



Case Summary: 2023-16

Sanction Consent Agreement Implementation Date: September 9, 2023

General Summary:

File Opened: May 2, 2023

The complaint is based on a report on a single-family dwelling prepared for the division of matrimonial assets.

The complaint issue related to the value conclusion in the report falls outside of the scope of an AIC complaint review. A review of the report shows no evidence of fraud.

In the Direct Comparison Approach, the subject property is identified as a “linked” structure and the comparable sales are identified as similar. The file record provided by the member indicated the subject and the comparable sales were not linked structures.

There are several errors, misstatements, and contradictory statements in the report:

- The cover page of the report identifies the property owner as a borrower that would imply that the intended use may be for a financing function however, on page one of the report it states that the report is for divorce settlement.
- The letter of transmittal identifies “Uniform Canadian Standards of Professional Appraisal Practice” rather than Canadian Uniform Standards of Professional Appraisal Practice.
- The letter of transmittal identifies the value conclusion as market value however the information in the codirect Comparison Approach sales grid indicates that it will be a forced sale.
- The reports states that the Cost Approach is not being used yet the Cost Approach addendum is included.
- The structure size is misstated. The workfile record indicates two different sizes both of which differ from the size included in the report.
- Use of limited uses and limited detrimental conditions addendum.

The report lacks adequate analysis. There is an incomplete explanation of Direct Comparison Approach including a lack of explanation for the adjustments applied.

Report Details:

Property Type: single family dwelling

Purpose: to estimate market value

Use: for divorce settlement

Certification: signed by: P. App, CRA

Complainant Allegations:

- 1- The complainant is dissatisfied with the value conclusion
- 2- The complainant alleges the appraisal is fraudulent
- 3- The complainant is of the belief inappropriate comparables were used in formulating a conclusion

Issues Arising from the Complaint Review:

- 1- Contradictory entry regarding Intended Use
- 2- Mis-stated use of CUSPAP
- 3- Contradiction of Market Value versus Forced Sale Value
- 4- A host of small errors

Sanction Consent Agreement Terms

Agreed Breaches of CUSPAP 2022:

Ethic 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;

Ethic 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;

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

Real Property Appraisal Standard Rule 8.2.7 When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard, and must describe and analyze all data relevant to the Assignment;

Reporting Standard Rule 6.2.2 In a Report the Member must identify the Intended Use of the Member's opinions and conclusions;

Reporting Standard Rule 6.2.3 In a Report the Member must identify the purpose of the Assignment, including a relevant definition of value if applicable;

Real Property Appraisal Standard Rule 8.2.7 When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard and must describe and analyze all data relevant to the Assignment;

Real Property Appraisal Standard Rule 8.2.8 When completing a Real Property Appraisal Report, a Member must comply with the Reporting Standard and must describe and apply the appraisal procedures relevant to the Assignment and provide reasoning for the exclusion of any of the relevant valuation procedures

Agreed Discipline:

1. **Section 5.35.2:** Education: CPD 123, Adjustment Support in the Direct Comparison Approach 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.
2. **Section 5.35.2:** Education: CPD 132, More Than Form Filing 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.
3. **Section 5.35.4:** Fine: a fine in the amount of \$1,500, to be paid within thirty days of the date of implementation of the Sanction Consent Agreement.

Costs (Section 5.38):

No costs were sought.