promotion initiatives aimed at attracting new members. It is essential that these people join the Institute during a time-frame when the experienced mentors are still active in AIC and available to develop and train these successors.

For the business owner, succes-

sion planning has multiple benefits. It can grow your business and secure your retirement income; thus letting you ease into retirement. It can also provide for someone to take over the operation of your business should something such as illness happen to you today.

The key is to incorporate a succession component into your business plan. If your plan is to have a family member take over the business, then get them involved early. If you plan to sell your interest to your partners, make sure that is included in the partnership agreement. Three critical steps – identify your successor, train your successor, and, when you are ready, transfer ownership.

From a *Standards* perspective, you must consider *Ethics Rule 4.2.9* and the requirement for an appraiser to have access to pertinent records. When you sell your business, you may sell your records. Thus, the purchase and sale agreement should provide for access to the records for insurance claims purposes. Additionally, a potential purchaser will not assume your liability. Accordingly, it is expedient to secure tail coverage, which provides you with insurance protection during your retirement.

Another consideration is your own ongoing consulting relationship with the new owners, in a mentoring and advisory capacity. It was your reputation that built the business and your continued association with your successors will assist them in preserving and expanding on that.

Finally, when considering your plans for succession, just as you expect to be consulted in areas of your expertise, I would similarly encourage you to consult specialists such as a financial planner, lawyer, tax accountant or business valuator to assist you with this important aspect of your business plan. 🐾





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# Some informal observations of China

**H**ow many times have you said to yourself, “If only I had it to do over again!” or “If I knew then what I know now ...!” Well, consider if you had not done it and you were about to embark on doing it for the first time. This, I speculate, is, in part, the perspective and advantage the valuation profession in China currently has. Moreover, I further speculate that China – staged to soon replace Canada as USA’s largest trading partner – will adopt both a broad and thorough approach as it addresses its emerging markets and the valuation of same. In short

– research the world, see what is working and what is not, and then adopt what is best. I understand that this was the approach taken by China when implementing its accounting standards.

I had what I consider to be the extreme good fortune of being invited as a guest of the China Appraisal Society to attend the 2006 Valuation Conference in Kunming, China. Not being a geography major at university, Kunming was a city that had not gained my attention in the past. You become acutely aware of your perspective, or lack thereof, concerning China’s size

when a city of 5,000,000 people previously escapes your notice. Then again, Beijing is 15,000,000 people. Did I mention that the approximately one decade old China Appraisal Society has over 30,000 members and is growing? You get my point.

The conference itself was outstanding, featuring a list of attendees, speakers and presenters second to none. The conference program included a wide spectrum of subjects and valuation issues that were addressed by speakers from around the world. A truly eclectic mix of practitioners, regulators and standard setters all addressing topics associated with or influencing ‘value.’ It was somewhat comforting to know there are often very similar problems in very different places, and that particular circumstance results in many of our Canadian valuation skills being transportable.

It would be incredibly foolish for someone to comment on any county based on the perspective of a single conference and a week wandering around, but here are some immediate and, not surprisingly, real estate oriented impressions.

Much of North America’s earliest perspective on history is circa 1492. In contrast, one of China’s most interesting archaeological exhibits features a village over 6,000 years old. A Gross Age Multiplier if you will, in the order of 12 times. And NO, Marshall and Swift’s depreciation tables do not go back that far, but what was there, was priceless.

I have touched on ‘size’ already, but consider this. Imagine a





commercial development site, say two long city blocks in width and three city blocks in length. Put half a dozen cranes on site. Put what can best be described as three or four columns of three-storey site trailers full of triple bunk beds on one corner to house your site crew. Turn on the lights when it is dark so that crews can work throughout the night and turn them off when the sun comes up. Picture a beehive of activity. If anyone ever suggests there is a shortage of construction or other materials because of China's consumption, do not doubt it. Some other people told me they visited one development site which was reported to have over 30 cranes.

The building profiles in both Kunming and Beijing were lower than I expected. Not that there are not tall buildings, but 15 to 20 storeys is more typical. And some have considerable mass, as the above described footprint might suggest. In the absence of a few photos, one might be left with the impression that mass translates into institutional or bulky. Not so. With a picture being worth a thousand words, I have included a few thousand words for your consideration.

