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*Gordon J. Tomiuk, AACI, P.App
AIC President*

Lifelong learning prepares president for ever-changing environment

Q *You currently own and operate your own real estate appraisal firm. How long have you been doing this and how did it come about?*

A In 1988, I established my own company. Rob Grycko joined the firm in 1989 as a Candidate and became a partner in 1993. Since that time, our business has grown considerably and, three years ago, we took on a third partner. Our company of Tomiuk Grycko Krueger now consists of two AACIs, one CRA and two part-time support staff. We are heavily involved in what you would describe as the high-end residential market, which keeps our firm extremely busy. As the senior partner, I do take on some commercial projects.

Q *What was your background prior to opening your own company?*

A In 1976, I began working with the City of Winnipeg Land Surveys and Real Estate Department on one of its surveying crews. When an opportunity came in 1979 to become an appraiser trainee with the Land Survey and Real Estate Department, I pursued the opportunity. I obtained my CRA designation in 1983 and, shortly thereafter, took a position with a real estate brokerage, where I helped establish an appraisal division. I subsequently managed that division for the last year I was with them. In 1988, I earned my AACI designation and decided that the time was right to strike out on my own.

Q *Was achieving your AACI designation the catalyst to starting your own company?*

A I have always believed in putting everything I have into whatever I do. Being in business for yourself certainly gives you the opportunity and the incentive to do that, so I think following my entrepreneurial spirit would have been in the cards for me regardless. However, my AACI designation certainly expanded my horizons. It gave me the breadth and depth of knowledge and training to see the bigger picture, to provide more detailed reports and to get involved in more complex projects. Even though our company's main focus is residential, my AACI training adds to the diversified services we can provide.

Q *You are now the president of the Appraisal Institute of Canada (AIC). When did you first become involved as a volunteer in the profession?*

A From 1988 to 1999, I was busy building a practice. However, I was always interested in our profession and the direction that it was taking. Feeling that the Institute was becoming more proactive, and with the support of my partners, I decided that the time was right in '99 to get involved with the local association. While on the Manitoba Council, I served on both the Public Awareness Committee and the Admissions Committee. I also served as our link to allied organizations within the province, such as The Winnipeg Real Estate Board (WREB). There, I participated on committees dealing with important issues such as legislation and technology. While I was President of the AIC's

“You have to continually improve the services you are capable of providing. That means following a course of action that includes continuing education, mentoring, adhering to standards, welcoming peer reviews...the list goes on.”

Provincial Association in 2001/02, one of our most significant projects was developing a property/sales data base for members in Winnipeg. This was eventually sold to the WREB, but with appraisal representation on the overseeing committee.

Q *From there it was onto the national scene. What is the history of your involvement at that level?*

A The AIC encourages provincial presidents to sit in on its Board meetings and observe the proceedings. That experience certainly gave me some insight into the workings of our national body and whetted my appetite to participate on a national level. In 2003/04, I was on the Board of Directors and, in my first year, served as Board liaison to the Communications Committee. That was an extremely busy year for all of our volunteers and staff because of the vast amounts of work being done relative to the branding issue, but it was an excellent way to gain a broader perspective on all aspects of the Institute and where it was headed. In 2004/05 and again in 2005/06, I was elected by the Board to serve as Vice-President. That was followed by President Elect in 2006/07 and President this year.

Q *What has that journey been like in terms of challenges, sacrifices and rewards?*

A Definitely, there has been a significant sacrifice in terms of time away from home and business. Fortunately, I have always had tremendous support from my wife, family and business partners. Finding the time for such a commitment had been one of my biggest concerns. Now, I ask myself why

I waited so long. The rewards far outweigh the sacrifices. You cannot put a price tag on the relationships established with members and staff across the country as well as the networking opportunities that present themselves. By meeting people, listening to what they have to say and talking with them, you cannot help but broaden your horizons. It makes you a better appraiser and a better member. In this regard, it has been gratifying to see the shift in thinking that has been going on relative to volunteering. Younger members are seeing the value to their careers and are volunteering at every level. We just need to encourage more of them to do so.

As for challenges, I would have to say the biggest has been dealing with change and convincing members of the need for it. The amount of change that this organization has gone through in recent years compared to other professional organizations has been truly remarkable. We have had to catch up on technology, how our profession is perceived in the marketplace, and our ability to deliver the services that the marketplace is demanding. I believe that we are now ahead of the curve in all of these areas, but we must work harder than ever before to continue evolving our profession.

Q *Is continually striving to improve one of your business philosophies?*

A In today's highly competitive market, you are only as good as your last report...and that report has to be of the highest quality possible and, more often than not, it has to be turned around in the shortest time possible. In order to do that, you have to continually improve the services you are capa-

ble of providing. That means, on a consistent and ongoing basis, following a course of action that includes continuing education, mentoring, adhering to standards, welcoming peer reviews...the list goes on.

Q *What role has mentoring played in your career?*

A It has played a huge role... and it continues to do so. Over the years, I have had many mentors who offered counsel and guided me along the way, including some I still look to for advice. Within our own company, I continuously mentor my partners and they do likewise with me. I am comfortable having these individuals review my reports before they are presented to clients, particularly if litigation is involved.

Even at the Board level, we are exploring ways of orienting board members. We have five new directors on this year's Board, which is an unprecedented number, and we need to make sure that they are oriented and prepared for the challenges they will face. We all have a role to play in this process. Our members are leaders in the profession and we appreciate the contribution of their valuable knowledge and expertise in providing direction to the appraisal profession.

Q *What are some of the current initiatives that you and the Board will be working on during the year ahead?*

A Well, I am very excited that our new marketing plan is about to be rolled out during my term. After requesting proposals from numerous marketing agencies, we have now narrowed it down to

three finalists and will then select one company that will become our Agency of Record working with us to make the marketing plan a reality. Our goal is to introduce the plan to members first, so that they will be well versed on what is taking place, and, then, sometime early in 2008, it will be launched to employers, the general public, stakeholders and universities across the country. It has been said that “we were real estate’s best kept secret,” but that is about to change. For a modest per member annual investment of \$65, recognition of our brand and the services that we are capable of providing will be enhanced nation-wide.

In the area of service delivery, we have established a Member Services Task Force to review the services that we deliver to our members, in order to ensure that they meet their needs, are of high quality and that they are delivered consistently to all members across the country. Our Real Estate Fraud Task Force is working to inform members, their clients and, in some cases, the public, on what we can do to help detect and prevent real estate fraud. Our professional practice process continues to be enhanced with the focus on standards-based competency and public protection. In this respect, we are looking into

and investigating a peer review system that will help to elevate the level at which our profession is viewed. As well, we are looking into new service opportunities such as energy audits and machinery and equipment valuation that we can provide to the public, and working with our education partners to ensure that we have the skill sets to make the most of these opportunities. In essence, we are working to enhance the marketability of our members.

It is absolutely critical that we do not over promise and then under deliver, so it is incumbent on all of us to follow through on these initiatives and do our part to ensure success at a time when competition is greater than it has ever been before. There is a role to play for members, chapters and provincial associations alike. Each and every one of us must see ourselves as members of a profession with very high expectations. When we are representing ourselves, we are also representing the entire profession. We have a vision, a mission and a strategic plan that will provide us the guidance required for our profession to continue to grow. If we work collaboratively and stay the course, we will secure our positioning as the pre-eminent real estate valuation professionals and we will succeed in achieving our objectives.

Q How should designated members, Candidates and Students view these developments?

A I would hope that they view them in a very positive light. AIC designations are being strengthened through our more stringent admission requirements including university education. We are attracting candidates from business schools that are now looking at our profession as an attractive career alternative. We are looking into establishing a Candidate Advisory Committee to ensure that we are meeting their requirements and expectations. This is all being done with the objective of enhancing our position as a professional organization and making the profession more attractive to potential new entrants.

Q How do you envision your role as President of the AIC over the next year?

A I see my role as an ambassador, a negotiator and a mediator. I will be working with the Board of Directors to help advance our Strategic Plan. With allied organizations in Canada and around the world, I will be representing and acting on behalf of both the AIC and the profession. In this regard, AIC plays a key role internationally and we are seen as progressive leaders in the profession. I will be doing everything possible to maintain and enhance that position. Finally, I will be working at strengthening our provincial relationships by attending provincial AGMs and by strengthening relationships with provincial presidents through regular meetings via teleconference and in person. It should be quite a year.

Q Do you have any final words to share with members?

A These are exciting times to be part of the Appraisal Institute of Canada. As the AIC strives to be better at what it does, I encourage every member to raise his or her own bar and consider the ways they can develop their careers. Whatever we are doing today, we should be able to do even better tomorrow. Learning should be a lifelong philosophy. 🍀



Gordon J. Tomiuk, AACI, P.App
Président de l'ICE

L'apprentissage continu prépare le président à un contexte en constante évolution

Q Vous appartenez et exploitez actuellement votre propre cabinet d'évaluation immobilière. Depuis combien de temps le faites-vous et qu'est-ce qui vous a motivé à prendre cette décision?

R En 1988, j'ai fondé ma propre compagnie. Rob Grycko s'est joint à moi en 1989 comme stagiaire et est devenu associé en 1993. Depuis, notre entreprise a pris beaucoup d'expansion et, il y a trois ans, nous avons accepté un troisième associé. Le cabinet Tomiuk Grycko Krueger compte maintenant deux AACI, un CRA et deux employés de soutien à temps partiel. Nous travaillons en grande partie sur le marché résidentiel de luxe, ce qui nous tient très occupés. Comme associé principal, j'accepte aussi certains projets commerciaux.

Q Quels étaient vos antécédents avant de fonder votre propre compagnie?

R En 1976, j'ai commencé à travailler pour le compte du service des levés et de l'immobilier de la Ville de Winnipeg. Je faisais alors partie de l'équipe responsable d'effectuer les levés. Lorsque l'occasion s'est présentée en 1979 de devenir évaluateur en formation au sein du même service, j'ai accepté. J'ai obtenu ma désignation CRA en 1983 et accepté par la suite un poste auprès d'une maison de courtage immobilier où j'ai aidé à créer une division spécialisée en évaluation. Durant ma dernière année avec cet employeur, j'ai dirigé la division d'évaluation. En 1988, j'ai obtenu ma désignation comme AACI et décidé que le moment était venu de me lancer à mon compte.

Q L'obtention de votre désignation AACI a-t-elle joué un rôle dans votre décision de vous lancer à votre compte?

R J'ai toujours été d'avis que je devais investir ce que j'ai dans ce que je fais. Travailler à son compte nous donne certes l'occasion et le désir pour ce faire alors je crois que l'esprit d'entrepreneuriat était présent peu importe. Toutefois, la désignation AACI m'a permis d'élargir mes horizons. Elle m'a donné la portée et la profondeur des connaissances et la formation nécessaires pour voir l'ensemble de la situation, préparer des rapports plus détaillés et participer à des projets plus complexes. Bien que le point de mire principal de notre cabinet soit le secteur résidentiel, ma formation comme AACI accroît la gamme de services diversifiés que nous sommes en mesure d'offrir.

Q Vous êtes maintenant le président de l'Institut canadien des évaluateurs (ICE). Quand avez-vous commencé à participer comme bénévole au sein de la profession?

R De 1988 à 1999, j'étais occupé à parfaire ma pratique. Toutefois, la profession et son orientation ont toujours retenu mon attention. Voyant que l'Institut devenait plus proactif et avec le soutien de mes associés, j'ai décidé, en 1999, de participer activement au sein de mon association locale. Durant mon service auprès du Conseil du Manitoba, j'ai siégé au Comité sur la sensibilisation publique et au Comité sur les admissions. J'ai aussi servi de personne-ressource auprès d'organismes connexes à l'échelle provinciale comme le Win-

nipeg Real Estate Board (WREB) où j'ai participé à des comités traitant de questions importantes telles la loi et la technologie. Lorsque j'étais président de l'Association provinciale de l'ICE en 2001-2002, l'un des projets les plus importants fut la création d'une base de données sur les ventes et les propriétés à l'intention des membres de la région de Winnipeg. Cette base de données fut éventuellement vendue au WREB, mais moyennant une représentation du secteur de l'évaluation au sein du Comité de surveillance.

Q Cette participation fut votre tremplin à la scène nationale. Qu'avez-vous fait à ce niveau?

R L'ICE encourage les présidents provinciaux à siéger aux réunions de son Conseil et à observer les débats. Cette expérience m'a certes donné une bonne idée du fonctionnement de l'organisme national et m'a incité à participer plus activement au national. En 2003-2004, j'ai siégé au Conseil d'administration et durant ma première année, j'ai assuré la liaison entre ce dernier et le Comité des communications. Ce fut une année très occupée pour tous nos bénévoles et membres du personnel étant donné la quantité de travail entourant la question du positionnement. Par ailleurs, cela a permis d'élargir notre façon de voir toutes les facettes de l'Institut et son orientation. En 2004-2005 et encore en 2005-2006, j'ai occupé la vice-présidence du Conseil avant d'être président élu en 2006-2007 et président cette année.

Q Que représentait cette expérience en termes de défis, sacrifices et récompenses?

R Définitivement d'importants sacrifices en ce sens que j'ai passé beaucoup de temps loin de la maison et de mon entreprise. Heureusement, mon épouse, ma famille et mes associés m'ont toujours appuyé. Trouver le temps nécessaire pour un tel engagement m'a toujours inquiété. Maintenant, je me demande pourquoi j'ai attendu si

longtemps. Les récompenses dépassent de beaucoup les sacrifices. On ne peut rattacher une valeur aux rapports établis avec les membres et le personnel à l'échelle du pays, ni aux occasions de réseautage qui se présente. En rencontrant les gens, en les écoutant et en discutant avec eux, on ne peut faire autrement qu'élargir nos horizons. On devient un meilleur évaluateur et un meilleur membre. À ce chapitre, disons qu'il est réconfortant de voir le changement d'attitude face au bénévolat. Les membres plus jeunes voient les bienfaits du bénévolat pour leur carrière et participent à tous les niveaux. Il suffit d'en encourager un plus grand nombre à faire de même.

Il faut sans cesse améliorer les services que l'on offre. Cela signifie qu'il faut, sur une base continue et cohérente, adopter des mesures qui incluent l'éducation permanente, le mentorat, l'application des normes, la révision par des pairs et ainsi de suite.

En ce qui concerne les défis, je crois que le plus important fut celui du changement et de convaincre les membres de sa nécessité. Le nombre de changements au sein de cet organisme au cours des dernières années par rapport à d'autres organismes professionnels

est vraiment remarquable. Nous avons déployé tous les efforts pour adopter les plus récentes technologies, pour déterminer la perception de notre profession sur le marché et améliorer notre capacité en matière de prestation des services que demande le marché. Je crois que nous sommes maintenant à jour à chacun de ces paliers mais que nous devons travailler avec acharnement plus que jamais dans la poursuite de l'avancement de notre profession.

Q L'amélioration continue fait-elle partie de votre conception des affaires?

R Sur le marché hautement concurrentiel d'aujourd'hui, notre réputation est fondée sur notre dernier rapport et celui-ci doit être de la plus haute qualité possible et produit dans le meilleur délai possible. À cette fin, il faut sans cesse améliorer les services que l'on offre. Cela signifie qu'il faut, sur une base continue et cohérente, adopter des mesures qui incluent l'éducation permanente, le mentorat, l'application des normes, la révision par des pairs et ainsi de suite.

Q Quel rôle le mentorat a-t-il joué dans votre carrière?

R Le mentorat a joué un rôle très important et il continue d'en être ainsi. Au fil des ans, plusieurs mentors m'ont conseillé et guidé dont plusieurs que je consulte toujours. Au sein de notre entreprise, je suis le mentor de mes associés et ceux-ci agissent comme le mien. Je suis à l'aise avec le fait qu'ils revoient mes rapports avant qu'ils soient présentés aux clients, en particulier s'il y a litige.

Même au niveau du Conseil, nous cherchons sans cesse des façons de guider les membres du Conseil. Cette année, le Conseil compte cinq nouveaux membres, une situation sans précédent, et nous devons nous assurer qu'ils suivent une orientation et qu'ils soient prêts aux défis qu'ils auront à relever. Nous avons tous un rôle

à jouer dans ce processus. Nos membres sont les leaders de la profession et nous apprécions la contribution de leurs précieuses connaissances et compétences au niveau de l'orientation de la profession.

