



Appraisal Institute
of Canada

Institut canadien
des évaluateurs

July 15th, 2016

Steven J Sherman
Chairman, Standards Board
IVSC Standards Board
1 King St
London

By e-mail – commentletters@ivsc.org

Dear Mr. Sherman,

Re: Invitation to Comment on IVS Exposure Drafts for IVS 104, 105 and 210 and the Introduction and Framework

The Appraisal Institute of Canada (AIC) is writing in response to the International Valuation Standards Council (IVSC)'s invitation to comment on the above-referenced Exposure Drafts by July 7, 2016. The AIC would like to thank the ISVC for the opportunity to review and provide feedback.

Please find enclosed AIC's comments regarding the areas that fall under AIC's standards of practice, which include all of the above with the exception of IVS 210 – Intangible Assets.

Overall, the AIC supports the proposed changes to IVS 104, IVS 105 and the Introduction and Framework. The inclusion of mandatory standards and the removal of information or guidance that does not mandate any particular course of action makes it clear to the reader and the practitioner what the compulsory expectations are.

- IVS 104 – Bases of Value:

With regards to the Questions for Respondents on page 5 of the Standard, AIC's response to questions (a) to (e) is Yes, and the AIC will leave it to the IVSC's discretion to determine if other bases of value should be defined (questions (f)).

This Standard is comprehensive and its new structure as a standalone Standard meets the objective of the change.

The content of this Standard aligns with similar compulsory and non-compulsory definitions in AIC's standards of practice known as the Canadian Uniform Standard of Professional Appraisal Practice (CUSPAP).

- IVS 105 – Valuation Approaches and Methods

With regards to the Questions for Respondents on page 5 of the Standard, the AIC's response to questions (1) to (2) is Yes, and the AIC will leave it to the IVSC's discretion to determine if other areas of this chapter should be expanded upon (question (3)).

This Standard is comprehensive and its new structure as a standalone Standard meets the objective of the change.

The content of this Standard aligns with similar compulsory requirements and guidance in AIC's standards of practice known as the Canadian Uniform Standard of Professional Appraisal Practice (CUSPAP), as well as in AIC's academic curriculum for the achievement of the CRA and AACI designations, the general body of knowledge and industry practice.

Suggested Edits and Comments:

- a. Section 20.2(a) under Market Approach: Would it be relevant to define the term "recently" when referring to "the asset has recently been sold in a transaction appropriate for consideration under the basis of value" or is it an assumption that the practitioner will define it within the context of the market conditions and the analysis?
- b. Section 20.3(a) under Market Approach reads "transactions involving the subject asset or substantially similar assets are not recent enough considering the level of volatility in the market".

While the level of volatility in the market may be one element impacting the level of recent data, the market activity in general may also be factor. As a result, the AIC suggests adding "or the level of market activity" after "level of volatility in the market".

- Introduction and Framework

With regards to the Questions for Respondents on page 5 of the Standard, the AIC's response to all questions is Yes, and the AIC will leave it to IVSC's discretion to determine if other areas of this chapter should be expanded upon (question (3)).

I trust that the commentary will assist the IVSC as it moves toward the finalization of IVS 2017. The AIC looks forward to the opportunity to review the remaining chapters of IVS 2017 and to participate in the consultation process.

About the Appraisal Institute of Canada

The Appraisal Institute of Canada is the leading real property valuation association with more than 5,000 Members across Canada. Established in 1938, AIC works collaboratively with its 10 provincial affiliate associations to grant the distinguished Accredited Appraiser Canadian Institute (AACI™) and Canadian Residential Appraiser (CRA™) designations. The AIC is a self-regulating organization that is guided by By-laws, Regulations, Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP), and a Code of Conduct to ensure that:

- The integrity of the profession is maintained;
- Members engage in conduct that will instill confidence and protect the public interest;
- Members provide quality services within their areas of competence; and,
- Members commit themselves to principles that reflect high standards of professionalism.

AIC's mission is "to promote and support our Members in providing high quality property advisory services for the benefit of clients, employers, and the public."

Overall, AIC is supportive of the overall direction established through the document and applauds the work of the committees that have spent time establishing guidelines for admission, education, competencies, and experience needed to be accredited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Keith Lancaster", with a long horizontal flourish extending to the right.

Keith Lancaster
Chief Executive Officer
Appraisal Institute of Canada