Thinking about things since returning to Canada, I have to say it was the 'contrasts' that strike one the most. You have incredibly high-tech meeting rooms with wireless instantaneous translation provided to everyone on the one hand, and older buildings being demolished one floor at a time by labourers with sledge hammers, pry-bars and shovels right across the street. When, if ever in Canada, was the last time any of us saw a 20- to 30-man maintenance crew replacing ties and rails on a section of track without heavy equipment. On the same day, you can witness the pride exhibited by a uniformed



street cleaner moving down a city street (small broom and dirt bin in hand) and read in the local paper that the largest initial public offering ever (calculated to be in the billions USD), was just fully subscribed. Closer to home, ponder the national assessment roll which captures the newest office building in a downtown

core, extremely modest housing without the benefit of municipal services, and everything in between.

Finally, imagine attempting to establish in a decade what we take for granted as being the business of valuation. A daunting task in an emerging market, but I have no doubt it will be done and done well. 🇨🇦



# AIC designations granted / Désignations obtenues de l'ICE

The Appraisal Institute of Canada (AIC), together with the provincial associations and the provincial bodies affiliated with the AIC, commend the following members who completed the rigorous requirements for accreditation as a designated member of the AIC during the period November 18, 2006 to January 31, 2007:

*L'Institut canadien des évaluateurs (ICE), en collaboration avec les associations provinciales et les organismes provinciaux affiliés à l'ICE, félicite les membres suivants qui ont complété le programme rigoureux d'accréditation à titre de membre désigné de l'ICE durant la période du 18 novembre au 31 janvier 2007 :*

## 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

Bradley L. Brewster  
Daniel W. Fournier

#### BRITISH COLUMBIA

Bruce H. Caple  
Dorothy E. Clark  
Roland Leo Dubois  
Sean M. Hughes  
Sarah W.Y. Lai  
Jason A. Mikes  
Ernest E. Payne  
Shelagh L. Tillotson

#### MANITOBA

Jared J. Moroz

#### NEW BRUNSWICK

Stephen R. Leblanc  
Kimberley J. Polk

#### NEWFOUNDLAND

Arthur Todd Pickett

#### ONTARIO

Ryan P. Fagan  
Colin B. Johnston  
Candace D. Norman  
Peter Rusin  
Jay P.H. Wong

#### QUÉBEC

Sebastien Jean  
Michel Audy

#### SASKATCHEWAN

Mark J. Dean  
Mike Schulkowsky  
Cameron H. Walker

## 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

Ann Burt  
John J. Hughton  
Judith A. Beler

#### BRITISH COLUMBIA

Daryn R. Stewart  
John W.C. Chik  
Henk Den Breejen  
Michael G.D. Knight  
Jojhar S. Mahanger  
Gordana Zivkovic  
Michael A. Harley  
Simon J. Jolly

#### MANITOBA

John D. Avery

#### ONTARIO

Jean M. Carriere  
Paula C. Malcolm-  
Schaller  
Douglas S. Osborn  
Nilay Saha  
Howard Christie  
Joyce D. McGlinchey  
Edward Nicol  
Fred Knutson

#### QUÉBEC

Antony Hemme  
Stephane Martel  
Eric Matte  
Serge Meilleur  
Pascal Bedard  
Josee Demers

#### SASKATCHEWAN

Brian Lucyshyn  
Bill Eastcott  
Daniel Ryan Gerein  
Diane Thompson

## Candidates / Stagiaires

AIC welcomed the following new candidate members during the period November 18, 2006 to January 31, 2007:

*L'ICE souhaite la bienvenue aux personnes suivantes qui ont joint les rangs des membres stagiaires durant la période du 18 novembre au 31 janvier 2007 :*

#### ALBERTA

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## ON THE MOVE

### Quest appoints AIC member as Chief Operating Officer

Quest Capital Corp., a merchant bank headquartered in Vancouver that focuses on providing financial services, specifically mortgages and bridge loans, has appointed Kenneth Gordon, CRA as its Chief Operating Officer. Kenneth has over 30 years of Canadian and international mortgage lending experience, including, five years as Vice-President of MCAP (Caisse de depot et placement du Quebec), where he was responsible for all interim and construction mortgage lending; and eight years as Vice-President of Mortgage Investments and then President of Aylmer & Sherbrooke Investments Inc., which is the fully owned mortgage corporation of the McGill University Pension Fund.

