Appraisal Institute of Canada

Institut canadien des évaluateurs

CASE SUMMARY
SPRING-2008-07

Summary of Complaint:
The crux of the complaint focuses on the omission of a discussion of highest and best use within the report. The work file for the appraisal report consisted of three pages.

Summary of Infractions:
The Investigating Committee referred 3 breaches of Standards and 2 breaches of Ethics to the Adjudicating Committee for consideration. Chief among these were the member's failure to report that there was an accepted Offer of Purchase on the subject property, to define and resolve the highest and best use of the subject property, and to describe and analyze all relevant data. Further, the member failed to provide the Investigating Committee with an adequate workfile that could support the opinions and conclusions set out in the report.

Canadian Uniform Standards of Professional Appraisal Practice (2005 Edition)

- Appraisal Standard Rule 23 (Line 1059): "In the report the appraiser must analyze any Agreement for Sale, option, or listing of the property."
- Appraisal Standard Rule 14 (Line 1039): "In the report the appraiser must define and resolve the highest and best use."
- Appraisal Standard Rule 15 (Line 1041): "In the report the appraiser must describe and analyze all data relevant to the assignment."
- Ethics Standard Rule 7 (Line 127): "It is unethical for a member to not have access to records."
- Ethics Standard Rule 5 (Line 122): "It is unethical for a member to fail to comply with Bylaws, Regulations and Standards, and the Professional Liability Insurance Program, of the Institute."

Summary of Outcome:
The Adjudicating Committee accepted the Conditional Guilty Plea Agreement (CGPA) signed by the member. The Adjudicating Committee imposed a sanction of Reprimand. The Adjudicating Committee further ordered the successful completion of the Professional Practice Seminar, and costs.

Recommendations for Improving Appraisal Practice:
A member is advised to report any and all Offers of Purchase on the subject property, and where this is not provided it forms a limiting condition in the report. An appraiser must include a definition and resolution of the highest and best use of the subject property and full data on comparables used in the report to avoid the perception of creating a misleading report. An appraiser is required maintain a complete work file in support of the report which includes all relevant data gathered or sources of data used; and this should be provide to the AIC in its entirety when requested.