Q *Quelles sont quelques-unes des initiatives sur lesquelles vous et le Conseil travaillerez au cours de l'année à venir?*

R Disons que je suis emballé du fait que notre nouveau plan de marketing sera mis en oeuvre dans le cours de mon mandat. Après avoir sollicité une proposition de plusieurs agences de marketing, nous avons retenu trois finalistes et choisiront celle qui travaillera avec nous pour donner vie au plan. Nous prévoyons d'abord présenter le plan aux membres de sorte qu'ils soient bien au courant de l'actualité et, en 2008, nous le présenterons aux employeurs, au grand public, intervenants et universités à l'échelle du pays. Certains ont dit que nous « étions le secret bien gardé de l'immobilier » mais les choses vont bientôt changer. Moyennant un investissement annuel modeste de 65 \$ par membre, la reconnaissance de notre marque et des services que nous sommes en mesure d'offrir sera rehaussée à l'échelle du pays.

En ce qui touche la prestation de services, nous avons créé un Groupe de travail sur les services aux membres qui examinera les services offerts afin d'assurer qu'ils répondent à leurs besoins, qu'ils soient de la plus haute qualité possible et qu'ils sont dispensés de façon cohérente à tous les membres à l'échelle du pays. Notre Groupe de travail sur la fraude immobilière s'affaire à renseigner les membres, leurs clients et, dans certains cas, le public au sujet de ce que nous sommes en mesure de faire pour aider à déceler et à prévenir la fraude immobilière. Notre processus de pratique professionnelle continue de s'améliorer avec concentration sur des compétences fondées

sur les normes et la protection du public. À ce chapitre, nous sommes à examiner un système d'examen par les pairs qui aidera à rehausser notre image auprès du public. Également, nous nous penchons sur les nouveaux services que nous pouvons offrir au public tels des vérifications en matière d'énergie et l'évaluation de la machinerie et de l'équipement, en plus de travailler avec nos partenaires en éducation pour nous assurer qu'ils ont les compétences requises pour profiter au maximum de ces occasions. En fait, nous travaillons à améliorer la qualité marchande de nos membres.

Il est absolument essentiel de ne pas faire de promesses que nous ne pouvons tenir ou encore, de ne pas être à la hauteur. Il relève donc de chacun de nous de donner suite à ces initiatives et de faire notre part pour assurer leur succès à un moment où la concurrence est plus élevée que jamais. Tous les membres, chapitres et associations provinciales ont un rôle à jouer. Chacun de nous doit se considérer comme faisant partie d'une profession au sein de laquelle les attentes sont très élevées. Lorsque nous nous présentons, nous représentons l'ensemble de la profession. Nous avons une vision, une mission et un plan stratégique qui serviront à guider la profession à mesure qu'elle continue de croître. Si nous travaillons en collaboration et que nous maintenons le cap, nous parviendrons à nous positionner comme professionnels de premier choix dans le domaine de l'évaluation immobilière et réussirons à atteindre nos objectifs.

Q *Comment les membres agréés, stagiaires et étudiants voient-ils ces progrès?*

R J'espère qu'ils les considèrent favorablement. Les désignations de l'ICE sont renforcées par des exigences encore plus strictes à l'admission, y compris une formation universitaire. Nous retenons l'attention de stagiaires venant d'écoles com-

merciales et qui considèrent notre profession comme un choix de carrière attrayant. Nous pensons à former un Comité consultatif des stagiaires afin d'assurer que nous répondons à leurs besoins et à leurs attentes, l'objectif étant de rehausser notre position comme organisme professionnel et de rendre la profession encore plus intéressante pour les nouveaux membres potentiels.

Q *Comment voyez-vous votre rôle à titre de président de l'ICE au cours de la prochaine année?*

R Je le vois comme étant celui d'un ambassadeur, d'un négociateur et d'un médiateur. Je travaillerai avec le Conseil d'administration pour faciliter l'avancement de notre plan stratégique. En collaboration avec nos alliés du Canada et de par le monde, je représenterai et j'agirai au nom de l'ICE et de la profession. À ce niveau, l'ICE joue un rôle important à l'échelle internationale et nous sommes considérés comme des leaders progressistes au sein de la profession. Je ferai tout mon possible pour maintenir et raffermir cette position. Enfin, je tenterai de solidifier nos rapports provinciaux en assistant aux AGA provinciales et en améliorant les relations avec les présidents provinciaux par la tenue de réunions régulières en tête-à-tête et via téléconférence. L'année en sera toute une!

Q *Avez-vous quelques derniers mots à partager avec les membres?*

R C'est un moment excitant pour faire partie de l'Institut canadien des évaluateurs. À mesure que l'ICE s'efforce d'améliorer ce qu'elle fait, j'encourage tous les membres à hausser la barre et à considérer comment ils peuvent donner de l'expansion à leurs carrières. Peu importe ce que nous accomplissons aujourd'hui, nous devrions pouvoir faire mieux demain. Il ne fait nul doute que l'apprentissage doit être continu. 🍀



Georges Lozano, MPA
AIC Chief Executive Officer

Building capacity

A definition of the words effective and efficient goes something like this: effective is 'doing the right things,' while being efficient is 'doing things right.' Professional associations like the Appraisal Institute of Canada (AIC) need to focus on doing the right things and doing them the right way. As simple as this may sound, it requires considerable insight as well as strong leadership and management skills to achieve. In short, it requires a strong organization with the capacity to develop and implement plans, policies and programs that effectively and efficiently meet the needs of its members.

To paraphrase a recent American President, "it's about the members, stupid." Today, strong and thriving associations focus on relevance and not on loyalty, as they might have in the past. Members rightfully expect from their association services that are meaningful and that support them in the development and growth of their business and the furtherance of their careers.

What makes an association strong? There are many factors that contribute to the strength of an association, including its ability to address member needs in a timely manner, to provide effective leadership and representation at the local, regional, national, and international levels, and to manage its affairs in a cost-effective manner.

As the word implies, an association is a coming together of members, volunteers and staff, all working in concert towards the achievement of mutually agreed upon objectives. The lifeblood of all associations is the membership. It is from the membership that the leadership of the association is derived and, through those volunteers, the associa-

tion's direction, policies and programs take shape. Members elect the leadership of their association from among themselves. Through this process, they delegate authority to these elected individuals and they entrust them with the management of the association. Members continue to play an important role by providing management with input and feedback on proposed policies and programs. However, they respect the decisions taken by management and they give their elected officials the appropriate latitude needed to run the association effectively and efficiently.

As a professional, member-driven association, the AIC operates in this fashion, and its success depends entirely upon the synergies derived from the interplay among the members, the volunteers, and the staff at the national, provincial and chapter levels. Working together, we can build a strong, effective and efficient association that is relevant to our members and highly respected in the community.

The process of developing a strong and relevant organization is often referred to as capacity building, and it is defined as the ability of non-profit organizations to fulfill their missions in an effective manner. Building capacity within a professional association such as the Institute requires that all involved have a clear understanding of their roles and that they work in a collaborative manner.

Capacity building begins with a strategic plan. Because of the diversity of the Institute's membership, developing such a plan can be a challenge. In developing its new Strategic Plan, the AIC Board of Directors consulted with the provincial associations and received input from the membership at large. The

result is a plan that incorporates a far-reaching vision, mission, and objectives that address the needs of all members today and in the years ahead. Although this is a multi-year plan, it is by no means a rigid document. Instead, it is more akin to a roadmap that needs to be reviewed and possibly revised from time to time.

Capacity building also entails the development of a strong and effective leadership. This leadership comes from many sources, including volunteers working on the Board of Directors and committees as well as professional staff who support the volunteers by implementing programs and managing the organization on a daily basis. The leadership of any association is closely tied to its vision and mission. Leaders must share the vision and, more importantly, they must be deeply committed to the association's objectives and be willing to work towards their fulfillment. Institute volunteers, be they members of the Board of Directors, provincial directors or committee members, are ambassadors who should articulate the Institute's vision and mission publicly and raise the profile of the appraisal profession and the AIC members who serve it. In short, effective leaders build the capacity of the organization by enhancing its image, prestige and reputation within the community, and by establishing partnerships, collaborations and other working relationships to advance the goals of the organization.

In order to build capacity in our leadership, it is important to provide the existing leadership with the appropriate information and resources to do the job at hand. Further, it is important to develop new leadership. Identifying and developing new leadership will help to ensure the sustainability of the organization. In this, the membership has an important role to play by identifying and encouraging potential new leaders who have fresh ideas and are prepared to work collaboratively towards stated goals and objectives.

It is essential to have the appropriate resources in order to build a strong association that can deliver the kinds of services that members need and deserve. Resources come in many forms including financial and human. Both are scarce and both need to be well managed. Particular care needs to be taken to eliminate inefficiencies and redundancies through careful cooperation. Computer technologies need to be fully used to better manage programs and information flows to and from the members and beyond. Whenever possible, economies of scale should be used to leverage existing resources and deliver better value for member dues received.

“We must continue on the path we have taken, supported by the members, and guided by their elected leaders and the boards and committees that they serve on.”

A third and highly important element of capacity building that results in strong associations is the ability to reach out to members and stakeholders. Even though an association has a plan, sufficient resources and good leadership, its impact will be limited unless it achieves adequate visibility and recognition. As such, outreach is an essential capacity building element that includes communications and marketing, representation and advocacy, networking, and the building of strategic alliances with like-minded partners. The Institute's new Marketing and Communications Plan that will be rolled out early next year will go a long way towards enhancing the pro-

file of the Institute and its members and expanding awareness of the role of Institute members and the broad range of services that they can provide. In addition to implementing the Marketing and Communications Plan, it will be important for AIC and its provincial associations to work closely together to enhance their representation and advocacy activities at the public and private sector levels regionally, nationally and internationally. Networking is particularly important among AIC members, but also between AIC members and other professionals. In this respect, provincial associations and their chapters can play an important role.

Member services have traditionally been used as the yardstick with which associations are measured. However, a sign of strength in an association is not necessarily the quantity of member services provided, but their quality and usefulness. Recent trends in the association world aim to measure member services by looking at outcomes rather than outputs. In this respect, if a particular member service results in a positive outcome for the membership, the profession it is seen as being of high-value. An example of this is professional development training that results in members' ability to expand their scope of service or enhance the performance of a professional service.

To build the capacity of our association to the fullest extent possible, we must continue on the path we have taken, supported by the members, and guided by their elected leaders and the boards and committees that they serve on at the national and provincial association levels. Trusting in them and the professional staff that manage the associations on a day-to-day basis, we can then concentrate on developing cooperative ways of achieving effective and efficient programs and services to serve the members' needs and raise their profile. In turn, this will advance the profession, and develop a strong, professional association – one that will benefit both AIC members and the public they serve. 🌟



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

Le renforcement des capacités

On pourrait définir les mots « efficace » et « efficient » comme suit : efficace signifie « faire les bonnes choses » alors que efficient signifie « faire les choses correctement ». Les associations professionnelles comme l'Institut doivent concentrer sur l'accomplissement des bonnes choses et le faire ensuite correctement. En dépit de la simplicité apparente de ces définitions, il est nécessaire, pour parvenir à cette fin, de posséder de bonnes connaissances et d'excellentes aptitudes en matière de leadership et de gestion. En bref, l'organisme doit être solide et doté de la capacité d'élaborer et de mettre ne œuvre des plans, des politiques et des programmes qui répondent de façon efficace et efficiente aux besoins de ses membres.

Pour citer un récent Président américain « Idiot...tout est au sujet des membres! » De nos jours, les associations solides et prospères concentrent sur la pertinence et non sur la loyauté comme c'était le cas dans le passé. Avec raison, les membres s'attendent de recevoir de leur association des services pertinents et le soutien dont ils ont besoin pour l'expansion et la croissance de leurs entreprises et l'avancement de leurs carrières.

Qu'est-ce qui contribue à la solidité d'une association? Plusieurs facteurs contribuent à la solidité d'une association, dont l'aptitude à répondre aux besoins de ses membres de façon opportune, offrir un leadership et une représentation efficace aux paliers local, régional, national et international, et gérer ses affaires d'une façon efficace par rapport aux coûts.

Comme le mot le sous-entend, une association est un regroupement de membres, de bénévoles et de personnel qui travaillent et qui s'efforcent d'atteindre des objectifs mutuellement convenus. La force de toute association réside au niveau de ses membres. C'est à même les membres que le leadership d'une association est assuré et que son orientation, ses politiques et ses programmes

prennent forme. Les membres élisent la direction de leur association entre eux. Grâce à ce processus, ils délèguent l'autorité à ces représentants élus à qui ils confient également la direction de l'association. Les membres continuent de jouer un rôle important en offrant à la direction des commentaires sur les politiques et les programmes proposés. Toutefois, ils respectent les décisions de la direction et lui donne la liberté nécessaire pour diriger l'association de façon efficace et efficiente.

À titre d'association professionnelle axée sur ses membres, c'est ainsi que procède l'Institut canadien des évaluateurs et son succès dépend entièrement de la synergie dérivée de l'interaction entre les membres, les bénévoles et le personnel des paliers national, provincial et des chapitres. Ensemble, nous sommes en mesure de bâtir une association efficace, efficiente, pertinente pour ses membres et qui est hautement respectée par le grand public.

Le processus d'élaborer un organisme solide et pertinent est souvent appelé « renforcement des capacités » et est défini comme étant l'aptitude d'un organisme à but non lucratif de s'acquitter efficacement de sa mission. Le renforcement des capacités au sein d'une association professionnelle comme l'Institut requiert que tous les intervenants comprennent clairement leurs rôles et qu'ils travaillent en collaboration.

Le renforcement des capacités commence avec un plan stratégique. Étant donné la diversité des membres de l'Institut, l'élaboration d'un tel plan peut constituer un défi de taille. Dans l'élaboration du nouveau plan stratégique, le Conseil d'administration de l'ICE a consulté les associations provinciales et tenu compte des nombreux commentaires reçus des membres en général. Il en a résulté un plan reflétant une vision à grande portée, une mission et des objectifs qui répondent aux besoins actuels et futurs de tous

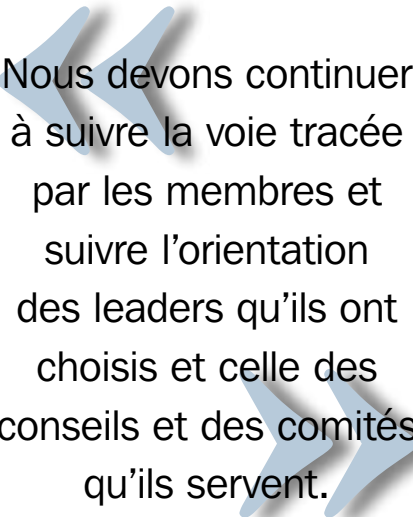
les membres. Bien qu'il s'agisse d'un plan sur plusieurs années, le document n'est pas rigide. Au contraire, il est évolutif et doit être considéré comme une carte routière qui doit être examinée et possiblement modifiée de temps à autre.

Le renforcement des capacités sous-entend également la création d'un leadership solide et efficace. Ce leadership est assuré à même plusieurs sources, y compris les bénévoles qui oeuvrent au sein du Conseil d'administration et des comités et des membres professionnels du personnel qui appuient les bénévoles en appliquant des programmes et en gérant les activités quotidiennes de l'organisme. Le leadership de toute association est étroitement lié à sa vision et à sa mission. Les dirigeants doivent partager cette vision et, plus important encore, doivent être sérieusement engagés à l'endroit des objectifs de l'association et disposés à déployer tous les efforts pour les atteindre. Les bénévoles de l'Institut, qu'il s'agisse de membres du Conseil d'administration, d'administrateurs provinciaux ou de membres de comités, sont des ambassadeurs qui doivent articuler la vision et la mission de l'Institut et améliorer l'image de la profession d'évaluateur et des membres de l'ICE qui sont à son service. En bref, les leaders efficaces renforcent la capacité de l'organisme en améliorant son image, son prestige et sa réputation au sein de la collectivité et en établissant des partenariats, des liens de collaboration et d'autres relations de travail pour faire avancer les buts de l'organisme.

Afin de renforcer la capacité au niveau de notre leadership, il est important de fournir aux dirigeants actuels l'information et les ressources appropriées pour accomplir le travail qui les attend. Aussi, il est important de former les nouveaux dirigeants. L'identification et la formation de ces nouveaux dirigeants aidera à assurer la durabilité et la viabilité de l'organisme. À ce niveau, les membres ont un rôle important à jouer en identifiant et en encourageant les nouveaux leaders potentiels qui ont de nouvelles idées et qui sont disposés à collaborer dans l'atteinte des buts et objectifs.

