SUPPORTING MEMORANDUM

Reference	PropertyPRO Supporting Memorandum
Owner	Manager Professional Standards
Effective Date	5 April 2020

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1.0 Introduction

Preamble

API Members provide a range of property information advice to Lenders / Clients. The hierarchy or level of advice, from highest to lowest, includes, but is not limited to, the following four products:

i. Long Form Report (physical inspection and all relevant enquiries undertaken).

ii. PropertyPRO Pro-Forma valuation (short form template style report, physical inspection and limited enquiries as contained in this Memorandum).

iii. Restricted Assessment Pro-Forma Report ('drive-by' external inspection, limited enquiries as per the API Restricted Assessment Supporting Memorandum).

iv. Desktop Assessment (no physical inspection, no formal enquiries and limited reporting as per the API Residential Desktop Memorandum. Desktop Assessments are recognised as the most time-frame restricted of all four products).

For the purposes of this Supporting Memorandum, Lender(s) and their Lender Mortgage Insurer(s) (LMI) are collectively referred to hereafter as the 'Client' either singularly or in plural form.

The PropertyPRO Report is referred to throughout as 'Report'.

Purpose

This Supporting Memorandum provides the basis upon which Members of the Australian Property Institute (API), who are either a Certified Practising Valuer (CPV) or Residential Property Valuer (RPV), and are Members of the Australian Property Institute Valuers Ltd (APIV) Professional Standards Scheme (Scheme) undertake valuations of residential properties for first mortgage purposes using the PropertyPRO 'API Residential Valuation and Security Assessment Pro-forma Report' (Report), and undertake progress inspections of residential property using the PropertyPRO 'API Progress Inspection Report'. This Supporting Memorandum is also the basis on which their Client accepts and relies on the Report.

The decision as to the suitability of security for a lending transaction and/or a mortgage insurance transaction is a commercial decision for the Client. That decision must not only be based on the content of the Report but should also extend to other factors beyond the subject property itself.

It is not appropriate for the Valuer to recommend a property as suitable security for mortgage lending purposes, or to include a loan to value ratio (LVR) or a percentage to advance.

Reliance on the Report, for first mortgage purposes, by the Client, may be evidenced by the action of entering into a binding legal commitment with the borrower, such as an unconditional contract, to offer a first mortgage over the property, and that this action occurs within 90 days of the inspection/valuation date.

Due to the limitations and requirements under this Supporting Memorandum, the API advises that provision of a copy of the Report to the property owner or borrower is not appropriate.

In accordance with International Valuation Standards (IVS) as published by the International Valuation Standards Council (IVSC), specifically General Standards IVS101 Scope of Work, clause 20.3 (f) and (m), the API advise that a PropertyPRO Report should not be used for any purpose other than first mortgage security lending.

The reliance, use, distribution and/or publication of the Report is restricted to the Lender/LMI only for first mortgage purposes only.

Scope

This Supporting Memorandum sets out the limitations and qualifications inherent in valuations and the risk analysis provided in the Report format. A Client, who instructs a Valuer to provide a Report, agrees to accept and be bound by the process contained in this Supporting Memorandum. This document provides important information to Clients and Valuers in relation to:

- initial written instructions to the Valuer and what information must be provided,
- the information the Valuer must provide in the Report,
- the matters the Valuer may provide restricted comment on,
- what the Valuer should do in the event of an instruction to depart from any provision,
- matters the Valuer is aware will be checked by the Client and/or its/their solicitors and or others on behalf of the Client and which must subsequently be referred back to the Valuer for comment and review,
- the information and documentation the Valuer is expected to hold on file, and
- the responsibilities and obligations accepted by the Client.

Valuations using the Report format may be relied on by parties specifically nominated within the Report.

The Client should obtain documents (whether on the recommendation of the Valuer or not), which may reveal matters not disclosed in the Report. If any information obtained by the Client impacts on the content of the Report (such as the value, marketability or risk analysis), this information must be referred back to the Valuer for further consideration, comment and confirmation or otherwise of the Report, prior to reliance upon the Report.

