

CPPAG BUSINESS ETHICS

A successful, respected appraiser will possess the following qualities:

a) **Trust**

b) **Integrity** - An appraiser must not:

- 1) suppress facts;
- 2) misrepresent his/her qualifications; or
- 3) be influenced by third parties.

c) **Knowledge** - A professionally qualified appraiser is one who has considerable knowledge and experience in dealing with commonly appraised subject matter. However, unfamiliarity with a given subject matter should not form a barrier between the appraiser and the goods to be appraised. Adequate consultation with those familiar with the subject matter, along with various techniques of price sourcing, should provide the appraiser with the necessary knowledge to produce a qualified appraisal.

d) **Professionalism** - An appraiser must practice and maintain the highest of professional standards in regard to:

- 1) confidentiality;
- 2) conduct;
- 3) management; and
- 4) record keeping.

1) Confidentiality: An appraiser must not disclose confidential information obtained from a client, or appraisal results, except to:

- i) the client and persons authorized by the client;
- ii) third parties as authorized by due process of law; or
- iii) a duly authorized professional peer review committee

2) Conduct: An appraiser must properly identify the question to be addressed and possess the necessary knowledge and experience to complete the assignment competently. Should these conditions not exist at the commencement of the assignment then the appraiser must:

- i) disclose any lack of knowledge to the client before accepting the assignment;
- ii) take all necessary and appropriate steps to competently complete the assignment; and
- iii) document the above conditions if they apply in the appraisal report.

3) Management: An appraiser must accept the responsibility for anything that is placed

in his/her care.

4) Record Keeping: Adequate records must be kept by an appraiser. This includes written documentation of the entire appraisal process as well as working notes and correspondence. Any relevant consultations used in determining value must also be noted.

Compensation

Acceptance of compensation is unethical if contingent upon:

- a) the reporting of a pre-determined value without ethically verifying the actual value;
- b) a direction of the client resulting in the attainment of the stipulated amount;
- c) the amount of value estimate; or
- d) the occurrence of a subsequent event

Generally the fee charged by an appraiser should be independent of the value of the report i.e. the appraisal fee should not be a percentage of the appraised amount. Assessing a fee on a percentage basis may result in increased vulnerability to the appraiser in cases of litigation.