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Contents

6 Moving forward guided by Strategic Plan



8 La voie de l'avenir selon le plan stratégique

10 Education – leading the way to excellence



12 L'éducation – La voie de l'excellence

14 Evolution of change



16 A vision for valuation: building valuation standards



20 Appraisers as trusted advisors

22 Primer on *International Valuation Standards* – Part 3

24 AIC – an organization on the move

26 Operating a residential appraisal office

28 Understanding your professional liability insurance coverage

29 Values matter in valuation

30 Common issues with AACI-prepared reports

31 Gatekeepers at the appeal level



32 Wearing two hats

34 Now appearing: the expert appraiser



37 Spotlight on Continuing Professional Development

39 Designations/Candidates/Students

40 South African Council for the Property Valuers Profession



42 Federal government offers endless opportunities

44 News

50 Calendar of Events

50 Advertiser Information Centre



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Moving forward guided by Strategic Plan



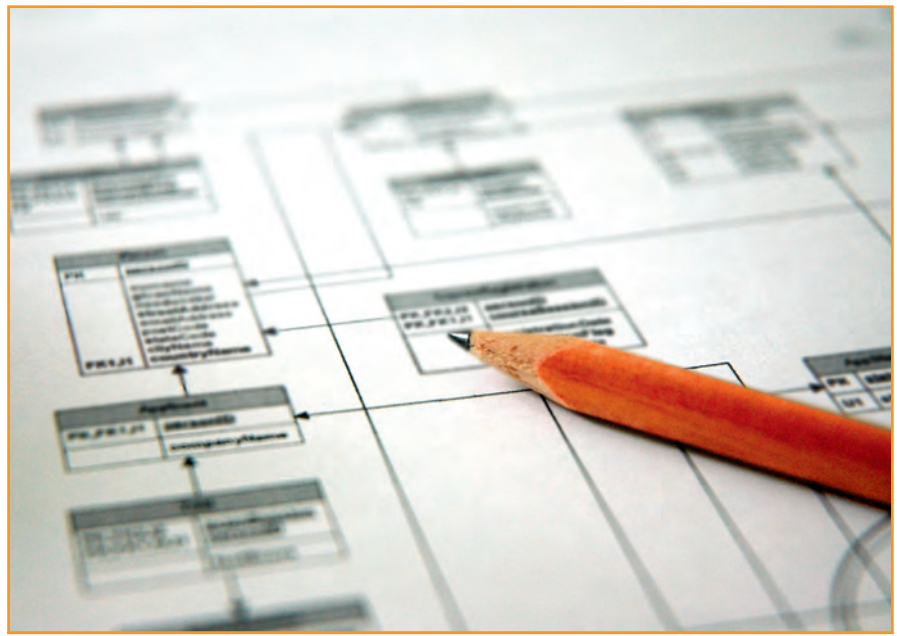
George Maurice
AAI, P. App, AIC President

In my last message, I commented on the various programs and activities that the Appraisal Institute of Canada (AIC) has been involved in over the past year. As my term as president comes to an end, I would like to turn my attention to the Institute's strategic objectives and the progress that has been made over the past year to achieve them. As I mentioned at the outset of my term, ensuring the implementation of the Strategic Plan and working towards achieving its stated objectives was one of my personal goals as president of the Institute.

The Strategic Plan, which was developed in 2000 and revised subsequently, has been the roadmap that the Institute has followed for the last seven years. I and presidents before me have worked consistently to ensure that the plan was followed, all the while recognizing that it is a dynamic document and, as the years have gone by, a number of revisions have been made to address the realities of the day.

Nonetheless, the Strategic Plan's Key Result Areas (KRAs) have not changed and they are: standards and professional development, representation and governance, communications and marketing. Within these KRAs, specific strategic initiatives have been developed and implemented to achieve the stated vision. Without going into details, I can summarize our goals as follows.

- We want to be more professional and to maintain high standards of quality at all times.
- We want to be more diversified and offer a wider range of services in everything that has to do with real property valuation and related consulting services.
- We want to become more recognized, not only



to our established client base, but also throughout the public and private sectors in Canada, and abroad.

- We want to be more connected with you, the members, first of all, but also with our provincial associations and other related professional organizations.

Over the past year, we have continued to address the goal of becoming more highly qualified and professional through a series of initiatives. Our standards are in the process of being revised, harmonized with those of our counterpart association — the Ordre des évaluateurs du Québec, and internationalized in line with the initiative by the accountancy profession to move to international standards in Canada starting in 2011. The new standards will be rooted in the international valuation standards, but they will go beyond that

in order to address Canadian needs. We want to be ready by 2010 and, as such, a lot of work is being done right now to achieve this.

A key aspect of international accounting standards is the financial reporting standards and their reliance on fair value. As a result, real property holdings will need to be appraised for financial reporting purposes on a regular basis. This will present a significant new business opportunity for properly prepared members. The Institute is taking the lead on this and has announced that it will be developing valuation for financial reporting guidelines. The guidelines will assist appraisers and their clients in preparing for and doing appraisal work for financial reporting purposes under the new auditing standards.

But, high standards are not defined only within the publication that we have come to know as

CUSPAP. Maintaining high standards requires much more than this and, in this respect, the Institute has worked hard to ensure that its educational requirements are consistent with those of other professions, including university degrees, professional exams, and ongoing education in the form of continuing professional development for all members. The CPD program was revised at the end of the last cycle and, under the new CPD requirements, designated members must complete a minimum of six credits per year, with a total of 60 over five years.

Candidate members working towards their designation had to demonstrate proof of having taken one university credit course by the end of September 2008, with an additional course required every year after that. Further, Candidates must now complete their programs and be designated within 10 years of entering the Applied Experience program. Over the past year, the Professional Practice program was enhanced with a strong focus on education. In this respect, a peer review program has been pilot tested with great success. The testing will continue this year and the program's long-term viability and benefit to members will be assessed after that.

The quality of educational programs is derived, in great part, from the quality of the instructors. As such, the Institute has been working to help ensure that the volunteers who provide training are themselves well prepared. Over the past year, training sessions have been held for peer reviewers, professional practice volunteers, standards lecturers, and interviewers on the Professional Competency Interview panels. This training is paying off with higher-quality programs and greater consistency throughout.

The notion of a multi-disciplinary professional was addressed several years ago and the Institute has been working since then to help ensure that


members can develop new skills and knowledge, so that they can offer a wider range of professional services. The range of CPD offerings has increased greatly since the Institute first began working closely with UBC in the late 1990s. Today, there are over 30 specialty courses offered by UBC as distance learning. A recent offering is a primer on international financial reporting standards which will be very useful to those interested in working in this area of practice. Another offering is an introduction to machinery and equipment valuation for which there appears to be a growing demand. There are many others from which to choose. These many courses have resulted from the close collaboration between the university and the Institute's Learning Advisory Committee.

A major objective has been to achieve greater recognition for AIC members and their designations. The Marketing and Communications program was launched in 2008 and since then has been raising the profile of the profession and AIC members through a variety of media initiatives. It's still early to tell, but all the signs suggest that there is a greater awareness of the profession developing and a very positive image of AIC designated professionals is being promoted to all sectors. Recently, a special toll-free telephone number was launched through which the public can contact the Institute and learn more about the services AIC members offer, as well as how to become a designated member of AIC.

We have also stated in our Strategic Plan that we want to achieve better recognition from and closer communication with related professional organizations, both nationally and internationally. To achieve this, we have identified strategic partners and played a proactive role in establishing and maintaining closer cooperation. In Canada, we have strengthened our relationship with our

counterpart association in Québec — the Ordre des évaluateurs du Québec and other related associations, such as the Canadian Institution of Chartered Business Valuators. We have also worked with our US counterparts to align our priorities and ensure that the profession is being consistently represented in North America. Internationally, we have unequivocally supported international valuation standards and the IVS Council that embodies them. We are well represented on the IVSC by Past President Brad Wagar, who chairs the IVSC Professional Board, and Past President Paul Olscamp, who represents the Institute at the IVSC's general meetings.

We have also worked especially hard over the past year to improve internal communications and relations with our provincial associations in particular. In this respect, work is underway on an affiliation agreement which aims to spell out more clearly the respective roles of the Institute and provincial associations. We have also listened to you in a variety of ways including member surveys, the AIC forum, the new Member Service Center to answer your questions, and through discussion groups such as the Candidate and CRA focus groups, respectively. Last, but not least, we undertook a thorough review of our bylaws and letters patent and have revised them to ensure they better meet the needs of the Institute and its members. These revisions are subject to approval by the members and will be on the agenda of the annual general meeting.

A lot of work has been done, but there is a lot more yet to do to achieve all of our objectives. The Institute will move forward over the coming years to ensure that AIC members continue to be well served, well qualified, and well represented as the leading professionals in real property appraisal and related expertise. 

La voie de l'avenir selon le plan stratégique



George Maurice
AACI, P. App, Président de l'ICE

Dans mon dernier message, j'ai parlé des divers programmes et des activités offert(e)s par l'Institut au cours de la dernière année. Avant que mon mandat ne prenne fin, j'aimerais parler des objectifs stratégiques de l'Institut et des progrès accomplis dans leur poursuite l'an dernier. Tel que mentionné lorsque je suis entré en fonctions, l'assurance de la mise en œuvre du plan stratégique et l'atteinte des objectifs qui y sont énoncés constituaient mon but personnel comme président de l'Institut.

Le plan stratégique, élaboré en l'an 2000 et modifié ultérieurement constitue la carte routière suivie par l'Institut depuis les sept dernières années. Tous les présidents qui m'ont précédé et moi-même avons déployé tous les efforts pour que ce plan soit respecté tout en reconnaissant qu'il s'agissait d'un document évolutif. Par conséquent, il a donc été modifié au fil des ans pour mieux refléter les réalités du jour.

Néanmoins, les résultats clés énumérés dans le plan n'ont pas changé et demeurent : les normes et le perfectionnement professionnel, la représentation et la gouvernance, la communication et le marketing. Dans le cadre de chacun de ces résultats clés, des initiatives ont vu le jour et furent mises en œuvre pour réaliser la vision correspondante. Sans entrer dans les détails, je peux encore une fois résumer nos objectifs comme suit.

Nous voulons faire preuve de professionnalisme et maintenir des normes élevées de qualité en tout temps. Nous voulons être plus diversifiés et offrir une variété de



services à tous les paliers de l'évaluation des biens réels et les services connexes de consultation. Nous voulons également être reconnus non seulement par nos clients, mais également par les secteurs public et privé au Canada et à l'étranger. Enfin, nous voulons nous rapprocher de nos membres d'abord et aussi de nos associations provinciales et autres organisations professionnelles connexes.

Au cours de la dernière année, nous avons poursuivi nos efforts visant à devenir des professionnels hautement qualifiés par le biais d'une variété d'initiatives. Nos normes font l'objet d'un examen et seront harmonisées par rapport à celles de l'Ordre du Québec et, à compter de 2011, par rapport aux normes internationales qui régiront la profession de comptable au Canada. Les nouvelles normes prendront racine dans les normes internationales d'évaluation mais iront au delà de celles-ci de sorte à répondre parfaitement aux besoins canadiens. Nous voulons être prêts à compter de 2010 et, à cette fin, beaucoup de travail a déjà été accompli. L'un des principaux aspects des normes internationales de comptabilité repose au niveau des normes régissant les rapports financiers

et leur fondement sur la juste valeur. Comme résultat, les titres en matière de biens réels devront être régulièrement évalués aux fins des rapports financiers. Cela représente une nouvelle occasion d'affaires importante pour les membres qui seront adéquatement préparés. L'Institut joue un rôle prépondérant à ce niveau et a annoncé qu'il élaborera des lignes directrices régissant l'évaluation aux fins des rapports financiers. Ces lignes directrices aideront les évaluateurs et leurs clients à se préparer aux travaux d'évaluation dans le cadre des rapports financiers qui, dorénavant, seront sujets aux nouvelles normes de vérification.

Toutefois, les normes élevées ne sont pas limitées à la publication mieux connue sous le nom de RUPPEC. Le maintien de normes élevées fait appel à beaucoup plus encore et à ce chapitre, l'Institut a déployé de nombreux efforts pour assurer que les exigences pédagogiques soient conformes à celles d'autres professions, y compris des diplômes universitaires, des examens professionnels et l'éducation permanente via le perfectionnement professionnel continu de tous les membres. Le programme de PPC a été remanié à la fin du dernier cycle et,

conformément aux nouvelles exigences, les membres agréés doivent obtenir un minimum de six crédits par année pour un total de soixante sur cinq ans.

Jadis, les membres stagiaires qui visaient un titre professionnel devaient présenter une preuve qu'ils avaient suivi un cours universitaire donnant droit à des crédits à la fin de septembre 2008 et un cours chaque année par la suite. Maintenant les stagiaires doivent compléter leurs études et obtenir leur titre professionnel dans les dix ans suivant leur inscription au programme d'expérience appliquée. Au cours de la dernière année, le programme de pratique professionnelle a été amélioré et porte davantage sur l'éducation. À cette fin, un programme pilote d'examen par les pairs a été mis en œuvre avec grand succès. Les tests se poursuivront cette année après quoi la viabilité à long terme et les avantages pour les membres seront évalués.

La qualité de nos programmes pédagogiques est en grande partie attribuable à celle de nos instructeurs. Ainsi, l'Institut a déployé tous les efforts pour assurer que les bénévoles qui offrent la formation soient eux-mêmes bien préparés. Au cours de la dernière année, des séances de formation ont eu lieu à l'intention des examinateurs choisis à même les pairs, les bénévoles de la pratique professionnelle, les conférenciers sur les normes et les intervieweurs qui sont membres des groupes d'interviews sur la pratique professionnelle. Cette formation a porté fruits, les programmes étant de qualité supérieure et plus cohérents.

La notion de professionnels multidisciplinaires a été abordée il y a plusieurs années et, depuis, l'Institut s'efforce d'assurer que les membres sont en mesure d'acquérir de nouvelles compétences et connaissances pour offrir une plus grande variété de services professionnels. La portée des cours de PPC s'est accrue considérablement depuis que

nous avons commencé à travailler en étroite collaboration avec l'Université de la C.-B. vers la fin des années '90. De nos jours, l'Université de la C.-B. offre plus de trente cours à distance. L'un des plus récents porte sur les normes internationales régissant les rapports financiers et sera d'une grande utilité pour ceux qui oeuvrent dans ce secteur. Un autre cours consiste en une introduction à l'évaluation de la machinerie et de l'équipement, un domaine où la demande semble croissante. Il existe de nombreux autres cours à même lesquels choisir, cours qui ont résulté d'une étroite collaboration entre l'Université et le Comité consultatif sur l'apprentissage de l'Institut.

L'un des principaux objectifs a été de rehausser la reconnaissance des membres de l'ICE et de leurs titres. Le programme de marketing et de communication a été lancé en 2008 et, depuis, contribue à rehausser le profil de la profession et des membres de l'ICE par le biais d'une multitude d'initiatives médiatiques. Il est encore trop tôt pour nous prononcer, mais tout porte à croire que l'on est davantage sensibilisé à la profession et qu'une image plus positive des professionnels agréés de l'ICE est projetée à tous les paliers. Récemment, un réseau téléphonique sans frais a été établi grâce auquel le public peut communiquer avec l'Institut et en apprendre davantage au sujet des services des membres de l'ICE et comment adhérer à l'Institut.

Dans notre plan stratégique, nous avons également mentionné que nous voulons être reconnus et communiquer plus étroitement avec les organisations professionnelles connexes aux paliers national et international. À cette fin, nous avons identifié des partenaires stratégiques et joué un rôle proactif dans l'établissement et le maintien d'une collaboration plus étroite. Au Canada, nous avons raffermi notre relation avec nos homologues du Québec, soit l'Ordre des évaluateurs agréés du Québec et avec d'autres

associations aux vues similaires comme l'Institut canadien des experts en évaluation d'entreprises. Nous avons également travaillé avec nos collègues américains pour aligner nos priorités et assurer que la profession soit représentée de façon cohérente en Amérique du Nord. Au palier international, nous avons appuyé de façon sans équivoque les normes internationales d'évaluation et le Conseil sur les NIE qui les régit. Nous sommes bien représentés auprès de l'IVSC par le président sortant Brad Wagar qui préside son Comité professionnel et Paul Olscamp, également président sortant, qui représente l'Institut lors des réunions générales de l'IVSC.

Au cours de la dernière année, nous avons déployé des efforts particuliers pour améliorer la communication interne et nos relations avec les associations provinciales. À ce niveau, nous travaillons sur une entente d'affiliation qui vise à préciser plus clairement les rôles de l'Institut et des associations provinciales. Nous avons tenu compte de vos opinions d'une variété de façons, y compris par le biais de sondages auprès des membres, le forum de l'ICE, le nouveau Centre de services aux membres qui répond à vos questions et par l'entremise de groupes de discussion comme ceux des membres stagiaires et CRA, respectivement. Enfin, nous avons remanié de façon exhaustive nos règlements et lettres patentes pour assurer qu'ils répondent aux besoins de l'Institut et de ses membres. Ces modifications sont sujettes à l'approbation des membres et seront portées à l'ordre du jour de l'Assemblée générale annuelle.