Kenneth has served on the executive committee of the Mortgage Bankers Association of America and has a mortgage broker's license both in Quebec and British Columbia. He has also served as a director for the Quebec chapter of the Appraisal Institute of Canada and as Vice-Chairman of the Saskatchewan section of the Trust Companies Association of Canada. In addition, he holds a CRE designation from the Counsellors of Real Estate, a CRA designation from the Appraisal Institute of Canada and a FRICS designation from the Royal Institute of Chartered Surveyors.

In his new position, Kenneth is responsible for managing the Company's real estate lending operations and the expansion of Quest's mortgage lending activities across Canada.

**NOTE: If you or someone you know in the real estate industry is changing positions, taking on new responsibilities, moving to a new company or location, winning awards, etc., please send the information to [joannec@aicanada.ca](mailto:joannec@aicanada.ca) so that we can include it in our new ON THE MOVE section of *Canadian Appraiser*.**

## Member disciplined

THE APPRAISAL INSTITUTE OF CANADA advises that **Colin Best, CRA, of Milton, ON** has been found in contravention of the Institute's *Code of Ethics and Standards of Professional Practice*. The sections contravened are:

**Regulation No. 1:** ER 1.1 (a, b, c); E.R. 2.1; ER 2.2 (a, b, c); and ER 6.1.

**USPAP (1998 Edition):** SR 1.1 (b, c); SR 1.5 (a); and SR 2.1 (a).

The member withheld listing information of the subject, which was in his working file, at the time of the appraisal. He stated in the appraisal report he had no knowledge or recent information of a sale or listing on the subject. Withholding of this information is misleading the reader. The listing price was substantially lower than the final estimate of value in the appraisal report. In addition, the member was not co-operative in the investigation and forced the Investigating Committee to suspend his membership until he co-operated with the investigation.

As a result of this conduct, **Colin Best, CRA** has been given the discipline of Censure and education discipline. Also, pursuant to the Consolidated Regulations of the Appraisal Institute of Canada, costs have been levied.

## IN MEMORIAM



Since October 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.

Depuis le mois de octobre 2006, les membres suivants de l'Institut canadien des évaluateurs sont décédés. Au nom de tous ceux qui oeuvrent de près ou de loin au sein de l'Institut et de la profession, nous exprimons nos plus sincères condoléances à leurs familles, amis et associés.

**Dirk de Lege, AACI, P. App**  
Markham, ON

**Ronald Richard, AACI, P. App**  
St. Lambert, QC

**Harry Andrew Depow, AACI, P. App**  
St. John, NB

**Ian C. (Cam) MacKeigan, CRA**  
Halifax, NS

**F**or most of us in the appraisal industry, when we think of security, we think of signatures, data storage, internet, office, etc. Although my new profession (an appraiser since 1997) is changing the way I think of security, I find that my prior profession still urges me to look around a little more than the average appraiser – especially from a ‘personal safety’ security point of view.

Female membership in the Appraisal Institute of Canada (AIC) is on the rise and this is a trend that is likely to continue. This changing demographic is apparent in the Institute and the workforce in general, and this is one factor leading to the possibility that personal security may well become a greater concern in coming years. Certainly, neither gender has an advantage in terms of natural attributes required for completing appraisal related assignments. However, it is clear the females are more likely to be assaulted by people who could be unhappy clients, serious violent predators, or individuals with other motives. Although I am not aware of any specific serious assaults on our members, I do know of several potentially dangerous situations that either my partner (female) or I have



# PERSONAL SECURITY considerations

By Gerry Gehlen, AACI, P. App

Retired from RCMP in 1998 after 25 years of service in various locations throughout Alberta

encountered in the past few years.

Prior to making a few suggestions on avoiding compromising situations from a personal security point of view, I would like to make two points that will help keep this article in perspective.

1) The intent here is not to unnecessarily alarm members by pointing out our vulnerability to the actions of a few disturbed people in isolated situations. While serious assaults are widely publicized, the fact remains that they are few in number in our relatively safe society.

