

APPRAISAL REVIEW: AN EMERGING DISCIPLINE

Adoption of the *Uniform Standards of Professional Appraisal Practice (USPAP)* by The Appraisal Foundation in 1989, specifically *Standard 3*, formalized appraisal review as a distinct discipline within the appraisal profession, which until then was largely an undefined, unstructured and haphazard process that lacked professional accountability on the part of the review appraiser.

Appraisal review is a quality control and audit function intended to critically assess the overall appropriateness and reasonableness of an appraisal report against a backdrop of generally accepted appraisal principles and standards applicable to the type of property appraised. In this context, the review appraiser must possess the requisite skills and qualifications necessary to produce a credible appraisal review report.

The review appraiser must be conversant with the prevailing jurisdictional appraisal requirements; possess a working knowledge of the appraisal process; have practical valuation and related experience; understand the market in which the subject property is situated; and be an effective writer and communicator. These appraisal review skill requirements can only be acquired through a formal interdisciplinary approach to the study of valuation theory followed by years of practical valuation and valuation-related experience.

Purpose of appraisal review

Appraisal review is the act or process of critically studying an appraisal report, and its primary purposes are quality control and auditing:

Quality control — Pertains to the appropriateness and reasonable-

ness of the entire contents of an appraisal report including information and data, property-specific and value influencing; the analyses of the information and data; the valuation models and their technical execution; the value conclusions; and any underlying assumptions and limiting conditions.

Auditing — Pertains to ascertaining compliance of an appraisal report to specific appraisal practices and standards such as those either contained in *USPAP*, mandated by regulatory bodies and public agencies, or developed by various client groups such as financial institutions and pension funds.

Function of appraisal review

The ultimate function of an appraisal review is to assist the decision-making process of the client or his/her agent in determining whether the appraisal under review effectively achieved its stated purpose (one that is appropriate and legitimate) or should be rejected for being incomplete, unreliable or misleading.

Types of appraisal review

Factors such as the scope or nature of the review, the client or policy requirement, or the nature of the property appraised determine the type of appraisal review that is most appropriate.

There are essentially two types of appraisal reviews: non-administrative desk reviews and field reviews. The non-administrative desk review appraisal is less time-consuming to prepare and less effective than the field review appraisal in determining

Tony Sevelka

the overall appropriateness and reasonableness of the appraisal. Summarized below are the essential components of non-administrative desk and field appraisal reviews:

1. Non-administrative desk review

- A non-administrative desk review is made without a field inspection of either the subject or the comparables;
- a review checklist is often used by the reviewer to ascertain compliance with minimum appraisal reporting requirements;
- property-specific data in the appraisal report may or may not be independently verified and confirmed for their accuracy;
- value-influencing market data in the appraisal report may or may not be independently confirmed and verified for their accuracy;
- research for additional potential value-influencing market data is not conducted by the review appraiser;
- mathematical formulae and computations in the appraisal report are checked for their accuracy;
- appraisal approaches and their technical execution are reviewed for their appropriateness and completeness;
- a desk review may include confirmation of compliance with a particular client's appraisal policy requirements; and
- a conclusion is reached by the review appraiser as to the overall appropriateness and reasonableness of the appraisal report.

2. Field review

- A customized review checklist or

- form is often used by the reviewer to ascertain compliance with minimum appraisal reporting requirements and to address areas of specific interest or concern;
- an exterior inspection (and possibly an interior inspection) is made of the subject property and any comparable transactions documented in the appraisal report;
- existing and potential sources of environmental concern, on-site and off-site, are identified;
- property-specific data in the appraisal report are usually verified and confirmed for their accuracy;
- value-influencing market data contained in the appraisal report may be confirmed and verified for their accuracy;
- research for additional potential value-influencing market data may be conducted by the review appraiser;
- mathematical formulae and computations in the appraisal report are checked for their accuracy;
- appraisal approaches and their technical execution are reviewed for their appropriateness and completeness; and
- a conclusion is reached by the review appraiser as to the overall appropriateness and reasonableness of the appraisal report.

