



Case Summary: 2023-13

Sanction Consent Agreement Implementation Date: August 21, 2023

**General Summary:**

**File Opened:** May 16, 2023

This file was opened as a result of a consumer complaint. It involves a CRA Designated Member and a Candidate Member of the AIC.

The AIC review of the complaint matter determined that the Designated Member failed to supervise the Candidate Member adequately and their claim of geographic competency was not adequately supported.

The AIC Complaint Review uncovered errors in the report related to: the year the property was built, the square footage, the number of above-grade rooms, the type of sewer/drainage system, the type of sanitary sewer system, the existence of a “lane” and its size, the placement of electrical lines, condition of the asphalt shingles, the type of foundation, the basement finish, the missed laundry, and missed fireplaces. The number of small errors in the aggregate produced a misleading report.

A Sanction Consent Agreement was negotiated between the Members and the Advocate.

**Report Details:**

Property Type: Residential

Purpose: to estimate current market value

Use: First Mortgage Financing

Certification: signed by: AIC Candidate Member, Co-signed by: CRA Designated Member

**Complainant Allegations:**

**Summary of Complaint**

The allegations in the complaint include:

1. The candidate is inexperienced, and the co-signing member did not reasonably discharge the duties of a designated co-signing member by:

- a. failing to provide sufficient and reasonable supervision to a Candidate under their supervision
- b. failing to conduct the necessary due diligence to satisfy the member of the veracity of the facts set out in the report
- 2. the cosigner is not geographically competent
- 3. numerous factual errors in the report
- 4. the report is misleading

Issues Arising from the Complaint Review: None

### Sanction Consent Agreement Terms

**Agreed Breaches of CUSPAP 2022:**

**Applying to the Designated Member, only:**

**Ethics Standard Rule 4.2.1** It is unethical for a Member to knowingly fail to comply with the Bylaws, Regulations, Standards, policies, and Professional Liability Insurance Program of the Institute;

**Ethics Standard Rule 4.2.2** It is unethical for a Member to knowingly engage in conduct that would prejudice their professional status, the reputation of the Institute, CUSPAP, or any other Member;

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**Applying to the Candidate and the Designated Member:**

**Ethics Standard Rule 4.2.3** It is unethical for a Member to knowingly act in a manner that is misleading;

**Ethics Standard Rule 4.2.7** - to undertake an Assignment lacking the necessary competence; [see 5.10]

**Ethics Standard Comment 5.10** When a Member lacks the required knowledge of and experience in a market area, they must acquire an understanding of local market conditions beyond hard data such as: demographics, costs, sales, and rentals. A Member must spend the necessary amount of time in a market area to gain

geographic competency or affiliate with a local qualified Member or third-party professional.

**Reporting Standard Rule 6.2.2** identify the Intended Use of the Member's opinions and conclusions;

**Real Property Appraisal Standard Rule 8.2.1** provide an analysis of reasonable exposure time linked to a market value opinion;

**Real Property Appraisal Standard Rule 8.2.3** identify the property and describe its location and characteristics;

**Real Property Appraisal Standard Rule 8.2.7** describe and analyze all data relevant to the Assignment;

**Real Property Appraisal Standard Rule 8.2.9** detail the reasoning supporting the analyses, opinions and conclusions of each valuation approach;

**Agreed Discipline:**

**Applied to Both the Candidate and the Designated Member**

1. **Section 5.35.2: Education:** The following courses to be completed successfully at the Member's expense and must include the successful completion of the final exam not later than 6 months after the date of implementation of the Sanction Consent Agreement.
  - a. CPD 115: Appraisal Review
  - b. CPD 117: Exposure & Marketing Time: Valuation Impacts
  - c. CPD 130: Residential Appraisal Basics

**Costs (Section 5.38):** Costs in the amount of \$500 were levied.

**Other Comments:**

After discussing the complaint concerns related to supervision of the Candidate Member, on their own volition, the Designated Member provided a plan to improve their supervision of their Candidate by undertaking measures that would include activities such as:

- Enhanced training: additional and scheduled hours of training with the Candidate
- Increased accountability: a matrix was put in place to monitor work quality
- Second Review of reports: the Designated Member's review of a report is in turn, reviewed to provide feedback and exchange good practices
- Team Meeting in the Candidate's local office

This was taken into consideration when determining the most appropriate resolution to this complaint matter.