Beaucoup a été accompli et beaucoup reste encore à faire dans l'atteinte de tous nos objectifs. L'Institut verra, au cours des années à venir, que tous ses membres continuent d'être bien servis, bien qualifiés et bien représentés comme professionnels de premier choix dans le domaine de l'évaluation immobilière et des services connexes. 🇨🇦

Education – leading the way to excellence

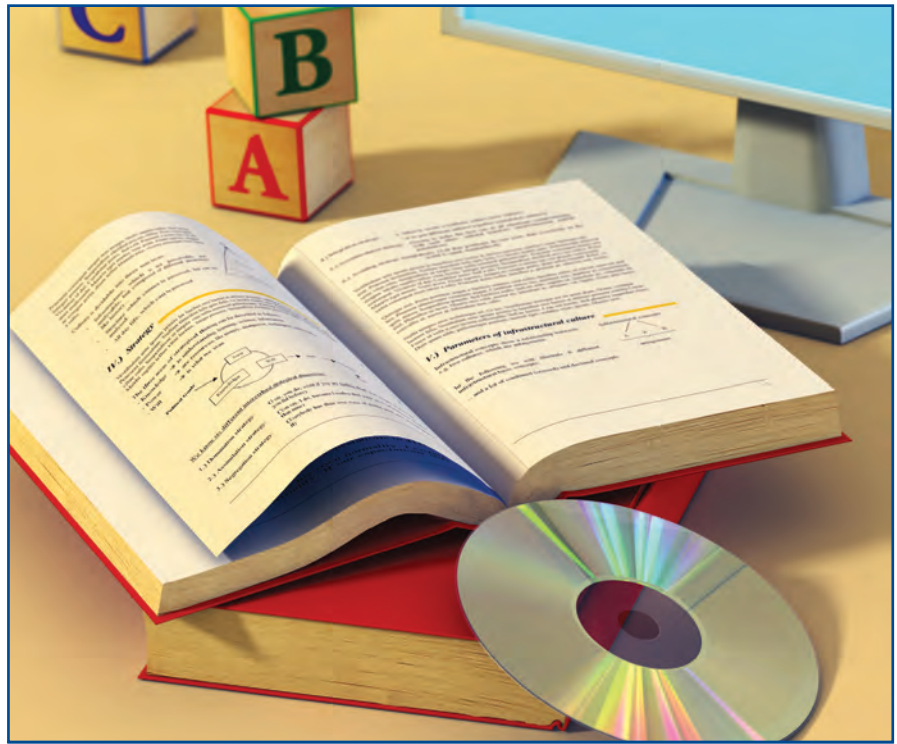


Georges Lozano, MPA
AIC Chief Executive Officer

It has now been over 10 years since the Appraisal Institute of Canada (AIC) decided to take a groundbreaking step and transform its education program. This process commenced with the 1998 signing of the first partnership agreement with the University of British Columbia (UBC). That was also the year that the Institute established a university degree requirement for the AACI designation.

The AIC education program was completely redeveloped and the courses were rewritten to university credit course standards. In the following years, AIC worked closely with UBC to improve and enhance the program of study. Two program streams were established leading to the AACI and CRA designations, respectively. In 2004, a new certificate program was launched to enable individuals with degrees in commerce or administration to fulfill all the educational requirements for the AACI designation. For those who qualify, the certificate can be obtained by completing six courses plus a guided case study. That year, the Institute also established a university degree requirement (120 credit hours) for those seeking the CRA designation.

These bold steps marked a significant departure from the previous requirements for designation. They were taken to support the Institute's strategic objectives of positioning its members as first-tier professionals. The more stringent educational requirements have aligned the Institute with the standards established by other top valuation organizations worldwide. Indeed, AIC's professional designation requirements have now positioned the Institute at the top of North American appraisal associations



Initially, there was concern that raising the bar so high might have a negative impact on membership growth and retention. After all, the Institute's membership had been decreasing since the early 1990s and reached a low point by 2002, when membership stood at about 3,900. However, these concerns have not been borne out, and the data provide a different picture than originally anticipated. Membership has increased modestly since 2002 and today stands at about 4,400 active members. Throughout the period, CRA membership was fairly stable on average with growth experienced up until the mid-1990s. This was followed by a decrease in CRA membership until the last couple of years,

when CRA numbers climbed slightly higher than over the previous seven years. Recent experience suggests that there is significant interest from individuals with university degrees in pursuing the CRA designation. Furthermore, many AACIs practice in the area of residential appraisal. In fact, the changes made a few years ago to the final examination and interview process supports Candidates working in residential and receiving their AACI.

Candidate membership had been trending downward over the past dozen years, until 2004 when Candidate membership numbers mushroomed. In the last two years, overall AIC membership has decreased again. This time,

it has been largely due to a drop in Candidate membership. The reasons for this will become clearer in the paragraphs that follow.

AACI membership had also been decreasing steadily since the 1990s, until 2004 when the trend was reversed and AACI numbers started growing again. Nonetheless, the aging AACI membership points to a downward trend, should the number of new AACIs not offset it.

There are several signs, however, that suggest new AACIs will, in fact, offset the departure of these older members. The available UBC course enrollment data from 2002 to the present show an upward trend. For example, *BUSI 330 – Foundations of Real Estate Appraisal* the introductory course that anyone pursuing an AIC designation must take, saw an enrollment of 432 students in 2002. By 2008, enrollment was up by almost 50% to 647 students. While it must be noted that non-AIC members also take this course, the majority of the students are members at the time of enrollment or shortly thereafter. From 2002 to 2008, over 4,600 students have taken this course.

Similarly, *BUSI 331 – Real Estate Investment Analysis and Advanced Income Appraisal*, a required course for those seeking the AACI designation, saw 87 enrollments in 2002 and 162 by 2008 – an increase of about 86%. These are just two examples of a general trend of increasing enrollment numbers for the AIC-UBC real property valuation courses.

Turning to Candidates once again, enrollment data track Candidate membership growth over the period 2002 to 2005 fairly consistently. In 2005, the Candidate admission policy was revised. Starting in 2006, members were required to have either a university degree or to have taken a sufficient number of courses to put them 10 courses away from having fulfilled the requirements for the AACI designation. In addition, Candidates must take a minimum of one university credit course per year to maintain their Candidate status.

Prior to that, individuals were admitted as Candidate members of the Institute provided that they had taken the introductory course *BUSI 330* and the appraisal standards seminar. If a person had completed half of an undergraduate degree program, he or she could be admitted as a Candidate provided that *BUSI 330* and the standards seminar was taken within a year. The less stringent requirements during this period no doubt account for the significant Candidate member increases. The impact of the new admission policy in 2006 was felt in 2007 and 2008, when Candidate membership dropped by about 200 members each year. Candidate member exit polls at the time indicated that the increased stringency was the main reason for Candidates not maintaining their membership.

In short, when admission requirements were less stringent, an increase in Candidate membership was experienced over the period 2005 to 2006. The move to more stringent requirements caused an outflow of Candidate members during 2007 and 2008.

While this is a cause for concern, other enrollment data give us reason to be more optimistic about future membership growth. The post-graduate certificate in valuation (PGCV) was launched in the fall of 2004 and offered to students who are interested in completing the courses needed to attain an AACI designation. To enter the program, they must have an undergraduate business degree offered by a Canadian university including the Bachelor of Commerce, or Bachelor of Business Administration. In 2004, just three individuals completed the program. Today, there are more than 500 students at various stages of completion, with 45 expected to graduate this year, bringing the total number of graduates to 179 so far. Over the next two years, it is expected that most of the 450 students in the program will graduate and move on to fulfilling

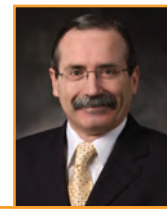
the remaining requirements to obtain their AACI designation. There is every reason to believe that enrollments in the PGCV program will continue to grow, thus providing a steady supply of potential new AACI members. These numbers alone will go a long way to offset the recent decrease in Candidate members.

While the PGCV program is aimed at those who want to pursue the AACI designation, UBC continues to offer a program of courses leading to the CRA designation consisting of seven courses plus a residential case study. As mentioned previously, CRA member growth has been fairly steady over the past seven years, with a slight increase in CRA membership in the last two. Similarly, enrollment numbers for *AIC 399*, which replaced the residential demo report, show an upward trend from 55 students in 2005 to 151 in 2008.

There are a number of conclusions that can be drawn from these data. Perhaps the most important is that the more stringent educational requirements that have been put in place have not caused unsustainable losses of membership. The higher educational standards adopted by AIC are in standing with its objectives of achieving a highly professional and highly qualified membership on par with other first-tier professions.

In fact, more stringent designation standards serve to attract those who are better prepared to complete the rigorous program of study and professional requirements, while it filters out those looking for an easy way into a profession. In the end, both members and the public are well served by higher standards. AIC-designated members distinguish themselves as highly qualified practitioners in their field and leaders in the valuation profession in Canada. The public benefits from the knowledge that AIC-designated appraisers are real property experts whose opinions they can trust. 🇨🇦

L'éducation – La voie de l'excellence

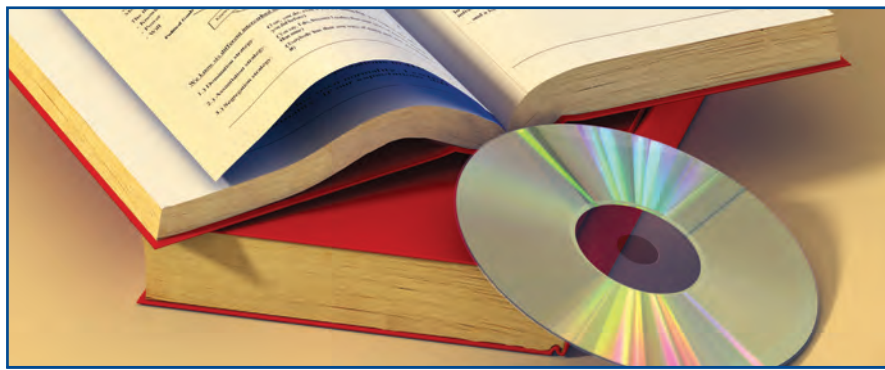


Georges Lozano, MPA
Chef de la direction

Cela fait maintenant plus de dix ans que l'Institut canadien des évaluateurs a décidé de prendre des mesures innovatrices et d'améliorer son programme d'éducation. Ce processus a débuté en 1998, lors de la signature du premier accord de partenariat avec l'Université de la Colombie-Britannique. C'est également au cours de la même année que l'Institut a exigé un diplôme universitaire en vue de l'obtention du titre professionnel AACI.

Le programme d'éducation de l'ICE a été entièrement reconçu et les cours ont été réécrits selon les normes relatives aux cours de l'université donnant droit à des crédits. Au cours des années suivantes, l'ICE a collaboré étroitement avec l'U.C.-B. afin de perfectionner le programme d'études. Pour ce qui est du programme, deux volets menant aux titres de AACI et de CRA ont été mis en place respectivement. En 2004, un nouveau programme de certificat a été lancé afin de permettre aux personnes titulaires d'un diplôme en commerce ou en administration de satisfaire à toutes les exigences en matière d'éducation en vue de l'obtention du titre d'AACI. Les personnes possédant les qualifications requises pouvaient obtenir leur certificat en complétant six cours et une étude de cas sous tutelle. Au cours de la même année, l'Institut a également exigé un diplôme universitaire (120 crédits) pour les personnes souhaitant obtenir le titre de CRA.

Ces mesures novatrices ont représenté un nouveau départ pour l'obtention d'un titre professionnel. Elles ont été prises en vue de soutenir les objectifs stratégiques de l'Institut voulant que ses membres soient des professionnels de premier rang. L'adoption d'exigences plus



rigoureuses en matière d'éducation a fait en sorte que l'Institut s'est aligné aux normes établies par les principaux organismes d'évaluation à l'échelle nationale. Grâce à ses exigences en matière de désignation de titres professionnels, l'Institut se place en tête de liste des associations nord-américaines dans le secteur de l'évaluation.

Au départ, on craignait que le fait de placer la barre aussi haute ait une incidence négative sur l'augmentation et le maintien du nombre de membres. Après tout, le nombre de membres de l'Institut avait diminué depuis le début des années 90 et avait atteint un bas niveau en 2002, soit environ 3 900 membres. Toutefois, ces préoccupations n'ont pas été corroborées et, selon les données, l'image était différente que celle qui avait été prévue à l'origine. Depuis 2002, le nombre de membres a quelque peu augmenté et aujourd'hui, nous comptons près de 4 400 membres actifs. Au cours de la période, le nombre de membres CRA a été relativement stable compte tenu de la moyenne établie par rapport à la croissance que nous avons connue jusque dans le milieu des années 90. Par la suite, le nombre de

membres CRA a diminué avant de remonter légèrement au cours des deux dernières années par rapport au sept précédentes. Selon notre récente expérience, les personnes possédant des diplômes universitaires sont davantage intéressées à obtenir le titre de CRA. De plus, plusieurs AACI pratiquent dans le domaine de l'évaluation résidentielle. En fait, les changements apportés il y a quelques années dans le processus d'examen final et des entrevues aident les membres stagiaires qui travaillent dans le domaine de l'évaluation résidentielle et qui souhaitent obtenir leur AACI.

Le nombre de membres stagiaires a eu tendance à diminuer au cours des douze années qui ont précédé 2004 auquel moment leur nombre s'est mis à remonter. Au cours des deux dernières années, le nombre de membres de l'ICE a encore diminué. Cette fois, la diminution est en grande partie attribuable à une baisse du nombre de membres stagiaires. Cette situation deviendra plus claire dans le paragraphe suivant.

Le nombre de membres AACI a également diminué depuis les années 90 jusqu'en 2004 lorsque la tendance s'est inversée et que le

nombre d'AACI a commencé à croître de nouveau. Toutefois, étant donné le vieillissement des membres AACI, leur nombre aura tendance à diminuer si le nombre de nouveaux membres AACI n'est pas suffisant pour compenser la baisse.

Toutefois, plusieurs signes démontrent que le nombre de nouveaux membres AACI compensera pour le départ des membres plus âgés. Les données, de 2002 à ce jour, concernant les inscriptions aux cours de l'U.C.-B. indiquent une tendance à la hausse. À titre d'exemple, en 2002, 432 étudiants se sont inscrits au cours BUSI 330 – Base de l'évaluation immobilière, un cours d'introduction obligatoire pour toutes les personnes souhaitant obtenir un titre de l'ICE. Jusqu'en 2008, le nombre d'inscriptions a augmenté d'environ 50% et a passé à 647. Il convient de noter qu'il n'y a pas seulement les membres de l'ICE qui suivent ce cours bien que la majorité des étudiants soient membres au moment de leur inscription ou le deviendront. De 2002 à 2008, plus de 4 600 étudiants ont suivi ce cours.

De façon similaire, en 2002, 87 étudiants et en 2008, 162 étudiants se sont inscrits au cours BUSI 331 – Analyse des investissements immobiliers et évaluation avancée des revenus – un cours obligatoire pour toutes les personnes qui souhaitent obtenir le titre d'AACI, soit une augmentation d'environ 86%. Ce ne sont là que deux exemples d'une tendance générale à la hausse du nombre d'inscriptions aux cours d'évaluation immobilière de l'ICE-U.C.-B.

Pour ce qui est une fois de plus des membres stagiaires, le nombre d'inscriptions démontrent une augmentation relativement constante au cours de la période allant de 2002 à 2005. En 2005, la politique d'admission a été révisée. À partir de 2006, les membres devaient être soit titulaires d'un diplôme universitaire ou avoir suivi suffisamment de cours de façon à ce qu'ils ne manquent que dix pour satisfaire aux exigences en vue de l'obtention du titre d'AACI. De plus, pour maintenir leur statut, les stagiaires doivent suivre annuellement un cours universitaire donnant droit à des crédits.

Avant, les personnes étaient admises à titre de

membres stagiaires de l'Institut à condition d'avoir suivi le cours d'introduction BUSI 330 et qu'elles aient participé au colloque sur les normes d'évaluation. Si une personne avait complété la moitié d'un programme de premier cycle, elle pouvait être admise en tant que stagiaire à condition de suivre le cours BUSI 330 et le colloque sur les normes dans un délai d'un an. Il ne fait aucun doute qu'au cours de cette période, les exigences moins sévères ont contribué à l'augmentation du nombre de membres stagiaires. L'incidence de la nouvelle politique d'admission en 2006 s'est faite sentir en 2007 et 2008 alors que le nombre de membres stagiaires a diminué d'environ 200 par année. Selon les membres stagiaires qui se sont retirés à l'époque, la principale raison évoquée pour ne pas maintenir leur adhésion est l'augmentation de la rigueur.

En résumé, le nombre de stagiaires a augmenté au cours de la période de 2005 à 2006 lorsque les exigences d'admission étaient moins rigoureuses. Le passage à des exigences plus strictes a contribué à la diminution du nombre de membres stagiaires en 2007 et 2008.

Bien que ce soit une cause de préoccupation, d'autres données relatives aux inscriptions nous permettent d'être plus optimistes quant à une augmentation future du nombre de membres. Le certificat d'études supérieures en évaluation (CESE) a été mis en place à l'automne 2004 et permettait aux étudiants intéressés de suivre les cours nécessaires pour l'obtention du titre professionnel AACI. Pour être admis au programme les étudiants devaient être titulaires d'un diplôme de premier cycle délivré par une université canadienne dont un baccalauréat en commerce ou en administration des affaires. Seulement trois personnes ont complété le programme en 2004. Aujourd'hui, nous comptons plus de 500 étudiants à divers stades d'avancement dont 45 qui prévoient obtenir leur diplôme cette année ce qui, à ce jour, porte le nombre total de diplômés à 179. Au cours des deux prochaines années, nous prévoyons que la plupart des 450 participants au programme recevront leur diplôme et poursuivront leurs études jusqu'à ce qu'ils répondent aux autres exigences menant à l'obtention du

titre AACI. Il y a tout lieu de croire que le nombre d'inscriptions au programme CESE continuera de croître, assurant un nombre constant d'éventuels nouveaux membres AACI. Grâce à ces données, nous pourrions en grande partie compenser pour la récente diminution des membres stagiaires.