USPAP standards

There is no standardized process for reviewing an appraisal and reporting the results of an appraisal review, however, for every appraisal review, whether a non-administrative desk or field review, the review appraiser must comply with *Standards Rule 3-1* and *Standards Rule 3-2* of USPAP.

Standards Rule 3-1

In reviewing an appraisal, an appraiser must:

- a) identify the [appraisal] report under review, the real estate and real property interest being appraised, the effective date of the opinion in the [appraisal] report under review, and the date of the review;
- b) identify the extent [scope] of the review process to be conducted;
- c) form an opinion as to the completeness of the report under review in

“For every appraisal review the review appraiser must comply with *Standards Rule 3-1* and *Standards Rule 3-2* of USPAP.”

- light of the requirements in these standards [*Standard 3* of USPAP];
- d) form an opinion as to the apparent adequacy and relevance of the data and the propriety of any adjustments to the data;
- e) form an opinion as to the appropriateness of the appraisal methods and techniques used and develop the reasons for any disagreement; and
- f) form an opinion as to whether the analyses, opinions, and conclusions in the [appraisal] report under review are appropriate and reasonable, and develop the reasons for any disagreement.

To enhance the effectiveness of the appraisal review reporting process, the review appraiser should:

- identify the type of property under review (i.e., industrial, office, retail, agricultural, etc.);
- identify the function and recipient of the appraisal review;
- identify the type of appraisal report under review (i.e., Complete and Self-Contained, Complete and Summary, Complete and Restricted) — if a Limited Appraisal has been prepared also identify and recite the Departure(s) from USPAP either invoked or that should have been invoked by the appraiser, which is only permitted within *Standards Rules 1-2, 1-3* and *1-4* in compliance with the applicable reporting requirements set out in *Standards Rules 2-2(a)(xi), 2-2(b)(xi)* and *2-2(c)(xi)*; and
- identify and evaluate important value-influencing, property-specific documentation not included, disclosed or considered in the appraisal (i.e., building condition reports; environmental audits; lease particulars and amendments; tenant rent and expense recovery arrears; restrictive covenants, easements and rights-of-way, and judgements registered against title;

co-ownership agreements; outstanding work orders and site-specific land use regulations; realty tax arrears; listings for lease or sale, recently expired or pending at the effective date of the appraisal; offers to lease or purchase pending at the effective date of the appraisal; etc.).

Standards Rule 3-2

In reporting the results of an appraisal review, an appraiser must:

- a) disclose the nature, extent [scope], and detail of the review process undertaken;
- b) disclose the information that must be considered in *Standards Rule 3-1 (a)* and *(b)*;
- c) set forth the opinions, reasons, and conclusions required in *Standards Rule 3-1 (c), (d), (e)* and *(f)*;
- d) include all known pertinent information;
- e) include a signed [and dated] certification similar in content to the following:

I certify that, to the best of my knowledge and belief:

- the facts and data reported by the review appraiser and used in the review process are true and correct;
- the analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions and conclusions;
- I have no (or the specified) present or prospective interest in the property that is the focus of this review report and I have no (or the specified) personal interest or bias with respect to the parties involved;
- my compensation is not contingent on an action or event resulting from the analyses,

- opinions, or conclusions in, or the use of, this review report;
- my analyses, opinions, and conclusions were developed and this review report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*;
- I did not (did) personally inspect the subject property of the [appraisal] report under review; and
- no one provided significant professional assistance to the person signing this review report. (If there are exceptions, the name of each individual providing significant professional assistance must be stated.)