Il est essentiel d'avoir les ressources appropriées pour bâtir une association solide qui peut offrir aux

membres les services qu'ils méritent et dont ils ont besoin. Ces ressources peuvent prendre diverses formes, y compris financières et humaines. Ces ressources sont rares et doivent être bien gérées. Il faut accorder une attention particulière à l'élimination des inefficacités et des redondances via une coopération attentive. La technologie informatique doit être utilisée pleinement pour gérer les programmes et l'échange d'information avec les membres et au delà. Lorsque possible, les économies d'échelle doivent servir à optimiser les ressources existantes et à offrir une valeur encore plus élevée contre les cotisations que versent les membres.



Nous devons continuer à suivre la voie tracée par les membres et suivre l'orientation des leaders qu'ils ont choisis et celle des conseils et des comités qu'ils servent.

Un troisième élément tout aussi important du renforcement des capacités et qui contribue à la solidité des associations est l'aptitude de communiquer avec les membres et les intervenants. Même si une association a un plan, les ressources suffisantes et une bonne direction, son impact peut être limité si elle n'a pas une visibilité et une reconnaissance adéquates. Ainsi, les activités de diffusion sont essentielles au renforcement des capacités incluant la communication et le marketing, la représentation, le réseautage et la création d'alliances stratégiques avec des partenaires aux vues similaires. Le nouveau plan de marketing et de communication de l'Institut qui sera présenté au début de l'an prochain contribuera largement à l'amélioration du profil de l'Institut et de ses membres et à accroître la sensibilisation au rôle des membres de l'Institut et

à la vaste gamme de services qu'ils sont en mesure d'offrir. En plus de la mise en œuvre du plan de marketing et de communication, il sera important pour l'ICE et les associations provinciales de collaborer étroitement pour rehausser leurs activités de représentation auprès des secteurs public et privé des paliers régional, national et international. Le réseautage est particulièrement important au sein des membres de l'ICE mais également entre ceux-ci et d'autres professionnels. À ce niveau, les associations provinciales et leurs chapitres peuvent également jouer un rôle important.

Par tradition, les services aux membres ont servi à déterminer le rendement des associations. Toutefois, un signe de solidité d'une association n'est pas nécessairement la quantité de services qu'elle offre mais plutôt leur qualité et leur utilité. Les tendances récentes dans le monde des associations visent à mesurer les services aux membres en fonction de leurs résultats plutôt que de leur prestation. Ainsi, si un service particulier donne lieu à des résultats positifs pour les membres et la profession, il est considéré comme étant de valeur élevée. Un exemple est le perfectionnement professionnel qui permet aux membres d'accroître leurs aptitudes à élargir la portée de leurs services ou d'améliorer l'exécution d'un service professionnel.

Afin de renforcer au maximum la capacité de notre association, nous devons continuer à suivre la voie tracée par les membres et suivre l'orientation des leaders qu'ils ont choisis et celle des conseils et des comités qu'ils servent au national et au provincial. En leur faisant confiance ainsi qu'au personnel professionnel qui gère les activités quotidiennes des associations, nous pourrions concentrer nos efforts sur la recherche et l'élaboration de façons de réaliser, en collaboration, des programmes et services efficaces et efficaces en réponse aux besoins des membres et rehausser leur image du même coup. Par ailleurs, cette attitude donnera lieu à l'avancement de la profession et au renforcement de notre association professionnelle à l'avantage des membres de l'ICE et du public qui fait appel à leurs services. 🍀

FIRST PROFESSIONAL LIABILITY INSURANCE COMPANY

Today, Mark R. Frederick (aided by Mathew Bujar) of Miller Thomson LLP and Denis Rivard of SCM Adjusters write on the issue of trespass. Trespass is a quasi-criminal offence for which one can be prosecuted civilly and/or it creates a right of action against an appraiser who wrongly enters upon the land of another. There are exceptions, and appraisers who are in doubt should consult their solicitor before making mistakes that could cost them not only in terms of legal damages, but in terms of injury to themselves or others.



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

Forgive us our trespasses

By Mark R. Frederick, LL.B, and Mathew Bujar

Our article begins with an excerpt from the law of Ontario, which is similar to law in other English Canadian provinces:

Ontario Statutory Trespass Provisions

The relevant statute under which an appraiser may be found liable for trespass is the *Trespass to Property Act*, R.S.O. 1990, most recently amended in 2000. An appraiser may be found liable of trespassing under section 2(1) of this Act, and a statutory defence to this tort is found under section 2(2) of this Act. The relevant provisions read as follows:

Trespass an offence

2. (1) Every person who is not acting under a right or authority conferred by law and who,
- (a) without the express permission of the occupier, the proof of which rests on the defendant,
 - (i) enters on premises when entry is prohibited under this Act, or

- (ii) engages in an activity on premises when the activity is prohibited under this Act; or
- (b) does not leave the premises immediately after he or she is directed to do so by the occupier of the premises or a person authorized by the occupier, is guilty of an offence and on conviction is liable to a fine of not more than \$2,000. R. S.O. 1990, c. T.21, s. 2 (1).

Colour of right as a defence

(2) It is a defence to a charge under subsection (1) in respect of premises that is land that the person charged reasonably believed that he or she had title to or an interest in the land that entitled him or her to do the act complained of, R.S.O. 1990, c. T.21, s. 2 (2).

Say that you want to inspect a property, yet you do not fully have instructions to do so. Absent some colour of right that gave you an ability to enter onto that land, it is unlikely that you, as an appraiser

without a mandate from the owner, would be able to establish a color of right defence, as you would lack reasonable belief that you had entitlement. Instructions from a mortgagee who does not own the property or who has asserted no claim against the land in question provides no right at all, even if the mortgage is in default.

You must be certain who your instructions came from and always have the permission of the owner to enter onto his or her land.

Common law trespass to land

The courts have found that trespass to land requires a direct interference with land possessed by the plaintiff, and that entering on land without permission constitutes a trespass: *Townsvlew Properties Ltd. v. Sun Construction & Equipment Co.* [1974] O.J. No. 2260. Further, to successfully argue a trespass claim, the plaintiff must establish that the conduct of the defendant caused more than a

minimal amount of damage, however, where damages are minimal, an injunction, may be sought: *Mulholland v. Barlow* [1914] O.J. No. 600.

Common law defences to trespass to land

In Fridman, *The Law of Torts in Canada* (2nd) (Toronto: Carswell, 2002), the defences of no intent to trespass, necessity, justification, legality under statute, entry by police, entry as of right, and consent are outlined as possible defences to a trespass action. Of these defences, only the latter would likely be applied to, and consequently, be considered in the context of an appraiser's trespass.

Consent

A defendant will not be found to have trespassed if he or she had the explicit or tacit consent of the plaintiff to enter on the plaintiff's land: *Wurstemberger v. Royalite Oil Co.* [1935] 2 D.L.R. 177. The defendant, if granted consent to enter on the land, is said to come on the land by leave and licence of the plaintiff, which can be given expressly by contract, or by non-contractual means such as conduct indicating acquiescence: *Davidson v. Toronto Blue Jays Baseball Ltd.* [1999] O.J. No. 692.

However, mere silence has not necessarily been found to constitute consent or acquiescence, and any licence granted may be limited to a certain class of people, whereby those either not falling in the class to whom the licence applies, or those acting outside the scope of the authority granted by the licence, may be treated as trespassers: *Pawson v. City of Sudbury* [1954] O.J. No. 300; *Webb v. Attewell* [1993] B.C.J. No. 2408.

The English courts have determined that, if there has been a revocation of the licence by either party, a reasonable time must be granted to allow the defendant and his or her belongings to be removed from the property: *Tool Metal Mfg. Co. Ltd. v. Tungsten Electric Co. Ltd.* [1955] 1 W.L.R. 761. While the Canadian courts

have not gone this far, they have determined that, upon revocation of the licence, the licensee can be treated as a trespasser, and removed from the land by reasonable force if necessary.

The principles outlined above would likely apply to an appraiser entering onto a piece of land to conduct an appraisal.

Case law in appraiser trespass cases

In *Wright v. Wright* 1960, 25 D.L.R. (2d) 452, the British Columbia Court of Appeal, in upholding an order granted under a Chamber summons appointing an appraiser for a petition to appraise certain commercial properties, gave consent to what might otherwise have been considered a trespass, so long as the petitioner accepted the responsibility of a possible action for trespass against them. However, in relation to the possibility of trespass the judge stated that:

"...it will be no trespass to inspect properties that are owned by private companies, substantially owned or controlled by the respondent."

In *National Trust Co. v. Harold's Demolition Inc.* [2001] O.J. No. 3269, the court took a similar approach to a claim of trespass against an appraiser who was appraising commercial properties on behalf of a company who was mortgagor to several of the plaintiff's properties and payments for these properties were in default. On this matter, the court found that:

"such actions by National Trust could in no way be construed as **trespassing** on the Westendorp assets or properties."

Recently, in *Ghalioungui v. Mississauga (City)* [2005] O.J. No. 1224, the plaintiff brought an action for trespass against the city's appraiser for conducting an appraisal of Mr. Ghalioungui's property without his consent. However, after the judge found credibility in the defendant's evidence, which established that the plaintiff had actually aided the appraiser when he was on the plaintiff's property,

the plaintiff's conduct was found to amount to Mr. Ghalioungui's consent to the appraiser being on his land giving that appraiser a licence to be there.

It is useful to make note of the type of permission you obtained when you went onto the property, i.e., the owner gave his approval; he invited me in, etc.

Other consequences of trespass

If you are injured on land while trespassing, you may be contributory to a greater degree in causing your own injuries than if you were invited and injured on that land. Many properties have hidden hazards that the appraiser may not know about. These hazards are usually not apparent. It is better to seek clarification before going onto property.

Do not enter any property that has a Do Not Trespass sign on it, absent clear permission to enter. The sign actually allows instant prosecution of trespassers without further warning.

Conclusion

The moral of the story is that, to avoid claims in trespass, you must ensure that your instructions are clear, that the owner either invites you to see the property or that you have other sufficient proof that allows you to be on the property. Make sure you address this with banks or others who instruct you. Peeking through the windows when you have authority likely is not trespass, but a prudent appraiser may wish to await the return of the owner by leaving his card or by phoning in advance so as to avoid other types of prosecution. 🍷

Mark R. Frederick is a lawyer with Miller Thomson LLP, a national law firm based in Toronto, with offices across Canada. Matthew Bujar is a law student with Miller Thomson who researched this paper. Our thanks to Denis Rivard for his comments.

Fee to non-fee

AIC designation proves valuable in evaluating career options

In 2004, the Canada Revenue Agency approached **Jim Rokeby, AACI, P. App** to fill a position performing valuations in its Kitchener office. “The possibility of working as a non-fee appraiser had been in the back of my mind for some time,” recalls Jim. “I wanted to explore what opportunities were available in the public sector. But, it was not an easy decision.” In fact, it took Jim two years to come to the conclusion that joining the Canada Revenue Agency was the right move.

As a fee appraiser, Jim found his niche doing expropriation work in the late 1990s, after working in the profession for more than 12 years. “That ended up being the bulk of my practice for the last four years,” he explains. “It was something that I really liked.” In Kitchener, there were plenty of opportunities for anyone willing to tackle this specialty work. As a consequence, Jim quickly became a victim of his own success.

“I was never wanting for work,” Jim reflects, adding that he turned down more than he accepted. “But, as much as I enjoyed it, expropriation work is a stressful field.” He began to realize that his beloved sailboat was becoming more of a place to release stress than somewhere to enjoy time with his family.

Then there was Gerry. Jim vividly remembers the day that his colleague died while giving a presentation to a local real estate board. “Gerry never took a holiday,” he recalls. “He was an excellent appraiser. It was the rest of his life that suffered.” In fact, ever since starting in the business, Jim had noticed that precious few fee appraisers ever seemed to retire.

But, retirement was one of the factors the 40-year-old began to contemplate when the Canada Revenue Agency came knocking. If he wanted to retire with a good government pension, now would be the time to act.

Health and dental benefits were another advantage of making the transition to the public sector. Nevertheless, all the benefits together still would not compensate for the reduction of income Jim knew he would incur when he closed his private fee appraisal practice. “I came here for the ability to work a reason-

able number of hours and have more family time,” he says of his new job. That has a value that cannot be measured.

“I knew I was going to miss the work I had been doing and the people I was working with,” Jim concedes. “Expropriation requires a team approach that I enjoyed. But, as it turns out, the team that I am part of here has some interesting and highly experienced members, most of whom have come from different areas of fee appraisal.”

As for the variety he enjoyed so much in expropriation, he has found a new expression in his valuation work with the Canada Revenue Agency. While every expropriation involved a different challenge and process, Jim focused on specific types of properties. In his new position, he could be doing a house one day, a farm the next and an industrial facility after that. “We are very much generalists,” he explains. “I take on appraisals that I would have been unlikely to consider in the fee world.” He notes that, for a fee appraiser, the time required in gaining the competency to provide a valuation for an entirely new kind of property takes away from the bottom line.

“The Canada Revenue Agency supports the exploration of new competencies through professional training time,” says Jim. As well, just as his knowledge of property types has expanded, so has the geographical area in which he works. A file that involves a new market can double or triple an appraiser’s time on a project. Because a fee appraiser could not recover the cost involved, Jim had always conducted most of his work in the Region of Waterloo. Now, his geographical area has expanded to include much of southwestern Ontario.

At the Canada Revenue Agency, Jim conducts appraisals for a variety of issues with tax implications



JIM ROKEBY, AACI, P. App

“We are very much generalists. I take on appraisals that I would have been unlikely to consider in the fee world.”

including estates, non-arm's-length transactions, GST, property transfers, and share purchases that involve real estate. When he assumed his position in September 2006, the Agency sent him to London, Ontario for a thorough review of the taxation system that would enable him to understand his role in the process. "One of the Canada Revenue Agency's tenets is training its employees," says Jim. "The Agency supports education and personal improvement. Since I love to learn, that was something attractive about the position." As an AACI, he is pleased the Agency provides both time and financial support so that he can attend seminars to fulfill the continuing development requirement of his designation.

"In the fee world, if you are not working, you are not making money," notes Jim, adding that he also appreciates the paid holiday time that comes with his new position. On the other hand, he now finds his working days more structured. He jokes that he has not had a real 'boss' since he was 16. But, this structure also means that he rarely works more than his scheduled 37.5 hour week. At the same time, the Agency's compressed work scheduling allows its appraisers flexibility in the way they structure their time. This allows for a number of longer weekends in the sailing season, notes Jim.

In fact, working with the Canada Revenue Agency has also proved to be very accommodating to Jim's activities with the Appraisal Institute of Canada (AIC). "Although I was on the local Chapter Executive and the Board of Examiners as a fee appraiser, the working hours and flexibility here makes this type of volunteer activity easier," says Jim.

Thinking from a long-term perspective is important when considering changes in your professional life, Jim notes. He also advises anyone moving from a fee to a non-fee position to ponder their personal situation carefully before making a decision. No employment situation is perfect, he points out, but it should be a good fit.

As a non-fee appraiser, Jim is enjoying his new work immensely. He knows that the Canada Revenue

Agency could offer him the opportunity to move into management, but, at the moment, he foresees continuing in his non-fee appraisal position. "Here, the pay-off is different," he explains. "You have to balance remuneration and wellness at the end of it all, but money only counts for so much. I can live my life comfortably with the income I make and have more time for my family."

In Prince Edward Island, **Bob Wilson, CRA**, also enjoys the quality of life that comes with working as a non-fee appraiser for the public sector. Since 1996, he has been working with the provincial Department of Transportation/Public Works (Properties Section) in Charlottetown.



BOB WILSON, CRA

“It is all-encompassing. The appraiser/agent is the main point of contact with the owners during the entire three to six month process.”

Some days, the 58-year-old takes his wife with him to inspect a property. "I enjoy getting out on the road," says Bob, adding that this is one aspect of the job that has carried over from his fee appraisal days. Armed with snowshoes or hip waders, depending on the season, he has a chance to get up close to some of PEI's wonderful natural features, from hardwood forest lots to marshy wetlands. At the same time, each outing allows him to spend precious time with his wife, who has multiple sclerosis.

Accordingly, health benefits and pension were an important consideration when Bob decided to move to the public sector 11 years ago. Another factor, and possibly the most important one, was that his eldest son, Scott – who is an AACI and President of the provincial appraisal association – had announced he was ready to take the helm of the family business. "I decided that I wanted a different challenge," says Bob. "It was time for the new generation to take over."