2) While understanding the above, the axiom “do not gamble what you cannot afford to lose” is particularly relevant. Although odds are great that we will go through our careers and not have one serious violent act committed against us, the consequences of one incident can be devastating. It is one thing to be careless when picking lottery numbers and only \$5-\$10 is at stake, but, when our health may be on the line, we should exercise more care with our judgement.

Now, a good question is, “why

would anyone do harm to one of our members?” Actually, there are a variety of reasons, with the most common motive being simple frustration caused by personal problems such as divorce or bankruptcy. In the vast majority of these situations, our members are subjected to only verbal abuse. On the other hand, motives for a more serious assault might include obtaining money or other valuable items (e.g., jewelry, vehicle, etc.) to support an addiction habit, sexual, hiding of identity, real or perceived threat, or mental instability.

Another common question is,



“how can we identify potentially violent people?” It is difficult, if not impossible, for most of us to distinguish who is potentially violent/dangerous and who is not. Experience tells us that violent people do not look any different than the rest of us. In fact, the more potentially dangerous a person is, the more skilled he or she may be at hiding their real personality. There are countless examples of ‘citizens of the year,’ or similarly well-respected individuals, turning out to be serial murderers or worse – effectively fooling everyone for years.

What should we be doing to minimize our risk of becoming a victim? Although there are exceptions to every rule, we know that seriously violent offenders generally target victims that are ‘accessible’ and ‘vulnerable,’ rather than basing their victim selection on factors such as victim appearance. For these most serious offenders, accessible and vulnerable includes the consideration that a particular victim offers the assailant the opportunity for anonymity. Accordingly, our members are less likely to be targeted if we simply take a few standard precautions.

Precautionary steps are illustrated for the following phases of appraiser/client contact:

### 1) From your office:

- Follow already established recommended procedures that include completion of a ‘letter of engagement.’ Many potential culprits will already feel exposed if their names have been documented.
- For cases where we are going to meet someone other than the client, clearly identify who you will be meeting at the inspection site.
- Be sure and ask if there are dangerous dogs at the site.
- Make sure someone else knows your schedule of inspection that includes times and addresses.
- Make sure you have a charged cell phone.
- Do not be afraid to ask another appraiser (or some other person you can trust if you are a one-person operation) to come with you on assignments that may have an elevated level of risk. Better still, do not accept such assignments if you are at all concerned about dealing with the elevated level of risk.
- Develop convenient exit strategies (from a building) to get back to

your vehicle without showing you are alarmed or concerned about something. For example, having to get your camera is usually believable.

### 2) Upon entering the property:

- Be aware of where neighbors are in rural settings – in the event you need help in a hurry.
- Upon entering property, think of how you are going to exit the property if things go sideways on you.
- Always try to find a place to park so that you can move in both forward and reverse – and preferably with forward being the most direct route to exit the property.
- As well as from human risks, do not forget to look out for signs of dogs and be especially wary of the quiet ones.
- Do not get out of your vehicle if dogs are a concern – call your client and be careful. If your original inquiries indicated that there were no dogs at the property, but dogs are present, you may be at the wrong property or there is a stray one around and that is not good.
- Before getting out of your vehicle and when your host can see you is a good time to confirm with your office where you are – showing your host (potential bad guy) that someone else knows where you are and when you are there.

### 3) Making contact with the client or property owner:

- Either outside or at the front door, identify yourself with confidence and confirm the identity of your host. If your host is not the person you expected, find out why and be careful.
- Trust your first instincts. In nearly every violent incident, the victim gets some prior insight about something going wrong, but proceeds regardless.
- Always keep your cell phone in a position to speed dial your office or 911.
- If at all suspicious, explain how you do the exterior first and do not go inside. Simply go to your vehicle and exit the property.
- If your host is obviously under the influence of alcohol or some other intoxicant, find a way to exit the

property ASAP. This is not the time to be polite you do not have to explain anything - use your developed excuses to go to your vehicle and leave. People under the influence of intoxicants are displaying poor judgement and cannot be trusted.