Competency provision

The review appraiser is subject to the competency provision of *USPAP*, which requires the review appraiser, prior to accepting or entering into an agreement to perform any assignment (appraisal review), to "have the knowledge and experience to complete the assignment [appraisal review] competently; or alternatively:

1. disclose the lack of knowledge and/or experience to the client before accepting the [appraisal review] assignment; and
2. take all steps necessary or appropriate to complete the [appraisal review] assignment competently; and
3. describe the lack of knowledge and/or experience and the steps taken to complete the [appraisal review] assignment competently in the report."

Preparation for a successful appraisal review

Most potential clients are not appraisers and should not be expected to be aware of the limitations of an appraisal review or the professional obligations of the review appraiser. It is incumbent upon the review appraiser to explain to the client the appraisal review process and to recommend the type of appraisal review (i.e., desk or field) and extent or scope of the appraisal review.

The scope of an appraisal review

depends on the intended function of the review, the type of property and its location, the content of the appraisal report, and the extent of the verification process for both property-specific and supporting value-influencing market data. Nonetheless, the scope of every appraisal review should be broad enough to adequately support the intended function, and not be so limited as to render the appraisal review meaningless.

Prior to accepting an appraisal review assignment, it is prudent to inquire of the potential client the intended function of the review (i.e., compliance to specific jurisdictional or industry appraisal standards, verification of factual data, internal lender or client audit, litigation for appraiser incompetence and/or negligence; independent third-party appraisal assessment, etc.), and briefly examine the appraisal report, preferably a signed original copy, so as to formulate an effective appraisal review strategy, consistent with the intended function of the appraisal review, and budget adequate time and resources to the assignment.

If the cursory examination of the appraisal leads to the conclusion that the appraisal report is so deficient that a review would be meaningless — some appraisal reports simply are not reviewable — then the retainer to review the appraisal should be declined. A limited appraisal presented in a summary format could come under the category of a non-reviewable appraisal, and it might be considered unethical to review a restricted appraisal that, under *USPAP*, customarily precludes circulation to a third party unless the review is requested by the client for whom the restricted appraisal was prepared.

It is equally as important to appreciate that a client's request for an appraisal review with valuation parameters inconsistent with those underlying the appraisal to be reviewed cannot yield meaningful comparative analysis and results, and, likewise, requests of this nature should not be accommodated.

Prior to commencing an appraisal review, all relevant property-specific documentation should be obtained from the client or his/her agent to facilitate a thorough and complete appraisal review.

Preliminary review measures

Before addressing the substantive issues of the actual valuation process, ensure that the appraisal under review has an appropriate foundation of property rights and a value definition consistent with the appraisal problem, including purpose and function; confirm that all essential property-specific data are accurately depicted; and ensure that any assumptions and limiting conditions are warranted and reasonable.

The review process can then be concentrated on the overall appropriateness and reasonableness of the appraisal by applying a series of individual tests of relevancy and adequacy, the collective measure of which form the bases of the opinions and conclusions of the reviewer.

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NOTE: Part II of this feature dealing with specific appraisal elements requiring review will be published in *The Canadian Appraiser* (Spring 1997).

Appraisal review: an emerging discipline

Scope of the appraisal

Prior to the introduction of *USPAP*, the extent of the process of collecting, confirming and reporting data tended to permeate throughout an appraisal report, rather than be confined to a specific heading such as the Scope of the Appraisal, which is now a common appraisal practice.

This practice has facilitated the appraisal review process by assisting the review appraiser in determining how much reliance to place on both property-specific and value-influencing data, and ultimately to assess the level of comfort (risk) associated with the value estimate.

Some appraisers, however, have misconstrued the scope of the appraisal, which deals with direct and indirect valuation inputs, with the approaches to value, which generate valuation outputs (estimates of value), with the latter being dependent on the former.

Market analysis

The principal function of market analysis in the appraisal process is to identify key economic value-influencing factors and trends consistent with the most probable use(s) of the property under review. Market analysis seeks to identify the highest and best use of a property in terms of market demand, timing of demand (absorption rates), and market participants (probable users and buyers), and forms the basis for effectively and

competently applying the three traditional approaches to value.