In 1969, Bob had joined Wilson Real Estate, the firm started by his father. Five years after receiving his CRA designation, he took over the brokerage part of the business in 1986 from his mother. The firm was involved in appraisals and sales of residential and commercial properties, as well as vacation homes and waterfront properties.

But, after more than 25 years in the real estate/fee-appraisal business, Bob felt ready for a new challenge. Originally, he was interviewed for the provincial assessment department, but, realizing that he would not be putting his real estate skills to use, he declined the position.

As a property agent/appraiser for the Department of Transportation/Public Works, he is involved in both real estate and appraisals. The Department is involved in the acquisition, disposal and leasing of all government properties, including those for the Departments of Forestry, Health, Education, Tourism, and Fish and Wildlife, among others. "Anything that deals with provincial land comes through us," says Bob. "Our sec-

tion maintains records, deeds, surveys and legal descriptions on approximately 1,700 properties.”

“It is interesting because it is so diversified,” he adds. “I could be doing an appraisal and buying a piece of farmland one week and the next week a piece of woodland or a site for a hospital, sewage lagoon, liquor store or school.”

Like Jim Rokeby, Bob has found working for the government to be much more structured than working as a fee appraiser. “When you are a fee appraiser with your own business, you have a lot of flexibility,” he explains. “If I wanted a day off, I would put a note on the door. Basically, this is an 8-5 job. But, it is nice to get weekends off, and getting paid for a vacation is a bonus.”

The main challenge in making the shift to the non-fee world has been the bureaucracy. At first, Bob was taken aback by the amount of red tape and the number of memos he had to write. “But,” he adds quickly. “I still enjoy it very much.”

“It is quite different from fee appraisal work,” he adds, “in that you follow an acquisition from beginning to end.” After being contacted either internally or externally to purchase or sell a piece of property, the appraiser/agent is responsible for contacting the property owner, performing a site inspection, appraising, and then completing a phase one environmental audit. Unlike a fee appraiser who has to invest in all the tools for his work, the department provides Bob with everything from his camera and tape measure to his GPS and computer. After completing the valuation estimate and receiving the go-ahead from the client, the appraiser/agent prepares the offer. If the offer is accepted, the appraiser requests a title search, contacts the survey department, if necessary, fills out any applications for subdivision approvals, sends ministerial memos to the Treasury Board or Executive Council, requests funds, and even attends to the closing by taking an oath from the owners before registering the deed.

“It is all-encompassing,” says Bob, adding that the appraiser/agent is the main point of contact with the owners during the entire three to six month process. On the other hand, the results do not always need to be as precise as a fee appraisal citing a specific value for a specific date. Instead, department appraisers generate a range of values that allow property agents some flexibility to negotiate.

Bob was hired by the department because of his CRA designation and his background in real estate. But, because the agents must undertake such a specific process, he also agreed to start taking courses under the International Right of Way Association (IRWA) as soon as he was hired. The Manager of Provincial Lands, Leo Creamer, served as his mentor. In 2003, Bob was accredited under the Appraisal Format with an R/W-AC designation. After completing all 20 courses, both Bob and Leo became the first people in the department to be awarded the Senior right-of-way designation or



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SR/WA. The government covered the cost of the courses through its staff development fund.

"Leo stressed that all staff should follow the IRWA course of study," notes Bob. The program encompasses such subjects as engineering, property management, appraisal, contamination, negotiation skills, and real estate law, among others. Leo also encourages staff to take separate appraisal courses from the AIC.

Equally useful in Bob's current work has been his network of contacts from his fee appraisal days. "I will often contact other appraisal firms in the Maritimes to ask if they have dealt with a particular type of property such as submerged lands, harbours and contaminated sites," says Bob.

When he was assigned a highway bypass acquisition involving more than 100 owners and 40 properties, Bob delved into skills he acquired through his years in both the fee and non-fee sectors. "I was the sole property agent on the project," he recalls, "and the project went quite well."

At the same time, one of the main reasons he enjoys his job so much is the people with whom he works. "We have a very committed staff of 14 people including para-legal, title searcher, property agents and support staff."

Bob looks forward to working in the same section until he retires a few years from now. Some time ago, he was offered a position as a supervisor with highway acquisitions, but chose to stay with general acquisitions. "I did not want to be limited to something that specific," he explains. "I like the flexibility of being able to do other things."

When asked what advice he would have for someone switching from the fee to non-fee world, he recommends gaining as much knowledge as possible about government acts and regulations as well as the inner workings of the department being worked in and the various acts governing its operation. He also emphasizes the importance of taking courses and embracing learning opportunities. These are the things that have served him well and led to the satisfying career in non-fee appraisal that he continues to enjoy each day – except on weekends of course! 🍷

Making the TRANSITION

Members making the transition from non-fee employment to private practice can take advantage of a wealth of online resources that address management and regulatory issues related to starting your own business and practice, in a Canadian context. Practical advice on establishing, marketing and managing a successful business are just a click away, and, in most cases, are free of charge. Check out these courses and publications:

Getting started in small business

A free publication that covers topics such as planning a marketing strategy; the value of a business plan; sources and types of financing for a new business. It includes checklists, tools and resource links. Published by the Canadian Bankers Association. <http://www.cba.ca/en/viewPub.asp?fl=6&sl=23&docid=40&pg=1>

Small business management

A free online course that represents 20 hours of online learning on four knowledge areas, offered by a coalition of organizations that are pooling their resources to bring new learning opportunities to the small business community. Modules include study of business finance and marketing; customer service; strategic management; leadership and delegation; as well as primers on privacy and international trade. Sponsors include Scotiabank, The Canadian Society of Management Accountants of Canada, The Canadian Institute of Chartered Accountants, The Canadian Association of Management Consultants, Export Development Canada, the National Quality Institute and the Canadian Federation of Business.

http://vubiz.com/V5/Code/SPC_SBMCD_Default.asp

Government of Canada resources

The federal government also provides a variety of services through agencies such as Industry Canada and Canada Business Services for Entrepreneurs. The Canada Business' Online Small Business Workshop covers a broad range of 'Business Basics' and includes regulatory information, a start-up checklist and information on what you need to know about becoming an employer.

http://www.cbcs.org/servlet/ContentServer?pagename=OSBW/CBSC_WebPage/CBSC_SplashPage_Temp&c=CBSC_WebPage&cid=1106841330036&workshop.cfm

Canada Business also offers a selection of Fact Sheets, Province-specific Guides and Interactive Business Planning Software. <http://canadabusiness.gc.ca/gol/cbec/site.nsf/en/bg00328.html>

Strategis is Industry Canada's web site for Business and Consumers. The Managing for Business Success section is a web portal for owners and managers of small and medium-sized businesses who need sources of practical information, tools and advice for just-in-time solutions to their management challenges.

<http://strategis.ic.gc.ca/epic/site/mfbs-gprea.nsf/en/Home>

For those interested in doing business with government, the Office of Small and Medium Enterprises at Public Works and Government Services Canada provides information, counseling and training services designed to strengthen access to government business and de-mystify the procurement process.

<http://www.pwgsc.gc.ca/acquisitions/text/sme/osme-e.html>



Commitment and dedication... the keys to our success

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

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

JOHN DEAN, AACI, P. App
City of Surrey

John Dean, AACI, P. App

John Dean, AACI, P. App calls Mission, British Columbia home and works for the City of Surrey's Realty Service Division Engineering Department. John joined the Appraisal Institute of Canada (AIC) in 1973, but he waited until his career was well established before turning his attention to volunteering. In the early 1990s, John first became involved with BC's Admissions Committee. At that time, he was one of the owners of ARC Appraisals Ltd, an independent fee appraisal firm in Abbotsford. He began volunteering by working with the team interviewing BC candidates for the CRA and AACI designations. By the mid-1990s, John was chairing most of the interview panels, as other panel members grew to rely upon his extensive interview experience. These days, John is the Chair of the Board of Examiners for the Applied Experience program. It is estimated

that he has sat on over 100 interview panels since he began volunteering for the Institute.

Despite John's busy personal and professional life, his volunteer work with AIC is still a priority fueled by his belief that "a person should 'give back' to an organization from which they benefit." He also credits the support for volunteering that he received early in his career from David Highfield, AACI, P. App and says that David "was very persuasive in keeping me involved."

Thinking about the benefits he has derived through AIC volunteering, John lists his wide circle of friends and contacts in the industry as a direct result of volunteering. He also reflects on how the process of reviewing samples of candidates' work prior to the designation-granting interview has sharpened his appraisal review skills and provided exposure to a wide variety of report writing styles. John finds this particularly beneficial, as appraisal reviews form a large part of his current position with the City of Surrey Realty Services Division.

John makes a point of distinguishing between the reasons and benefits that AIC members might consider before volunteering for the Institute and offers this pragmatic advice: “The most important reason to get involved is simply that it is the right thing to do. The most important benefit of being involved is the chance to widen one’s circle of contacts within the profession. This may lead to additional work assignments, provide contacts for market information, and help land that ideal career position. Volunteers tend to have a positive outlook and are (generally) not prone to whining. Contact with them can help keep an appraiser enthusiastic and interested in his or her chosen profession.”

ROBERT TIPPLE, AACI, P. App
Altus Group

Robert Tipple, AACI, P. App
Bob Tipple, AACI, P. App, AIC’s Director for Newfoundland and Labrador, has been an AIC member since 1974 when he was hired as a junior appraiser for CMHC. Bob started volunteering for AIC almost immediately and has maintained his involvement for over 30 years. His first foray into volunteering was with the Newfoundland Chapter of AIC (now the Newfoundland Provincial Association. of the AIC). He was elected to Provincial Council, became Chapter Secretary for two years, and, in the early 1980s, became Chapter Chairman, serving on various committees until 2000 when he was elected Provincial President. In 2002, Bob was

elected to AIC’s Board of Directors and is currently in his sixth year on the Board.

Bob’s long-term commitment to volunteering is driven by his belief in nurturing succeeding generations of AIC members. He says, “In the early days of my career, I had the benefit of learning from several tremendously dedicated AIC members. I clearly remember one day when I was having difficulty sorting out an income approach and my supervisor, an experienced AACI, made time to get me back on track despite his incredibly busy day. The fact that I recall that day years later is testimony to how much of a positive impact he made on me. I did not realize it at the time, but my positive influences were preparing me for the future. Now, and perhaps going back a few years, it is my turn to be a positive influence for others and one of the ways I can do that is by volunteering. Particularly, I want to make a difference for the candidates who are following behind me.”

As well as contributing to the AIC’s future, Bob acknowledges that volunteering brings him many tangible benefits. “Being an AIC volunteer has benefited me in my professional life because it provides me with the opportunity to be exposed to many aspects of being a professional valuer and real estate property advisor. I was fortunate enough to begin my career in the public sector and then to make the transition to private practice, so I have some insight into both. Having served on various provincial committees and currently serving on two national committees, as well as being a member of the AIC Board of Directors, I have a greater appre-

ciation for issues and opportunities which are addressed by all aspects of our profession.”

Bob goes on to say, “I immediately think of an example of the perfect blending of volunteerism and professional services. In 2003, there was a devastating mid-winter flood in the small community of Badger, Newfoundland and Labrador. Our firm, Altus Group, was engaged by the Canadian Red Cross in what it refers to as the ‘Recovery’ phase of its operation, and I was the valuation professional there. My relationship with the Red Cross continues four years later as a Disaster Management volunteer, and, while attending the AIC’s June Conference and AGM in Vancouver, I was invited by the Red Cross to visit the Telus/Red Cross BC Flood Information Call Centre. This was a great opportunity to be an ambassador for our Institute and a representative of our profession.

Finally, Bob would like to share with the newer members of the profession some thoughts on volunteering: “*Leadership* is why you should become involved as a volunteer with AIC – learning about leadership, experiencing leadership and, if you so choose, going for it and becoming a leader. Start as a committee member either locally or nationally, challenge yourself by volunteering as a committee chair, and move onward as your experience, available time and comfort level permit. Your time and effort will make a difference to current and future members who you may never know, but who will appreciate it. You get much more out of a well-run organization than you ever put in – but who’s counting?” 🐾

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Striving for efficient, consistent and accurate member services

Professional services are provided **by members** of the Appraisal Institute of Canada (AIC) to clients and other users. Member services are provided **to members** by the AIC in support of their professional services. Both are specifically referred to in the AIC Strategic Plan and both are important. However, this is about what is currently being considered with regard to member services because everyone – staff, volunteers and other members – is involved.

The Board of Directors addressed this subject at its May 2006 meeting, when it passed a motion which established a Member Services Delivery Improvement Task Force consisting of the 10 provincial presidents. The mandate of the Task Force was to “explore current and alternative service delivery models and to develop a service delivery model that is efficient, consistent and accurate, which eliminates redundancies and produces measurable results for AIC members.”

The appointment of all provincial presidents to the Task Force was to determine if the so-called ‘political will’ existed to consider possible changes to the delivery of member services. The conclusion was that the desire was there, subject to consideration of a variety of factors, including provincial legislation in licensed provinces, the infrastructure already in place in provinces with larger memberships, and time zone differences across the country.

Why is this being done?

Compared to the number of members in many other professional organizations, the AIC is relatively small. Nevertheless, there is a certain amount of administration infrastructure which must be in place. Notwithstanding this, can the current system be improved? Is a more efficient method of communication possible between national office and executive directors to ensure that AIC policies are implemented and administered more uniformly across the country? Are

there services which might be better handled nationally rather than provincially and vice versa? Should these services be more specifically defined so that members clearly know where to call for what service? Given available technology, should we continue to have 11 web sites and numerous logos? How can technology be used to our advantage? How can we simplify member services delivery so that new candidates can more easily and quickly access the information they need?

To move this forward, in March 2007, the Task Force established a Working Group consisting of two provincial presidents representing the elected provincial leaders, two executive directors representing the provincial administrators, CEO Georges Lozano representing national office, and the undersigned Board member as Chair. The mandate of the Working Group is to “build an administrative team that reports to the CEO, using existing staff resources from across the country.”

The Working Group has met by teleconference and most recently in Vancouver coinciding with the AIC AGM and annual Conference.

A report is currently being prepared for submission to the Task Force, which will then make a recommendation to the Board of Directors prior to its November 2007 meeting in Ottawa. The Working Group would appreciate receiving comments from candidates and designated members on the above-outlined process or suggestions for specific member service delivery improvement. Please send any comments to robert.tipple@altusgroup.com. ☺

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The written exam – a key aspect of elevating the profession

A profession is characteristically defined as a disciplined group of individuals who adhere to ethical standards and uphold themselves to, and are accepted by, the public as possessing special knowledge and skills in a widely recognized body of learning derived from research, education and training at a high level, and who are prepared to exercise this knowledge and these skills in the interest of others.¹ A profession also characteristically maintains a standardized and rigorous approach to professional education. A designation examination that tests critical professional skills and the ability to apply theory to practice of that profession is typically the final step in the course of assessing an individual's readiness to assume the status of a designated member.

Over the last decade, the Appraisal Institute of Canada (AIC) has remained faithful to an ambitious plan to redefine the profile of the appraiser as a professional, and to ensure that AIC's designations are branded as the pre-eminent qualification for those practicing the profession in Canada. Measures such as the introduction of a new curriculum for the program of professional studies; adoption of a Guided Case Study model to fulfill the demonstration report requirements of the Institute;

extension of the period of mentored applied experience and a degree requirement for both designations have been introduced over time in support of these strategic goals. In this regard, the latest initiative is a revamped designation examination, with both written and oral components, the final test before the mantle of professionalism is conferred.

The written examination has been designed to test candidates' ability to apply the *First Principles of Value*, using the theoretical knowledge acquired in formal education and in practice, as well as to confirm that a breadth and depth of expertise has been attained through practical experience. Examinees will be required to select one of three case studies provided, and three of several short answer questions. The grading will be carried out by trained AIC members, who will assign marks on the basis of the application of the *First Principles of Value* (comprehensiveness and completeness of answer); the quality of argument (underlying logic, reasonableness of assumptions), and the quality of communication (clarity, convincing/persuasive). The examinations, three hours in length, will be held in examination centres across Canada at regularly scheduled intervals throughout the year. The passing grade has been set at 70%.