Bien que le programme CESE soit destiné à ceux qui souhaitent obtenir le titre professionnel AACI, l'U.C.-B. continue d'offrir un programme, à savoir : sept cours et une étude de cas portant sur une évaluation résidentielle menant au titre CRA. Tel qu'indiqué antérieurement, la croissance du nombre de membres CRA a été relativement stable au cours des sept années précédentes, bien que ce nombre ait connu une légère hausse au cours des deux dernières. De façon similaire, le nombre d'inscriptions à l'ICE 399, qui remplace le modèle de rapport d'évaluation résidentielle, démontre une tendance à la hausse – de 55 étudiants en 2005 à 151 en 2008.

Plusieurs conclusions peuvent être tirées de ces données, dont la plus importante consiste en le fait que même si les exigences en matière de formation sont plus rigoureuses, le nombre de membres demeure passablement le même. Les normes éducatives plus élevées qui ont été adoptées par l'ICE correspondent à son objectif à l'effet que ses membres atteignent un niveau élevée de professionnalisme et de qualifications qui soit comparable à celui des membres des autres professions de premier rang.

Les normes plus sévères servent en réalité à susciter l'intérêt des personnes qui sont le mieux préparées pour participer au programme d'études et répondre aux exigences professionnelles, tout en filtrant celles qui envisagent une profession sans déployer trop d'efforts. En bout de ligne, les normes élevées servent bien à la fois les membres et le public. Les membres agréés de l'ICE se distinguent comme praticiens hautement qualifiés dans leur domaine et comme chefs de file dans la profession de l'évaluation au Canada. Le public est conscient que les évaluateurs de l'ICE sont des experts dans le domaine de l'immobilier et qu'il peut avoir confiance dans les conseils qu'ils prodiguent. 🇨🇦

Evolution of change



Joanne Charlebois

Director Marketing & Communications

What is it? What does it mean to the Appraisal Institute of Canada (AIC)? What does it mean at the provincial, chapter and member levels?

Evolution of change is what AIC has undertaken. Our ultimate goal is to promote a consistent brand image in all of our marketing efforts.

Branding 101

- Our **brand** is our promise. It **must be reinforced** every time we come in contact with the public.
- Our brand must accurately reflect the core beliefs of our organization, our leadership, and all of us who deliver our brand experience.
- **Consistency builds brands**, so every encounter with our brand, through staff, volunteers, web, marketing, courses, media releases, or any form of sharing our brand experience must consistently contribute to our desired brand identity.

In the past year, our marketing effort and the image that we present to the public has been at

the forefront of what AIC is doing for its members.

Our print advertising evolved to present our image through the use of graphics, the consistent use of our logo and images that accurately reflect our brand focus. In 2009, we evolved to promote not only the profession, but also the AACI and CRA designations.

Our new AIC website launched last fall continued to evolve early this year. In order to support the online advertising on *Monster.ca* and *Workopolis.ca*, videos featuring six AIC members were included on the Career web pages. These videos provide first hand information on the benefits of becoming an AACI or CRA and the opportunities these designations provide. They have attracted attention worldwide. Our first follow-up call by a viewer was from someone in the UK who wished to obtain his AACI and move to Canada.

Advertising templates have been made available to provincial associations that wish to advertise regionally to extend the AIC media buy in national trade publications.

We all must play a part in promoting a

consistent brand image for AIC. The AIC Marketing & Communications Committee will continue to evolve our brand and will focus on promoting AIC's core values and strength. At the provincial and chapter level, you can reinforce this effort. Use the available templates and numerous other resources available on the members-only website.

Future evolution will include provincial web pages that provide a consistent brand image and relevant provincial information for members. Interested members will also be available to take advantage of a web-presence with a customized web page template. Our CMS (Content Management System) is serving as the enabler for AIC to bring this new technology to you. Other new technology that AIC intends to introduce in the months ahead include podcasts; webinars; webcasts; and an RSS feed.

If there is anything you need, communicate this to me at joannec@aicanada.ca. Members are always surprised that I answer my phone, but, as a communicator, I always enjoy hearing from an AIC member. 🇩🇪



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By Joseph Vella

A vision for valuation: BUILDING VALUATION STANDARDS

This article originally appeared in the winter 2009 edition of Property World, an information resource for RICS (Royal Institution of Chartered Surveyors) members around the globe.

Despite the difficult global economic landscape, there is reason for optimism due to the work of the International Valuation Standards Committee (IVSC).

For many reasons, last year saw many challenges and extremes all around the globe, and it appears that 2009 will be much the same. Overwhelmingly, front and centre on everyone's mind is the global financial crisis and how it has changed the economic landscape worldwide. But, it is not all doom and gloom. There are accomplishments that promise a brighter future for all. For more than a quarter of a century, the International Valuation Standards Committee (IVSC) has operated as a global standard setter, providing a single voice for international valuation standards.

Challenges

During the past 30 years, the challenges facing the valuation profession have been many: globalization and increased levels of cross-border economic activity; competition from other professions; the status of the profession; technology; fair value reporting, the financial crisis. . . the list seems endless. At times, the response of the international valuation profession has been fractured, as professional organizations compete for members and promote their own agendas, while struggling to find their own new role in this changing world and marketplace.

A success story

Amidst these challenges, the profession has a major success story to celebrate – the IVSC. The IVSC success in setting international standards has led to greater recognition of the valuation profession and wider understanding of valuation's importance, resulting in a positive impact on every valuer worldwide.

The world has been searching for a true *lingua franca* for accounting and valuation, in order to ensure the commercial integration among the world's many cultures and nations. Just as the Rosetta Stone became idiomatic as a critical key to a process of decryption or translation of a difficult problem, the world's capital markets have long searched for a single set of high quality accounting standards,

buttressed with robust high quality valuation standards that could be used anywhere in the world. This should come as no surprise, because the promise of global standards is truly astounding. Investors could more easily compare issuers' disclosures, regardless of what country or jurisdiction they came from. They could more easily weigh investment opportunities in their own countries against competing opportunities in other markets, when there is a common valuation benchmark supporting accounting standards. A single set of high-quality valuation standards would be a great bonus to emerging markets, because investors could have greater confidence in the transparency of valuations and financial reporting.

Today, all of Europe and nearly 100 countries around the world require or permit the use of *International Financial Reporting Standards (IFRS)*. The majority of companies that are currently reporting financial results based on *IFRS* have only been doing so for a few years. Robust, independent international valuation standards are critical.

From its inception, IVSC recognized the growing importance of the development of international accounting standards and later *IFRS*. As the world at large took these bold new steps to harmonize accounting and financial reporting standards, IVSC made an important strategic decision to ensure that, whenever an asset was to be measured to fair value under *IFRS*, the measurement standard to be applied should be the *International Valuation Standards (IVS)*. How right that decision was.

Over 100 countries, including, of course, the European Union, have chosen to adopt *IFRS*. Brazil, Canada, India and Korea will adopt *IFRS* by 2011; Japanese *GAAP* and *IFRS* will have converged by 2011. At the beginning of 2007, China introduced a completely new set of accounting standards that are intended to produce the same results as *IFRS*.

But, no system would be truly international without the participation of the United States. Cooperation between the International Accounting Standards Board (IASB), the Financial Accounting Standards Board (FASB),

and the Securities and Exchange Commission (SEC) in the United States has now become an integral part of their work programs. The convergence of *US GAAP* and *IFRS* has great momentum and remains a leading priority with an objective of these organizations to make *IFRS* a passport to all of the world's capital market. Already the SEC has removed the requirement for foreign private issuers reporting under *IFRS* to reconcile their financial statements to *US GAAP*.

IVSC responds to change

Prior to 2000, the IVSC had focused on harmonizing the fundamental valuation principles and codified *Generally Accepted Valuation Principles (GAVP)*. In 2000, IVSC launched its Standards Project to enhance and further develop a comprehensive set of robust international valuation standards that complemented standards being developed by other international standard setting organizations, most notably the IASB.

The *IVS* have had a profound impact on the valuation standards of many countries. In some countries, *IVS* have been incorporated into law, while, in others, they have been adopted by national institutes/societies. At the same time, international users and providers of valuation services are also demanding adherence to *IVS*, and many companies reporting under *IFRS* now refer to use of *IVS* in the financial statements.

Success breeds success

In September 2005, the IVSC was invited to present an educational session to the IASB; following that, the IVSC was invited to meet with the US FASB in March 2006. A number of messages came from those meetings:

1. The greater use of fair value had significantly raised the profile of valuations used for financial reporting purposes.
2. It was also obvious that IASB and FASB were uneasy with the structure of the IVSC as it existed being a membership organization rather than an independent standard setter like themselves.
3. There was increasing pressure on the valuation profession to take responsibility,

not just for valuation standards, but for the standards of valuation. Scott Taub (Deputy Chief Accountant, SEC), speaking in November 2005, expressed concern that *"in contrast to the accounting profession, there is inadequate infrastructure to support valuations for financial reporting purposes. Whereas the accounting profession has a single accreditation and set of standards applied to all practitioners, valuation has multiple accreditations and standards, and some practitioners have no standards to follow if not accredited."*

Taking the next step – restructuring the IVSC

During 2006, the IVSC began to debate major proposals for the restructuring of the IVSC. In the next two-year period, IVSC had working groups and discussions regarding potential structures, and established a Governance Restructure Group to refine the general concept.

At an extraordinary general meeting held in San Francisco in April 2007, the restructuring plan was unanimously agreed upon and a target date for implementation of the restructured IVSC was set for January 2008. The IVSC set itself a challenging task and aggressive timetable for transition, so that the IVSC did not become preoccupied with a protracted governance transition, diverting resources and focus from the primary goal of standard setting. Revised bylaws were approved in November 2007 and a period of transition began prior to the restructured IVSC becoming operational.

At the October 2008 IVSC AGM, held in Kuala Lumpur, Malaysia, the restructured International Valuation Standards Council (IVSC), was renamed (while retaining the same acronym) and was fully in place and operational. At the AGM, by an overwhelming majority, the proposed candidates were elected as the first members of the IVSC Board of Trustees. The membership of the new International Valuation Professional Board and International Valuation Standards Boards was also formalized at the AGM.

The new Board of Trustees includes leaders from the valuation profession and well respected senior figures from the international business, financial and regulatory world.



The financial crisis – Quo Vadis

During the past year, we have witnessed tremendous upheaval in financial markets around the world – a financial crisis not seen since the Great Depression of 1929, with a number of surprising twists and turns unanticipated by even the best and brightest. All have been infected, from the US and Europe to the dynamic emerging market countries in Asia, such as China and India. The sting of the global financial crisis continues, as countries cut and coordinate their short-term lending rates, inject capital to shore up a frozen financial system, and brace for a striking slowdown or recession.

Central banks everywhere have been offering extra liquidity on an almost daily basis for two months. World leaders have met in Washington to discuss this crisis and brainstorm

on how to begin overhauling the financial system as quickly as practically possible.

In the midst of the worst financial crisis in eight decades, all are trying to understand how this situation came about, while looking for a ‘whipping boy’ for this debacle. As Britain’s Queen Elizabeth rightly asked during a visit to the London School of Economics, “Why did no one see it coming?” This is not the time for recriminations, as there are many players that contributed to this situation, albeit at different levels, from the retail mortgage borrower to the mortgage broker, to banks, rating agencies, investment bankers, hedge funds, regulators, and the list goes on.

The one undisputable fact is the global impact this predicament is having, verifying the world is no longer made up of isolated economies, instead, it is fully integrated

or ‘globalized.’ We have had 15 years of experience with globalization, with over three billion new entrants to the workforce.

Prior to this crisis, some were projecting the uncoupling of some economies, specifically in Asia. The current conditions indicate the world economies are more coupled than any other time in our history.

There is no doubt that a full analysis of the causes will be conducted in order to repair and put in place circuit breakers to hopefully prevent a future reoccurrence. Yet, amongst this havoc, regulators, standards-setters, investors, accountants and valuers have had to defend fair value reporting. The discontent about fair value is mainly driven by the banking industry, which is facing large write-downs and on-balance sheet reporting of all assets. Unfortunately, the banking industry and its lobbyists exerting political pressure have the potential to erode the independence of international and US standards-setters.

Investors rely on fair value to give them transparent, up-to-date information about the worth of their assets. Opponents insist that fair value requirements contribute to volatility and are subject to uncertainties and practical limitations when valuing assets in thinly traded or non-conventional markets. It is fascinating and richly ironic how non-valuers, whether for their own self interest or other reasons, seek guidance for assets trading or not trading in illiquid markets and down-cycle markets, but make no reciprocal request for guidance for assets trading in hyperactive or up-cycle markets – markets Alan Greenspan referred to as “frothy” or “irrationally exuberant.” While mistakes are always obvious in retrospect, perhaps future collapses can be more readily avoided when the guidance of impartial and discriminating professionals is sought at all points of the economic cycle.

All parties have to deal with the markets they have, not the ones they would like. Intrinsic concepts such as supply and demand drive markets and we are currently in a market where there is an imbalance, which, in turn, will affect prices and values. Market

comes before value, and valuers have the training and expertise to study and understand markets as they cyclically move up or down and to derive competent, up-to-date, relevant, and capable market support to produce credible valuation results.

It is not often that markets are in equilibrium, as they are always moving either up or down, albeit the velocity changes. It is in this environment that valuers earn their keep, by using their specialized training to take all factors into consideration to reflect a reasonable and supportable value, based on available data and sound judgement, not much different than the processes an informed buyer or seller would employ under the same conditions or circumstances, but without a vested interest. To report anything other than fair value is obscuring the truth, rather than providing transparency. Valuers provide the value conclusion and accountants incorporate them and report the balance sheets — both are just messengers relaying the state or financial health of the entity. Whether it is a single-family house or a complex, financially-engineered instrument, reporting at anything other than what they could be sold for is “mark to fantasy,” as Warren Buffet aptly described it.

This is not to impute that fair value is perfect and without faults. Thomas Jones, Vice Chairman of the International Accounting Standards Board, asserted that “It is a lousy system, but it is less lousy than any other system ... and I do not find that the people who criticize fair value have very good ideas for an alternative.”

Some are critical of deregulation in financial markets, seeing it as the cause of this crisis. There is validity to this argument. Others attribute this crisis to the cyclical nature of economies. Throughout history, financial markets have experienced bubbles, crashes and panics. Markets always manage to find a way to repackage or introduce new products, which they should, but, without commensurate regulatory adjustments in response to new financial innovations, yesterday’s regulations and oversight are obsolete and ineffective.

The SEC says it is planning to move forward with its plans and the IASB remains supportive of the convergence plan moving ahead. An IASB spokesman said, “The current crisis has highlighted the need to avoid any accounting arbitrage and have a level playing field.” Ironically, the financial crisis could lead to faster convergence, as regulators work to resolve problems by working more closely together, consolidating projects and taking advantage of the existing impetus for a single global benchmark.

Conclusion

With all the challenges facing the valuation profession, valuers can no longer present themselves as a fractured profession, with little or no synergy between the different valuation practices. The market place requires a unified, highly-qualified, and multidisciplinary valuation profession. The realization has set in that the profession has not been as proactive as it could have been in giving the types of training or orientation to acclimate valuers to the world of financial reporting changes or to understanding regulations relating to financial reporting. The profession is becoming aware that financial reporting is not limited to valuations only. Instead, it includes corporate counselling, involvement with financial and accounting teams that apply principles to accounting for current values, assisting corporations and others with market decisions where fair value accounting is involved, and much more.

The Roman philosopher Seneca said, “*Luck is what happens when preparation meets opportunity.*” By a combination of luck and good judgement, the IVSC has restructured into an organization led by senior figures in the international financial and business arena at just the time when there is a sharp recognition that the need for valuation standards and guidance are crucial to financial markets, in order to enhance their workings and curb their abuses.

The restructured IVSC is best positioned to meet these challenges by having in place:

- an independent, multi-disciplinary, global valuation standards board responsible for

standards creation and its own technical agenda;

- an Interpretations Committee from within the Standards Board to provide IVSC-approved interpretations of the *International Valuation Standards*;
- a respectful and mutually-beneficial relationship with accounting standards-setters and regulators, including the IASB, FSB, FASB and SEC;
- an International Valuation Professional Board which surveys professional valuation organizations worldwide regarding their educational requirements, their body of knowledge and their best practices, to become a repository of these data and to develop a model international education curriculum for professional valuers — ensuring the standards and best practices are available to developing nations; and
- establishment and dissemination of education materials about IVS

Whether you fully share these views or not, there cannot be any dispute that the valuation profession has had a wake-up call in the midst of the financial turmoil and at a juncture for decisions that will impact the valuation profession of the future. What seemed unrealistic, even impossible a few years ago, is now necessary, possible, and in place.

As I reflect back on the many significant successes and achievements of IVSC during the past 30 years, in the end, achieving these milestones not only makes the valuation profession more respected and recognized globally, but fulfills the main objectives — meeting public needs and maintaining the public trust. 🇩🇪

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Ken Birmingham, CFO, Bennett Group

AIC clients view appraisers as trusted advisors

Over the last few years, appraisers have become an essential part of advisory teams for commercial banking services at many major banks across the country. **Ken Birmingham** saw this firsthand during the last four years of his 21-year career in commercial banking. During that time, he managed the province-wide delivery of general financial services for a major bank's medium to large business clients across Newfoundland and Labrador.

"I developed a pretty good rapport with several appraisers," says Birmingham.

It was a relationship that began to evolve once he realized the value appraisers could bring to assisting his clients with the many real estate transactions in which they were involved. These included everything from land for residential, industrial and commercial development to retail sites and office buildings.