While the Report may identify or comment on various aspects to alert the reader to various issues, the Report is not a substitute for recommended reports by appropriate experts, specialists or authorities.

Copyright

The API retains ownership and control of the layout and format, including logos, of the PropertyPRO 'Residential Valuation and Security Assessment' Pro-forma Report and the 'Progress Inspection Report'. This has been deemed necessary to retain the integrity and consistency of the Report format.

Certification

Subject to what is contained herein, a Valuer who provides a Report must do so in accordance with this Supporting Memorandum. Likewise, a Client who instructs a Valuer to provide a Report or whom it is agreed by the Valuer can rely upon the Report must do so and can only rely on such Report in accordance with this Supporting Memorandum.

Brief Report for Single Residential First Mortgage Purposes Only

The Report is specifically designed for the purpose of providing a brief report on a 'Single Residential Property' for first mortgage purposes only.

The Report is not suitable, and must not be used for any other purpose, including, but not limited to, marketing advice, pre-purchase valuations, financial reporting, SMSF reporting valuations, family law, reverse mortgage purposes and/or mortgagee in possession valuations.

The Report is also not suitable for the valuation of a development site/englobo land, where the highest & best use is for subdivision.

Suitable Property to be assessed on a PropertyPRO Report

For the purposes of 'Single Residential Property' the following are 'in scope':

- A single dwelling (existing or 'as if complete').
- A vacant allotment on which the construction of a single dwelling, with ancillary improvements, is permitted.
- Two (2) dwellings on one (1) Title, either existing or 'as if complete' where the highest & best use is not for subdivision.
- The land size is twenty (20) hectares or less.
- A hobby farm or lifestyle property, of twenty (20) hectares or less, where the highest & best use is as a 'single residential property'.
- A serviced apartment where permanent occupation is a permitted alternate use within twelve (12) months. That is, the property owner/landlord/lessor is able to obtain release from the management agreement/lease with a notification period of twelve (12) months or less, and there are no restrictions on permanent residential use.
- A property used or advertised for use as 'short stay accommodation', for example; AirBnB, excluding a property approved for use as a bed & breakfast property.
- An existing single dwelling in a Company Title development.
- A leasehold residential property where the head lessor is the Crown / Government Agency.

Unsuitable Property to be assessed on a PropertyPRO Report

For the purposes of 'Single Residential Property' the following are 'out of scope':

'Single Residential Property' does not include a property that is approved and used wholly or predominantly for non-residential purposes.

All other properties and/or property types are excluded from the definition of a 'single residential property' and must be subject to a full valuation report with agreed fees reflecting the extent of such valuation instructions.

Valuations of properties that are not 'Single Residential Properties' as defined herein will be subject to specific separate written instructions which will not include the terms of this Supporting Memorandum.

Exclusions from the definition of a 'Single Residential Property' include:

- A property for which a single residential use is not permitted.
- Any property with a land area greater than twenty (20) hectares.
- Two (2) dwellings on one (1) Title, either existing or 'as if complete' where the highest & best use is for subdivision.
- Development sites or englobo land where the highest & best use is for subdivision.
- 'As If Complete' projects subject to 'cost plus' contract(s).
- Retirement villages, hostels and aged care units.
- Boarding house(s). That is, a property currently used or approved as a boarding house.
- A student accommodation apartment, for which the consent conditions, current zoning restrictions or restrictions on Title do not allow an alternate permanent residential use.
- A student accommodation apartment where a management agreement/lease does not allow for alternate permanent residential occupation within twelve (12) months. That is, the property owner/landlord/lessor cannot obtain release from the management agreement/lease with a notification period of twelve (12) months or less.
- A 'Single Residential Property' subject to a lease with a term certain of greater than twelve (12) months, excluding a standard 'residential tenancy agreement' that is not registered on the Title, a DHA leased properties and/or residential property where the head lessor is the Crown / Government Agency.
- A serviced apartment for which the consent conditions, current zoning restrictions or restrictions on Title do not allow a permanent residential use.
- A serviced apartment where a management agreement/lease does not permit permanent residential use within twelve (12) months. That is, the property owner/landlord/lessor cannot obtain release from the management agreement/lease with a notification period of twelve (12) months or less.
- Bed & breakfast. That is, a property currently designed, used or approved as a bed & breakfast property.
- Properties with three (3) or more existing dwellings on one (1) Title (e.g. houses, flats, units and villas).
- Properties which are income producing (excluding home occupation and income from a residential tenancy agreement).
- The value of water licence(s) that may be sold independently from the property must not be included in the assessed market value. This does not include 'stock & domestic' water licences/allocations.
- Any non-residential property including office, industrial and retail.
- A Display Home for which the current zoning, restrictions on Title and/or lease does not allow a permanent residential use within twelve (12) months. That is, the property owner/landlord/lessor cannot obtain release from the management agreement/lease with a notification period of twelve (12) months or less, and there are no restrictions on permanent residential use.