Upon successful completion of the written examination, candidates will be eligible to attend the oral designation interview. The interview is based on Behavioural Description Interview (BDI) principles. Trained examiners will use BDI techniques to verify that candidates for designation possess local market knowledge, along with the key competencies and behaviours that are considered most critical to professionalism and that cannot easily be attained through training – integrity, critical thinking, listening and responding, self development, and relationship building.

This examination concept will be introduced first for the AACI designation at the beginning of 2008, and later that year for the CRA designation. A detailed guide to examination preparation and procedures for application will be provided directly to candidates in the fall. This new approach to the designation examination is the culmination of exhaustive work on the part of members of the Learning Advisory Committee, in consultation with the Board of Directors and other standing committees of the Institute, to create a professional assessment tool befitting of the high standards of education and practice that are the hallmark of the 'new' AIC. 🍀

Endnote

1. The Australian Council of Professions (2004)



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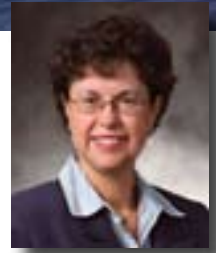
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Making what is old new again

The 2007 Appraisal Institute of Canada (AIC) Annual General Meeting was a watershed moment for both the membership and myself. Now, we can look forward to tackling the marketing campaign that everyone has anxiously awaited during the past several years. Our challenge is to 'make what is old new again,' i.e., Appraisal Institute of Canada, and to promote the value of the designations. Now, we have turned our focus to 'Marketing.' In this magazine's winter issue of 2004, Mike Garcelon wrote an article entitled *Appraisers are real estate's best kept secret*.

Through a comprehensive marketing and communication plan, which has been on the backburner awaiting resolution of the branding issue, AIC's best kept secret is about to lose that epithet. We will be dispelling this myth with numerous target audiences, university students, professionals considering career alternatives, stakeholders, employers and, of course, your clients. We will be:

- Promoting the wide array of skills of professional appraisers and the services they offer (to eradicate the belief that appraisers only offer point-in-time appraisal services)
- Developing greater recognition of the Institute, its members and the value provided by professional appraisers
- Attracting more people to the field and the designation
- Growing the Institute's membership to counter a rapidly aging membership



- Creating more opportunity for member education; ensuring a commitment to professional practice standards
- Last month, AIC chose Cundari SFP as AIC's Marketing Agency of Record. They have the relevant depth and years of experience gained through working with numerous not-for-profit, professional service associations, real estate companies, and educational/research

organizations. They have shared case studies with us that demonstrated how they have successfully 'made what is old new again.' They earned the confidence of both AIC management and the Communications Committee by demonstrating a clear understanding of the requirements of working with an association that communicates in both official languages and has to address the needs of a decentralized organiza-

tion with multiple mandates and stakeholders. Their clients echoed that Cundari SFP “takes the time to understand the complexity of your working environment.”

Many people view marketing as advertising. It is much more than that. In the later part of 2007, the first phase of this initiative, the Internal Campaign, will be launched. The External Campaign will follow shortly thereafter in the early part of 2008.

There is no doubt that AIC members have a role to play as marketing ambassadors. We will be creating a robust platform of communication tools for members to use in their new role as marketing ambassadors. There will also be a greater emphasis on marketing at the 2008 conference in St. John’s, Newfoundland and Labrador.

Last month, Canada hosted the FIFA U-20 showcasing our country as a tremendous host for this international soccer championship. Canadians excelled at the Pan American Games in Rio this summer. There is no doubt that the adage ‘TEAM - Together Everyone Accomplishes More’ applies to our marketing challenges that lie ahead, as we embark on a marketing campaign never undertaken in the history of our organization.

In 2008, AIC will be celebrating its 70th Anniversary. We believe it is timely that this will be the year we will collectively embark on a campaign demonstrating that we no longer are real estate’s best kept secret.

Like the Communications Committee members, I am looking forward to new challenges and opportunities as we undertake this vital project. The initial marketing campaign includes: the brand/marketing positioning and development of key messages; communications blueprint; new identity; brand character, redevelopment of the web site; and the official marketing launch, both internally and externally.

That is a lot of work to do and the timeline is tight. Stay tuned, as we collaboratively crack the mystique of marketing your business. ☺

In the meantime . . .

Some questions fee members could be asking themselves are:

- What kind of marketing tools do I rely on?
- How do I know if my marketing efforts are working?
- Does a web presence enhance my business profile?
- What is my overall marketing strategy?
- When business is slow, what do I do to keep busy or to spark new business?
- What role does networking play?

Some questions non-fee members could be asking themselves are:

- What type of marketing tools does my organization use to raise its profile?
- Would these or other marketing tools be useful to increase the profile of AIC members within my organization?
- What skills do AIC members have that are needed by my organization?
- Would networking within my organization and within my profession help to increase my profile and the profile of AIC members?

As the summer of 2007 winds to a close, the Appraisal Institute of Canada (AIC) Communications Committee is deeply engrossed with the next phase of its communications and marketing initiative. I am excited to be chairing this committee and collaborating with its talented team of volunteers and staff from across the country. In partnership with our new Agency of Record, we are all most optimistic as we prepare to roll out the first phase of the AIC Marketing and Communications Plan.

AIC is regarded as a visionary body and leader within the international valuation community. Inspired by a drive to maintain and advance this reputation and elevate the profession and our members, AIC is committed to implementing this communications and marketing plan. This initiative will be on a scale not seen before in our history, and it is a privilege to be associated with this committee as it undertakes this vital project. As the Plan unfolds, I look forward to the opportunity to liaise with members from across the country as we all work in concert to advance this program nationally, provincially and locally.

Paul Olscamp, AACI, P. App
Chair of AIC’s Communications Committee

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Appraisers – a key element in real estate fraud prevention

While there are various types of fraud, this article is limited to frauds involving real property and financing.

One instance of fraud may be viewed as a misrepresentation of income, debts and the ability to repay a loan. If this type of fraud is looked at in the most positive of lights, it is the (possibly well intentioned) attempt by a borrower to obtain financing with the hope and expectation of making the payments to ensure the continuing ownership of the subject property.

A second type of fraud is the overinflation or misrepresentation of the value of the property in order to scam or deceive the lender into advancing funds for the benefit of the fraudster.

The obvious victim in both of these scenarios is the lender. From a lender's position, overvaluation of property causes an undervaluation of risk. This will affect loan loss reserves, profits and, if extended, may possibly affect liquidity levels.

If, because of fraud, a property is taken back by the lender and subsequently sold, because of inflation it may appear that there was no significant measurable loss. This is far from the case. When a financial institution is involved in a power of sale or mortgage foreclosure, the actual cost to the institution is often tens of thousands of dollars in legal fees, time and the employees' involvement in the procedure.

However, the lender is not the sole victim.



- Investors in the lending institution are also victims.
- Consumers are victims of fraud, when overstated property values are used by the various assessing departments to determine value in order to aid the municipalities in levying taxes.
- Appraisers are also victims because
 1. the 'bad apples' cause insurance claims, and
 2. the lending industry may start to negatively view all appraisers based upon the bad reputation of a few

The appraiser's signature is on the bottom line of the appraisal report, and, with our society's grow-

ing propensity to sue, the appraiser often ends up as the target of lenders who may have lost money. As fraud becomes more pervasive, appraisers are in the cross hairs.

The anecdotal information we have indicates the ironic reality that, without an appraiser and an inflated appraisal report, many frauds could not occur. This underlines the fact that the appraiser and his or her ethics are a key element in preventing real estate fraud. A further irony in this process is that, while the major participants in the fraud may share fraudulent profits in the range of hundreds of thousands of dollars, the appraiser's reward for his lapse of judgement is typically limited to

only \$300-\$500. For this, he or she has become a willing participant in the fraud, driven by the belief that cooperating in this scheme will deliver future business.

As the appraiser, it is not sufficient that you are aware and recognize any 'red flags' that may indicate a fraud situation. Additionally, you must be proactive in drawing these indicators to the attention of your client. The appraisers are the ones that the lenders rely upon to give them accurate, unbiased and professional opinions. In this regard, various members of the Appraisal Institute of Canada (AIC) officers have met with the financial institutions in order to determine their needs and how we can better serve them as clients.

This is only one level of communication and, in order to be truly effective and recognized as the professionals to be relied upon, the individual appraisers must also recognize their clients' needs and react to them.

For the most part, Canadians have a tendency to avoid being 'snitch cats,' however, if there is something suspicious or unusual about any transaction in which you are involved, you are being unprofessional by failing to advise your client. While we often hear anecdotal accounts about what has been observed by an appraiser, seldom does the appraiser actually call the AIC or formally refer the observation/situation for further investigation.

Just as it is your responsibility to protect and advise your client, it is also your responsibility to protect both your Institute and your fellow appraisers by reporting your concerns. Advising the AIC may be done in a confidential manner and would go a long way to ensuring the continuation of the high regard that the lending institutions currently have for members of the Institute. Remember, "If you are not part of the solution," you may very well be viewed as "part of the problem." 🐱

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In the courts

A decision from the Court of Queen's Bench of New Brunswick has confirmed some important points for the appraisal profession.

Background

A candidate member of the Appraisal Institute of Canada (AIC), and a licensed appraiser in New Brunswick, was brought before the provincial discipline committee for breaching sections of the legislation, in that he was completing appraisal reports and not having them appropriately co-signed. In New Brunswick, the provincial legislation confers authority on the provincial licensing body to discipline its members. Therefore, this was not brought before the national Professional Practice committees.

At the discipline hearing, the candidate argued that he held the equivalent qualifications to practice appraisal and that he was competent and able to sign appraisal reports on his own. The Discipline Committee (DC) disagreed and viewed the failure to abide by the legislation and not have reports properly co-signed to be serious misconduct. The legislation provides that a licensee may appeal the decision to the Court of Queen's Bench, which he did.

Standard of review

The courts first considered what was the appropriate standard of review for them to apply in reviewing the decision of the dis-



The courts will likely give a great deal of deference to the decisions of the Professional Practice committees.

cipline committee. This is a matter of assessing appeal rights under the legislation, the expertise of the DC, the purpose of the legislation, and the nature of the problem.

The court stated that the occupation of appraising the value of property is a specialized area outside the general knowledge of a judge, and the four appraisers on the DC were in a better position to assess the gravity of the matter and possible conduct of the candidate. As such, they are entitled to deference regarding their decision.

The court found that the ultimate purpose of the legislation is protection of the public, by determining who may or may not practice real estate appraisal in New Brunswick. The legislation provided for a wide range of possible sanctions for the DC to choose from and, therefore, this too favours deference.

Finally, on the nature of the problem, they found that this was a matter of mixed fact and law, where the particular fact-intensive elements of this case will not determine future cases; and, therefore, suggesting a higher degree of deference.

Outcome

The court found that the DC's decision was reasonable. This referred to the decision that there was a breach of the legislation. On the question of the sanction, the court affirmed the sanction of one month's suspension.

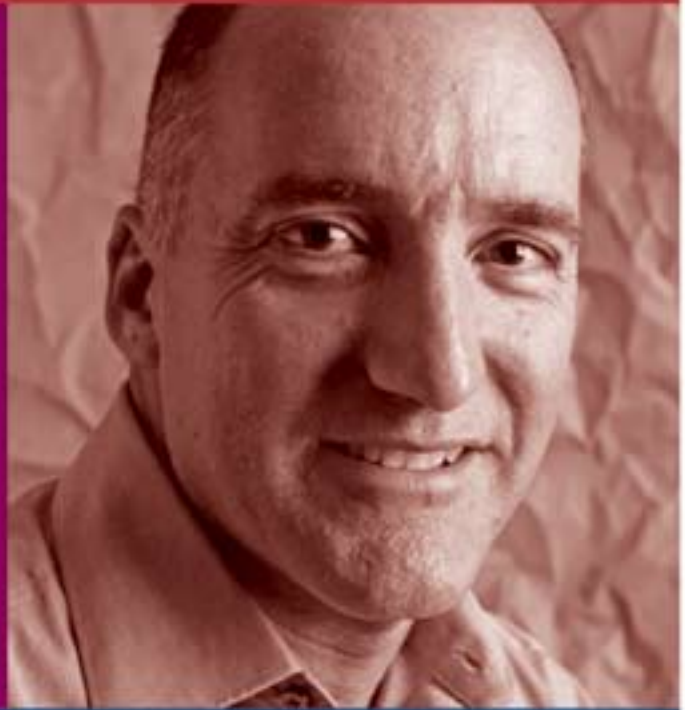
What this means to appraisers is that the courts will likely give a great deal of deference to the decisions of the Professional Practice committees. The AIC Professional Practice committees take this role very seriously and are sensitive to the impact their decisions have on members. Each complaint they investigate, adjudicate or review on appeal is afforded the time and effort to maintain the essential balance between protecting the public and working in the best interest of the profession.

If you wish to read this decision, the citation is *Perron v. NB Association of Real Estate Appraisers – 2007 NBQB 187*. 📖

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The problem with multiple users

After the completion and delivery of a report, it is not uncommon for an appraiser to receive a request for a letter of transmittal allowing use and reliance by an intended user not named in the original report. The issuance of a subsequent letter of transmittal authorizing use of an appraisal report in this manner is generally at the discretion of the appraiser. Unless agreed to when the assignment was accepted, the appraiser does not have an obligation to provide subsequent letters of transmittal.

Provided that the original intended user has given approval or has acknowledged no further reliance on the report, that there are no conflicts, and that the report is adequate for the new intended use, a letter of transmittal can be issued.

Guidance for these circumstances is found in the *Standards* practice notes:

12.14.1 - Client

A statement similar to the following may be appropriate:

“This report is intended for use only by (identify the client) and (identify any other intended users by name and type). Use of this report by others is not intended by the appraiser, and any liability in this respect is strictly denied.”

12.15.1 - Intended use

A statement similar to the following may be appropriate:

“This report is intended only for use in (describe the use), and for no other use.”

12.15.2 - Intended use

An appraiser must identify the client and, to the extent possible, other intended users by communication with the client prior to accepting the assignment, using care not to violate confidentiality requirements. Identification of the intended use of the report is one of the essential steps in defining the consultation problem to ensure the use of the report is not misleading.

On occasion, however, some appraisers have been asked to authorize the following clause:

“This report is addressed to (the lender), their respective successors and assigns (including, without limitation, investors who purchase the mortgage loan or a participation interest in the mortgage loan, and the trustee in a securitization that includes the mortgage loan), each servicer of the mortgage loan, and all rating agencies involved in any sale, securitization or syndication involving the mortgage loan may use and rely upon this report, including, without limitation, utilizing selected information from the report in the offering materials (either in electronic or hard copy format) relating to any sale securitization or syndication involving the mortgage loan. The consultant agrees to cooperation in answering questions by any of the above parties in connection with the sale, securitization or syndication, as communicated by (the lender).”

The Standards Committee considers acceptance of this clause as problematic from both a standards perspective and business practice.

There are three major concerns. First, if the report was prepared for (the lender), we can assume that the (lender) is likely the client and certainly the intended user. However, the clause identifies virtually every party who may even remotely have an interest in the property or the syndication, essentially with all of whom the appraiser will never have had any contact.

For this aspect of the clause, reference can be made to *Standards Rules 6.2.1* and consulting rule *10.2.1*, which both state in the report that the appraiser must identify the client and other intended users by name.

Although authorizing the clause may, in a technical sense, comply with these rules, doing so certainly stretches the concept of intended users beyond a reasonable range. The clause will offset *Standards Comment 7.2.3*. “A party receiving a report copy from the client does not, as a consequence, become a party to the client relationship.”

The second and perhaps most troubling aspect of this clause is the agreement permitting the utilization of “selected information from the report.” Depending upon the nature of the original assignment, valuation methodology and data which has been utilized in the report, permitting use of

selected data, the appraiser may inadvertently create the basis for unintended results and the likelihood that out of context results will arise.

Agreeing to these terms could create the basis for an Ethics violation, whereby the member would have permitted the reliance on some isolated section of the report, which, if relied upon without reference to the entire report or relevance of the section of the named parties, could be misleading.

A third area of concern is the last sentence requiring cooperation in answering to all of the named parties. Again, this may not result in a Standards violation, but, taken as part of the overall clause, however, agreeing to this would only support reliance by the various parties.

It is evident that (the lender) wishes to utilize the report in support of its asset value in some

type of offering. On its own, this is benign and, in fact, could be beneficial. Referencing an appraisal report, or including a well prepared report as part of a package, could be good advertising, provided that the appraiser is satisfied with copyright issues and has secured reasonable limitations in terms of client and intended users.