### 4) Inside the building:

- Similar to the property as a whole, know where your exits are and try to find more than one.
- Once inside, if the actions of your host are improper, stay as calm as possible without tipping your hand and try to get out of the building and to your vehicle. It is better to overreact 100 times than to under-react once with the wrong person. The more believable your exit excuses are and the calmer you are, the better chance it will work.
- Without your host’s knowledge, use your cell phone and your pre-arranged speed dial. If you cannot talk on the phone, at least the office or 911 operator can send help.
- If you are the victim of a serious assault, fight like hell and do whatever necessary to stall for time. Remember -- fortunately, almost all of us will never have to deal with this type of incident.

### Actions to avoid

- Do not get in a client’s vehicle unless it is clear the vehicle is the only way to achieve the required inspection.
- Do not take clients in your vehicle.
- Do not rely on dog/bear spray to repel human assailants. These sprays are only 1/10th the strength of sprays used by police on humans. I can assure you that dog/bear spray will do little to deter a violent offender.
- Do not give unpleasant news to your client at the property. You are at far less risk if you relay this type of information over the phone later.

In summary, do your pre-inspection homework, be professional, make sure your host knows that other people know where you are and who he or she is, trust your first instincts, do not be afraid to walk away from a job now and then, and do not gamble with your health – something you are not prepared to lose. 🐾

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# Searching for a mediator?

By Verner Smitheram, Founding Director  
Centre for Conflict Resolution Studies,  
University of Prince Edward Island  
Presenter at AIC 2006 Conference

**M**ediators recognize that, while conflict is inevitable, combat is optional. They understand that conflict is common in human affairs, since we meet opposition daily as we pursue our diverse interests and values, and that, psychologically, each of us sees things, not as they are, but as we are, hence we often have clashing perspectives on the same events. The mediator's objective is to guide disputants away from competitive combat towards mutually agreeable resolutions.

In the presentation *What is Mediation and How You Can Use It*, offered at the 2006 Appraisal Institute of Canada National Conference, I addressed the following:

- What is mediation?
- Keys steps in the interest-based model
- The skills of mediation
- Where to learn mediation
- Making mediation work for you
- Finding and assessing mediators

Here, a few points need to be stressed regarding the basic understanding of mediation, as background to advice about selecting a professional mediator.

## Key features of interest-based mediation

### 1. Overall goals

The strongest single influence on the conduct of mediation is the stance taken on two principal facets of any conflict: a) the conflict problem, and b) the personal relations of disputants. At one end of the spectrum is the transformative approach focused exclusively on the relationship, in the belief that, once parties learn to get along, they will solve problems on their own. At the other extreme is the 'muscle mediator' concerned exclusively with hammering out a quick solution to the problem in dispute, with scant attention to



relationships. Most clients will want a middle path aimed at both good solutions and good relationships, which is in line with the interest-based model. Since goals heavily influence process, it is important that clients find a mediator who shares their basic goals.

### 2. The problem-solving process

Conflicts always start with a clash of positions, where one party tries to impose its self-regarding solution on an opposed party pursuing a different outcome. The mediator has to move the parties away from being rivals contesting rigid, antagonistic positions towards acting as collaborative solvers of a problem they share. There are two major hurdles here – one logical, the other psychological.

On the *logical side*, the mediator must skillfully help disputants put order in the chaos of claims, counterclaims, and negative emotions typical of conflicts. This is why an effective mediator will use a template for problem-solving like the interest-based model. This involves, in sequence, unpacking the context of the dispute (the story), mapping the interests, needs, desires of the parties, clarifying the issues or what needs to be fixed, creatively generating options

that could meet the interests, evaluating the pros and cons of potential solutions, and reality-testing the long-term viability of agreements.

On the *psychological side*, the mediator must motivate parties to avoid relationship-destroying attitudes such as "I am right, you are wrong" or "you are to blame," negative assumptions about others, and, tactics of attack and defense. Fear, suspicion and anxiety must be replaced by safety, trust and confidence. Again, the interest-based model procedurally requires relation-building features such as ground rules for respectful communication, ethical transparency, active listening by all parties, and mutual understanding.

### 3. The principle of party self-determination

Mediation keeps the parties at centre stage. They enter the process voluntarily, choose the mediator, speak for themselves, retain ownership of the problem, and are responsible for the solution. (For contrast, consider litigation.) This principle leads to other essentials such as mediator neutrality, process transparency, and confidentiality, all aimed at empowering the client.



