

THE APPRAISAL INSTITUTE OF CANADA SUPPORTS EFFORTS TO PROTECT INVESTORS OF SYNDICATED MORTGAGES

(Ottawa, ON) May 1, 2017 - The Appraisal Institute of Canada (AIC) shares concerns about the recent allegations of fraud relating to syndicated mortgage offerings and supports the Government of Ontario's recent budget initiatives to protect Ontario investors. AIC looks forward to collaborating with the Financial Services Commission of Ontario (FSCO) and the Ontario Securities Commission (OSC) to implement these measures. AIC also encourages governments across the country to implement similar measures to ensure a consistent approach to protecting all Canadians from mortgage fraud.

A syndicated mortgage is offered as an investment in either a specific mortgage or a group of mortgages. Through a syndication, investors may invest in a single mortgage to develop a commercial project, such as a commercial development. Investors in syndicates may also invest in a "bundle" or grouping of residential property mortgages.

Designated members of the AIC can help mitigate lending and investment risks by providing an unbiased opinion of value on the property or properties. An on-site appraisal prepared by a qualified professional is the most effective way to confirm the value of an individual property used as collateral to underwrite a mortgage. AIC members are guided by a [Code of Conduct and Canadian Uniform Standards of Professional Appraisal Practice \(CUSPAP\)](#) to ensure the highest level of professionalism and integrity.

"Appraisals provide an unbiased, reliable market value for property and is one part of the solution that ensures that real estate used to secure a mortgage is legitimate, helping to detect and prevent fraud," said Dan Brewer, AACI, P.App. President of the AIC.

"To best protect the public and the Canadian financial system, AIC believes that the mortgage underwriting guidelines set by the Office of the Superintendent of Financial Institutions should be extended to all organizations that provide mortgage financing – including those offering syndicated mortgage investments" said Keith Lancaster, AIC Chief Executive Officer.

Sound mortgage underwriting requires a balanced approach that includes due diligence on the creditworthiness and credit history of the borrower as well as the value of the collateral used to secure the loan.

AIC encourages investors to mitigate potential investment risks by verifying that the real estate used to secure a mortgage has been appraised by a designated appraiser.

ABOUT AIC

The Appraisal Institute of Canada (AIC) is a leading real property valuation association with over 5,000 members across Canada. Established in 1938, the AIC works collaboratively with its 10 provincial affiliated associations to grant the distinguished Accredited Appraiser Canadian Institute (AACI™) and Canadian Residential Appraiser (CRA™) designations. AIC Designated Members are highly qualified, respected professionals who undertake comprehensive curriculum, experience and examination requirements. Our members provide unbiased appraisal, appraisal review, consulting, reserve fund study and machinery and equipment appraisal services within their areas of competence. For more information, go to the [AIC Website](#) and follow AIC on [LinkedIn](#), [Twitter](#), [Facebook](#) and the [AIC Exchange](#).

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