In reality, however, (the lender) probably does not wish to include the full report, much of which they would probably deem to be unimportant. The intention is to include selected, likely out of context data or other contents which will help to gloss up their presentation.

The request to authorize this clause and its implications underscore the importance and benefits which the *Standards* provide. Not only as guidelines for general appraisal practice, but also as protection in avoiding unwanted issues of liability. ♥

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Facing a Disciplinary hearing

It has happened. You have received 'The Letter' from the Appraisal Institute of Canada (AIC). One of your clients has complained about you, and now you have received a formal charge letter, giving you the option of making a conditional guilty plea or requesting a formal hearing. What happens now?

In order to understand what happens next, it is important to understand what has already happened.

If someone has lodged a complaint against you concerning one of your reports, AIC staff will have done the following: 1) acknowledged receipt to the complainant; 2) sent you notice that a complaint has been lodged; 3) requested from you a copy of the report and the entire contents of your working file; and 4) sent the entire file to the Counsellor, Professional Practice. The Counsellor will have reviewed the complaint and will usually have contacted you for clarification and or additional information. Based on his review, if he had found there were no grounds for the complaint, he would have closed his file. But, in your case, he determined that the file should be referred to the Investigating Committee (IC) for further investigation. He forwarded the file to the Chair of the IC who, in turn, assigned it to one of the committee members (investigators) to complete an investigation to determine if the appraisal conforms to *CUSPAP*. **(Remember, IC does not arbitrate value.** If the complaint was determined to be merely a valuation issue and there were no apparent *CUSPAP* violations, the file would have been closed.)

The investigator then conducted a detailed and thorough investiga-



tion of your report and file. He/she studied your report line-by-line, testing it to see whether it conforms to *CUSPAP*. As part of this process, the investigator checked that the logic within the report flows well and the conclusions are well-founded. During the investigation, you were probably contacted by the IC for additional information and/or clarification. Upon completion of the investigation, the committee member prepared a report summarizing his/her findings and recommended either: that the complaint was unfounded and the file should be closed; or, that charges were warranted.

The investigator then presented the investigation report to the IC, defending his/her reasoning and conclusions. The discussion is usually intensive; never a simple 'rubber stamp' process. The committee then voted on whether to accept or reject the conclusions of the investigation. Based on the committee's decision, you were charged, and a charge letter was sent to you. So what now?

The charge letter specifies the charges against you and the ratio-

nale for those charges. It is essentially a full explanation of the case that IC will present at the Adjudicating hearing. This is an excellent resource for you to use in deciding whether to challenge your case in front of the Adjudicating panel. You should review it in detail before making your decision to accept the conditional guilty plea or go to the formal hearing.

If you request a formal hearing, it will proceed as outlined in our *Regulations*, which are available on the AIC web site at www.aicanada.ca/e/resourcecenter_document.cfm. The investigator will be well-prepared for the Adjudicating hearing. He/she has spent hours going over your report and has already defended his/her conclusions to the IC. Therefore, if you feel that the charges against you are not warranted or excessive, you must be equally well-prepared for the Adjudicating hearing. How?

There are two things you can do to ensure that you are as ready as possible for the hearing. First, go back to the charge letter. It summarizes the entire case against you. You should review it in detail and be

prepared to thoroughly discuss all of the points it raises. Second, review the *Regulations*. They spell out in detail the process and procedure of an Adjudicating hearing, who will be there, how it is to be conducted, what will be discussed, etc. Going through these two steps will help you be prepared for the hearing. Although this sounds like a simple two-step process, it will be anything but simple. To be properly prepared, each step will entail hours of study, analysis and preparation on your part. The more you are prepared to defend yourself, the better your outcome. Remember, the investigator is an appraiser, just like you. In addition, the Adjudicating panel members are also appraisers, just like you.

After the hearing is completed, a decision will be rendered by the Adjudicating panel. If you are charged, costs will be levied against you. You and/or the IC may appeal the decision of the Adjudicating Committee. If the decision is appealed, the Appeal

hearing will not be a rehash of the complete hearing; rather, it will focus on the points raised in the appeal. The Appeal hearing procedure would be similar to the Adjudicating hearing.

Now you know how to properly handle yourself at an Adjudicating hearing. Let's hope you never have to put this to use. 🐼

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Facing an Adjudicating Committee hearing

This article is offered to aid members who choose to attend an Adjudicating Committee (AC) hearing to answer charges brought by the Investigating Committee (IC). It should also help dispel some common misconceptions about the Professional Practice committees and how hearings are conducted.

Let us be quite clear that the IC and the AC are two *entirely independent* AIC Professional Practice committees. While this may be obvious to most members, it is apparent in many hearings that the members charged view the deliberations of

the AC and its decisions as nothing more than a rubber stamp for the charges and discipline recommended by the IC. Nothing could be further from the truth.

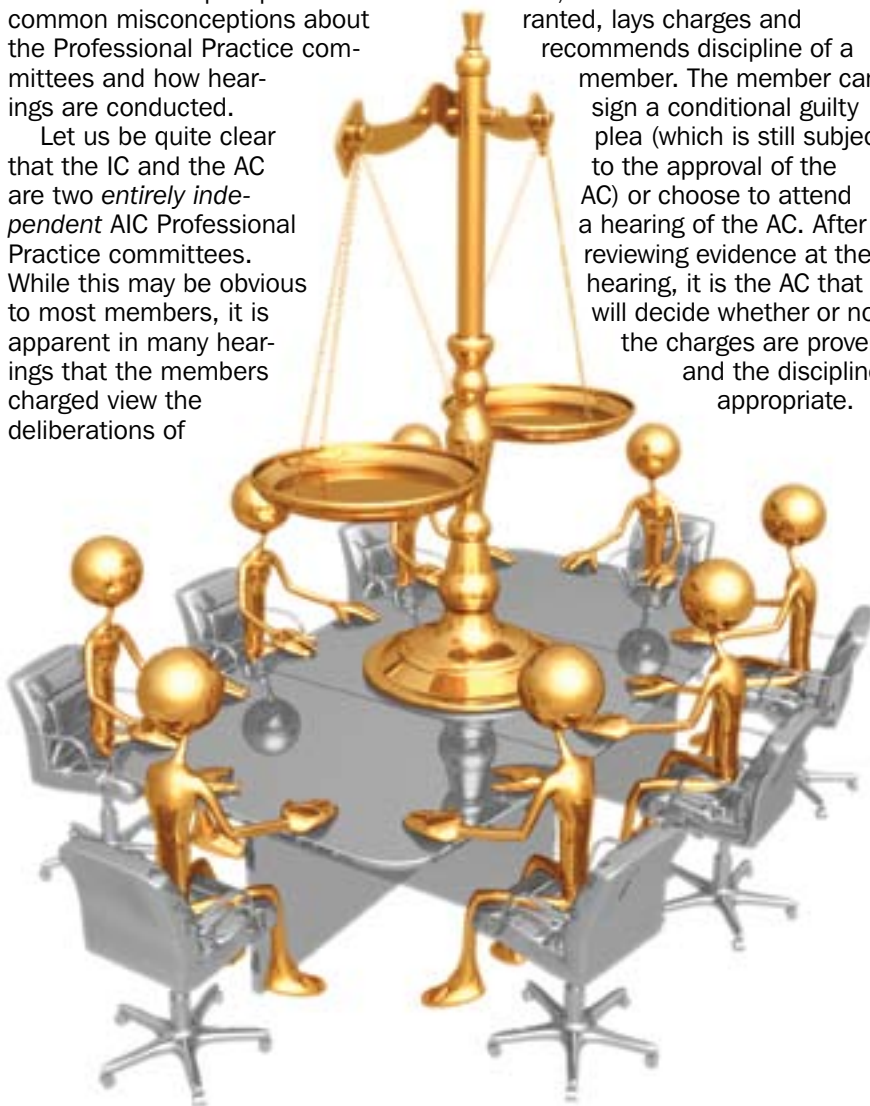
The IC investigates complaints and, if considered to be warranted, lays charges and recommends discipline of a member. The member can sign a conditional guilty plea (which is still subject to the approval of the AC) or choose to attend a hearing of the AC. After reviewing evidence at the hearing, it is the AC that will decide whether or not the charges are proven and the discipline appropriate.

If the member chooses to attend a hearing, here is some advice that may make the procedure less daunting.

Although it should not be necessary to state the obvious, turning up late for the hearing is not advised. While it may not be viewed as being in contempt, it displays a lack of respect for the process. Generally, the panel will wait about 15 minutes and then the hearing will proceed, with or without the member.

Prior to the hearing, the member will receive a binder containing the appraisal report, all the correspondence between the parties, and the IC's charges and the discipline it proposes to recommend to the AC for its deliberation. The member has the option of being assisted at the hearing by legal counsel, however, if that option is exercised, then the IC will also be represented by counsel – usually a lawyer who is experienced in these hearings.

Over the years, it has been the opinion of the AC that, for the most part, unless the member's counsel is particularly familiar with the *Standards and Regulations* of the Institute, he or she rarely furthers the member's defense. In the hearing, we strongly recommend that the member focus on the charges and discipline recommended. It is apparent that many members, even before attending a hearing, fail to re-familiarize themselves, even briefly, with the Institute's *Standards and Regulations*. Frequently, the member uses the hearing to proceed into a long history of the file, which, in all likelihood, will have



no bearing on the charges being brought. The members of the panel will have reviewed the binder long before the hearing, and will be very familiar with its contents.

At the hearing, it is not uncommon for the member to feel victimized. The report may have been submitted by a third party, perhaps anonymously. Nonetheless, the complaint must be investigated. Although the member may even state that the client is completely satisfied with the appraisal report, this will have no bearing on the investigation or the decision of the AC. Put simply, the appraisal report must meet the standards required by the Institute; and further, a satisfied client is no defense.

The AC is well aware that the investigative process is protracted and can be an unpleasant experience. The subsequent hearing can be stressful and the panel strives to help the member feel as at ease as possible. However, it does not serve the interest of the member well if he or she chooses to be belligerent or evasive during the hearing. Over the years, the panels have been subjected to many intemperate comments such as "The committee is wasting my time and I have better things to do." This type of comment is insulting to members of the Professional Practice committees who may, themselves, have better things to do, but choose instead to volunteer their many hours of service to the Institute.

There is only a limited amount of time that can be allowed for an AC hearing. Therefore, the member is strongly advised, as in all courts of law, to be punctual, prepared, pertinent, and polite. The Institute believes that the process should be a learning process rather than a punishment. Accordingly, both committees view an educational requirement as part of the discipline imposed to be a critical part of this process. Often, this will involve ordering the member to successfully attend the Standards Seminar, a related course, or both, within a required period. 🍀

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Ethics and business values affect your bottom line

In matters of ethics, you should consider how you choose to act and whether you are aware that your actions often influence your reputation and your bottom line. When conducting business, you quote for an assignment; indicating when it will be completed, and how much it will cost.

If you discover that your costs are going to be higher than anticipated, you have the choice of completing the assignment at the quoted cost or asking for additional money.

If you realize that you cannot complete the appraisal on time, you should provide your client with a revised estimate of the completion date.

Both these approaches sound simple and reasonable and, yet, I continue to receive inquiries on these issues. In the valuation marketplace, if your appraisal reports are going to be consistently late, you will not stay in business very long. The same applies if you tend to bid low and charge higher for unexpected costs.

That being said, there are valid reasons for appraisal reports taking longer than anticipated and incurring unexpected costs. How you choose to address these situations with your clients is a matter of your ethics and business values. In all cases, the ideal solution is to keep your clients informed. This will permit them to adjust their own timelines, and business decision-making accordingly.

For example, it is wise to advise the lender/client that, because of the unique nature of the property, it is difficult to find comparables, that you need more time to research zoning restrictions, and that you will be providing a revised cost estimate and timeline. The lender/client can then advise the property owner and their own manager of the delay. Because everyone is aware of the delays, your credibility is not impacted.

Alternatively, when you fail to stay in touch with your client, a property owner will frequently attempt to contact you. When you avoid the calls, he or she begins to question your ethics and business values, and that is when everyone involved – the lender, mortgage broker, spouse, business partners, and employees – will start to hear about your failure to deliver. By the time they call me, there may be at least a dozen others who have been told not to use your services – all because of a failure to keep your client apprised of the status on a file.

When you choose to act in a professional and ethical manner, it serves as a cornerstone for the success of your business, and your reputation, which, in turn, will always add value to your business. ♥

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VP OPERATIONS, SOLIDIFI

Residential real estate appraisal in the age of technology

Technology has permeated all aspects of modern life and, it is changing the real estate appraisal industry in dramatic and exciting ways. GPS mapping systems help to quickly find subject property locations and comparables. Laser measuring tools and computer-based sketching along with wireless connectivity expedites the physical inspection chore. Mobile communications allow more field time and reduce overhead costs of fully staffing an office. As in most businesses, time is money, and lenders and brokers are no exception. With the advent of automated underwriting, the mortgage process has sped up significantly, and lenders are seeking appraisal turn-arounds that match the competitive nature of the mortgage business today. The ability for appraisers to produce reports in a shorter amount of time, without sacrificing quality, has become a key success factor for appraisers seeking continued business growth in today's market. A fast response to the client appraisal requests, prompt booking of borrower appointments, and swift submission of complete and accurate reports will pay dividends in repeat business from happy, loyal clients.

Not only can technology add to an appraiser's productivity, it can also help drive new business. Many in the appraisal profession are taking advantage of referral services and direct marketing campaigns over the internet to connect with customers. New service forums or networks now offer customers the ability to filter and match products and providers by



“Not only can technology add to an appraiser's productivity, it can also help drive new business.”

risk criteria, geography and pricing. The introduction of new and innovative technology platforms in the mortgage and appraisal industries now incorporate intelligent match-

ing of customer requirements, aiding lenders in the art of balancing risk, time constraints, and cost. These platforms, such as Values™ offered by Solidifi, streamline the order fulfill-

ment process through technology, and offer electronic payment options to lenders, brokers and borrowers, eliminating the need for the appraiser to invoice the broker/lender, or to collect funds at the door.

As a valuation professional, some forms of technology can seem like more of a threat than an asset. The increasing acceptance of AVM (automated valuation model) technologies has eroded a portion of the valuation product market traditionally performed by accredited appraisers, but there are some inherent weaknesses with AVMs that leave opportunities for the savvy valuation professional. For example, for properties located where the data is not available, which are of poor quality, or where the result of the AVM is not satisfactory, the lender will turn to a more thorough traditional form of valuation service.

AVMs will never be robust enough to handle properties that do not fit the conventional mold, such as

luxury properties, multi-family residences, and properties in distress due to delinquency. These cases are more complex and, therefore, require qualified professionals that can adapt the level of due diligence, and ensure that this work effort is commensurate with their pricing.

While AVMs have received much attention over the past decade as the most significant application of technology in the mortgage appraisal industry, material advances have been made that have also positively impacted appraisers. Consider the following categories, which include some of the most popular areas where technology is permeating today's traditional appraisal practice.