#### 4. Neutrality

The essence of mediation is that it is managed by a neutral third party. This distinguishes it from negotiation, arbitration and litigation. Neutrality connotes fairness, non-partisan attitudes, absence of bias. This criterion is a constant challenge, since nobody is totally free of bias or preference. In terms of personal neutrality, conscientious mediators need a high degree of self-awareness to either mitigate the effects of personal bias or to disqualify themselves from a case. In terms of neutrality about the substance of a case, mediators must avoid pre-judging solutions. Clients should know that mediators seriously violate their role and 'morph' into arbitrators or judges if they impose their own solutions.

#### 5. Process management

Mediators bring to the conflict a set of theories, values, methods, skills and tools designed to guide disputants in specifically collaborative directions and to steer them away from conflict-producing behaviours. Therefore, mediators are **not** neutral about the process. They have a duty to obtain informed client consent about the process before proceeding and then they must apply it fairly.

#### 6. Future orientation

The interest-based model minimizes causal investigation of the past in favour of facilitating client identification of present needs and their search for ways to meet them in the future. Mediators are neither investigators nor psychotherapists. 🐼

## A checklist for selecting a mediator

Prepare for the meeting (ideally, a face to face interview) by reviewing the conflict situation, the needs of all parties and the items below.

#### 1. Educational background and work history

Do you want a mediator to also have expertise in the area of conflict, such as a business background for a commercial dispute, or a social work background for a family dispute? What experience does he or she have with cases similar to yours? If the mediator is expert in the area of the problem, will he or she have preconceived solutions? If not an area expert, does his or her experience suit your case?

#### 2. Specific mediation training

Mediation is an unregulated profession. Training is available from a wide range of commercial and academic providers offering credentials for as little as 40 hours of training or as much as a PhD. I recommend verification of a minimum of 180 hours of formal mediation training at a reputable institution. Ask if the mediator pursues continuing education and belongs to any professional conflict resolution associations. Can references be provided?

#### 3. Mediator goals

In relation to the dual goals of solving the conflict problem and repairing the relationships, does the mediator emphasize one aspect or the other, or attend to both?

#### 4. Stance on party self-determination

Keep in mind, lasting agreements are more likely if this principle is observed, as people commit best to what they themselves have crafted. Beware of the coercive 'muscle mediator.'

#### 5. Process used

Referring to the points above about mediation, it is crucial to ask for a clear description of the process intended.

#### 6. Neutrality

Will the mediator be and be perceived as neutral by all parties? Are there any conflicts of interest?

#### 7. Ethics

Does the mediator subscribe to a code of professional ethics?

#### 8. Boundaries

Does the mediator recognize boundaries to the role and know when to refer to other experts such as accountants, counselors, lawyers, etc. Playing dual roles jeopardizes neutrality.

#### 9. Contract

Ask for a sample contract covering responsibilities, process, confidentiality, fees, logistics, etc.

#### 10. Insurance

Does the mediator have liability insurance? (Relatively new in Canada)

#### 11. Personality

During the interview, does the mediator reflect the kind of sensitivities, values, and style acceptable to all the parties?

Take the time to choose wisely and reap the truly affirming benefits of mediation.

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 For details and registration visit: [www.aicanada.ca/e/aic2007/](http://www.aicanada.ca/e/aic2007/)

**AB Alberta Association (AIC)**  
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 Friday, March 2 - Saturday, March 3 – Edmonton  
**Two-Day Standards Seminar**  
**Edmonton** | **Calgary**  
 February 23-24, 2007 | April 27-28, 2007  
 April 20-21, 2007 | May 25-26, 2007  
 For details of two additional Standards seminars in late spring and summer contact [info@appraisal.ab.ca](mailto:info@appraisal.ab.ca) or (403) 207-7892  
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 March 2-3, 2007 – Victoria  
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 May 11-12, 2007 – Prince George  
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 June 15-16, 2007 – Nanaimo  
 September 14-15, 2007 – Okanagan or Kamloops  
 September 21-22, 2007 – Lower Mainland  
 October 19-20, 2007 – Victoria  
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 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.  
**Pre-2007 National Conference Standards Seminar**  
 June 5-6, 2007  
 Westin Bayshore  
 1601 Bayshore Drive  
 Vancouver, BC V6G 2V4  
 For details, contact Kathy Porter [kathy@appraisal.bc.ca](mailto:kathy@appraisal.bc.ca)