The appraisal under review should include an overview of relevant supply and demand considerations; provide a perspective on the economic environment that affects the property, both negatively and positively; and present documented evidence that there is an appropriate level of market support for either the existing use(s) or alternative use(s).

Highest and best use

The concept of highest and best use is of utmost significance when the objective of the appraisal under review is to estimate market value.

A common appraisal deficiency is the failure to present two highest and best use scenarios: one that assumes that the site is vacant, unencumbered and available for development to its highest and best use and is able to identify potential or latent use opportunities; and one that considers the contributory value of the existing improvements in their present use, including any encumbrances. An improved property may be precluded from flowing to its highest and best use due to factors such as restrictive covenants registered against title which restrict or prohibit potentially more profitable uses, and long-term

Tony Sevelka

leases which effectively prohibit any redevelopment opportunities.

Profile the prospective purchaser

Most appraisals are prepared without any apparent consideration given to profiling the most likely purchaser or category of likely purchaser of a specific property. Every property possesses unique location, physical, legal and economic characteristics that define its sphere of influence and appeal.

Small retail storefronts and small free-standing industrial buildings are likely to appeal to owner-users; walk-up apartment buildings are likely to appeal to local investors; high-rise apartment buildings are likely to appeal to regional investors; prime office buildings in a central business district and in good suburban locations are likely to appeal to national institutional investors; regional shopping centres are likely to appeal to North American institutional investors and major development companies throughout Canada and the United States; and luxury hotels are likely to attract international investors.

Profiling the most likely purchaser or category of potential purchaser allows the reviewer to focus in on the most relevant valuation model and the type of supporting information and

market data that should be contained in an appraisal.

A property that is likely to appeal to an owner-user should have the sales/direct comparison approach as its primary valuation model and be supported by transactional data reflective of acquisitions by owner-users (relying on investor-acquired transactions which a potential owner-user purchaser could not or would not have considered suitable substitutes for the appraised property is of questionable relevance).

Appropriateness of the valuation model(s)

A valuation model (i.e., cost, income or sales/direct comparison approach) may be correctly executed, but be of little relevance in estimating the value of a specific property. For example, the cost approach is likely to be of no relevance in the decision-making process of a prospective investor-purchaser of an income-producing property such as an office building or shopping centre subject to long-term tenant leases. Conversely, the income approach may be of little relevance in the decision-making process of a prospective owner-user purchaser of a small free-standing industrial property.

For a unique property such as a church, it might be argued that the cost approach is the most appropriate valuation model, but as cost is not synonymous with value in exchange, the cost approach may be inappropriate if the purpose of the appraisal is to estimate market value. In the case of a large warehouse or distribution centre, the sales/direct comparison approach would be the most appropriate if the property were owner-occupied, but the focus would shift to the income approach if the property were tenanted under an enforceable long-term lease.

A review appraiser should always take into account the decision-making process of the likely purchaser or likely category of purchaser of the appraised property and corresponding property rights when assessing the appropriateness of the valuation model(s) contained in the appraisal report.

Potential deficiencies in the income approach

Examples of some of the deficiencies which might be uncovered during the review of the income approach section of an appraisal report are listed as follows:

- projecting a meaningless per square foot rental rate undefined by time (i.e., \$4.00/s.f., rather than \$4.00/s.f. fixed for a term of five years);
- reliance on face rental rates without adjustment for any tenant inducements such as free rent periods and leasehold allowances, and differences in operating costs between the comparables and the subject premises;
- projecting market rents on terms and conditions not typical of the leasing practices for the type of property appraised;
- overlooking the costs associated with leasing vacant space, which include leasing commissions, tenant inducements such as free rent periods and leasehold allowances, and any other form of financial benefit, and the carrying charges and rental losses associated with the space prior to lease-up;
- imputing contract rents either above market or below market without appropriate adjustments;
- failure to consistently apply an economic unit of comparison between the subject property and comparables and from comparable to comparable (i.e., mixing absolute net, semi-gross and gross rental rates, etc.) in the development of the pro forma statement of income and expenses for the appraised property;
- failure to include an on-going vacancy allowance as a provision

against unexpected vacancies throughout the economic life of the property;