Field tools:

- Measuring tools
- Mapping and locator tools
- Sketching tools
- Comparables search
- Tablet PCs

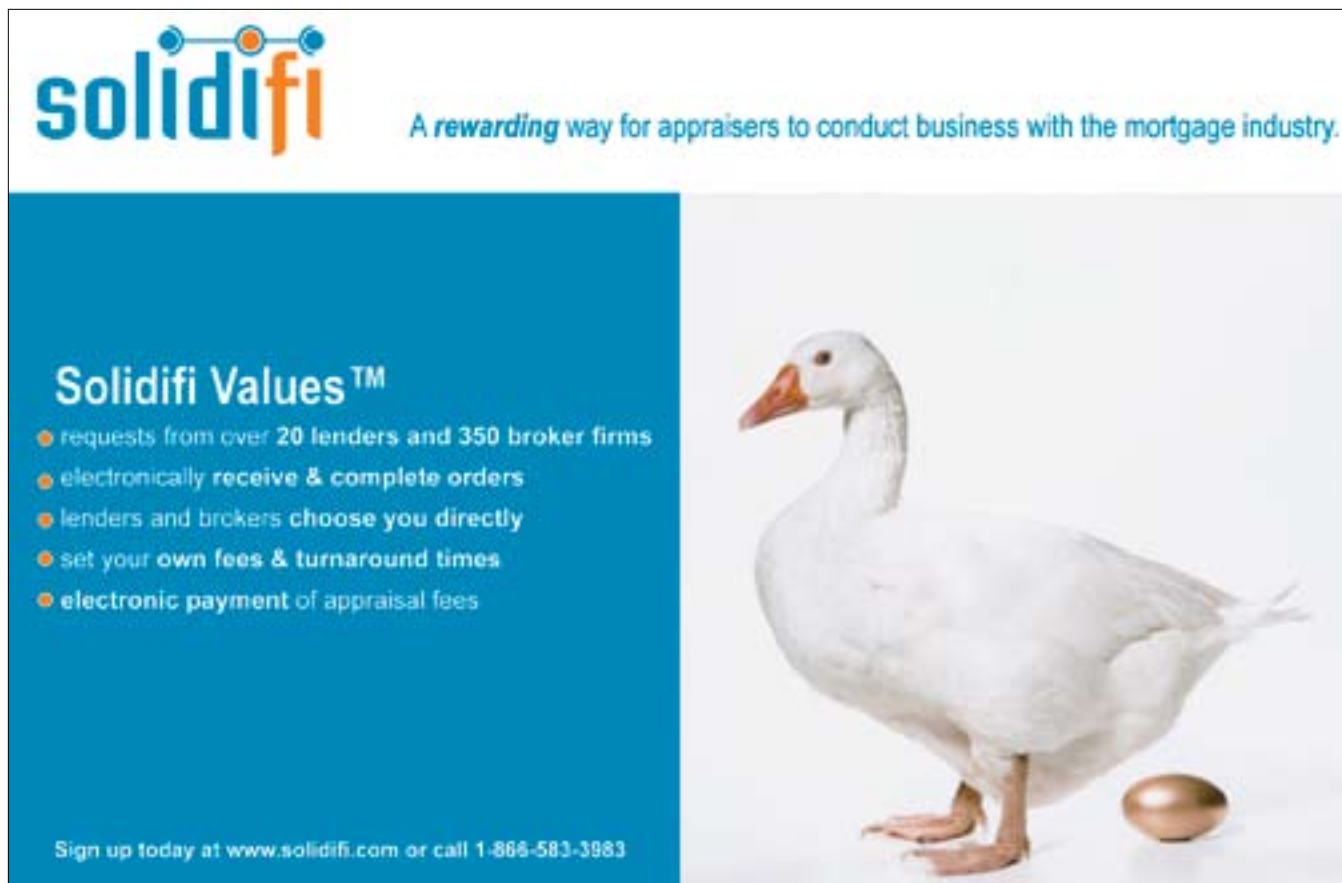
Report preparation:

- Form templates
- Digital photography
- Electronic signatures
- Authentication and security

Back office:

- Customer management
- CRM software
- Order receipt, status and delivery
- Appraisal records management
- Billing automation

As the appraisal industry grows and evolves, so will technology. Work smartly and take regular inventory of your appraisal practice by examining the areas where you may be able to increase your revenue, while leveraging technology to reduce operational costs. Embracing change and staying ahead of the curve may take some time and dollar investment today, but can reap dividends for years to come. 🦆



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- electronic payment of appraisal fees

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AIC designations granted / Désignations obtenues de l'ICE

The Appraisal Institute of Canada (AIC), together with the provincial associations and the provincial bodies affiliated with the AIC, commend the following members who completed the rigorous requirements for accreditation as a designated member of the AIC during the period April 19 to July 13, 2007:

L'Institut canadien des évaluateurs (ICE), en collaboration avec les associations provinciales et les organismes provinciaux affiliés à l'ICE, félicitent les membres suivants qui ont complété le programme rigoureux d'accréditation à titre de membre désigné de l'ICE durant la période du 19 avril au 13 juillet 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

Terry B. Cox

SASKATCHEWAN

Karen Parmar

ONTARIO

Chris R. Chornohos

PRINCE

EDWARD ISLAND

Todd W. MacDonald

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

Jim T. Crews
Eva Kaitman
Steven William Kibsey
Dena-Lynn M. Knopp

BRITISH COLUMBIA

Robert Bugera
Joan I. Chislett
Peter Hugdahl
Raymond W.M. Hui
Tara Jones
Ali Mirzaei
Sherry Wondga
Jennifer Wood

MANITOBA

Valerie Jonsson
Craig J. Whitman

NOVA SCOTIA

Paul L. Beazley
William T. Best
John E. Murray

ONTARIO

Joel Beauregard
Murray J. Bechtel
Gertrude M. Garbens
Marie E. Garbens
Carole Anne Landry
Catherine A. Martin
Jeffrey Joseph Petruzella
Susan M. Pietz
Joseph E. Priamo

SASKATCHEWAN

Dean Notschaele
Adam Vanjoff

Candidates / Stagiaires

AIC welcomed the following new candidate members during the period April 19 to July 13, 2007:

L'ICE souhaite la bienvenue aux personnes suivantes qui ont joint les rangs des membres stagiaires durant la période du 19 avril au 13 juillet 2007 :

ALBERTA

William Mitchell Bishop
Christina M. Galavan
Garry W. Wood
Michael Brent Levall
Xufeng Li
Pushpinder S. Minhas
Devin Palmer
Jeff G. Prediger
Shawn Rozario

BRITISH COLUMBIA

Colin D. Holdener
Chase Melnychyn
Gurinder S. Sekhon
Gwendolyn S. Teichroeb
Stephanie Ursala Tong
P. Simon Wainwright

NOVA SCOTIA

Beverly A. Buckland
Marcel A. D. Parsons

ONTARIO

Jaqueline M. Boland
Gabriel I. Crowder
Peter James Cudmore
James Jiang
Ivy K. Lo

Cameron A. McAlpine
Angela L. Oliveira
Iryna Puha
Anita Sengsavang
Nathan S. Stienstra
Curtis Alvon Travis
Simon Z. Xie

QUEBEC

Settimio Velenosi

Student / Étudiant

This new category of membership was implemented January 1, 2007 and now serves as the first step on the path to designation for those completing their requirements for Candidate membership. Students considering the appraisal profession as a career option are also welcomed to this new category of membership.

Cette nouvelle catégorie de membre entrait en vigueur le 1er janvier 2007 et constitue la première étape sur la voie de la désignation pour ceux qui s'affairent à compléter les exigences de la catégorie de membre stagiaire. Les étudiants qui contemplent une carrière comme évaluateur professionnel sont bienvenus à joindre cette nouvelle catégorie de membre.

ONTARIO

Shannon Souliere

2006/07 Bursaries and Awards

Over the last several years, the Appraisal Institute of Canada (AIC) has introduced a series of

academic awards that recognize the achievements of students undertaking appraisal studies in

programs delivered through AIC's partners in professional education.

University of British Columbia

Appraisal Institute of Canada Bursary

A bursary of \$1,000 is offered by the AIC to an undergraduate student specializing in the Real Estate Division of the Faculty of Commerce and Business

Administration. The recipient for 2006-2007 is **Peter Coppard** of Vancouver, British Columbia.

Appraisal Institute of Canada Prize

A \$500 prize is awarded annually to the student receiving the highest

standing in BUSI 330 offered by the Real Estate Division, Sauder School of Business. The 2007 winner is **Chad Thiessen** of Plum Coulee, Manitoba.

Université de Québec à Montréal

Bourse de l'Institut canadien des évaluateurs

A gift in the amount of \$1,000 is pre-

sented annually to the student receiving the highest standing in 'les cours d'évaluation approfondie' offered at

Chaire SITQ en immobilier at UQAM. The 2006 recipient was **Nathalie Hudon** of Longueuil, Quebec.

Seneca College, Toronto

The Appraisal Institute of Canada Award

An annual award in the amount of \$500 is presented to a graduating student in the Real Property Administration Program (RPA) who has, in the opinion of a Seneca faculty panel, demonstrated academic excel-

lence in RPA 112 and one or more of the additional AIC curriculum courses at the College, has an active interest in the field of real property as a career, and has made valuable contributions to the classroom environment. The 2007 award was presented to **Aaron Harlang** of Toronto, Ontario.



Jack Warren Education Trust Conference Awards

New this year, two AIC conference registrations are awarded to selected Jack Warren Trust recipients. These are in addition to the scholarships and bursaries awarded annually when merited by the Trust. The winners of the conference registrations are

randomly drawn from the names of all past J. Warren Education Trust recipients who are current AIC members in good standing. The 2007 winners were **Samantha Sawyer** of Vancouver, British Columbia and **Laina Chwelos** of Fort McMurray, Alberta. ☺

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

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Renseignez-vous sur les tendances de la valeur des terres agricoles de votre région

<http://www.fcc-fac.ca/fr/Products/Property/FLV/Spring2007/index.asp>



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Streams, Currents and New Waves...

AIC 2007 Conference recap

The 2007 Appraisal Institute of Canada conference held at the Westin Bayshore Hotel in Vancouver from June 6 - 9 was extremely successful. Over 700 delegates, speakers, exhibitors, companions and invited guests converged on Vancouver for what proved to be a high quality, well-regarded education program, with great networking opportunities for all.

The conference started off with a bang...on a drum that is...as delegates gathered for the opening ceremony featuring the Drum Café. The Drum Café is a unique and rousing communication and group building exercise that certainly provides a rousing way to start a conference. The conference also featured six informative, entertaining and thought-provoking keynote speakers to start and finish each day.

Some conference speakers have graciously provided copies of their PowerPoint presentations, handouts or other materials which were presented or discussed during their sessions. The AIC 2007 conference

'eLibrary' is available by visiting www.aicanada.ca/e/aic2007/elibrary.html.

Two very important events were also held during the Vancouver conference, including the signing of a Memorandum of Understanding (MOU) between AIC and Public Works and Government Services Canada (PWGSC). The MOU outlines an agreement between the two organizations to share information and consult with one another on relevant topics. AIC was also pleased to make a donation in the amount of \$10,000 to Habitat for Humanity on behalf of all of the conference speakers who participated in the conference.

AIC extends a very special thank you to 2007 Conference co-chairs Craig Barnsley, AACI, P.App and Kelvin



Photograph by Daniel Stone, Stone Photo

Incoming AIC President Gordon Tomiuk, AACI, P. App (R) presented a \$10,000 cheque on behalf of the Institute to James Lippert, National Board Member for Habitat for Humanity. Conference speakers generously donated their time and effort in presenting at the conference and, in recognition of that, AIC was pleased to provide this generous donation on their behalf.

Coley-Donohue, AACI, P.App, their conference chairs and the tireless group of volunteers who dedicated their time and effort into making this the successful AIC conference that it was.

Thank you Sponsors

The Appraisal Institute of Canada Conference would not be possible without the generous support of many organizations. Thank you to the following organization who supported the Vancouver Conference:

Education Partner (\$35,000)

Real Estate Foundation of British Columbia

Diamond Sponsors (\$10,000)

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Martin Merry & Reid Ltd.
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Western Investor
Sauder School of Business,
University of British Columbia

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SCM Adjusters Canada
(Leonard French & Co.)
Universal Appraisals

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Craig Kelman & Associates
GHW Appraisals Northwest Ltd.
National Appraisal Group
Nationwide Appraisal Services
Parkes & Company Ltd.
Real Estate Institute of BC

Recognizing Excellence

The Appraisal Institute of Canada (AIC) Annual Conference, held June 6-9 in Vancouver, British Columbia, provided the occasion for the AIC to recognize a number of individuals and organizations for contributions to the Institute, in particular, and to the valuation profession, in general.

Fellows

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

David Babineau, AACI, P. App, of Fredericton, New Brunswick, was awarded the title of Fellow. David was nominated for this honour by the New Brunswick Association of Real Estate Appraisers for his significant contribution at both the national and provincial level, over 25 years of membership in AIC. In particular, the nomination recognized his commitment to continuous improvement of the professional practice system, and his role as a

dedicated Standards Seminar instructor and as a mentor to candidates over the course of his career.

Past President **Paul Olscamp, AACI, P. App** was also named a Fellow of the Institute.

Presidential Citations

Outgoing President, Paul Olscamp AACI, P. App (Fellow) awarded a presidential citation to **Michael Garcelon, AACI, P. App**. The Presidential Citation is awarded by the Institute to recognize, in a meaningful way, an individual or organization who has made a significant contribution to the growth and enhancement of the appraisal profession. In presenting the citation to Michael, President Olscamp made particular note of his leadership in the areas of branding, marketing and communications in his role as a founding member and then Chair of the Communications Committee.

Retiring Board Members

The following retiring Board members were presented with certificates recognizing their contributions during their tenure on the Board of Directors:



AIC President Gordon Tomiuk, AACI, P. App (R) presented Past President Paul Olscamp, AACI, P. App with a Fellowship and a ceremonial gavel to mark the end of his term.



AIC Past President Paul Olscamp, AACI, P. App (R) presented Mike Garcelon, AACI, P. App of Saskatchewan with a Presidential Citation in recognition of his dedicated work on behalf of the Institute and its members.

David Highfield, AACI, P. App, and (Fellow) Terrence Kerlake, AACI, P. App
Michael Garcelon, AACI, P. App
Roland Mayr, AACI, P. App
Laurent Brosseau, AACI, P. App

Mr. Brosseau received special mention for his long service to the Institute, as he had just that week marked the 20th anniversary of his first appointment to the Board of Directors. 🇨🇦

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 Thompson Dorfman Sweatman LLP
 UBC Centre for Urban Economics & Real Estate
 Wm. S. Jackson & Associates

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 BCAAIC ~ Northwest Chapter
 BCAAIC ~ Okanagan Chapter
 BCAAIC ~ Prince George Chapter
 Canadian Pacific Railway
 Noram Assessment Group
 Real Estate Institute of Canada

Thank you Exhibitors

The following companies participated in the trade show at the 2007 AIC Conference:

A Bound Corporation
 BC Assessment
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 Colliers International
 Interbay Funding Corporation
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 Notarius
 Solidifi
 The Personal
 Public Works
 and Government Services Canada
 REACS
 Sauder School of Business,
 University of British Columbia
 St. John's 2008 Conference

2008 Appraisal Institute of Canada Annual Conference

Delta St. John's, St. John's, Newfoundland & Labrador
 June 4 - 7, 2008

See you there!

Photograph by Daniel Stone, Stone Photo

Photograph by Daniel Stone, Stone Photo

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*; in relation to appraisal reports prepared in 1999 and 2000. The sections contravened are:

Regulation No. 1: (dated November 22, 1997):
Ethical Rule: 1.1 (a, b); 1.3 (a, c, d, g); 2.1; and 6.1.

The member completed two appraisal reports on a property that contained a commercial component without having the reports co-signed by an AACI, thus violated numerous ethical rules.

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

DO YOU HAVE COMMENTS OR QUESTIONS?

If you have comments or questions, please send your letters to AIC: 403 – 200 Catherine Street, Ottawa, Ontario, K2P 2K9 or email joannec@aicanada.ca.

Not all letters received can be published or answered. Those published may be edited for space, clarity, grammar and spelling.

CRITICAL DATES

The following dates are provided as a reminder to AIC members of critical dates throughout the year pertaining to CPD credits, dues and insurance obligations.

January 1, 2006	Candidates required to complete one course per year, but given grace period in which to enroll and complete first course.
August 8, 2007	Dues invoices mailed to members.
September 30, 2007	Deadline to complete current CPD cycle requirements.
October 1, 2007	Membership dues payment due date.
November 5, 2007	Insurance Levy billings mailed to members.
December 31, 2007	Insurance Levy payments due to SCM Adjusters Canada Ltd. (204) 985-1775.
July 31, 2008	Candidates' first deadline to report course completion.



IN MEMORIAM

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

Les membres 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.

Donald Andrews, AACI, P. App
Vancouver, BC

Ed Cheung, AACI, P. App
Vancouver, BC

A. Edward Knighton, AACI, P. App
Newmarket, ON

Carol Weeks, CRA
Sault Ste. Marie, ON

Gerald I. M. Young, AACI, P. App
Toronto, ON

Joseph Martin, Candidate
Stratford, PE

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Current Courses

(4) (7) (10) = Number of AIC CPD Credit Hours

Business Enterprise Valuation (7)

An introduction to business valuation, illustrating the use and application of business valuation principles.

Valuation of Property Impairments and Contamination (10)

Discover the theory and methods used in the valuation of properties with impairments or detrimental conditions, such as contamination.

Agricultural Valuation (10)

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

Hotel Valuation (7)

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

Appraisal Review (7)

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

Highest and Best Use Analysis (4)

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

Multi-Family Property Valuation (7)

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

Office Property Valuation (7)

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

Seniors Facilities Valuation (4)

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

Land Valuation (7)

Explore the principles and techniques for valuing land, with a focus on case studies and practical applications.