At first, Birmingham noticed that only after having negotiated a deal would clients call upon appraisers to verify the value of the property. He found that appraisers who came in after the fact were often pressured to legitimize the numbers or "make them work."

"When you call on the advice of an appraiser after the fact, you have already consciously decided what you want to pursue in the market, independent of an appraiser's opinion," notes Birmingham.

He quickly realized that involving an appraiser early in the process provided much more value to his clients, regardless of whether they were buying or selling property. Being part of the process from the beginning meant that an appraiser could provide an independent view of what was going on in the market. Clients could then make an informed decision to pursue an investment or not.



"A good appraiser will tell you what you need to know, which is not necessarily what you want to hear," stresses Birmingham. Clients receive independent market knowledge that is in no way tied to whether or not the transaction will be concluded. This is the kind of impartial expertise Birmingham wanted to offer his clients when he decided to bring an independent appraiser onto the commercial banking advisory team.

He knew that this approach was historically different than what had been happening in the industry. At first, despite the appraiser's advice,

"A good appraiser will tell you what you need to know, which is not necessarily what you want to hear."

some clients still made conscious decisions to proceed with a transaction that was outside the perceived market value. But, thanks to the work of the appraiser, these decisions were now made with full knowledge that investors were "stepping outside the box."

Birmingham also wanted an appraiser who had a good knowledge of the market, a realistic view of value and a reputation for being impartial. He wanted someone who could see things from a conservative standpoint and advise the bank's commercial clients accordingly.

"The person who can fulfill that role becomes a part of your trusted advisory group," he explains. "They become a crucial part of your real estate business, just like an accountant or a lawyer."

In fact, appraisers can play an important role throughout the entire real estate transaction process. Birmingham stresses that, in today's financial climate, the ongoing independent advice of an appraiser is more valuable than ever. "In a downward spiraling market, you need to have a good understanding of what a value is," he explains. "A good appraiser will always bring information on recent sales and an assumption of what is real in the market, without having to make the number work."

It is often found that, when organizations in rapidly developing industries move into an area, they require substantial office space. A market that has little availability can change the rate of return in a hurry. Of course, the converse is also true.

Birmingham points to situations where individuals were involved in exclusive purchase opportunities. Then, just as the purchase and sale agreement was drawing to a close, the market started to change. "Having an appraiser on your team when those things are happening

is essential to obtaining advice on how to proceed,” explains Birmingham.

At the same time, appraisers on a bank’s advisory group also provide value-added services to its commercial clients. For instance, clients came to depend on appraisers to scout the market for realistic values, when it came to property tax assessments. “It helps to have somebody telling you when the value identified by the tax agency is too high and you are being overtaxed,” notes Birmingham. “That is an important service to some clients and a good source of business to appraisers who have provided other advice. It gives the client some legitimate market knowledge with which to contest their property values.”

Many commercial clients also began to employ appraisers on a full fee basis to scan the markets for opportunities and potential projects. “The general population, even in the mid- to large-size business markets, does not have the finger on the pulse of recent transactions,” Birmingham points out. “Although a lot of

“Although a lot of people have general knowledge, specific knowledge tends to rest with people, such as appraisers, who are close to the day-to-day activity.”

people have general knowledge, specific knowledge tends to rest with people, such as appraisers, who are close to the day-to-day activity.”

This reality provides an opportunity for appraisers to be a good clearinghouse and presentation source for groups of business people, not only individuals. By being willing to share some of their market information, appraisers can position themselves to play an

even greater consulting role in the business sector.

While in commercial banking, Birmingham saw many clients benefit from the advice and value-added services provided by appraisers. “That is a situation that is not unique to one bank,” he notes. “I think most banks now see appraisers as trusted advisors on which their clients can rely.”

In October 2008, Birmingham began a new chapter, taking the position of Chief Financial Officer with The Bennett Group of Companies. Although it is still early in his new career, he has already started utilizing the advice of appraisers in order to assist in shaping future business decisions.

Meanwhile, in commercial banking divisions across the country, appraisers are rapidly becoming an essential part of advisory teams. Those appraisers ready to fill this important role will find many opportunities to grow their business, not only as specialists in valuation, but as consultants in real estate as well. 🇩🇪

Letter to the Editor

Although I have been retired for a few years, I have a continuing interest in the Appraisal Institute of Canada, partly, I suppose, because I am a past national president. As a result, I found the recent issue of *Canadian Property Valuation* very interesting, having read it from cover to cover (more or less). I am both pleased and impressed to observe what is occurring in many aspects of the Institute; the progress that has been made in several areas; and the activities of many of the committees in this ever-changing world.

The new magazine provides good reading and updates of what is transpiring in our profession, and our Institute, as well as informing our members of the changes/requirements to their work.

D.W. Lambert, AACI, P. App, (Fellow) Retired
London, Ontario

Primer on *International Valuation Standards* – Part 3

In the first of the series of articles dealing with *International Valuation Standards (IVS)*, a brief summary of the content and makeup of the 2007 Edition was presented. The next article provided a brief comparison between *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)* and *IVS*, as each deals with market value basis for appraising. This latter article illustrated that the basic underlying principles, methodologies and techniques of market value appraising are very similar whether operating under *CUSPAP* or *IVS*.

IVS also deals with bases other than market value, and presents certain concepts that may be new to our members. But, before these new concepts are introduced, it is necessary to revisit the basic concepts fundamental to generally accepted valuation principles in that the terminology of some of these concepts in *IVS* varies from what AIC members may be familiar with. At the very least, the following summary of *IVS* information can serve as a refresher course.

IVS, as one would expect from the title, are indeed designed to be international. In authoring *IVS*, it was recognized by the International Valuation Standards Council (IVSC) that there is indeed common worldwide agreement regarding the fundamentals that underpin the valuation discipline.

IVS devotes an entire chapter to these concepts, noting that there may be local laws and economic conditions that may require special application, but, for the most part, the concepts are indeed international.

The chapter begins noting that value is created by real estate's utility, or capacity to satisfy the needs and wants of human societies. A brief discussion ensues on the legal concept

of property that deals with the various rights, interests and benefits related to ownership.

The concept of property, however, extends beyond the real estate. To distinguish between real estate, which is a physical entity, and its ownership, which is a legal concept, the ownership of real estate is called real property. The word property, however, may refer to real property, personal property, or other types of property such as businesses and financial interests, or a combination thereof. By dealing with these concepts, *IVS* can serve as a platform that can eventually broaden the scope of work available to our members.

Property types

IVS recognizes that real property has to be distinguished from other categories of property, namely personal property, businesses, and financial interests.

Real property

Real property includes all the interests, benefits, and rights inherent in the ownership of physical real estate.¹ The combination of all the rights associated with the ownership of real property is sometimes referred to as the bundle of rights and includes the right to use, occupy, enter, sell, lease, bequeath, or give away, or to choose to exercise any or none of the above.

As new financial accounting rules take effect, our members will need to know that real property, in the terminology of accounting, usually falls into the category of fixed, or long-term, assets. Sometimes, real property may be considered a current asset, e.g., where land or improved real estate is held in inventory for sale.

1. Personal property

Personal; property refers to ownership of an interest in items other than real estate. These items can be tangible, such as a chattel, or intangible, such as a debt or patent. Tangible personal property represents interests in items that are not permanently attached or affixed to real estate and are generally characterized by their moveability.²

2. Businesses

A business is any commercial, industrial, service or investment entity pursuing an economic activity. Business entities are constituted as legal entities, either unincorporated or incorporated.³ In dealing with business valuations, our members will need to be familiar with concepts such as joint ventures, partnerships, proprietorships, trust arrangements, multiple entities, etc. *IVS* briefly describes these concepts, but ultimately, one must become competent in undertaking such assignments. Business valuations are not currently covered under either *CUSPAP* or our current errors and omission insurance program.

3. Financial interests

Financial interests in property result from the legal division of ownership interests in business and real property (e.g., partnerships, syndications, corporations, co-tenancies, joint ventures), from the contractual grant of an optional right to buy or sell property (e.g., realty, stock, or other financial instruments) at a stated price within a specific period, or from the creation of investment instruments secured by pooled real estate assets.⁴

Much of the discussion of financial interests in *IVS* will be new to many of our members, and again, caution should be exercised if you are currently dealing with these matters in terms of both *CUSPAP* compliance and insurance coverage.

Concepts fundamental to Generally Accepted Valuation Principles (GAVP)

Both *CUSPAP* and *IVS* define real estate, real property and personal property in similar terms. However, *IVS* opens the door to accounting terminology and *International Financial Reporting Standards (IFRS)* by offering definitions and concepts revolving around assets, both current and non-current. Some of these concepts may not be familiar to our members, but will soon be part of their vocabulary once *IFRS* take effect in Canada.

Briefly summarized, current assets are assets not intended for use on a continuing basis in the activities of an entity. Examples include stocks, obligations owed to the entity, short-term investments and cash. Non-current assets can be tangible or intangible assets that fall into two broad categories. The first category includes property, plant and equipment which are assets intended for use on a continuing basis in the activities of an entity. This is the category of assets that appraisers and valuers deal with most often. The second category includes receivables, goodwill, patents, trademarks, etc. and intangibles such as marketing skill, credit ratings, patents, trademarks, etc.

Accounting terminology differs somewhat from terms more common to appraisers. For example, our members are principally involved with fixed assets. Technically it is the ownership of the asset, or the right of ownership, that is valued, rather than the tangible or intangible asset itself. This concept distinguishes the economic concept of valuing an asset objectively based upon its ability to be purchased and sold in a marketplace from some subjective concept such as assuming an intrinsic or other than market value basis.

Another term, depreciation, differs between what we as appraisers know and the accountants understand. Appraisers know depreciation refers to the adjustments made to the cost of reproducing or replacing the asset to reflect physical deterioration and functional and external

obsolescence. Accountants know depreciation as the charge made against income to reflect the systematic allocation of the depreciable amount of an asset over its useful life to the entity. It is specific to the particular entity and its utilization of the asset, and is not necessarily affected by the market.⁵

Price, cost, market, and value

As *IVS* notes, imprecision of language, particularly in an international community, can and does lead to misinterpretations and misunderstandings. This is particularly problematic where words commonly used in a language also have specific meanings within a given discipline.

As a refresher to our members, and briefly stated, price is a term used for the amount asked, offered, or paid for a good or service. Price is a fact. Cost is the price paid for goods or services. Value is an economic concept referring to the prices most likely to be concluded by the buyers and sellers of a good or service. Value is hypothetical. The market is the environment in which goods and services trade.

Other fundamental concepts covered by *IVS* deal with market value, highest and best use, and utility. The differences between these concepts and what we as appraisers know is relatively minor. Indeed, the *IVS* definition of market value appears in the Practice Notes in the 2008 edition of *CUSPAP*.⁶ The definitions of highest and best use are similar to both *IVS* and *CUSPAP* and the concept of utility is very familiar to appraisers.

Market value versus fair value

The expression market value and the term fair value as it commonly appears in accounting standards are generally compatible, if not in every instance exactly equivalent concepts. Fair value, an accounting concept, is defined in *International Financial Reporting Standards* and other accounting standards as the amount for which an asset could be exchanged, or a liability

settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is generally used for reporting both market value and non-market values in financial statements. Where the market value of an asset can be established, this value will equate to fair value.

Summary

The estimation and reporting of property and asset values, and related guidance, are the scope of the *IVS* standards, applications and guidance notes. How the results of valuations are to be compiled, conveyed and incorporated with the findings of other professionals is of crucial importance to appraisers. Proper understanding of terminology is essential for both those who prepare the reports and those who read them.

International Valuation Standards (IVS) are intended to serve the common objectives of those who prepare property and asset valuations and those who must rely on their results.⁷

End notes

- 1 *The Appraisal of Real Estate – Second Canadian Edition*
- 2 *International Valuation Standards (IVS) – 8th Edition – Property Types*
- 3 IBID
- 4 IBID
- 5 *International Valuation Standards (IVS) – 8th Edition – Fundamental Concepts*
- 6 *CUSPAP – Effective 2008 – 12.16.3*
- 7 *International Valuation Standards (IVS) – 8th Edition – Fundamental Concepts*

Standards Committee

Ray Bower, AACI, P. App – Chair
Iain Hyslop, AACI, P. App
Brian Varner, AACI, P. App
Chris Perret, AACI, P. App
George Ward, AACI, P. App
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AIC – an organization on the move

The Appraisal Institute of Canada (AIC) has not only reached a lofty goal set by its membership in 2004, it has surpassed it. Today, members who hold the professional designations AACI and CRA are instantly recognized by anyone who knows anything about the real estate valuation marketplace. The foundation of wealth in this country, and all others around the world, is land and associated real property. Recognizing this, all stakeholders in the marketplace – homeowners, developers, municipal planners, accountants, lawyers, engineers, and all levels of government – rely on the professional advice provided by the highly-qualified members of the AIC for any and all aspects of real estate. No longer is the role of AIC members seen as anything less than essential.

Elements of a major restructuring and repositioning plan, an increased educational and experience requirement, together with a strategic marketing and recruitment campaign, are paying off in spades for this professional body. A previous downward trend in membership has been reversed as evidenced by the emergence of new, highly-educated and motivated students currently enrolled in their (AIC) programs leading to professional designation. The latest figures show a healthy increase in overall membership in the 25-30% range. This is in keeping with an increasing demand for the professional services provided by AIC members. Equally impressive is the reported 25% increase in the average earned income of Institute members.

“The greater danger for most of us is not that our aim is too high and we miss it, but that it is too low and we hit it.”

– Michelangelo

Has this ‘headline’ caught your attention? I hope so. That article, of course, is yet to be printed or picked up by the major news media, however, let’s work toward that goal.

Michelangelo once said; “The greater danger for most of us is not that our aim is too high and we miss it, but that it is too low and we hit it.”

Now that I have your interest, I would like to discuss our marketing campaign. This article is not about the current state of the campaign, nor its evolution or achievements. There have been numerous articles written in previous editions of this publication on that topic, and I might add they can be viewed on our website under the ‘media centre’ tab (*Canadian Property Valuation*)

In this article, I would like to focus on one very important plank of the campaign, one that relies on and involves each of us, the entire membership. For this campaign to be truly successful, we need you! We need you to devote a bit of your valuable time to be an advocate for, and the voice of, our profession.

How do I do that you may ask? I would suggest to you that nothing is truly achievable without a clear goal in mind. Research shows that having goals and actually writing them down enhances goal achievement. Your Marketing and Communications Committee has goals, and they are written down. You can view them in the members section of the website under ‘media plan.’ You can also scroll down within the same section to the ‘Strategic Plan’ to view the goals and vision of the AIC.

Relative to your career and to the profession, what are your goals? Have you written them down?

As I mentioned earlier, to be truly successful in marketing the organization, you, the member, and the profession – we need your involvement. I challenge you to be a part of this success, I challenge you to set your goals, to write them down, and eventually cross them off as you reach them.

What can you do?

- Start by speaking to one person a week and telling them about the AIC and what you do.
- Use our current logo, tag lines, etc, on your letterhead, business cards, etc.
- Speak/present to your local groups such as Chambers of Commerce, Rotary, Real Estate Boards, and others.
- Speak/present to other local professional groups at their meetings (most are open to guest speakers) such as law societies, accountants (CAs, CMAs CGAs), engineers, planners, surveyors and others, to name a few.
- Speak with your local lending institutions, branch managers, portfolio managers, municipal planners.

“Has this ‘headline’ caught your attention? I hope so. That article, of course, is yet to be printed or picked up by the major news media, however, let’s work toward that goal!”

“With your involvement, coupled with the resources invested through our national media placements, how can we not succeed?”

- Speak to other branches/departments within your office.
- Speak about the real estate market and the role of the AIC and yourself to friends, family, the person next to you on the airplane, etc.
- You get the idea, add to the list!

What can we do to assist?

We can provide you with:

- pertinent information,
- a member tool kit,
- PowerPoint presentations,
- speaking notes,
- printed material, e.g., *We Value Canada*, and
- support.

The challenge is to begin! Imagine 4,400 members talking about the Appraisal Institute of Canada to others. One person at a time; town by town; city by city; province by province, and we have a very effective national campaign.

Are we succeeding? With your involvement, coupled with the resources invested through our national media placements, how can we not succeed?

We have a saying within the Marketing and Communication Committee; “We know we are

successful when.....”

.....the national and local media seeks us out for opinion and comment.

.....attendees at a business mixer know exactly what AAI and CRA represent and what the profession does – *We Value Canada*.

.....a similar “Headline” as the lead off to this article, is published.

Let’s get involved, be advocates, be champions, the rewards will benefit all of us.

J.C. Penney said: “Give me a stock clerk with a goal and I’ll give you a man who will make history. Give me a man with no goals and I’ll give you a stock clerk”. 🇩🇪

Marketing and Communications Committee

Paul Olscamp, AAI, P. App, Fellow – Chair

Glen Power, AAI, P. App

Tom Fox, AAI, P. App

Laura Kemp, Candidate

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Operating a residential appraisal office

Many CRAs who operate their own businesses appear to do so on an 'ad hoc' basis, meaning that they appear to have never given any thought to the day to day considerations of operating an actual business.

Specifically, should they operate as a sole proprietor, partnership or a formal corporate entity? What are the pros and cons of each? Should they care? Should they operate out of an office in their basement or lease formal office space? Where will the majority of their proposed revenue come from – appraisal management firms, local lenders, law firms, mortgage brokers or private consumers? If they have sufficient work volumes, do they strain to complete all assignments on their own or take the increased risk path of working with Candidate members for whom they co-sign?