- failure to include a provision for non-recoverable operating costs associated with any actual or assumed on-going vacancies, the cost of which must be borne by the owner;
- failure to distinguish between an overall capitalization rate (an income rate), as applied in direct capitalization and a discount rate (a yield rate), as applied in discounted cash flow;
- failure to correlate the overall capitalization rate (OAR) with the discount rate under differing income growth scenarios (i.e., a uniform annual income growth rate of 3.0 per cent combined with an OAR of 10.0 per cent would suggest a discount rate of approximately 13.0 per cent, and a uniform annual income growth rate of 6.0 per cent combined with an OAR of 10.0 per cent would suggest a discount rate of approximately 16.0 per cent);
- failure to list critical assumptions contained in complex spreadsheet analyses often associated with discounted cash flow models;
- unsupported and/or unrealistic income and expense growth assumptions, and unsupported and/or unrealistic capitalization and discount rates applied in both direct capitalization and discounted cash flow models;
- failure to identify and list the sources of all rental inputs (income) and expense items (i.e., an appraisal that fails to document its data sources does not allow the reviewer to make informed judge-

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“Profiling the most likely purchaser or category of potential purchaser allows the reviewer to focus in on the most relevant valuation model and the type of supporting information and market data that should be contained in an appraisal.”

- ments about the veracity and appropriateness of the data);
- mechanical construction of an OAR resulting from a failure to fully understand mortgage-equity analysis, which requires market support for the chosen ratios of debt (mortgage) and equity to value, the yield requirements of each component, and the potential source(s) of the debt (mortgage financing) and the terms and conditions of repayment (for mortgage-equity analysis to be effective as a means of developing an OAR, the debt component must have a high loan-to-value ratio and a term that fixes the cost of the debt for a considerable period);
- inappropriate reliance on so-called investor surveys which purport to measure real estate investment returns such as overall rates of return, discount rates and internal rates of return, caused by a failure to clearly understand which groups of investors are being surveyed, the number of participants in the survey, the types of properties and the quality of the properties being characterized, the general locational attributes of the properties, and the assumptions underlying the various rates of return; and
- inappropriate valuation treatment of surplus or excess land encumbered by a lease (the market value of surplus or excess land can only be realized upon expiry of the lease term and, therefore, must be deferred to the expiry date of the lease and discounted to a present value).

Potential deficiencies in the sales/direct comparison approach

Examples of some of the deficiencies which might be uncovered during the review of the sales/direct comparison approach section of an appraisal report are listed as follows:

- failure to select appropriate comparable sales for the type of property appraised, the property rights identified, and the category of purchaser profiled;
- failure to present comparable transactions or market data in sufficient detail to allow for the identification and assessment of the

degree of comparability with the locational, physical, legal and economic characteristics of the property that is the focus of the review;

- failure to indicate the source and the extent of the verification process of each comparable transaction, information which is essential to the reviewer in determining the quality of the market data and how much reliance it should be afforded;
- failure to explain and quantify adjustments by paired sales analysis or other acceptable quantitative techniques, or to provide the reasoning behind any non-quantitative analysis such as relative comparison or ranking;
- failure to recognize and make an adjustment to the purchase price of a comparable transaction for preferential or detrimental financing, when it is appropriate to do so;
- failure to recognize and make an adjustment to the sale price of a comparable transaction for property rights when the legal estate conveyed differs from the one that has been appraised;
- failure to consistently apply a physical unit of comparison between the subject property and comparables and from comparable to comparable (i.e., mixing, gross floor area, net rentable area, gross leasable area, etc.); and
- arbitrary adjustment to the sale price of a comparable transaction for minor physical differences or physical differences not recognized by a potential purchaser.