Lease Analysis (7)

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

Real Estate Consulting: Critical Thinking, Research & Risk Analysis (10)

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

Real Estate Consulting: Decision Analysis (10)

Discover how decision analysis can be applied to help clients and employers make better-informed real estate decisions.

Urban Infrastructure Applications (10)

Examine the infrastructure and servicing requirements surrounding the development of real property.

Urban Infrastructure Policies (7)

Explore the concepts, legislation, process, and skills necessary to understand the need for servicing requirements for land developments.

Water Lot Valuation (4)

Review the appraisal theory and practice related to water lot valuation, riparian rights, and legislation affecting submerged lands.

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Real Estate Division

PROPERTY MARKETS

By David Enns, AACI, P. App

& IMPERFECT INFORMATION

Introduction

When real estate appraisers write an appraisal report, they define market value for their client as being “the most probable price which a property should bring in a competitive and open market, as of the specified date, under all conditions requisite to a fair sale, the buyer and seller each acting prudently and *knowledgeably*, and assuming the price is not affected by undue stimulus.”¹ [emphasis added]

Competitive markets

The above are some of the conditions that economists include as part of a competitive market. In the model case, a perfectly competitive market is one where there are enough buyers and sellers that none, acting alone, can influence price. Each market participant is too small to affect any change on price and it assumes that there is no price fixing or collusion on the part of sellers. It also assumes that, because the product is identical from one seller to another, a buyer can find a perfect substitute from any one of a number of alternative sellers. Finally, it also assumes there is complete information, which is the main subject of this article.

The main result of a perfectly competitive market is that there is allocative efficiency. This is

the situation that occurs when no resources are wasted – when no one can be made better off without someone else being made worse off. What perfect markets do for us is to adjust production and consumption between different products until no further gains could accrue to either producers or consumers from any other combination of goods. This is the essence of allocative efficiency and is a major characteristic of perfectly competitive markets. All of the adjustments necessary to achieve allocative efficiency occur automatically through changes in market prices and company profits. In such a system, there is no need for government intervention of any kind. This is the strength of the market economy that led Adam Smith to advocate the doctrine of *laissez faire*.²

Efficient markets

The market that is briefly described above, in which the actual price embodies all currently available relevant information, is called an efficient market. In an efficient market, it is impossible to forecast changes in price. This is so because, if your forecast is that price is going to rise in the next period, you will buy now (since the price is low today compared to what you predict it is going to be in the future). Your action of buying today acts like an increase in demand today and increases


today's price. As other market participants do the same, then today's price will rise until it reaches the expected future price. Only at that price do traders (think of the stock market) see no profit in buying more of the item (stock) today. There is an apparent paradox about efficient markets. Markets are efficient because participants try to make a profit by buying at a low price and selling at a high price. However, the act of buying and selling to make a profit means that the market price moves to its expected future value.

Having done that, no one, not even those who are seeking to make a profit can predictably make a profit. Every profit opportunity seen by a market participant leads to an action that produces a price change that eliminates the profit opportunity for other participants.³

As we shall see, property markets are not efficient for a variety of reasons.

Imperfect markets

There are five situations when the market does not, on its own, reach allocative efficiency. These scenarios are described by economists as market failures. They include markets that produce externalities, the monopolization of certain markets, markets that under-supply public goods, markets that are sometimes unstable, and markets with imperfect information. In such circum-



“THERE IS AN IMPORTANT ROLE FOR PROFESSIONALS, SUCH AS REAL ESTATE APPRAISERS, WHO CAN PROVIDE THEIR CLIENTS WITH INFORMED OPINIONS OF PROPERTY MARKET VALUE.”

stances, if the market is left alone, either too much or too little is produced. Virtually all of these failures can be seen in property markets.

Markets sometimes produce negative externalities. These are external costs borne by third parties rather than by market participants. The smoke pollution from a nearby factory that causes additional cleaning costs on homes in close proximity and results in lower property values is a clear example of a negative externality.⁴

In these instances, if the market is left alone, ‘too much’ of the smoke (the negative externality) is produced by the market and, therefore, there is a justification for some form of government intervention.

Markets sometimes become monopolized and, in these instances, ‘too little’ is produced by the market (and, of course, at too high a price). There is an inherent element of monopoly in land ownership, due to the scarcity of land. In an interesting account of ‘scarcity’ of location, Tim Harford in his book *The Undercover Economist* has an interesting discussion concerning the high price (\$2.55) of a Starbucks tall cappuccino (with an ingredient cost of perhaps five cents) at London’s Waterloo Station, where 74 million people pass through each year. Harford explains that the price is high because of Starbucks’ enviable (scarce) location and by the

fact that other coffee vendors are excluded by the landlord.⁵

If left alone, markets sometimes do not produce public goods or at least not enough of them. Public goods in economic terminology are peculiar goods that have three unusual characteristics: they are non-excludable, non-divisible, and non-depletable. Consider a large urban park like Stanley Park in Vancouver. The park is open to all city residents and it would be difficult to exclude some residents and not others. For users of the park, it matters little whether one or a hundred picnickers or joggers (non-divisible) use the park on a sunny afternoon. Finally, the park does not get used up after a weekend of events is over (non-depletable).⁶ If participants cannot be excluded, the private market cannot make a profit supplying such a good. Therefore, it will under-produce the service and ‘too little’ is provided by the private market place. It is a failure of supply and it is the reason why local governments will usually require that a certain amount of open space be set aside for public use as a condition for residential development to proceed.

Markets are also sometimes unstable. Agricultural commodity markets have often exhibited this problem. Bad weather may reduce a crop of corn resulting in a higher price. Reacting to the higher price,

farmers rush to grow more corn next season, however, the extra supply then drives down the price, and so it goes from ‘too much’ to ‘too little’ being produced.⁷ Farmland prices can then fluctuate as a result of this instability. This is sometimes described as the failure of co-ordination. However, it is not only agricultural markets that exhibit this tendency. The business cycle, with its boom and then recession, reflects this problem, as can the housing market.

Imperfect information

Missing information is the fifth market imperfection or market failure. Participants in markets may not be as perfectly informed as the competitive model assumes.

For example, in property markets at the periphery of urban growth, developers deciding how to develop sites must guess at the growth rate of the area in the foreseeable future and then attempt to estimate the best use of land within that set of expectations. If they develop at low density, and if the city expands more rapidly due to population growth, then they may waste land in the sense that, had their expectations and those of their buyers been correct, they could have gained a higher return over time from a higher density development. Alternatively, if developers build at a high density and the city spreads out due to transportation

improvements, with land values tending to be steady (or even fall), they may find that they wasted resources in the other direction.

Asymmetric information

Many markets are characterized by asymmetric information. Asymmetric information is a particular form of imperfect information. Participants on one side of the market have much better information than those on the other side and this is sometimes referred to as 'insider information.' For example, borrowers usually know more than lenders about their repayment prospects, sharecroppers (tenants) know more about their work effort and harvest conditions than the landowner, and home sellers generally know more about the nature of their properties than do buyers. In some instances, buyers do not get what they expect and, in other situations, almost identical properties do not sell for the same amount. In these situations, market outcomes can be at odds with what we might expect.

Some economists have argued that this problem is much bigger than previously recognized and have called for much more government intervention in the marketplace. An American economist, George Akerlof, published a paper in 1970 that described the problem of asymmetric information in the used car market. He showed that, even if the market was very competitive, it simply cannot work if sellers know a lot about the quality of their cars and buyers do not.⁸ Using the example of 'peaches' and 'lemons' for used cars, Akerlof showed that, if sellers cannot recoup a fair price for their 'peaches,' they will only offer 'lemons' and buyers will not offer to purchase 'peaches' knowing that they may only get a 'lemon.' In the end, only worthless lemons get traded in such a market. Generalizing from this example, if some people know more than others about the quality of the product, then some high quality products may not get traded at all or at least not very much and thus the market failure.

“PROFESSIONAL REAL ESTATE APPRAISERS STILL NEED TO RECOGNIZE AND COMMENT IN THEIR APPRAISAL REPORTS ON THE FACT THAT PROPERTY MARKETS HAVE IMPERFECTIONS.”

Market reactions

On the other hand, there have been counter arguments that the private market place can and will react to overcome these information imperfections.⁹ Residential housing markets (like other property markets) are markets with asymmetric information. The market has reacted to this problem of asymmetric information in several ways. Real estate appraisers and home building inspectors have often been employed to ascertain additional information about a property for the potential buyer or the seller. In the case of the appraiser, it has been about the market value of the home. In the case of the building inspector, it has been about the physical condition of the residence. Sellers will also disclose the physical nature of their homes through the use of a *Seller Property Information Statement*.¹⁰ Similarly, participants on one side of the market think they can gain information by utilizing the skills of a real estate agent. In the mind of the home owner, the agent knows the market in order not to be too high or too low with an asking price, the agent is familiar with competitive listings, and might even have a prospective buyer at hand. In each of these ways, the market is reacting to the problem of asymmetric information.

As an aside, while the real estate agent would normally use this asymmetric information on behalf of the client, this is not always the case. In his recent and popular book, *Freakonomics*, Steven Levitt describes a study that was conducted in the Chicago housing market. The

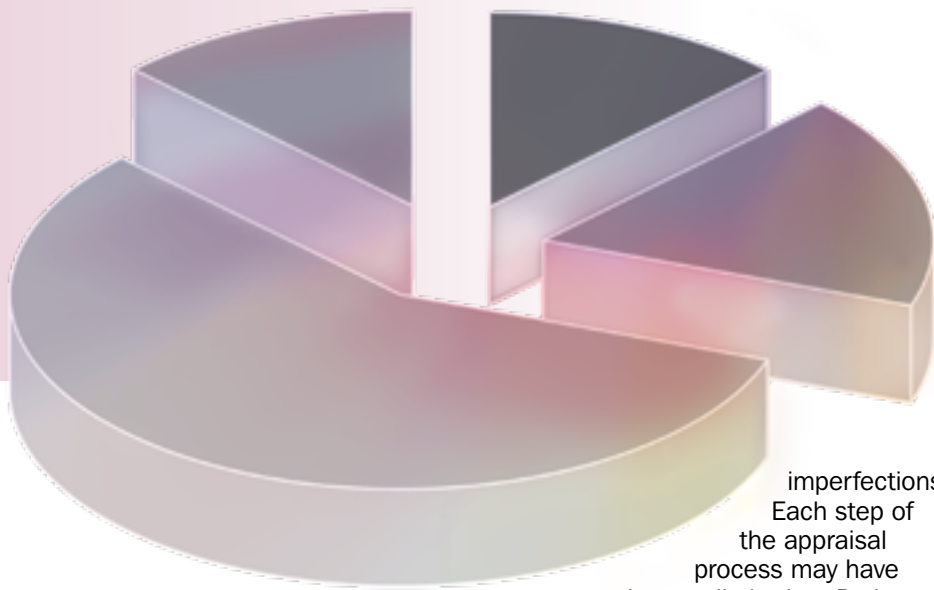
study involved the sale of 100,000 homes, with 3,000 of them being owned by real estate agents. The study showed that agents kept their own houses on the market for 10 more days than they did with their clients', and sold their own homes for 3+% more than they got for their clients' homes. On a \$300,000 home, that premium was \$10,000. The economic incentive on the part of the agent to not increase the listing period lies in the structure and incentive of the commission. Suppose there is a 6% commission split equally between the seller and buyer agents and one half of their commission goes to the brokerage house. With a 1.5% commission on the sale of the house, the extra \$150 to be earned on the extra \$10,000 is too small an incentive for the agent to put in the extra time and effort required for the higher sale price.¹¹

Conclusions

While there are certainly market imperfections, none are peculiar to property markets.

If there was perfect market information, market participants would have all of the required information to make informed decisions and there would be no need for real estate appraisers, real estate agents or building inspectors. Market participants would already know all of a property's attributes (good and bad), they would know what other properties had sold for, how long they took to sell, and what those properties' attributes were as well.

Of course, not all of this is known by participants and, hence, there is an important role for professionals,



imperfections. Each step of the appraisal process may have

such as real estate appraisers, who can provide their clients with informed opinions of property market value (not only current, but also retrospective opinions).

Contrary to some thinking, the real estate market, as with other markets, has clearly reacted in a number of ways in order to deal with the problem of imperfect information (including asymmetric information). By using professional real estate appraisers, potential buyers and sellers can overcome some of the imperfect and also some of the asymmetric nature ('insider information') of property information. Appraisers assist their clients by uncovering as much information about a property as is reasonably possible during the appraisal process. This activity starts with a proper site and building inspection, and continues with the investigation about restrictions on title (such as easements) and to the property's past usage, including its recent sales history. It continues with a proper analysis of the property's highest and best use, an analysis of relevant comparable sales data, and a well reasoned estimate of a property's market value.

Notwithstanding the above, professional real estate appraisers still need to recognize and comment in their appraisal reports on the fact that property markets have

its own limitation. Perhaps there is no survey for the property or its boundaries may not be clear. Perhaps not all of a building can be fully inspected. Sometimes there are few comparable sales from which to chose and a lack of paired sales or other data to support adjustments (in a proper mathematical sense, the appraiser needs one more comparable sale than the number of adjustments being made).¹²

Pointing out such limitations in an appraisal report should make the report more credible. While property markets are not perfect, appraisers can adjust to this reality with due diligence and, at the same time, assist their clients in making better informed decisions. 🐾

Endnotes

1. See Section 12.16.1, *CUSPAP 2007*, effective January 1, 2007, The Appraisal Institute of Canada.
2. Smith saw other benefits that include the costless nature of such a system that does not require government regulation and also individual economic freedom.
3. For a more complete discussion of efficient market theory, see Norman E. Cameron, *Money, Financial markets and Economic Activity*, Addison-Wesley, 1984, p. 321.
4. Burning fossil fuels that add carbon dioxide and other gases to the atmosphere, which prevent the escape of infrared radiation, resulting in what has been called the 'greenhouse effect,' is probably the biggest negative externality of them all. On the other side, a positive

externality results when an unintended external benefit is created by an activity. For example, a homeowner creates an attractive front yard filled with spring flowers that are admired by joggers and walkers alike. As an aside, much planning activity stems from the nature of these externalities.

5. T. Harford, *The Undercover Economist*, Anchor Canada, 2005. Chapter 1. Harford also discusses two other market failures in his book.
6. Parks are not absolutely pure public goods because people can be excluded with fencing and a park can get crowded (depleted) if it is too small. Since this paper is about property markets, it has been included as an example of a public good. More traditional examples include lighthouses, national defence and the justice system. Published information is also a public good.
7. The resulting unstable farm income is a key reason for the introduction of supply management in certain Canadian agricultural sectors such as the dairy and chicken industries.
8. Three economists (George Akerlof, Michael Spence and Joseph Stiglitz) won the Nobel Prize for economics in 2001 for their analysis of markets with asymmetric information.
9. See T. Cowen and E. Crampton, *Market Failure or Success*, The Independent Institute, 2007 for a discussion of market reactions to some of these failures.
10. This is not mandatory in all provinces in Canada, but probably should be.
11. S. D. Levitt and S. J. Dubner, *Freakonomics*, Harper Collins Publishers Inc., 2005, p. 8 and pp 71-76. Levitt also points out that the Internet is eroding the real estate agent's information advantage.
12. R. H. Zerbst, *A Caution on the Adjustment of Comparable Sales*, *The Real Estate Appraiser*, November, December 1977.

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 Contact Kathy Porter info@appraisal.ab.ca, (604) 266-8287 or go to www.appraisal.bc.ca/

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 Contact Lynne Smith Dark mbaic@mts.net, (204) 943-1177 or go to www.aimanitoba.ca/

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 Contact Executive Director nbarea@nb.aibn.com, (506) 450-2016 or go to www.nbarea.org/main.asp

NL Newfoundland Labrador Association (AIC)
 Contact Sherry House nfaic@nl.rogers.com or (709) 753-7644

NS Nova Scotia Real Estate Appraisers Association
 Contact Davida Mackay nsreea@nsappraisal.ns.ca, (902) 422-4077 or go to www.nsappraisal.ns.ca/

PEI Prince Edward Island Association (AIC)
 Contact Suzanne Pater peiaic@explornet.com or (902) 368-3355

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 Contact Ginette St-Jean ajqice@qc.aira.com or (450) 454-0377

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