This last statement is made in the context of what actual specific work relationship is envisioned with any Candidate members for whom members co-sign. Will they be their actual employees, wherein they are responsible for the timely remittances of EI and CPP premiums or will they be self-employed contractors? The Canada Revenue Agency has specific guidelines (<http://www.cra-arc.gc.ca/E/pub/tg/rc4110/README.html>) that one must

“Many CRAs appear to view themselves simply as technicians or ‘job’ holders and not as professional business owners.”



follow in order to ascertain the difference between the two aforementioned work relationships. Failure to follow them accordingly could prove to be quite expensive for both the Candidate and the co-signor.

In all my years associated with the Appraisal Institute of Canada, I have observed that many CRAs appear to view themselves simply as technicians or 'job' holders and not as professional business owners with inherent capabilities which supersede point-in-time valuation assignments. Many of us in the profession had varied business careers prior to becoming residential fee appraisers. You never lose your experience, as your past is a part of you forever, and you should attempt to leverage this experience to your greatest benefit.

The daily responsibilities of operating a successful residential appraisal office include, but are not limited to, pricing and marketing your services, completing assignments in a timely and efficient manner, collecting outstanding invoices, fostering your professional image in the community, earning continuing professional development credits, and, finally, paying all of your operating costs on time.

You should obtain basic accounting knowledge

in order to understand what information you must track for your year-end tax reporting, whether you are a proprietorship, partnership or corporate entity.

When the time comes for you to consider your exit plan, do you just stop working or do you plan to sell your business?

If you operated as a formal corporation, you may have been fortunate enough to have maintained a retained surplus over the years. This would afford you the luxury of either selling the corporation or continuing to passively operate it as your personal pension plan.

If you do plan to sell your incorporated business, how would you determine a 'list price' for all your years of work? The advice of both an experienced accountant and lawyer would help you decide your exit plan, as there are many ways to sell a business.

In closing, I would suggest that the purpose of this missive is to generate considered thought among newly designated and long-time CRAs about how to approach their daily business routines in a more professional manner. This is not just a 'job,' it is a profession, and we should respect and capitalize on it accordingly. 🇨🇦

CRA Focus

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 Brad Fast, CRA
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Unlike him...

WE DON'T TAKE A CUT.

As a member of the Solidifi Appraiser Network you gain exposure to additional lenders. You also become part of what we believe can be an incredibly valuable partnership, as together we look for new business opportunities. Did we mention you also get to keep 100% of your fee? That's right. The fee that you post, is the fee that you get because unlike a lot of other appraisal referral services, we don't take a cut. Not a dime. Zip. Zero. Zilch.

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Understanding your professional liability insurance coverage

It has become an essential element for anyone in the professional services field today to have professional liability insurance, also known as errors and omissions insurance. In the last tough insurance market, the Appraisal Institute of Canada (AIC) launched a dedicated member insurance program to provide custom tailored insurance for all of its members and to establish predictable and stable pricing. Today, all of the day to day administration of the Professional Liability Insurance Program for AIC members is handled by Martin Merry and Reid Limited (MMR) in Toronto.

The reality of AIC's decision to take this path is that pricing has been stabilized and is highly predictable, the insurance cover is as comprehensive as possible, and the level of insurance has increased to C\$ 2,000,000 per loss, per member and in the aggregate with a \$20.5M annual aggregate. Just as importantly, clients of AIC members' appraisal services know that they are dealing with qualified professionals and, in the unlikely event that something goes wrong with an appraisal, there is appropriate insurance backing up this work.

The manner by which professional liability policies respond to claims is quite different to a homeowners or automobile policy. This is for one very simple reason – most complaints, concerns or legal action over an appraisal are generally initiated at least 12 months after the work is done and, in many cases, years later. Since the insurance policy that was in place when the work was done has long expired, professional liability policies respond to claims on a 'claims made' basis rather than an 'occurrence basis.' In simple terms, this means that the insurance policy that is current when the claim is 'made' is the policy that


will respond to the claim, not the policy that was in place when the work was done.

This creates some very particular responsibilities for professionals in all walks of life to make sure that their insurance policies work to protect them to the best extent possible. The key responsibility to remember is to ensure that all circumstances that may give rise to a claim are reported properly at the time they are first known about. This is critical for a number of reasons: first, to ensure early review of the circumstances by claims professionals whose role is to minimize the financial impact of the alleged error; second, to make sure that the right insurance policy responds to the situation; and third, to ensure that insurance cover cannot be denied because the circumstance was not reported when it first came to light.

At this point, it is appropriate to comment that, while a significant number of claims files are opened each year in response to allegations against AIC members, the vast majority are settled without an indemnity being paid to a third party. While this is very good news, this does come at a significant cost as the insurance program employs the very best professionals available to defend these claims against members. Over the period of time the program has been in place, 60% of the program's expenses relate to the cost of defending members. This is a very important service, protecting the personal assets of AIC members which would be exposed without the existence of the insurance program.

In the event that any member becomes aware of a fact or circumstance that could give rise to a claim, he or she should immediately contact the designated claims team at SCM ClaimsPro (not MMR or AIC) as identified below.

It is the absolute responsibility of the member to cooperate with and support this team to the fullest extent possible. This will enable them to properly defend the member.

Justin MacGregor is Executive Vice President of Martin Merry and Reid limited in Toronto. He is a Past-President of the Toronto Insurance Conference and President-Elect of the Insurance Brokers Association of Canada. 

Professional Liability Insurance, coverage and other matters

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Values matter in valuation

There is always time to consider the important role values play in protecting the position of the Appraisal Institute of Canada (AIC) as the premier real valuation association in Canada. As a self-regulating professional organization, AIC grants the distinguished Accredited Appraiser Canadian Institute (AACI) and the Canadian Residential Appraiser (CRA) designations to qualified individuals across Canada and around the world, and values the position those designations hold in the minds of consumers.

AIC takes pride in being the standards-setting body for valuation standards in Canada, and the organization that establishes education and training standards for real value experts in Canada and abroad. Maintaining these roles is a matter of meeting the expectations of the general public and adapting to changes in the profession. While change can be progressive, such as when AIC advances the designation through the degree requirement, some change can have unforeseen consequences for individual appraisers, such as the advent of automated valuation methodologies (AVM) and technology.

In all that AIC accomplishes to promote and protect the profession, now more than ever, it is important to reflect upon our values and the role they play for both the Institute and in our individual lives as professionals. Values are principles or beliefs considered worthwhile or desirable. They help to guide behaviour, define goals and establish standards for acceptable conduct. More than ever, staying true to one's values, while meeting the challenges of competition, low fees, AVMs, and unethical business practices, is critical to success in these turbulent and uncertain business environments.

The values that guide AIC's development of strategic direction, business plans, policies and procedures include being:

"A member's contribution to the health and well-being of the Institute creates a collective commitment to common goals."

Consumer-wise. Achieved through publication of *Canadian Valuation Standards (CUSPAP)*, education and professional development standards, and a liability insurance program.

Member-centred. Recognize and respond to member concerns, provide relevant advice and opportunities to enhance the individual member's success as a respected professional.

Accountable. Accept responsibility for actions and decisions to the consumer, to the user of valuation services and to the membership. This also entails seeking input into the decisions and a willingness to contribute to the advancement of the Institute and the profession.

Respectful of others. Listen and be inquisitive of divergent points of view, diversity, practice areas and specialties.

Inclusive. Welcome new members to the profession, and as our partners in the valuation field. The profession is growing and expanding in Canada and, by being an inclusive organization, the Institute affirms its status in the marketplace.

Committed to continuous learning. Education does not end upon earning a designation. Experience, new developments and opportunities, and client requirements all drive a philosophy of continuous professional development. Through education, the Institute

provides the skills and tools that create the conditions necessary for members to be successful. This is also achieved through peer review and mentorship.

In conclusion, as Chair of PACC, I have strived to keep these values in mind to demonstrate that policy and practice do not occur in a vacuum. In converting these values into regulations, practice directions, decisions, and outcomes, they become positive experiences in an education-focused program of professional practice. These have the complementary benefit of minimizing conflict and harm that result from poorly handled complaints. Members of the professional practice committees are encouraged to reflect upon these values. I ask AIC members to consider ways that these values can be your guide in your interactions with the Institute and in your valuation practice. At the end of the day, a member's contribution to the health and well-being of the Institute creates a collective commitment to common goals and will be without measure as we grow and prosper together. 🌈

Professional Affairs Coordinating Committee

Sheila Young, AACI, P. App, — Chair,
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John Hutchinson, AACI, P. App —
Chair Investigating Committee

Leonard Lee, AACI, P. App —
Chair Appeal Committee

Ray Bower, AACI, P. App —
Chair Standards Committee

To contact this committee email:
professionalaffairs@aicanada.ca

Common issues within AACI-prepared reports

In John Ingram’s previous article (*Canadian Property Valuation*, Volume 52/Book 4/2008), he highlighted a number of common issues within CRA-prepared appraisals that arrive before the Adjudicating Committee (AC). In the spirit of fairness, and after a review of many of the recent decisions rendered by the AC, we have completed a similar article focusing on issues within AACI-prepared appraisals. Despite this AACI focus, all members of AIC are likely to benefit from a review of this article

The reasons for a report arriving in front of the AC are many. Of course, issues arise when a client does not agree with the value conclusion, and, while AIC does not arbitrate value, this fact is not a deterrent to a consumer of appraisal services who chooses to pick up a phone and contact the Counsellor, Professional Practice. Other complaints have ranged from concerns over timely delivery of a report (or lack thereof) to issues such as conflict of interest or even fraud. Each of these is evaluated on its own merits by the Counsellor and a complaint may or may not proceed.

Despite the route to the AC and the reasons for getting there, a significant number of the charges that we have addressed with members are relatively straightforward standards items that could have easily been avoided. By no means is this intended to be an all encompassing list. However, we have highlighted below a number of recurring areas of concern where simple changes could go a long way to avoiding larger issues developing.

One of the most frequent omissions is a statement of whether the appraisal is current, retrospective, prospective or an update. The *Appraisal Standard – Comments* go on to say that an appraiser should also use clear language

“A significant number of the charges that we have addressed with members are relatively straightforward standards items that could have easily been avoided.”

and consistent terminology in the document. For example, in a retrospective report, the use of past tense would be expected.

We have also seen many reports that fail to effectively state, or instead, completely ignore assumptions and limiting conditions as well as any hypothetical conditions upon which the value is based. Any factor that is assumed or hypothetical must be clearly stated.


Highest and best use also appears to be an area that needs clarification. While the highest and best use of many properties is the existing use, and this is usually stated correctly in the reports we have seen, the *Appraisal Standard – Comments* further state that an appraiser is also expected to determine the highest and best use of the land as if vacant.

The *Appraisal Standards* also provide a clear direction that any agreement for sale, option, or listing of the property (within the past year), or prior sales (within the past three years for all property types) must be considered in the appraisal, when available to the appraiser. These simple requirements have been overlooked in a

number of the appraisals we have reviewed, to the detriment of the authors.

A further common omission is the analysis of the reasonable exposure time linked to the market value estimate. In the current uncertain economy, this aspect of the appraisal takes on an even greater importance, as it provides the reader with a sense of how long the property would have required exposure to the market to achieve a sale.

While not egregious errors or omissions individually, a combination of several or all the above may be sufficient to create the perception of a misleading appraisal and/or call into question the competency of an appraiser.

A final word of advice to all members is to remember to proof read appraisals before sending them to clients, or better yet, have them reviewed by a member of your staff or a mentor to avoid ‘forest for the trees’ issues. We have all been in a position where we have been under pressure to deliver documents quickly. However, significant spelling errors, inconsistencies such as differing value conclusions throughout the report or commenting on a property’s attractive landscaping when the subject photos show the site to be buried with snow, could again lead to the perception that a report is misleading. 

Adjudicating Committee

Peter Lawrek, AACI, P. App – Chair

Pat Cooper, AACI, P. App

John Ingram, AACI, P. App

Rolf Halvorsen, AACI, P. App

Michael Wootton, AACI, P. App

Vesa Jarvela, AACI, P. App

To contact this committee, email

adjudicating@aicanada.ca

Gatekeepers at the appeal level

The Appeal Committee is an independent tribunal appointed by the Appraisal Institute of Canada (AIC) to be responsible for hearing matters brought on appeal. In order to be effective gatekeepers, the Appeal Committee must be cognizant of the timeline, the *Consolidated Regulations and Canadian Uniform Standards of Professional Appraiser Practice (CUSPAP)*.

Two types of sanctions exist in the professional practice process: (1) practice sanctions and (2) conduct sanctions. The Appeal Committee hears only appeals relating to conduct sanctions. Conduct sanctions are imposed for conduct relating to gross incompetence, multiple complaints, serious violations, ethical violations, non-cooperation of members and improper submission of a complaint.

In the past few years, the Appeal Committee has heard only appeals of the Adjudicating Committee decisions. However, appeals of decisions made by a Provincial Admissions Committee, the Continuing Professional Development Program, and the Professional Qualifications Competency Committee regarding the Candidate Registry can also be filed to the Appeal Committee. The Appeal Committee has two sitting sessions per year (April and November) and, if necessary, hearings are also conducted by teleconference and written submissions.

Before an appeal hearing, the Appeal Committee will send a 'hearing format' to the member appealing a decision. This hearing format provides guidance on what to expect at the hearing and how to prepare for it.

The member who is appealing may apply to use the *Professional Practice Regulations*,

“The Appeal Committee must be cognizant of the timeline, the Consolidated Regulations and Canadian Uniform Standards of Professional Appraiser Practice.”

in effect as of May, 2008 (pre-June, 2008 amendments). Otherwise, the appeal will be based on the *Regulations* in place (post-June, 2008 amendments). The Appeal Committee uses the *CUSPAP* in effect at the time of the alleged offence.

The standard of review at an appeal hearing is correctness for all questions, except those respecting discretion, findings of facts and the application of common law rules of natural justice and procedural fairness.

Typically, the Appeal Panel focuses on the charges specified in the Adjudicating Committee decision and makes a ruling on whether or not the charges are proven. Fresh evidence shall not be considered at the hearing unless it can be demonstrated that such evidence was not reasonably available at the time of the adjudicating hearing.

A finding of the Adjudicating Committee will be set aside only if there is no evidence

to support it or the finding is unreasonable in light of all the evidence. A discretionary decision will not be set aside unless it is patently unreasonable. An appeal hearing is not a hearing 'de novo.'

The Institute's past record for the member who is appealing will also be considered by the Appeal Panel before a final decision is made. The final decision, wherever possible, must be issued within 60 days from the date of the hearing.

Since the fall of 2008, the Appeal Committee has been mandated by the Institute's Board of Directors to coordinate a 'file review.' All decisions made by a single approving authority such as the Counsellor, Professional Practice; the Professional Practice Advocate; the Chair of the Investigating Committee; and special investigator must be reviewed by the members of the Adjudicating Committee and Appeal Committee for a one-year term. The file review process is planned to continue after the first year on a random basis. File review serves to ensure adherence to *CUSPAP* and the *Professional Practice Regulations*, as well as efficiency and consistency in the decision process. 

Appeal Committee

Leonard Lee, AACI, P. App – Chair
Allan Beatty, AACI, P. App, Fellow
David Babineau, AACI, P. App, Fellow
John Shevchuk, Associate

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Wearing two hats

Today, we examine a phenomenon that continues to develop within the appraisal profession – that of the dual professional.

As the appraisal profession welcomes new members from many different walks of life and callings as appraisers, the potential exists for such professionals to expand their business potential into other or related fields.

Many appraisers already successfully provide services in tandem with real estate, lending, business valuation, and even law! But the dual profession has more than a single risk associated with it.

Appraisers are particularly vulnerable to errors and omissions committed in the course of dual activities. This article will discuss some of the pitfalls and ways and means in which these may be avoided.

Where do you start in the dual career? Before you can do, you must market.

Dual professions are an excellent way of cross-selling your services. Two professions can offer you exposure to twice as many clients. But, exposure is not at all useful if you cannot keep straight the various roles you are providing.

Start by deciding how you are marketing yourself. As what do you promote yourself? A promotion geared to one profession that ignores the other suggests that your skill in the other profession is negligible. Why? Think of it this way:

John Smith (not his real name) is a CRA carrying on business as an appraiser in Vancouver. But, John (still not his real name) is also a licensed realtor. He appraises property for banks for power of sale purposes, then seeks to purchase the better deals, renovate and clean them up, and then flip them through his real estate brokerage.

What exposures has John created for himself?

First, he has a duty to the bank to provide a fair market value for power of sale purposes. If his intent is to acquire what he appraises, he is open



to the suggestion from both the bank and the seller that he has geared his appraisal to create an appraisal value, so that his real estate development desires can be achieved at the least cost possible. Because he purchases, renovates and sells, he creates exposure to his appraisal, contracting and real estate sales practices, should it be discovered that the attic leaked, the foundation was rather dodgy, or that he failed to disclose he was acting for himself in the sale of his own property without disclosing this to the purchaser from whom he was taking commission.

Whose insurance would respond for what error? Or, would none respond?

The confusion that can result can happen in

“Appraisers are particularly vulnerable to errors and omissions committed in the course of dual activities.”

many other professions where the appraisal line is crossed and, in such situations, you, as a result, open yourself to claims of negligence.

Breaking it down:

1. you provide a service;
2. your promotional material does not suggest you provide that service;
3. you make an error;
4. you get sued;
5. counsel suing you suggests that you are so competent at that profession you did not even
 - spend 50% of your time at,
 - bother advertising yourself at, and
 - made only a small fraction of your living at;
6. further, you cannot demonstrate having taken any time or effort to continue your professional education and standards; and
7. finally, and more importantly, your Appraisal Institute of Canada insurance does not cover you for non-appraisal services and, similarly, your other professional insurance, if there is any, may object to the way you represent yourself as a member of that profession.