- Mixed use properties (e.g. a shop with residence). Note, this does not refer to a 'Single Residential Property within a mixed use zoning or protected under 'continuing use provisions'/'existing use rights'.
- Properties that do not have legal street access (e.g. a "land locked" property).
- Properties subject to Moiety Title (SA), Purple Title (WA), Stratum Title, life tenancy or similar scenario, and a single occupancy/unit in a 'tenants in common' development.
- Properties subject to the ACT Land Rent Scheme
- The added value of mobile or relocatable homes that are not permanently fixed to the property must not be included in the assessed market value.
- Residential property where in the Valuer's opinion the market value may exceed $5 million.
- An existing improved property for which there is no prior residential use and/or no plans/approval for conversion to a single residential use.

Valuation Approaches and Methods

IVS, specifically IVS 105 Valuation Approaches and Methods, paras 10.1 and 10.2, notes;

10.1 Consideration must be given to the relevant and appropriate valuation approaches. The three approaches described and defined below are the main approaches used in valuation. They are all based on the economic principles of price equilibrium, anticipation of benefits or substitution.

The principle valuation approaches are:

(a) market approach,

(b) income approach, and

(c) cost approach.

10.2 Each of these valuation approaches includes different, detailed methods of application.

The API considers that the direct comparison method *(market approach)* and capitalisation method (*income approach)* are appropriate valuation methodologies for determining Market Value for Reports subject to this Supporting Memorandum.

The API further advises that the use of the *cost approach* and hypothetical development method (or Turner's method) is not an appropriate valuation methodology for PropertyPRO Reports.

Supervision Guidelines for APIV Members

For the purposes of this Supporting Memorandum and in accordance with Appendix C – Supervision Guidelines for APIV Limited Members, the following defined terms apply;

'API' means the Australian Property Institute Ltd.

'APIV' means the Australian Property Institute Valuers Ltd.

'APIV Member' means a Member of the APIV who is a participant in the APIV Professional Standards Scheme and is a financial and practising member of the API.

'CPV' means the APIs certification of Certified Practising Valuer.

'draft Valuation Report' means the Report prepared by the Primary Valuer, but prior to its release/delivery to the Client.

'Primary Valuer' means an APIV Member, who inspected the property, undertook the valuation and prepared the Valuation Report, and is:

(a) a Provisional Member of API ('PMAPI') with RPV, or

(b) an Associate Member of API ('AAPI') with CPV, or

(c) a Fellow Member of the API ('FAPI') with CPV, or

(d) a Life Fellow Member of the API ('LFAPI') with CPV.

'Review' means the process where the Supervising Member has:

- reviewed the draft Valuation Report and working papers from the file; and
- based upon the Review and appropriate questioning of the Primary Valuer who undertook the valuation, is satisfied that there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Primary Valuer.

'RPV' means the APIs certification of Residential Property Valuer.

Supervising Member' means an APIV Member who holds CPV and has been appointed by the firm to undertake the Review of, and countersign, the Valuation Report.