Potential deficiencies in the cost approach

The cost approach has the least degree of relevance in the preparation of appraisals which are premised on market value concepts, and is a valuation model that is difficult to execute property. Examples of some of the deficiencies which might be uncovered in a review of the cost approach section of an appraisal report are listed as follows:

- failure to distinguish between a reproduction cost estimate premised on the cost of replicating or duplicating the improvements, and

a replacement cost estimate premised on the cost of constructing improvements of equal utility (a replacement cost estimate eliminates the need to quantify some forms of functional obsolescence);

- failure to include in the cost estimate all appropriate hard (direct) and soft (indirect) costs such as professional fees, financing charges, real estate taxes during construction, entrepreneurial profit, real estate sales or leasing commissions, and absorption expenses during the lease-up or sellout period;
- failure to identify which building components are included in the cost estimate and the source of the costing data used to estimate either reproduction or replacement cost;
- inappropriate inclusion of leasehold improvements and failure to segregate non-realty items in the cost estimate;
- failure to show detailed building area calculations and adequately detailed calculations of cost estimates;
- inappropriate classification of items of accrued depreciation (physical deterioration, functional obsolescence and external obsolescence) and unsupported or incorrectly computed estimates of depreciation;
- failure to consider a property rights adjustment in the cost approach (which always assumes a freehold interest) for a leased fee interest if the property is leased at contract rent(s) either above or below market; and
- inconsistent application of the cost approach in violation of the theory of consistent use, with one use applied to the site and another to the improvements.

Underlying assumptions and limiting conditions

An appraisal review should include a statement of underlying assumptions and limiting conditions similar to the following, with appropriate modifications (it may be advisable to also have the underlying assumptions and limiting conditions accompany the engagement letter);

- 1) The review is based on the data and

information contained in the appraisal report that is the focus of this review.

- 2) It is assumed that the data and information in the appraisal report that is the focus of this review are factual and accurate unless otherwise noted in the review report.
- 3) The appraisal reviewer reserves the right to consider any additional data or information that may subsequently become available, and revise any prior opinions and conclusions materially impacted by the disclosure of additional data and information.
- 4) All of the assumptions and limiting conditions contained in the appraisal report that is the focus of this review are also conditions of the review unless otherwise stated.
- 5) The review report has been prepared for the exclusive use of the client [insert name] and the sole function of [insert the stated function], and is not valid for any other function or to be relied upon by any other party.
- 6) Neither all nor any part of this review report shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written authorization of the review appraiser.
- 7) The review appraiser, by reason of this review, is not required to give further consultation or testimony, or to be in attendance in court with reference to the property that is the focus of this review report, unless arrangements have been previously made.
- 8) This review report is not valid unless it bears the original signature of the review appraiser.

Problems unique to independent review appraisers

When a request for an independent appraisal review is driven by concerns over the quality of an appraisal relating to an actual or potential loan loss, an alleged improvident transaction in a foreclosure or power of sale proceeding, a potential claim for compensation in a condemnation/expropriation proceeding, a determination of value in a real estate arbitration hearing, or a claim for financial loss

due to allegations of appraiser negligence and/or incompetence, the opportunity for direct contact with the appraiser(s) to clarify areas of concern about the appraisal is not available.

The independent appraisal review process can also be significantly hampered by an inability to gain access to vital value-influencing, property-specific documentation if the client is not the property owner or his/her agent. When access to property-specific documentation is denied or precluded, the appraisal reviewer is obligated to disclose all important and relevant property-specific documentation not available for consideration during the review process, and explain its impact on the appraisal review opinions and conclusions.

Increased litigation involving appraisers and increased reliance on appraisal review reports prepared by expert witnesses will enhance the role of review appraisers, whose reports are likely to become discoverable documents during a legal proceeding.