Putting it all together, wearing two hats can leave you without a shirt.

What must you do?

START – by deciding if you are, in fact, capable of carrying out one or both of your professions. Decide if, in fact, your dual professions really do co-exist. Do you really make a profitable living out of operating two concerns? Is there appropriate return to you from stretching yourself from a very good potential career in real estate appraising to warrant doing anything else?

START – by being organized. The most important aspect of carrying on two professions is organization. Organization enables you to keep your clients and their assignments in check. Doing two jobs demands you precisely keep track of what your clients are expecting of you. Keep a diary, record your assignments in a ‘to do’ list

and ensure that you are scheduling yourself to be able to meet your commitments.

START — by being professional. Being a professional suggests that you are devoted to knowledge of that profession and have a willingness to continue learning and experiencing that profession. A dual profession, if you are to maintain that calling, requires you to keep current and professional.

START — by marketing yourself appropriately. The only way to counteract the impression that you are jack of all trades and master of none is to ensure that you can be a master and hold yourself out accordingly. You must gear your marketing and promotion to show your talents are promoted equally. If you are not prepared

“Taking the time to do two professions means having a need to work hard and meet the obligations that you take on.”

to devote a reasonable amount of promotion to both professions, so as to do them both well, you are better off to stick to single endeavours.


START — by analyzing your efforts to gauge your success so you can ask yourself whether

you are being truly successful in maintaining both professions, or if you would be better off concentrating in one of them.

START — by planning risk management over your personal and business affairs. Ensure your dual professions are complimentary to the needs your individual profession and clientele demands.

Above all ensure that:

1. your dual professions allow practice;
2. your professions are separate; and
3. that you have appropriate insurance to carry on in both professions.

Taking the time to do two professions means having a need to work hard and meet the obligations that you take on. A dual profession can be workable, but it requires organization and skill. 



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Robert Patchett
LL.B., CD, AIC Counsellor,
Professional Practice

Now appearing: the expert appraiser

Coming into effect January 1, 2010 in Ontario courts will be amendments to the rules of civil procedures governing expert evidence for use in the courts. These new rules will streamline the use of experts and reaffirm the independence of experts in litigation. For those appraisers who provide expert testimony or for those contemplating expanding their book of business into this specialized area of practice, there is no need to wait for these amended rules. Now is the time to adopt them into your business practice. This is not about the professional appraiser as expert in real property valuation, which you are; it is about understanding how to use your status as expert to expand your business and your status within litigation.

It is important to understand the role you may play as an expert in real property valuation. There are ostensibly two roles as an expert: independent and neutral. Note that, in neither instance, are you acting as an advocate.

Independent real value expert is an appraiser who is retained by one party engaged in litigation to provide appraisal services. You may not be retained nor provide any appraisal services to the other party in the litigation.

Neutral real value expert is an appraiser who is jointly retained by both or all parties engaged in litigation to provide expert appraisal services. This role may be fulfilled in the litigation as a real value expert mediator, real value expert arbitrator, or in the courts or tribunal.

In either instance, the duty of a real value expert is to assist the court or tribunal on matters within your expertise. This duty overrides any obligation you may have to your client who



provided you with instructions or payment. An advocate is someone retained to argue in the very best adversarial demeanor a particular point of view on behalf of a client. An advocate has an inherent bias, is very much impartial and is often times viewed as a hired gun retained to tailor the argument and evidence to suit the client's needs. Therefore, as a professional real value expert, it is of utmost importance to understand your role to provide appraisal services that are free of bias and not subject to undue influence from the client or legal counsel, as that will undermine your own credibility and, ultimately, your expert evidence.

To further explore your role as an expert,

what it takes to be viewed as an expert by others is worthy of consideration. This is about someone else's perception of you as an expert in order for you to be perceived as credible. There are five main elements:

Education: a university degree, combined with the AIC education program delivered in universities across Canada, underpins the pathway to expertise in valuation.

Competence: those five skills demonstrated in the designation interview: market analysis; integrity; critical thinking; communications and self-development.
<http://www.aicanada.ca/cmsPage.aspx?id=173>

“There are ostensibly two roles as an expert: independent and neutral. Note that, in neither instance, are you acting as an advocate.”

Professional development: staying abreast of developments in the industry such as green valuation (e.g., UBC CPD courses: Green Value – Valuing Sustainable Commercial Buildings at https://secure.sauder.ubc.ca/re_creditprogram/programs/cpe/outlines/cpd125.cfm and Getting to Green – Energy Efficient and Sustainable Housing at https://secure.sauder.ubc.ca/re_creditprogram/programs/cpe/outlines/cpd126.cfm), or Valuation for Financial Reporting at <http://www.aicanada.ca/cmsPage.aspx?id=111>; as well as research and publication in magazines such as this one and peer reviewed journals.

Communications: in this instance, it is clear, plain language – both the written and oral interaction in layman’s terms – that the courts, tribunals and your clients understand.


Experience: it takes years of practice as a designated member focusing in a specialized area of practice or the marketplace to acquire credible experience.

It takes a long time to be recognized and accepted in the courts as a ‘certified expert’ and in your profession as a real property valuator with specialized knowledge. With this in mind, it is important to understand what the revised rules are and how they might affect your business. A new rule will be created to establish that it is the duty of an expert to assist the court on matters within his or her expertise and that this duty

overrides any obligation to the person from whom he or she has received instructions or payment. The new rule will also require the expert, in an expert report, to certify that he or she is aware of and understands this duty. There will also be an amendment to require expert reports to contain specific information as set out in the sidebar to this article.

There are other amendments which might affect your business that should be reviewed. These amendment proposals, which have all

been adopted, can be found on the AIC member website at <http://www.aicanada.ca/cmsPage.aspx?id=240>

In support of the information provided here, when you are considering an engagement involving litigation or expert evidence in a court or tribunal, a Practice Note with sample contract clauses and a sample contract has been created. This can be found on the member website at <http://www.aicanada.ca/cmsPage.aspx?id=240> 

Required information

Expert reports will require the following information:

- expert’s name, address and current curriculum vitae;
- a detailed description of the expert’s qualifications and area of expertise;
- a description of the instructions provided to the expert;
- the nature of the opinion being sought and the specific issues to which the opinion relates;
- a description of research conducted by the expert to be able to reach your opinion;
- a description of the factual assumptions on which the opinion is based;
- the list of any documents relied upon in formulating the opinion; and
- the opinion and basis for the opinion. Where there is a range of opinion on the matters dealt with in the report, summarize the range of opinion and give reasons for his/her own opinion.



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UBC Real Estate Division Professional Development Courses



Feed Your Future - CPD Fridays

On the first Friday of each month, the Real Estate Division is offering selected courses in webinar format for professionals who wish to participate in a live, online classroom.

www.realestate.ubc.ca/webinar

Today's successful real estate professional is creative, analytical, adaptable, and committed to lifelong learning. The Real Estate Division at UBC's Sauder School of Business offers a suite of short online professional development courses in self-study or live webinar format, designed to broaden your marketable skill set and enhance your professional future. Completion of a CPD course will earn you a UBC award of completion, plus Appraisal Institute of Canada continuing professional development (AIC CPD) credits towards designation requirements.

CURRENT COURSES

 = Course available in webinar format (subject to enrolment) - see www.realestate.ubc.ca/webinar for details

(0 / 4 / 7 / 10) = Number of AIC CPD Credit Hours

Getting to Green – Energy Efficient and Sustainable Housing (7) 

Green Value – Valuing Sustainable Commercial Buildings (7) 

Valuation for Financial Reporting – Real Property Appraisal and IFRS (4) 

Requests for Proposals (RFPs) – Winning Strategies (7)

Machinery and Equipment Valuation (7) 

Valuation of Property Impairments and Contamination (10)

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

Real Estate Consulting: Forecasting (13)

Real Estate Consulting: Decision Analysis (10)

Highest and Best Use Analysis (4) 

Multi-Family Property Valuation (7)

Exposure & Marketing Time: Valuation Impacts (4)

Adjustment Support in the Direct Comparison Approach:
Hybrid Adjustment Technique (4) 

Residential Appraisal Basics (0)

Commercial Appraisal Basics (0)

Business Enterprise Valuation (7)

Land Valuation (7)

Submerged Land Valuation (7)

Appraisal Review (7) 

Hotel Valuation (7)

Office Property Valuation (7)

Seniors Facilities Valuation (4)

Lease Analysis (7)

Urban Infrastructure Policies (7)

Urban Infrastructure Applications (10)

Agricultural Valuation (10)

Expropriation Valuation (4)

Find out more about these and more professional development courses at www.realestate.ubc.ca/cpd



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Spotlight on Continuing Professional Development

In this article, we highlight two of UBC Real Estate Division's recently developed continuing professional development (CPD) courses. UBC's CPD courses are intended to: (1) refresh AIC members' skills and knowledge; and/or (2) teach members new techniques and applications for the evolving marketplace.

The CPD courses are short, self-paced, and completed online. Selected courses are offered with live instruction in an online classroom 'webinar.' On the first Friday of each month, the UBC Real Estate Division will offer one or more CPD webinars — upcoming offerings are described later in this article.

CPD 113: Requests for Proposals (RFPs) – Winning Strategies

Increasingly, real estate consulting and valuation services are being requested by levels of government and private sector organizations via requests for proposals, and each year proposal writing is getting more complex. Real estate appraisers and consultants need to invest time and effort into writing quality proposal submissions if they want to maximize their chance of success.

This two-lesson course explains the fundamentals of request for proposal documents and the RFP process. The target audience for this course is the practicing, professional real estate consultant and appraiser who has perhaps been discouraged by the effort and complexity required in seeking business opportunities and contracts that are only available through an RFP process.

This course was created through a combined effort of research and writing by highly qualified experts in RFPs. Several organizations noted for issuing quality RFP documents provided samples and offered 'words of advice' to proponents. Also,

several interviews were held with individuals involved in writing and submitting successful proposals. We combined the best advice from all these sources into what we hope will be a positive learning experience. Our goal is to take the mystery out of RFPs, and increase your chance of success in seeking out RFP business opportunities.

Before you can respond to a bid, you have to realize that every bid document is unique. Clients have different needs and requirements. The course first outlines the RFP context: the procurement process (tender, request for proposal), the different documents involved, and the different approaches to the evaluation of the bids or proposals submitted. A key emphasis is how to review the RFP document and submit a quality proposal that maximizes your opportunity for successful approval and acceptance by the contracting authority. We have reviewed elements that make a strong proposal, and also pitfalls in proposal planning and writing.

Many of the examples presented in this course focus on federal government procurement of real estate appraisal and consulting services. These federal examples are well-defined, rigorous, and typical of the RFPs applied by provincial and municipal organizations, as well as by larger, private sector organizations. Once you are able to provide a quality response to the rigour of a federal RFP, then you are well-equipped to respond to other RFP opportunities, regardless of the source.

The one consistent message we heard in preparing this course was the need to invest the necessary time and effort to prepare a quality proposal. Your proposal reflects on you as an individual offering real estate consulting and valuation services, and/or on your company.

Therefore, it is essential that you prepare a quality submission that reflects your standards of work and professionalism. With this mindset, and with the information in this course, we anticipate readers will be in a much stronger position to develop their own winning proposals in response to RFPs.

CPD 123: Adjustment Support in the Direct Comparison Approach

This course has been developed in response to a dilemma faced by many real property valuation professionals. Clients and other stakeholders demand high quality, defensible estimates of value, but, at the same time, have unrealistic or impossible expectations for timing and product. Furthermore, in many situations, the appraiser faces market data limitations that severely limit the depth of analysis possible. How can the appraiser meet the expectations of clients and the demands of professional standards of practice, while also respecting the time and data constraints for assignments?

There are many texts available that outline how to apply and support adjustments in the direct comparison approach. However, most apply 'perfect world assumptions,' outlining what one might do with perfect data and no limitations on the time available to complete the project. Unfortunately, that is not the reality of practice for most valuation professionals. This CPD course attempts to bridge the gap between theory and practice, exploring practical methods for supporting and substantiating adjustments — advancing beyond the 'guesstimates' that are all too common in the field. We emphasize a 'hybrid adjustment technique' that combines aspects of both quantitative and qualitative adjustment methods within the direct comparison approach, but does not necessarily rely solely on either method. Our goal

is to present techniques that meet 'best practices' and the 'reasonable appraisal' test required by the *Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)*, and, at the same time, respect the constraints faced in real-life practice.

This course is intended for real estate appraisal practitioners who have experience in applying quantitative and qualitative valuation methods in everyday work. The course does not teach in-depth quantitative and qualitative techniques – a refresher of these can be found in the *Appraisal of Real Estate Second Canadian Edition*, Chapters 17-19. Instead, the course focuses on the practical application of these methods in the field. The course is not intended to be an all-encompassing guide to valuation of all types of properties, but provides suggested solutions and guidance for most of the common valuation problems that require use of the direct comparison approach. The goal is appraisal conclusions that are both defensible and realistically attainable.

Feed your future – 'CPD Fridays'

Join us for live, online professional development webinars on the first Friday of every month.

Features of our *CPD Friday* webinars:

- 8 am – 10 am Pacific time (11 am – 1 pm Eastern time), first Friday of each month.
- By setting aside the same time each month, AIC members can plan their CPD training well in advance.
- Adds a personal dimension to the UBC self-study CPD courses – an opportunity to hear the thoughts of an expert and to ask questions.
- Short 'bite-sized' classes – you read the materials on your own and then the instructor emphasizes the main points and provides additional detail and perspective.
- Network with other AIC members interested in similar subject areas.
- No need to travel, delivered direct to your office or home, anywhere that you have an

Internet connection (and it works with dial-up connections too!).

- The online classroom software is not high-tech or intimidating, designed to be very easy to use – for most modern computers, the set-up takes less than two minutes, and there is nothing to install.

Upcoming CPD Friday webinars:

- Friday, May 1, 2009:
 - CPD 105: Highest and Best Use Analysis
 - CPD 126: Getting to Green – Energy Efficient and Sustainable Housing
- Friday, June 5, 2009:
 - CPD 114: Valuation for Financial Reporting – Real Property Appraisal and IFRS
 - CPD 115: Appraisal Review 🇨🇦

For more information on these and other UBC CPD offerings, please visit our website: www.realestate.ubc.ca/cpd

Applied Experience Program

Members of the Appraisal Institute of Canada (AIC) applying for designated status must complete the requirements of the Applied Experience Program (AEP). These requirements include mentored experience, successful completion of a written examination <http://www.aicanada.ca/cmsPage.aspx?id=164> and a professional competency interview <http://www.aicanada.ca/cmsPage.aspx?id=170>. To apply for the AEP, please contact your provincial association. AEP replaced the former Articling Program in its entirety.

As of 2010, only mentored experience gained after the submission of the Applied Experience Application and Enrollment Report will be considered valid for the purpose of obtaining the AACI or CRA designations. For more details on the Applied Experience Program, please refer to the *AEP Guidelines* at: <http://www.aicanada.ca/cmsPage.aspx?id=54>

CRA's proceeding to the AACI designation

- CRA's who wish to proceed to the AACI designation and who have gone through the Applied Experience Program introduced on July 1, 2001 will be required to complete only one (1) additional year of mentored experience, which must immediately precede the date of application for sitting the AACI examinations.
- CRA's who earned their designation prior to the start of the AEP Program (July 1, 2001) are required to complete the full two (2) years of mentored experience, which must immediately precede the date of application for sitting the AACI examinations.

Programme d'expérience appliquée

Les membres de l'Institut canadien des évaluateurs (ICE) qui visent un titre professionnel doivent répondre aux critères du programme d'expérience appliquée (PEA). Ces critères incluent l'acquisition d'expérience sous la direction d'un mentor, l'achèvement réussi d'un examen écrit <http://www.aicanada.ca/cmsPage.aspx?id=164> et une entrevue portant sur la compétence professionnelle <http://www.aicanada.ca/cmsPage.aspx?id=170>. Pour vous inscrire au PEA, veuillez communiquer avec votre association provinciale. Le programme d'expérience appliquée remplace maintenant l'ancien programme clérical.

À compter de 2010, seule l'expérience acquise sous mentorat après la présentation du rapport d'inscription et la demande de participation au programme d'expérience appliquée sera considérée valide aux fins des titres professionnels AACI ou CRA. Pour plus d'information sur le programme d'expérience appliquée, veuillez consulter les lignes directrices du programme à l'adresse <http://www.aicanada.ca/cmsPage.aspx?id=54>.

Pour les CRA qui visent le titre AACI

- Les CRA qui visent le titre AACI et qui ont complété le programme d'expérience appliquée introduit le 1^{er} juillet 2001 seront tenus de compléter une (1) année supplémentaire d'expérience appliquée sous supervision d'un mentor immédiatement avant la date de demande de participation à l'examen d'AACI.
- Les CRA qui ont obtenu leur titre avant le début du programme d'expérience appliquée (le 1^{er} juillet 2001) seront tenus de compléter les deux (2) années d'expérience appliquée sous supervision d'un mentor immédiatement avant la demande de participation à l'examen d'AACI.

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 January 17/2009 to April 3, 2009:

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 17 janvier au 3 avril 2009:

AACI, P. App

Accredited Appraiser Canadian Institute

We welcome and congratulate these individuals as fully accredited members of the Institute through the granting of their AACI, P. App designation.

Accueillons et félicitons comme membres pleinement accrédités de l'Institut et leur accordons avec fierté la désignation AACI, P. App.