'Valuation Report' means the written Report undertaken and prepared by the Primary Valuer in accordance with the requirements of this Supporting Memorandum.

A Report must be signed by a Primary Valuer who has fully inspected the subject property.

A Supervising Member is not required to physically inspect the subject property. The Report should clearly state the capacity in which the Supervising Member is acting.

A Report must not be undertaken by a Student Member of the API, PMAPI, AAPI, FAPI or LFAPI who does not hold either RPV or CPV certification.

Reports undertaken by a PMAPI with RPV must be subject to a Review by a Supervising Member.

A Report signed by a PMAPI with RPV as the Primary Valuer is only acceptable if:

- the Supervising Member has undertaken a review of the Report; and
- the Report is countersigned by a Supervising Member, who is appointed by the valuation firm.

Where the assessed Market Value is for a sum greater than $2 million and the Primary Valuer holds CPV, then irrespective of the job position/title of the Primary Valuer, Reports are only acceptable if:

- the Report is signed by the Primary Valuer; and
- a Supervising Member must undertake a Review of the draft Valuation Report; and
- the Report must be countersigned by the Supervising Member, who is appointed by the valuation firm.

Where countersigning by a Supervising Member is not required:

- where the assessed Market Value is for a sum of $2 million or less and the Primary Valuer holds CPV, then only one signature is required; or
- where the Primary Valuer is operating as a sole practitioner and is an APIV Member with CPV, then only one signature is required; or
- where the Primary Valuer is an APIV Member with CPV and is the only eligible Supervising Member for the valuation firm, only one signature is required.

Competence of Primary Valuer

A Primary Valuer must not undertake a valuation where the Primary Valuer does not have competence in either or both:

- the type of valuation being undertaken, including the basis of valuation i.e. valuation methodology; and/or
- the geographical area of the property being valued.

Altering a Signed Report

The API advises that the Valuer who signed the Report must review and approve of any amendments made by others before a Report is delivered to the Client.

Delivery of Report

When Reports are delivered electronically; a Valuer must take all reasonable steps to protect the integrity of the data/information in the Report and to ensure that no errors occur in transmission.

The Valuer should ensure that the digital signature(s) is/are protected and fully under the Valuer's control. A signature affixed to a Report electronically is considered as authentic and carries the same level of responsibility as a written signature on a paper copy Report.

A true electronic and/or paper copy of an electronically delivered Report must be retained by the Valuer for the period required by law in the jurisdiction that the Report is completed in.

Before relying upon the Report and entering into any lending transaction/mortgage insurance policy with a borrower/mortgagor, the Client must read and fully understand the entire Report and also ensure that the signatory provisions on the Report are as agreed and/or consistent with any general instructions issued as between the Client and the Valuer.

Draft Valuation Reports must not be requested or issued.

Amended Reports

If after delivery of the Report by the Valuer to the Client, and before any reliance thereon by the Client, the Client would like the Valuer to undertake additional enquiries, the Client must inform the Valuer in writing.

If parties entitled to rely on a Report require clarification or do not accept any part of its content, or consider that inadequate information has been provided, the Valuer must be contacted in writing before any reliance on the Report for the purpose of a mortgage transaction or a mortgage insurance transaction.

If additional enquiries or investigations are undertaken and identify matters different to those outlined or assumed in the original Report, but which existed as at the date of valuation, or which clarify or enhance the Report, the Valuer reserves the right to alter/amend the content of the Report, if requested by the Client or deemed necessary by the Valuer to correct an error or omission. The Valuer must notify the Client if intending to provide an Amended Report to correct an error or omission in a Report previously delivered to the Client.

Should this occur the Amended Report is issued without the need for an additional inspection and on the basis that the original report is withdrawn, and it is not relied upon by the Client. The Valuation Date on the Report does not change.

