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THE APPRAISAL INSTITUTE OF CANADA

Professional Practice: Review and Sanction



Some professional associations, such as those for Notaries and lawyers, derive authority to review the practice of their members from legislation.

Others, such as those for Chartered Accountants and actuaries, draw their power to assess member practices from the membership directly through their bylaws and/or regulations.

The Appraisal Institute of Canada (AIC), an association of professional real estate appraisers, is an organization where members voluntarily agree to abide by a set of established Rules and a Code of Ethics and Standards.

The duty of any profession is to regulate the actions of its members, and to take appropriate action when a member acts outside established standards of practice or abuses his or her position of public trust.

The *raison d'être* of any professional review process is to maintain the highest standards of practice in an industry and to assure public confidence in a profession. The secondary benefits of a review process include improvements to the profession's academic and certification

standards where these other pillars are continuously being updated.

At AIC the standard of review is that of a "Reasonable Appraiser." This essentially assesses whether the appraisal methodology would be appropriate for the assignment and whether another appraiser would conclude that the opinion of value is reasonable in the circumstances.

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At this point, it is appropriate to insert a comment to highlight what the review process does **not** do.

- It does not arbitrate the value opinion of an appraiser.
- It does not arbitrate appraisal fees.
- It does not provide compensation.
- It does not make a finding of negligence. A consumer has recourse to the courts to address those concerns.

AIC is unique in its approach to professional practice review. There is

an informal and a formal process for complaint resolution.

- Informally, when consumers contact AIC's Counsellor, Professional Practice, they can discuss their concerns with the full assurance of confidentiality.

The Counsellor can review the Canadian Appraisal Standards (CUSPAP) with the consumer and explore alternative dispute resolution methodologies in an effort to resolve the issue quickly between the consumer and the appraiser.

The appraiser is contacted and encouraged to resolve the concern with his or her client because this is in the interest of maintaining good business relations.

- The formal process commences with a written complaint to the AIC, or by referral to the Counsellor, Professional Practice. At this preliminary stage, the Counsellor will contact the appraiser to obtain a response to the complaint, and can take certain action if he deems the complaint is of a minor nature.

If the complaint is deemed serious, it is referred to AIC's Investigating Committee for a full review of the appraisal report or the questionable appraiser conduct outlined in the complaint.

At this stage, the Investigating Committee will determine whether or not formal disciplinary action is warranted, as would be the case if it establishes there has been a serious breach of appraisal standards.

The Committee acts on behalf of the public to ensure remedial action, as warranted, is taken to educate the appraiser and to bring the appraiser's practice within standards.

The other unique feature of AIC's professional practice process is that once a decision is made to proceed with disciplinary recommendations, there are two additional levels of review.

- The first level (the Adjudicating Committee) consists of 3 appraisers who consider the recommendations of the Investigating Committee and hear the defence and reply by the appraiser.
- The second level (the Appeal Committee) involves an additional

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3 members who consider any appeals of decisions taken by the Adjudicating Committee.

The members of these three committees (Investigating, Adjudicating, and Appeal) are all volunteers who donate their time and expertise for the betterment of the profession. They come from cities across Canada and are selected by their peers for these very serious and important roles because of their breadth and depth of appraisal experience in the public and private sector.

Their employers recognize and support them for their dedication to the appraisal profession. The courts have also recognized this and afford these Committees a good deal of deference on judicial review of their decisions.

AIC's professional practice process has been designed to provide early intervention between the consumer and the appraiser and, where that is unsuccessful, a process of review intended to educate the appraiser and raise the awareness of the profession—all with an eye to assure public confidence and trust in the Canadian appraisal profession. ▲

AIC's Counsellor, Professional Practice, Robert W. Patchett, LL B, CD, is a retired army officer whose legal training and background include Mediation and Conflict Coaching. He has been a mediator for the Canadian Forces. Robert resides in Ottawa with his family and would like to improve his golf handicap.