**MB Manitoba Association (AIC)**  
**Mass Appraisal & Multiple Regression Analysis for Income Properties – The Winnipeg Experience**  
 March 14, 2007  
 11:45 AM-2:00 PM  
 Norwood Hotel, Promenade A, 112 Marion Street, Winnipeg  
**Presenters:**  
 Debbra Holt, AACI, P. App, Hoffer Wilkinson & Associates  
 Nelson Karpa, City Assessor/Director, City of Winnipeg Property Assessment Department  
 This Presentation was delivered by Ms. Holt and Mr. Karpa at the International Property Tax Institute's Mass Appraisal Symposium on Theory and Applications in Vancouver in February, 2006. This is your opportunity to register without going all the way to BC. Whether you are a designated member or a candidate working through your courses, this is a not to be missed seminar.  
**Home Inspection Refresher Series of Seminars – The 'Un-Sick' House**  
 April 4, 2007 – Noon-2:00 PM  
 The Winnipeg Real Estate Board Classroom  
 1240 Portage Avenue, Winnipeg  
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 The Un-sick House seminar covers the most common health hazards in a home. During this interactive two-hour session, Tom van Leeuwen will review how to identify, prevent, respond to and suggest appropriate courses of action for mold, UFFI, asbestos, lead-based paint, radon, vermiculite and carbon monoxide. He will also dispel any myths and hype that surround most of these health hazards.  
 For further information contact:  
 Lynne Smith Dark [mbaic@mts.net](mailto:mbaic@mts.net) or call (204) 943-1177

**NB New Brunswick Association of Real Estate Appraisers**  
**2007 AGM and Annual Conference**  
 April 26, 2007 – Moncton  
 An Appraisal Standards Seminar is scheduled for March 2007. For details, contact Susan MacKenzie [nbarea@nb.aibn.com](mailto:nbarea@nb.aibn.com)

**NS Nova Scotia Real Estate Appraisers Association**  
**Standards Seminars**  
 June 15-16, 2007 – Halifax  
 For further information, contact Davida Mackay  
 email: [nsreaa@nsappraisal.ns.ca](mailto:nsreaa@nsappraisal.ns.ca), (902) 422-4077

**ON Ontario Association (AIC)**  
**Seminars**  
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 April 11-12 - Standards, Kitchener  
 May 4-5 - Standards, Toronto  
 June 1-2 - Standards, Toronto  
 June 22-23 - Standards, Kingston  
 July 6-7 - Standards, Toronto  
 August 3-4 - Standards, Peterborough  
 September 28-29 - Standards, Toronto  
 November 23-24 - Standards, Toronto  
 March 2 - Legal Privilege and Its Application to Appraisals & How to Prepare for a Discovery Hearing, Toronto  
 March 30 - Update on the Law of R.E. Appraisers' Liabilities & Public Sector Accountability, Barrie  
 April 13-14 - Conference and Annual General Meeting, Kitchener  
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 June 8 - Examinations for Discovery and Cross-Examination & Capital Gains on Rental and Primary Property, Toronto  
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**SK Saskatchewan Association (AIC)**  
**Annual General Meeting & Professional Development Conference**  
 March 16, 2007  
 Saskatoon Inn, 2002 Airport Drive, Saskatoon  
**Standards Seminar**  
 May 4-5, 2007 – Saskatoon  
 Please contact Marilyn Steranka at [skaic@sasktel.net](mailto:skaic@sasktel.net) for details.

**PEI Prince Edward Island Association (AIC)**  
**Annual General Meeting**  
 April 24, 2007  
 Rodd Charlottetown Hotel  
 Please contact PEIAIC for planned education session.  
 For further information contact:  
 Suzanne Pater at [peiaic@explornet.com](mailto:peiaic@explornet.com)

**NL Newfoundland Labrador Association (AIC)**  
**Annual General Meeting**  
 April 27, 2007 - 12:00 p.m.  
 Courtyard Marriott - St. John's  
 For further information contact:  
 Sherry House at [nfaic@nl.rogers.com](mailto:nfaic@nl.rogers.com)

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