When amending a Report, the Valuer must ensure the words 'Amended Report' is clearly marked on the front page of the document. In addition, the Valuer is to provide a summary as to what changes have been made to the Report. These are to be included as the first comments in Section 8. The Amended Report must be counter signed by a 'Supervising Member' who is appointed by the Valuation Firm in accordance with the previous section, Supervision Guidelines for APIV Members.

A request by the Client to amend a report must not be made after the expiration of 90 days from the date of valuation. The exception to this is when the Valuer agrees to correct factual errors or omissions in the original Report.

Valuers need to be aware of requirements under Professional Indemnity Insurance if agreeing to amend a Report after the expiration of 90 days from the date of valuation.

Update Reports

If after delivery of the Report by the Valuer to the Client, new or additional information that did not exist at date of the original valuation is put forward by the Client for a Valuer to consider (such as a Contract of Sale dated after the inspection/valuation date, a new Certificate of Title issued after the date of the original valuation, or builder variations or additional quotes that are dated after date of the original valuation), it is not appropriate to amend the report.

The Valuer must re-inspect the property so that the date of valuation can be adjusted to the reinspection date and a new Report undertaken/issued which takes into account the new or additional information which the Client would like the Valuer to consider.

Re-Issuing/Re-Assigning Reports

The Valuer has completed a Report for Client A. The Valuer subsequently receives a 'new request' from Client B for the property inspected by the Valuer and completed for Client A.

It is permissible for the Valuer to provide a Report for Client B provided the Report is delivered within 90 days of the valuation date, and the Valuer is not in breach of any contractual arrangements with Client A, or in breach of any specific terms of the Valuers Professional Indemnity Insurance.

As a general rule the re-assignment of the Report should not be undertaken, however if the Valuer agrees to assign a Report, the Valuer should:

- Seek confirmation in writing from the Client of the original report that they grant permission for the information collected under their instructions, and the Report subsequently prepared, can be assigned to the second Client.

Under no circumstances is a report to be re-assigned, nor is the Client to rely on the report, after the expiration of 90 days from the date of the valuation. It is the Inspection/Valuation Date that is critical, not the date of re-assignment request.

The Report will:

- Be subject to this Supporting Memorandum as set out in the Report.
- Only be given having regard to the requirements of a Valuer's Professional Indemnity Insurance policy and the requirements under the APIV Limited Capped Liability Scheme.
- Be subject to payment of an additional fee.

The Valuer may decline to re-assign the Report to any third party for any reason.

In the event that a Valuer agrees to provide a new report for the second Client, then the Report will be at the value as determined by the Valuer as at the date of the original inspection/valuation. The changes permitted to be made to the Report are to the Instructing Party, the Lender and any nominated additional parties who may use and rely upon the Report, as well as the inclusion, in Section 8, or any clauses required under the Valuers Professional Indemnity Insurance, for example;

This assigned Valuation Report is issued subject to the following; the Valuer has not reinspected the property nor undertaken further investigation or analysis as to any changes since the valuation and accepts no responsibility for reliance upon the valuation other than as a valuation of the property as at the date of valuation.

2.0 Instructions to Valuer and Supply of Information

Standing Instructions

Valuers should ensure that instructions to provide a Report are on the basis of a standing instruction or a specific instruction that the provision of the Report will be subject to the terms of this Supporting Memorandum.

Instructions in "writing"

Instructions for individual Reports must be in "writing". Any instructions transmitted electronically must be able to be retained in the Valuer's file. Any instructions, or variation to an instruction, provided verbally in the first instance must be confirmed in "writing" by the Client before commencement of the valuation, or failing that, the Valuer must confirm the instructions in "writing" and retain a file copy.

Essential Information

A Valuer may produce a Report after being provided with very little/minimal information by the Client. Any such Report must be appropriately qualified. The Client must provide to the Valuer all information in their possession or readily available to the Client for passing on to the Valuer that may impact on the valuation of the subject property. By way of example only, as much of the following information and documentation as possible should be provided in or with the instructions for a Report. As outlined above, where some information is not readily available to the Valuer, the Report may be appropriately qualified.

Valuer

The name of the firm to which the instructions are addressed.

