

Australian Property Institute Limited

VALUATION PROTOCOL – INSPECTION REQUIREMENTS FOR RESIDENTIAL PROPERTY – ABFI RVSI V2.2.1

Reference Valuation Protocol – Inspection requirements for residential property – ABFI RVSI V2.2.1
Effective 18 December 2019
Owner Manager Professional Standards (Residential)

Valuation Protocol

Inspection requirements for residential property – ABFI RVS1 V2.2.1

This Valuation Protocol refers to the requirements for the inspection of residential property, both improved and vacant land, when undertaking valuations using the API PropertyPRO Residential Valuation and Security Assessment Pro-forma Report, and as outlined in the Australian Banking and Finance Industry Residential Valuation Standing Instructions version 2.2.1 (ABFI RVS1 V2.2.1) which came into effect on 1 October 2019.

A full inspection of the property is required for PropertyPRO reports. The API reminds Members that page 16.1.16 of the PropertyPRO Residential Valuation and Security Assessment Supporting Memorandum states;

“In signing a report, the primary signatory will state: I hereby certify that I have personally inspected this property”. This declaration is contained on the front page of all PropertyPRO reports.

A full inspection by a Valuer Member means the Valuer has personally physically inspected the property, including an internal and external inspection of any improvements on the property, and the inspection is sufficiently comprehensive to enable the Valuer to complete the valuation in accordance with accepted valuation practice. That is, the Valuer is required to ‘walk the land’ in order to undertake a sufficiently comprehensive inspection of the property.

The Valuer’s inspection of the property needs to be such that the Valuer is able to obtain a clear understanding of the features of the subject property and surrounds, including its characteristics and any associated/observable risks.

Vacant Land

When undertaking a valuation of vacant land (which is registered or unregistered) the API considers the requirement to “identify and physically inspect the subject allotment” means the Valuer is required to locate and view the actual site ‘on the ground’. That is, the Valuer is required to ‘walk the land’ in order to undertake a comprehensive inspection of the subject allotment. The ABFI RVS1 V2.2.1 states that;

“Normal valuation practice requires the Valuer to identify and inspect the allotment ‘on the ground’.”

It is not mandatory for the subject allotment to be pegged, however the minimum requirements for an inspection should include having an adequate appreciation of where the boundaries lie (if the allotment is not pegged) as well as an adequate appreciation of the aspect, outlook, topography/contour of the allotment and any nearby risks.

The ABFI RVSI V2.2.1 states;

“Where the Valuer cannot physically inspect the subject property, the Valuer should not complete the valuation report and the instruction should be referred back to the instructing party/client.”

Improved Property

When undertaking a valuation of a property with improvements, a full inspection by the Valuer means the Valuer has personally inspected the property. That is, the Valuer is required to ‘walk the land’ and undertake an internal and external inspection of any improvements on the property, and the inspection is sufficiently comprehensive to enable the Valuer to complete the valuation in accordance with accepted valuation practice.

Where a portion of the improvements are unable to be inspected, the Valuer should consider whether the inaccessible portion of the improvements is of critical relevance to the valuation.

If the inaccessible portion of the improvements is considered by the Valuer not to be of critical relevance to the valuation, the Valuer should include comments in the report;

- Outlining the extent of the inspection undertaken, and;
- Appropriate qualifications and explanations of assumptions made.

Where the Valuer considers that the inaccessible portion of the improvements is of critical relevance to the valuation, then the Valuer should not complete the valuation report and the instruction should be referred back to the instructing party/client.

Access Unavailable

Identification and inspection of the subject property is sometimes not possible due to a subdivision or development being fenced off, or due to construction work occurring.

If access to the subject property is not available and a Valuer has therefore not been able to identify and physically inspect the subject property, the Valuer should not complete the report and the instruction should be referred back to the instructing party/client with an explanation of why the property was unable to be identified and physically inspected.

Photographic evidence showing why a Valuer was unable to “personally inspect” the subject property should also be provided.

Sufficiently comprehensive inspection in accordance with accepted valuation practice

Sufficiently comprehensive inspection requires the Valuer to physically inspect the property, and any improvements thereon, so as to gain an appreciation of the size, shape, topography and vegetative coverage of the site and have an awareness of the impacts of surrounding land uses.

In order for the Valuer to meet the requirements of this Valuation Protocol, the API suggests that Valuers may choose to undertake preliminary investigations prior to conducting inspections to see if there are any value determinants on, or adjacent to, the property that the Valuer should reasonably be aware of when assessing the value and marketability of the subject property.

This could involve viewing aerial or satellite images and/or a web search of the address. This may enable the Valuer to identify potential or negative value determinants on the subject property or surrounding properties. The extent to which a Valuer may investigate via additional resources should be undertaken at the Valuers absolute discretion.

In some circumstances, the Valuer may supplement their physical inspection by utilising technology such as viewing aerial/satellite images and drone footage to determine if there are any value determinants that by the nature of the site, be it size or topography, are not readily visible.

If there are any comments or feedback, please do not hesitate to contact the API via standards@api.org.au.

The API is committed to the promotion of best practice within the property industry and welcomes feedback to help this goal be achieved.