ALBERTA

David G. Horn
Richard G. Miskiewicz

BRITISH COLUMBIA

Jacob Froese
Edward S. Furlan
Neil Hahn
Guy Robertson

ONTARIO

Peter Chan
Maurice J. Habraken
Vandna K. Joshi
Ken James MacIntyre
Tania J. McDonald
Alberta A. McKibbin

John H.N. Richards
Philip R. Tyas
Nick Yanovski

SASKATCHEWAN

Blaise Clements

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

Nathan George Kurjata
Brian M. Sikora

MANITOBA

Rebecca L. Dowswell
Tanya E. Enns

NOVA SCOTIA

Jane M. Antovic

ONTARIO

Sukhwant S. Dhanoa
Joe K. Haslip
Karen L. Koebel-Medicott
Joanna P. Pengelly
David H. Rober
Guofeng Zhang

SASKATCHEWAN

Dustin Cross

Candidates / Stagiaires

AIC welcomed the following new Candidate members during the period January 17/2009 to April 3, 2009:

L'ICE souhaite la bienvenue aux personnes suivantes qui ont joint les rangs des membres stagiaires durant la période du 17 janvier au 3 avril 2009:

ALBERTA

Greg M. Schindel
W. Jeffrey Bruce Scott
Bryan D. Tronsgard
Ronald Marty Vetsch
Clifford Yee

BRITISH COLUMBIA

Joseph Barry Baich
Linda L. Havers

Rodney J. Irwin
Stefan V. Lozinsky
Cameron Park
Jason Paul Wight

MANITOBA

Aaron L. DeGroot
Nicholas Michael Ruta

NOVA SCOTIA

Steve Milley

ONTARIO

John A. Belanger
Anupinder Singh Brar
Jeffrey A. Grad
Rebecca Lee Herzberg

Christopher A. Kordos
Rajiv Kumar
Sean P. McCoy
Megan C. A. McLandress
Aziz Abdiladif Mohamed
Ryan P. Murphy
Sean Robertson-Tait
Tammy A. Woelfl

QUEBEC

Erica M. Giesbrecht
Philip Williamson

SASKATCHEWAN

David A. Fortier
Jordan Russell Kaufmann
Kacey Lynn Swann

Students / Étudiants

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 entrain 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 contemplant une carrière comme évaluateur professionnel sont bienvenus à joindre cette nouvelle catégorie de membre.

BRITISH COLUMBIA

Pablo E. Brodsky
Christopher S. Dorin

Kate M. Ficek
Doris A. Mueller
Gordon C. Pladson
Jason S. Tse

ONTARIO

Jeffrey Charles McDowell
Cynthia L. Morey

South African Council for the Property Valuers Profession

By Charles Johnstone, AACI, P. App, Member, PQCC

I recently had occasion to meet with the South African Council for the Property Valuers Profession (SACPVP). Not in an official capacity on behalf of the Appraisal Institute of Canada (AIC), but as an invited guest. In March, I was chairing an international symposium on mass appraisal and property tax at the University of Pretoria and the members of Council requested a meeting together with Philip Western, New South Wales Valuer General; Paul Sanderson, Director of Valuation Office Agency (UK); and Riel Franzsen, Director of the African Tax Institute.



(L-R) Charles Johnstone; Riël Franzsen, Professor and Director of the African Tax Institute, Department of Economics, University of Pretoria; Philip Western, New South Wales Valuer General; Paul Sanderson, Director of the Valuation Office Agency (VOA) in the United Kingdom.

The SACPVP was established under terms of federal legislation known as the *Property Valuers Profession Act, 2000*. Previously, the Council was known as the South African Council for Valuers, which was established in January 1983. The federal registration of valuers in South Africa dates back 100 years. The Council is responsible for the registration of professional valuers and is a separate entity from the professional valuation organizations such as the South African Institute of Valuers that represent valuers in South Africa.

The Council's statutory functions are numerous, but the main functions are as follows:

- registration of professional valuers, professional associated valuers and candidate valuers.;
- maintenance of their integrity;
- enhancement of their status;
- improvement of their academic and other qualifications as well as the standard of services rendered by them;
- protection of members of the public in their dealings with registered persons; and
- maintaining a current register of all registered persons.

The Council members are currently in the process of setting new strategic directions, with specific emphasis on the enhancement of the status of valuers, improvement of their academic standards and increasing the services they provide. Does that sound familiar?

Other real estate related professions, referred to as 'built environment' in South Africa, such as architects, quantity surveyors,

and land surveyors all require an honours (four-year) degree as a pre-requisite to registration. Currently, the education threshold for professional valuers in South Africa is at the diploma level. The Council was interested in hearing about our educational thresholds and the challenges that we may have had in moving from a diploma to a degree. In the case of RICS, they have always had a degree requirement, so the Council was particularly interested in understanding the path that the valuation profession in Australia, Canada, and New Zealand had recently traveled. The case studies presented by Philip Western and myself were very similar, which should be no surprise given the partnership work that has been done with the Australian and New Zealand Property Institutes, resulting in the WAVO agreement. In fact, it was this agreement that allowed Philip to easily relocate from New Zealand to take up his post in New South Wales, Australia. The Council expressed an interest in researching the WAVO agreement further, before setting their new directions.

Council members also expressed concerns about the stagnate membership in the valuers profession. Once again, we were all able to provide examples from our own organizations on how we were reaching out beyond traditional valuations for bank financing and property assessment to attract a broader base of membership and business. When I explained our New Horizons campaign, the vice-president asked me to forward the articles that had appeared in *The Canadian Appraiser*.

The final area of interest that was expressed by the Council was the need for a high-quality, university-level course in mass appraisal. The SA Council recognizes that the demand and scope for our valuation services has changed and the need to employ proper mass appraisal skills in the valuation of properties and portfolios reaches well beyond the requirements for accurate values for property taxation. Although the others concurred, I was proud to be the only guest that was able to point to not one, but two existing mass appraisal courses that form a part of our education stream.

All in all, it was a valuable morning. I enjoyed sharing the experiences from our 'new horizons,' but, perhaps more importantly, I enjoyed reflecting on the progress that we have made in Canada in enhancing the status of our valuers (that would be appraisers in Canadian). 🇨🇦

Charles Johnstone is a member of the PQCC and a member of the Applied Experience Sub-Committee. He is a Director of AEC International, an international property tax consulting firm and a senior consultant for the International Property Tax Institute. In his spare time, he likes to promote the principles of fairness and equity in property taxation systems and the important role professional valuers have in achieving the same.

Federal government offers **endless opportunities**

There is no doubt that **André Morin, AACI, P.App** is enthusiastic about his work. As he relates the different projects he has tackled in the last eight years, the excitement is palpable. Since joining Public Works and Government Services Canada (PWGSC), he has been involved in everything from the acquisition of a regional airport to establishing economic rent for land on Ellesmere Island.

“Within the valuation program for PWGSC, there is the opportunity to touch on many different things,” says Morin. “It is just amazing. There is a huge platform in which to work. You become involved in things that you would likely never have the opportunity to do when working in the private sector.”

In fact, during his 13 years with private valuation firms, Morin felt fortunate to have had the chance to work on one special purpose property, a specific claim on the Quebec side of the national capital region. In contrast, during his first few years with the federal government, he worked on projects involving all types of special purpose properties, from assessing wharfs, determining the rental value for locating telecommunications antennae on the rooftops in major cities, and establishing economic rent on the different parcels of land Environment Canada uses for its weather stations across the country.

In 1985, Morin started his career in Montreal as an appraiser working in the private sector. But, never having liked navigating through the traffic of large cities, he soon realized this was not the kind of life he wanted. He then moved to the Ottawa/Ontario region, where he worked with different private firms, performing valuations for a mixture of residential, commercial and industrial properties.



Then, in 1999, as the new millennium approached, he decided it was time for a change. “The pace of being a private practice appraiser is life in the fast lane,” Morin explains.

With PWGSC looking for experts in valuation, he made his move. For the first year, he worked as a consultant, handling special projects for Asset and Facilities Management, as well as the valuation program. His work also included capital life-cycle planning, something for which he was ideally suited thanks to his experience performing reserve fund studies while he was in the private sector.

Then, in 2001, Morin took the plunge, officially joining the federal government family as an appraiser/advisor with PWGSC. He has never looked back. As a senior real estate appraiser advisor from 2001 to 2005, he worked on a variety of projects including national accrual accounting and specific costing for replacement and planning purposes. In 2005, Morin became acting chief appraiser for the government of Canada, a role which became permanent in December 2007. Leading up to this appointment, he was in charge of the National Real Property Advisory Services at the Real Property Branch.

Today, his work with PWGSC involves establishing appraisals of market value and market rent for a variety of different services, both within and beyond the ministry. Almost all ministries within the federal government have a real estate division. Rules established by the Treasury Board mandate that all ministries obtain an appraisal for real estate transactions above the threshold of \$350,000.

Under the guidance of the chief appraiser of Canada, PWGSC is charged with protecting the interests of the people and government of Canada by ensuring that valuation opinions and documentation used in government real property transactions are properly made and based on defensible valuation methodologies. PWGSC’s valuation program provides professional valuation expertise both to and on behalf of the government and its clients.

The program plays a critical role in the overall property transaction process overseen by the Treasury Board of Canada. Responsibilities encompass producing and delivering appraisal and consulting (highest and best use) reports, as well as market analysis and market survey reports. Other products and deliverables include accrual accounting (Book Value Calculator and Betterment Life Tool), parking rates, assessment lease reviews, and valuation advice.

“We assist PWGSC with the valuation part of its mandate,” explains Morin, adding that 90% of the actual valuation work is outsourced to private fee appraisers. “Our role is one of service management and quality assurance.”

The government is placing increasingly greater emphasis on accountability related to the acquisition and disposal of real estate. This requires a strong due diligence process based on a quality assurance quality control (QAQC)

approach. When higher management decides a ministry needs to acquire or dispose of a large piece of property, Morin and his staff look at all the options; review the work of fee appraisers; assess risk; and request further valuation work, if necessary.

“Without superseding the professional industry standards, we have our own PWGSC valuation-specific guidelines,” adds Morin. “When we want an appraisal report, it not only has to respect the industry appraisal standards, but it also has to meet certain minimum requirements set by us.”

Consequently, part of his ministry’s role is to act as a link between fee appraisers and their clients within the federal government. Morin and his staff then use the information in the valuation to provide guidance to PWGSC – which is the government’s main real estate holder – as well as to other ministries within the federal public service.

In fact, most of the departments have a real estate division. However, all the valuation services for disposals and acquisitions are handled by PWGSC.

Some federal government departments use the appraisal reports to provide consulting and advisory services to their ministry. These advisors usually have an appraisal background and an AACI designation. Within PWGSC itself, there are some AACIs who are not working with the valuation group. Instead they may work specifically in such areas as payment in lieu of taxes, real estate consulting services, accommodation management, leasing, or portfolio management. Furthermore, the PGWSC valuation program has offices in six regions across the country, each with a regional manager who is either an AACI or, in the province of Québec, an EA.

“As a real value expert, you can see your role as very narrow, such as strictly doing appraisals for financial institutions or for expropriations. Or, you can explore all the possibilities and see your valuation profession from an entirely new perspective.”

The PGWSC also has a close association with the Appraisal Institute of Canada (AIC). Morin’s staff often refers to the AIC database for appraisers who have the required expertise to work on a particular project.


Last year, PWGSC renewed its memorandum of understanding (MOU) with the AIC. The objectives of this understanding are to encourage a positive department/Institute environment within which the Institute’s members can continue to provide quality appraisal and real property valuation consulting service to assist federal government real property decision makers; and to provide a basis for joint-action priority areas of common interest, as well as a senior-level mechanism for continuing dialogue between the Institute and the federal government.

In fact, over the years, PWGSC Real Estate Services has shared some of its expertise in real property procurement with the Institute as well as with the University of British Columbia (UBC). Morin notes that the sharing is a mutual commitment that results in more opportunities for all appraisers.

He points out that the real estate economics, ethics and law courses are a standard part of the UBC program. Appraisers all share a background that includes such

knowledge as present values, urban space planning, cost of accommodations, and discount cash flows. They are introduced to real estate financial accounting and investment analysis, while taking advanced courses on the income approach to valuation. At the same time, they have a good background for commercial and residential property analysis. “Because of the curriculum they all have to go through, appraisers have the best background to provide real estate consulting services,” he says, adding that this training prepares them well to meet the needs of employers such as the PWGSC.

“I see an appraiser as more of a real property valuation consultant,” Morin continues. “Our education is a great starting point for either specializing in one particular area or having a multi-disciplinary approach.” He adds that, over the years, certain appraisers build on this knowledge so as that they can provide real estate investment analysis rather than valuation services only.

“As a real value expert, you can see your role as very narrow, such as strictly doing appraisals for financial institutions or for expropriations,” Morin concludes. “Or, you can explore all the possibilities and see your valuation profession from an entirely new perspective.” 

AIC Member Services Centre introduced

The Appraisal Institute of Canada (AIC) Member Services Centre has two separate 1-800 telephone numbers – one specifically for AIC members to obtain information about national programs, services and policies, and the other for prospective members to obtain information about AIC designation and admission requirements.

AIC members	Prospective members
1-888-551-5521	1-866-726-6916
Students	For: prospective individuals considering becoming a Real Value Expert. This number will be promoted in all recruitment related initiatives, i.e., online advertising on Workopolis.com and Monster.com, on th Career Web pages, and in collateral material detailing how to achieve your AIC designation.
Candidates	
CRAs	
AACIs	
Associates	
AACI (Hon.)	

The Centre was established to enhance delivery of information to members and potential members by providing a single source for all enquiries concerning national programs and policies.

Hours of operation:

- Monday to Thursday from 8 am to 6 pm EST
- Friday from 8 am to 5 pm EST
- Information services will be provided in English and French.
- In provinces with licensing requirements, related inquiries concerning licensing issues will be handled by the provincial association responsible.

The following summary table is provided to assist all members in knowing where to direct their inquiries.

National subject area	Provincial subject area
Admission requirements for membership in the Institute	Designation interview (dates, location, particulars)
Membership dues-related issues	Reinstatement, Retirement, Resignation
Applied Experience Program	Professional development seminars within a region
Mentor Program	Local volunteering activities (committees, working groups)
Candidate Registry	Provincial newsletter or other local publications and notices including e-publications
Designation requirements	Local marketing, promotion and advocacy
Continuing Professional Development program	Provincial association and chapter meetings

For **education issues** that relate specifically to the post-secondary institutions that deliver the program of professional studies, AIC members are required to call the institution directly for administrative questions. This includes questions related to eligibility for admission, transcript reviews for assessment of equivalencies and exemptions, challenge examinations, registration for courses and examinations.

For **professional liability insurance coverage issues**, AIC members are required to call the Institute’s designated insurance broker MMR directly; for **claims issues** they should call the designated claims management services company, ClaimsPro.

Education	Professional liability insurance, coverage and other matters	Insurance claims or potential claims
Real Estate Division of the Sauder School of Business, University of British Columbia http://www.sauder.ubc.ca/AM/Template.cfm?Section=Real_Estate_Division	Martin Merry and Reid Limited, Toronto, Ontario Martin Merry and Reid Limited, Toronto, Ontario http://www.mmr.ca/html/services/	ClaimsPro (an SCM Company), Winnipeg http://www.scm-claimspro.ca/contactlist.asp?prov=MB
Contact:	Contact:	Contact:
Yvonne Chuen	Bonnie Lesser Joanne Golberg	Greg Jowett Lauren Lu
1-888-775-7733 x28457 (BC only) 604-822-8457	416-366-3333	1-800-988-5090 204-985-1777
Eligibility for admission	To expedite service, please ensure you indicate your AIC member ID #	File an Incident Report
Transcript reviews for assessment of equivalencies and exemptions	The Insurance program continues to be provided by Travelers Guarantee Company of Canada. MMR is the insurance broker/administrator of the program.	Inquire about a Claims Report
Registration for courses and examinations		
Exam location/time		
Challenge examinations		

Introduction du Centre des services aux membres

Le Centre est doté de deux lignes téléphoniques sans frais (800) séparées, soit une pour les membres de l'ICE qui veulent de l'information au sujet des programmes nationaux, des services et des politiques alors que l'autre est réservée aux membres potentiels qui cherchent de l'information sur les titres de l'ICE et les exigences d'admission.

Membres de l'ICE	Membres potentiels
1-888-551-5521	1-866-726-6916
Étudiants	Pour les personnes qui considèrent devenir un expert de l'évaluation. Ce numéro sera utilisé dans toutes les activités de recrutement comme, par exemple, les publicités en ligne sur les sites Workopolis.com et Monster.com, dans les pages Web de carrières et dans les matériaux connexes expliquant comment atteindre l'un des titres de l'ICE.
Stagiaires	
CRA	
AACI	
Associés	
AACI (Hon.)	

Le Centre a été établi pour améliorer la dissémination d'information aux membres et membres potentiels en servant de guichet unique pour toutes les demandes concernant les programmes nationaux et les politiques.

Heures d'ouverture :

- Du lundi au jeudi de 08 h 00 à 18 h 00 (HAE)
- Vendredi de 08 h 00 à 17 h 00 (HAE)
- Les services d'information seront offerts en français et en anglais.
- Dans les provinces qui ont des exigences relatives aux permis, les demandes à cet effet seront dirigées à l'association provinciale concernée.

Le tableau suivant est présenté pour aider tous les membres à diriger correctement leurs demandes.