Date(s)

Date of request and date required (if applicable and not a contract condition).

Property Address

Full street address (as it is known at the date of valuation), including locality name, state/territory and postcode.

Instructed By

The name of the instructing party/organisation.

Appropriate references and organisation contact details must be provided.

Lender

The name of the party/organisation that will hold the registered first mortgage on the Title at settlement. That is, the intending mortgagee.

Borrower

The name(s) of the borrower/mortgagor. For the avoidance of doubt an intending borrower(s) will either be the current owner(s) or the intending purchaser(s) who has/have entered into a contract of sale of the subject property prior to the date of inspection/valuation. No other party or parties will otherwise be recognised as an intending borrower(s). Any applicable reference number(s).

Contract Price

If the subject property is under contract / offer and the sale has not yet settled, the price and date of the sale. If it is an 'off the plan' purchase, then advise this in the Instructions.

For the purpose of this provision, "under contract / offer" refers to the entering into of a Contract for Sale which may not have been completed / settled.

Contact for Access

Contact's name (if subject property has been sold or leased, the names of any real estate or leasing agents involved should be provided).

Contact's telephone number(s) – and what time(s) of day contact is preferred.

If Tenanted

Tenant's name, rent being paid and expiry date(s) of the lease(s).

Special Instructions

Any applicable.

Tender Details

If proposed dwelling, renovation or extension:

- Copy of building contract, including variations and progress payment schedule, or latest tender or quote with priced schedule of fittings/PC items.
- Copy of plans and specifications preferably approved/endorsed.

Lease/Management Agreement (if applicable)

If the property is subject to a lease/management agreement other than a Residential Tenancy Agreement (RTA) then a copy of the management agreement/lease must be provided to the Valuer.

Critical Information Known to the Lender

Any information that the Client may have on file which may critically impact/affect the valuation should be provided to the Valuer, and/or outlined in special instructions.

Desirable Information

Title Details / Real Property Description

Allotment/Lot/Unit and Plan Number and / or Certificate of Title reference number.

Copy of Title search or Title document including encumbrances etc. The Valuer will not be required to obtain or refer to a Title Search unless specifically instructed.

Copy of deposited or registered plan, strata or unit plan or survey report.

Property Type

House, Unit, Apartment, Townhouse, Vacant Land or Land with Minor Improvements.

Copy of Full Contract of Sale

Where reasonably available, a copy of the Full Contract of Sale* including any special conditions, certificates, etc., should be provided to the Valuer.

* A Full Contract of Sale is a fully executed document for the sale/transfer of the subject property, including all annexures and special conditions and/or statutory requirements. The Full Contract of Sale must contain the vendor and purchaser names, property address, purchase price, contract date and, where applicable, details of the real estate agent or solicitor and be signed/dated by all parties.

Any Other Relevant Information

E.g. zoning certificate, development approval, building approval, other information about affectations which may impact on value etc.

Report Dispatch

Where and how the Report should be forwarded / delivered.

3.0 Format of Reports

Layout Designed to Facilitate Easy Checking

The Report layout intentionally has most of the key information, the risk analysis, valuation and assessments (and their certification) on the first page. Supporting information, data and comments follow to facilitate easy checking by the Client. The whole Report must be read and considered by the Client. The risk analysis on the front page with its graphic presentation particularly serves to draw immediate attention to any risks equal to or higher than 3 and to appropriate comments later in the Report.

Brief Facts, Points and Concise Statements

As the Report is a pro-forma report, it presents its information in brief pertinent facts, points and concise statements. Any significant issue mentioned in the body of the Report must also be reflected in the Risk Ratings and any applicable Valuation Risk Alerts (VRA). Known factors that impact on the value and/or marketability of the subject property must be noted and commented upon.

The format has been designed to suit a majority of situations. Where required, the 'Additional Comments' section can be expanded to cover less common matters. While the first page is fixed length and content, some fields on the subsequent pages have the capacity to be expanded to enable appropriate comment to be included. A Valuer will not be precluded from adding whatever additional comment as is deemed to be applicable by the Valuer, to complete the Report in accordance with this Supporting Memorandum.

