PROHIBITIONS –
REAL ESTATE APPRAISERS

Purpose: This bulletin explains real estate appraiser prohibitions.

This bulletin applies to all real estate appraisers and candidates.

The Real Estate Council of Alberta (RECA) has established a list of practices that mislead and undermine the appraisal process as well as the integrity of the real estate appraisal profession.

Real estate appraisers and appraiser candidates must not:

- accept an assignment that is contingent on the result, which is when the client indicates the appraisal must show a certain value. To determine a value of a property, a real estate appraiser professional must use appraisal standards identified in the Real Estate Act Rules (Rules)
- accept an assignment if the real estate appraiser professional believes the client’s instructions contravene the Rules or if the purpose of the appraisal report is a different purpose than the client states
- accept an assignment that is beyond capabilities or their appraisal designation(s) from their professional appraisal association(s), unless the appraisal report is done with a qualified and competent appraiser authorized to sign the appraisal report
- perform an appraisal unless they have professional liability coverage with a minimum limit of $1,000,000 before they begin the assignment
- accept an assignment in which they may have a conflict of interest
- knowingly develop, use or permit others to use a real estate appraisal report when its use may result in deceiving another person
- employ, permit or engage another real estate appraiser professional to conduct real estate appraiser services in their name or on their behalf. Real estate appraisers may review and sign a candidate’s appraisal. Real estate appraisers must complete reports in their own name
- employ a person to conduct real estate appraisal services, unless that person meets the requirements of the Real Estate Act, Regulations, Rules and Bylaws

The Rules define conflict of interest as a real or apparent incompatibility between an industry member’s interests and the client or potential client’s interests.
Examples
1. Jane Doe is a real estate appraiser. Her brother-in-law’s mother recently passed away and left him the house. He wants the house appraised to re-finance it and turn it into a rental property. He asks Jane to do the appraisal for his bank. Jane must not take on this appraisal assignment as she is in a conflict of interest. She must refuse to do the appraisal.

2. Joe is a real estate appraiser with training and experience only in residential real estate. A strip mall owner requests Joe to appraise the mall. As Joe does not have training or experience in commercial appraisal, he must refuse this assignment, unless he completes assignment in conjunction with a qualified appraiser.

Related information
Legislation
- Real Estate Act – sections 1(1)(u.1)
- Real Estate Act Rules – sections 1(1)(b), s.1(1)(h), s.78