Sujet d'intérêt national	Sujet d'intérêt provincial
Exigences d'admission comme membre de l'Institut	Entrevue menant aux titres (dates, lieu, détails)
Questions liées aux cotisations	Réintégration, retraite, démission
Programme d'expérience appliquée	Séminaires régionaux de perfectionnement professionnel
Programme de mentorat	Activités locales de bénévolat (comités, groupes de travail)
Registre des stagiaires	Bulletins provinciaux ou autres publications locales et avis, y compris les publications électroniques
Exigences associées aux titres	Activités locales de marketing, de promotion et de représentation
Programme de perfectionnement professionnel continu	Réunions des associations provinciales, de chapitres

En ce qui touche les questions **d'éducation** directement liées aux établissements postsecondaires qui offrent le programme d'études professionnelles, les membres de l'ICE sont tenus de communiquer directement avec l'établissement pour toute question d'ordre administratif. Entre autres choses, les questions d'admissibilité à l'admission, l'examen des relevés pour déterminer les équivalences et les exemptions, la contestation d'examens, l'inscription aux cours et les examens.

Dans le cas des questions visant la couverture **d'assurance-responsabilité professionnelle**, les membres de l'ICE doivent communiquer directement avec le courtier d'assurance de l'Institut, soit le cabinet MMR. Pour toute **réclamation**, ils doivent communiquer avec le gestionnaire des réclamations, la ClaimsPro.

Éducation	Couverture d'assurance-responsabilité professionnelle et autres questions	Réclamations réelles ou potentielles d'assurance
Division de l'immobilier de l'École d'études commerciales Sauder de l'Université de la Colombie-Britannique http://www.sauder.ubc.ca/AM/Template.cfm?Section=Real_Estate_Division	Martin Merry and Reid limitée, Toronto, Ontario http://www.mmr.ca/html/services/	ClaimsPro (une compagnie du cabinet SCM, Winnipeg) http://www.scm-claimspro.ca/contactlist.asp?prov=MB
Personne-ressource :	Personne-ressource :	Personne-ressource :
Yvonne Chuen	Bonnie Lesser Joanne Golberg	Greg Jowett Lauren Lu
1-888-775-7733 poste 28457 (C.-B. seulement) 604-822-8457	416-366-3333	1-800-988-5090 204-985-1777
Admissibilité à des fins d'admission	Pour accélérer le service, assurez-vous d'indiquer votre numéro de membre de l'ICE	Présentation d'un rapport d'incident
Examen des relevés pour déterminer les équivalences et les exemptions	Le programme d'assurance est toujours offert par la Travelers Guarantee Company du Canada. Le cabinet MMR est le courtier/administrateur du programme.	Demandes au sujet d'un rapport découlant d'une réclamation
Inscription aux cours et examens		
Lieu et heure des examens		
Contestation d'examens		

AIC's PUBLIC KEY INFRASTRUCTURE IS CERTIFIED ISO 27001 COMPLIANT

By Charles Tremblay

Notarius has developed and is managing the Public Key Infrastructure (PKI) of the Chambre des notaires du Québec, now known as the Québec Certification Centre. This infrastructure delivers secure digital signatures. A digital signature is a personal mark placed in an electronic document by means of a technological process known as asymmetric key cryptography. It guarantees the identification of the signer and protects the data integrity of the electronic document against alterations or modifications. In order to ensure compliance with information security measures, Notarius has taken steps so that the PKI of the notary profession is certified compliant with ISO 27001, the international information security management standard. By doing so, Notarius has made sure that the best security practices are both in place and being applied. On July 4, 2007, NSF International Strategic Registrations announced the registration of the Notarius-managed PKI for ISO 27001 certification. Notarius has reason to be proud, as it was the first Québec entity to obtain this recognition and the fourth in Canada.

The role of the Québec Certification Centre is to issue a digital certificate containing information that has been verified beforehand, confirming the identity and the professional status of the key and certificate holder. This PKI



has been retained by the Appraisal Institute of Canada, the Association of Professional Engineers and Geoscientists of British Columbia, the Architecture Institute of British Columbia, the Ordre des ingénieurs du Québec, the Ordre des arpenteurs-géomètres du Québec, the Ordre des évaluateurs agréés du Québec, and the Ordre des technologues professionnels du Québec to provide the digital signature service to their respective members. To date, the Notarius PKI is the only private PKI recognized by the Government of Québec to ensure the security and non-repudiation of electronic exchanges with the computerized system of the land registry and electronic exchanges between the Cadastre Québec and the land surveyors in Québec.

A digital signature enables users to exploit the full potential of new information technologies, achieve productivity and profitability gains, while addressing integrity, confidentiality and accountability problems associated with the electronic archiving and/or transmission of documents. The Notarius signature creates an irrefutable link between the holder and his/her electronic documents, protects them from being altered in any way and ensures their confidentiality. It confers the same legal value to an electronic document as the handwritten signature does to paper documents. Other means of securing electronic documents might easily be contested or cracked.

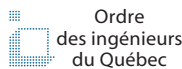
The digital signature issued by the Notarius PKI represents the yardstick for the establishment of practice standards adapted to the information age. The rigorous certification process established by the Ordre and Notarius ensures a high degree of confidence. The usefulness of a digital signature certified by a trusted third party is gaining increasing recognition the world over. However, very few organizations currently have a functional and proven certification infrastructure, which also meets international security standards.

For more information, contact Notarius, AIC's digital key service provider, at (514) 281-1442 or toll free at 1-800-567-6703, or visit the web site at http://www.notarius.com/en/clientele_ICDE_en.html



NOTARIUS' DIGITAL SIGNATURE

THE OFFICIAL SIGNATURE AND THE ELECTRONIC SECURITY SEAL FOR PROFESSIONALS MEMBERS OF:



<http://www.notarius.com>
For more information contact Notarius at
514-281-1442 or toll free 1-800-567-6703

L'INFRASTRUCTURE À CLÉS PUBLIQUES DE L'ICE EST CERTIFIÉE CONFORME À LA NORME ISO

Par Charles Tremblay

Notarius a créé l'Infrastructure à clés publiques (ICP) de la Chambre des notaires du Québec, désormais appelée Centre de certification du Québec, et la gère. Cette infrastructure propose des signatures numériques sécurisées. La signature numérique est une marque personnelle apposée sur un document électronique au moyen d'un procédé technologique appelé cryptographie à clé asymétrique. Elle garantit l'identité du signataire et protège l'intégrité des données du document électronique contre les modifications. Dans la perspective de veiller au respect des mesures de sécurité de l'information, Notarius a entrepris des démarches afin que l'infrastructure à clés publiques de la profession notariale soit certifiée conforme à la norme ISO 27001, la norme internationale en matière de gestion de la sécurité de l'information. Ainsi, Notarius s'assure de la mise en place et de l'application des meilleures pratiques en matière de sécurité. Le 4 juillet 2007, la firme NSF Enregistrements stratégiques internationaux a annoncé l'enregistrement de l'infrastructure à clés publiques, gérée par Notarius, à la norme ISO 27001. Notarius a de quoi être fière puisqu'elle est la première entité québécoise à obtenir cette marque de reconnaissance et la quatrième au Canada.

Le rôle du Centre de certification du Québec consiste à émettre un certificat numérique contenant des renseignements préalablement vérifiés confirmant l'identité et le statut professionnel du détenteur de clés et de certificats. Cette ICP a été adoptée par l'Institut canadien des évaluateurs, l'Association professionnelle des ingénieurs et des géoscientifiques de la Colombie-Britannique (*Association of Professional Engineers and Geoscientists of British Columbia*), l'Institut d'architecture de la Colombie-Britannique (*Architecture Institute of British Columbia*), l'Ordre des ingénieurs du Québec, l'Ordre des arpenteurs-géomètres du Québec, l'Ordre des évaluateurs agréés du Québec et l'Ordre des technologues du Québec afin d'offrir le ser-

vice de signature numérique à leurs membres respectifs. À ce jour, l'ICP de Notarius est la seule ICP privée reconnue par le gouvernement du Québec qui vise à assurer la sécurité et la non-répudiation des échanges électroniques avec le système informatisé du Registre foncier et des échanges électroniques entre le cadastre du Québec et les arpenteurs-géomètres du Québec.

La signature numérique permet à l'utilisateur d'exploiter le plein potentiel des nouvelles technologies de l'information, de réaliser des gains de productivité et de rentabilité tout en résolvant les problèmes d'intégrité, de confidentialité et de responsabilité associés à l'archivage numérique ou à la transmission de documents par voie électronique. La signature numérique de Notarius lie de manière irréfutable le détenteur à ses documents électroniques, protège ceux-ci contre toute modification et en assure la confidentialité. Elle confère la même valeur juridique au document électronique que celle attribuée par la signature manuscrite aux documents papier. Les autres moyens permettant de sécuriser les documents électroniques peuvent facilement être contestés ou percés.

La signature numérique émise par l'ICP de Notarius constitue le modèle de référence pour l'établissement de normes de pratiques adaptées à l'ère de l'information. Le processus rigoureux de certification établi par l'Ordre et Notarius assure un haut niveau de confiance. L'utilité de la signature numérique certifiée par un tiers de confiance est de plus en plus reconnue partout dans le monde. Cependant, très peu d'organisations possèdent actuellement une infrastructure de certification fonctionnelle et éprouvée, qui satisfait également aux normes internationales en matière de sécurité.

Pour obtenir de plus amples renseignements, communiquez avec Notarius, le fournisseur de services de clé numérique de l'ICE, au (514) 281-1442 ou au 1-800-567-6703 (sans frais) ou visitez le site Web <http://ingenieur.notarius.com/>



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DOMINIQUE RACINE-DICKIE, CAE AIC'S NEW MANAGER, PROFESSIONAL AFFAIRS



Early in 2009, Dominique Racine-Dickie joined the Appraisal Institute of Canada (AIC) as the new Manager, Professional Affairs. Dominique's

background in national, member-based professional associations makes her an ideal choice to provide leadership in AIC's continuing efforts to serve members across the country.

Q How would you define your role as AIC's Manager, Professional Affairs?

I have been with the Institute for three months now and I am still coming to understand how this role will take shape and how I can best ensure that the needs of the members remain at the centre of everything I do here. Every day, I am in contact with individual members about their concerns – usually regarding education – and I am continuing to work with committee members on the Learning Advisory Committee, the Applied Experience Sub-Committee, and the Professional Qualifications and Competency Committee to develop and deal with policies that

flow from each of these areas. I feel I am still in the exploratory stage in terms of understanding the varied and complex issues that impact our members. Essentially, at this point, my role consists of providing prompt advice and solutions to members who have urgent concerns, while continuing to gather information about the intricacies of all issues involved in member services and education, so that I can make some meaningful, long-term contributions to advance the interests of the membership and the profession.

Q Can you explain what brought you to this position at AIC and how your experiences with former employers fits with your responsibilities at the Institute?

I have enjoyed working in the not-for-profit sector and I saw this position at AIC as an opportunity to further challenge myself in many areas, such as member relations, policy and procedures development, performance measurement, membership retention and recruitment, service and program delivery, outreach, and time and project management. In my past positions, I particularly enjoyed interacting with members from across the

country at the local, provincial and national level, and working with the Board of Directors. I am pleased that I will have that opportunity here as well, and I look forward to meeting as many members as possible at the upcoming annual conference in Mont Tremblant at the end of May.

Q Part of working at AIC is interaction with the many volunteers. In what capacity have you volunteered during your career?

My most recent volunteer experience has been with the Canadian Society of Association Executives (CSAE). I have been a member of this organization since 2004 and for over three years now I have been a member of the Ottawa Gatineau Chapter Membership Committee. This association certifies not-for-profit leaders in the practice of association management with the Certified Association Executive (CAE) designation. I completed the education program recently and was awarded my CAE designation this past February. As such, I can relate to our members at AIC who are working full time while also taking courses to earn their designation.

CRITICAL DATES

The following dates are provided as a reminder to Appraisal Institute of Canada (AIC) members of critical dates throughout the year:

Friday, July 10, 2009 – Deadline for article submission for next issue of *Canadian Property Valuation* magazine.

September 30, 2009 – Candidates must notify AIC of completion of university level course completed between October 1, 2008 and September 30, 2009.

September 30, 2009 – Due date for payment of AIC membership dues.

January 1, 2010 – As of January 1, 2010 – NEW – only experience gained further to enrolment in the Applied Experience Program (AEP) will be considered valid.

ASSOCIATE MEMBERSHIP

Associate membership in the Appraisal Institute of Canada (AIC) is offered to individuals whose professional interests are served by access to information concerning real property valuation and who are not eligible for other active or retired membership categories. Typically, Associate Members are engaged in activities related to the valuation profession as employees of lending institutions, lawyers, insurers, real estate brokers or agents, or accountants, as well as others whose work interrelates with the valuation profession.

Associate Members are not seeking a professional designation, and they do not perform any real property valuation or related work including consulting or advisory services based on valuation principles.

Former AIC members in good standing who are no longer practicing valuation may join as Associates. Associate memberships are personal, and cannot be transferred or applied to business organizations.

Associate Members are not eligible for the errors and omissions liability insurance program and cannot hold themselves out as designated valuation professionals. If they are former AIC designated members, they may not use their designation in any way, or hold themselves out as AACIs or CRAs. They can identify themselves only as Associates of the Institute.

Those individuals who wish to join the Institute as Associate Members can simply complete the *Associate Membership Application Form* (pdf) and submit it as outlined on the form.

To read about becoming an Associate Member of AIC visit: <http://www.aicanada.ca/cmsPage.aspx?id=44>

HEALTH CANADA ADVISORY on RetroFoam Insulation

Health Canada was recently advised that RetroFoam has been installed in a limited number of homes in Ontario.



The sale of this product has been prohibited in Canada since December 1980, under the *Hazardous Products Act*. Urea formaldehyde insulation is prohibited in Canada because it may release formaldehyde gas into indoor air.

Health Canada has now taken prompt compliance and enforcement action and issued a "cease and desist" letter to RetroFoam of Canada Incorporated, the Canadian importer of the insulation, to stop all importation and sale of RetroFoam in Canada. Health Canada also instructed Enerliv, the Canadian distributor of RetroFoam, to stop all sale, advertisement and further installations of the product and to call back any unused product. As a result of Health Canada's actions, RetroFoam is no longer available for sale

or installation in Canada.

This may create stigma in houses having this type of insulation

installed, resulting in lower property values or an inability to sell the house.

Appraisers have the professional obligation to comply with *CUSPAP* in accepting and providing valuation advice that follows the minimum reporting requirements set out in *CUSPAP* in report writing.

Section 12 is particularly helpful. *Appraisal Standard Rule 6.2.9* and *Appraisal Standard Comment 7.10.1.vi* require the appraiser to consider known detrimental conditions. *Section 12.23.1* notes, "Failure to address known detrimental conditions in an appraisal could result in a misleading report."

Additional information is available on Health Canada's website www.healthcanada.gc.ca and is available via a toll-free number: 1-800-443-0395.

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 the families, friends and associates.

Les membres suivant 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 les familles, amis et associés.

Syl Donohue, AACI, P. App, Ottawa, ON
Les Holmes, AACI, P. App, Westbank, BC
Wes Myrah, AACI, P. App, Regina, SK

AIC	Pillars of Professionalism: Education, Experience, High Standards 2009 Appraisal Institute of Canada Annual Conference May 27 - 30, 2009 – Mont Tremblant, Québec	ON	Academy – September 18 and 19, 2009 – North Bay Reading Financial Accounting Statements/Mastering Real Estate Math May 15 – Toronto Update on the Law for Real Estate Appraisers June 12 – Toronto Bill 14 and the Appraiser as Advocate Witness/Preparation and Participation in Examinations for Discovery June 19 – Niagara Falls Appraisers and the Ontario Human Rights Code/Understanding Immigration and Culture October 30 – Windsor Legal Impact of Grow House Operations/Legal Issues to Consider in the Appraisal December 4 – Burlington To register for any of the above events, please go to www.oaaic.on.ca For information contact: Lorraine Rigas at lrigas@oaaic.on.ca or (416) 695-9333 or check www.oaaic.on.ca
BC	2009 BC Land Summit – A Better Future: Adapting to Change May 20 – 22, 2009 – Whistler BC Visit the Land Summit website for more information and registration: www.bclandsummit.com/ 2009 Professional Practice Seminars Formerly the Standards Seminars September 18 and 19 – Okanagan Allan Beatty, AACI, P. App November 6 and 7 – Surrey/Langley Larry Dybvig, AACI, P. App For information contact: Kathy Porter at kathy@appraisal.bc.ca or (604) 266-8287 or check www.appraisal.bc.ca/	QC	For further information contact Ginette St-Jean agice@qc.aira.com or (450) 454-0377 or check www.agice.ca
AB	Professional Practice Seminar (Standards) Spring 2009 Date and location TBA For information please contact AB AIC at info@appraisal.ab.ca , (403) 207-7892 or check www.appraisal.ab.ca	NB	For information contact Jennifer Nemeth nbarea@nb.aibn.com or (506) 450-2016 or check www.nbarea.org/main.asp
SK	For information contact Marilyn Steranka skaic@sasktel.net , (306) 352-4195 or check www.skaic.org/	NS	For information contact Davida Mackay nsreaa@nsappraisal.ns.ca or (902) 422-4077 or check www.nsappraisal.ns.ca/
MB	For information contact Lynne Smith Dark mbaic@mts.net , (204) 943-1177 or check www.aimanitoba.ca	PEI	Offering two-hour CPD workshops on residential construction throughout the summer For information contact Suzanne Pater peiaic@xplornet.com , (902) 368-3355
ON	2009 AIC Professional Practice Standards Seminar June 5 and 6 – Burlington June 26 and 27 – Windsor September 25 and 26 – Toronto September 25 and 26 – Windsor October 16 and 17 – Kitchener Intensive BUSI courses July 6-10, 2009 – Toronto BUSI 112: Canadian Real Property Law and Real Estate Ethics BUSI 344: Statistical and Computer Applications in Valuation BUSI 400: Real Property Analysis BUSI 443: Real Property Assessment Administration	NL	For information contact Sherry House naaic@nf.aibn.com or (709) 753-7644

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