There are a total of eleven (11) different output report templates.

There are different output formats for houses, unit properties, proposed dwellings/improvements to be erected (TBE), vacant land and land with minor improvements. Some label variations are available to suit particular situations, e.g. 'Built About'/'Year Built', while others only appear if relevant to the property type and report template.

A 'vacant land' and 'land with minor improvements' pro-forma report does not display a number of fields.

The various report output are categorised as;

1. House
2. House - TBE
3. Unit
4. Unit - TBE
5. Vacant Land
6. Land with Minor Improvements
7. Land with Minor Improvements - TBE
8. Houses - Two on One Title
9. Houses - Two on One Title - TBE
10. Units - Two on One Title
11. Units – Two on One Title - TBE

Information which must be provided in the Report

The Valuer must provide in the Report, under each sub heading in each main section, the information and comment referred to below. This is subject to what is contained within this Supporting Memorandum and any limitations and qualifications set out below and subject to the information collected by the Valuer and/or being common knowledge and/or readily ascertainable and/or provided by the Client.

Content within PropertyPRO Report template

Item	Requirement
Instructed By	The party who requests the Report. May be the Lender or a broker/introducer/mortgage manager who is ordering on behalf of the Lender.
Contact	The name of the person ordering the Report.
Client Ref No:	Any other identifying number from the instructing party and or Lender (where provided)
Borrower	The name(s) of the mortgagor/borrower. For the avoidance of doubt an intending borrower(s) will either be the current owner(s) or the intending purchaser(s) who has/have entered into a contract for sale of the subject property prior to the date of inspection/valuation. No other party or parties will otherwise be recognised as an intending borrower(s).
Lender	The name of the party/organisation that will hold the registered first mortgage on the Title at settlement. That is, the intending mortgagee.
Loan Ref No:	The Lender's reference number for this loan application (where provided)
Valuer Ref No:	The Valuation Firm's job number

Template Section 1 - Property Summary

Item	Requirement
Property Address	Full street address, including locality name, state/territory and postcode (as at the date of valuation)
Title search sighted?	A 'Yes' or 'No' answer to the question "Has the Valuer sighted a Title search inclusive of the Title Plan?" to inform the Client if the Valuer has sighted a Title, however it was obtained.
Real Property Description	Description of the Title details/particulars, where available. Note: The Valuer is not required to obtain a Title Search unless specifically requested.
Encumbrances/Restrictions	A comment as to whether any encumbrances/restrictions affect the subject property within the knowledge of the Valuer. Comment in the form 'Nil', 'Known – refer to Certificate of Title' or "Not Known" is required. If 'Known – refer to Certificate of Title' is selected, the Valuer should comment in Section 8 (Additional Comments) on any known restriction on Title that impacts on the value and/or marketability of the property on an unencumbered basis. Also refer to Interest Valued and Market Value sections of this memorandum.
Site Dimensions	Where able to be confirmed by the Valuer, use the convention of frontage and then shape eg: rectangular, regular, irregular etc.
Site Area	The site area of the subject property in square metres or hectares eg: 'sqm' or 'ha'. If the Report is for a unit/apartment, then 'Site Area' may be left blank.
Zoning	Current local government zoning.
Current Use	Advise the current use of the property eg: residential, vacant residential site or residential land with minor improvements.
LGA	Name of the Local Government Area