A unique situation may arise if a review appraiser is retained to review an appraisal review, and comment on the overall appropriateness and reasonableness of a review appraisal report. *USPAP* provides no guidance on this issue and there does not appear to be any literature addressing the review of an appraisal review report.

Unacceptable review appraisal practices

Some appraisers have difficulty distinguishing between the appraisal process and review process when acting in the capacity of a review appraiser: an appraisal review does not lead to a second opinion of value. Detailed as follows are examples of conduct that is unacceptable on the part of the review appraiser:

- relying solely on a checklist emphasizing form over substance (such an exercise does not constitute analysis, which is an essential component of a properly conducted appraisal review);
- adopting the premise that the role of the review appraiser is to find fault with the appraisal (an appraisal review assignment should be approached with objectivity and fairness);
- adopting a definition of value and/or incorporating property rights that differ from those contained in the appraisal unless it is clearly appropriate to do so given the valuation parameters, or unless a definition of value and/or property rights has been omitted;
- ignoring or altering legitimate contingent and limiting conditions that form an integral part of the appraisal and impact on the valuation process;
- over emphasizing typographical

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- errors, minor mathematical miscalculations, minor inconsistencies and insignificant omissions;
- criticizing the inclusion or exclusion of specific valuation methods (i.e., cost, income and sales/direct comparison approaches) without providing an adequate explanation;
- criticizing the technical execution of any valuation methodology without providing a reasoned explanation;
- refuting property-specific documentation or value-supporting market data without ascertaining its accuracy;
- relying on hindsight by considering unanticipated events and market data which occurred subsequent to the effective date of the appraisal unless it is clearly apparent that the appraiser has relied on hindsight, as might occur in the preparation of a retrospective appraisal;
- using inflammatory language or engaging in character assassination (this type of conduct is inappropriate, prejudicial and unprofessional, and has the appearance of bias on the part of the review appraiser);
- attempting to invoke a departure provision under *USPAP* (no such mechanism exists in the preparation of an appraisal review under the binding requirements of *Standard 3*); and

- concluding with an estimate of value (acceptable only if in compliance with the appraisal requirements articulated in *Standard 1* of *USPAP*).

The importance of ethics

Professional ethics is an emerging issue in all aspects of business life and a number of corporations have an in-house ethics officer to assist in promoting appropriate employee conduct and business dealings, and to resolve ethical dilemmas. No longer is it adequate simply to possess special knowledge, be technically proficient in a chosen field of endeavor, and pay lip service to a self-serving code of ethics, and thereby lay claim to being a professional.

Too often, the conduct of so-called professionals has had an undesirable impact on third parties and the general public. For professionalism to be effective and of social relevance in this day and age, a meaningful ethical consciousness which transcends personal financial enrichment must prevail. Third parties and the general public have a vested interest in the activities of all professionals and must not be financially damaged by the misguided loyalties of professionals to their clients and their inappropriate relationships.

Only when a professional service

supports a legitimate purpose or objective does the public benefit. As a professional review appraiser, always be vigilant as to the legitimacy of a request for an appraisal review, and consider the likely impact of that appraisal review on third parties and the general public before accepting the assignment. ♦

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Calendar

1997

April 18-19
 New Brunswick Association Annual Meeting and Conference
 Moncton, NB

June 1-5
 World Valuation Conference
 Amsterdam, Holland

June 9
 Executive Committee Meeting
 London, ON

June 10-11
 National Governing Council Meeting
 London, ON

June 11-14
 Annual Conference
 London, ON

June 12
 Annual General Meeting
 London, ON

September (no dates as yet)
 International Valuation Standards Committee
 Stockholm, Sweden

April 19-24, 1998
 Pan Pacific Congress
 Singapore

Annual Conferences
 1998 - June 1-6
 Fredericton, NB

1999
 Montreal, PQ

2000
 Winnipeg, MB

2001
 Halifax, NS