Main Dwelling	Broad type classification plus the number of bedrooms and bathrooms contained in the dwelling, where applicable; eg: House with 3 bedrooms, 2 bathrooms 'Broad type classification' in the form of; Dwelling, House, Unit, Apartment or Townhouse. 'Number of bedrooms' is the Valuer's opinion of the number of bedrooms as at the date of valuation. 'Number of bathrooms' is the Valuer's opinion of the number of bathrooms as at the date of valuation. Separate toilet/wc/lavatory and/or powder/shower room are not considered to constitute a 'bathroom' in their own right.
Built About	The year of construction prefaced with 'Year Built' is suitable in instances where the exact year is known. An alternative preface of 'Circa' is acceptable when the year built is not readily ascertainable.
Addition(s)	If applicable, the 'Year Built' of building extensions is suitable in instances where the exact year is known. 'Circa' is acceptable as an alternative preface when the year built of building extensions is not readily ascertainable. N/A is a suitable response where appropriate.
Areas	Area physically measured by the Valuer or taken from scaled building plans. Areas are reported in accordance with API TIP – Methods of Measurement Living: The living area of the 'main dwelling' only, as per API TIP – Methods of Measurement. Outdoor: Outdoor areas include areas of verandahs, patios, pergolas, porches, shed, workshop etc as per API TIP – Methods of Measurement. Their individual areas are aggregated in the Report. Other: Any other improvements that are not considered to be 'Living' 'Outdoor' or 'Car Areas' eg: cellar, attic, under floor storage etc.
Number of Car Spaces	The total number of car spaces. The number of car spaces reported is the sum of all car spaces, whether they be under a carport(s), garage(s) or designated/allocated spaces(s) in a basement or above ground carpark, including a car-stacker allocated to the subject property, as well as uncovered allocated/designated car space(s) in a unit/townhouse/apartments developments and shown on a strata (or similar) plan. Ingress and egress areas, such as driveways leading to covered car accommodation or uncovered designated/allocated car spaces shown on a strata (or similar) plan, are not to be included as car spaces. Car Areas: Covered car spaces and designated/allocated uncovered car spaces. Multiple car space areas are aggregated in this section of the Report.

Marketability	A brief comment as to the ease of sale of the subject property (i.e. how saleable the subject property is as at the date of valuation). This should be based on any inherent or external features favourably or adversely affecting the marketability of the subject property and Valuer to report on a sliding scale, for example 'Excellent', 'Good', 'Average', 'Below Average' and 'Poor'. Below Average or Poor ratings requires further explanation in the 'Additional Comments' section of the Report. For the purposes of this Supporting Memorandum, the word Marketability means the ability of the subject property to be sold, at the date of the Report, for a price equal to (or within a reasonable range of) the opinion of value, as determined by the Valuer, (based upon all relevant facts, matters and/or circumstances known by the Valuer as at the date of valuation, including market evidence).

Item	Requirement
Heritage Issues	A comment as to whether any heritage issues, either adverse or beneficial affect the subject property within the knowledge of the Valuer. Comment in the form "Known" or "Not Known". If "Known", further comment required in Section 8 of the Report.
Environmental Issues	A comment as to whether any known or observable adverse environmental issues impact the subject property. Comment in the form "Known" or "Not Known" is required. If "Known", further comment required in Section 8 of the Report. Any identified matters may warrant a report by appropriately qualified experts or a certificate from an appropriate authority. The Valuer is not normally an expert in these matters. The Valuer's role is to assist in identifying issues in the first instance and to recommend any further reports or certificates for confirmation or clarification. Should any issues be subsequently confirmed, the Valuer must be asked for further comment in view of any certificates or other experts' reports (and their estimated costs of remediation or recommended work).

Item	Requirement
Essential Repairs	A 'Yes'/'No' response is to be provided. If 'yes', then further comment and explanation is required in Section 8 of the Report. In undertaking a valuation, a Valuer has a duty to identify and comment on the presence of any obvious and observable building and/or construction defects which are revealed upon inspection of accessible areas only. Furthermore, the extent to which such defects and faults impact upon value and marketability needs to be considered and commented on in the Report. The Report is not intended as a structural or building survey report. 'Essential Repairs' are any observable works required that: • if not carried out may diminish the structural integrity of the improvements; and/or • renders the dwelling uninhabitable; and/or • renders the dwelling not suitable for rent. Unless instructed otherwise, any property that requires essential repairs should be valued on an "as is" basis. The essential repairs should be described in the Valuers capacity as a Valuer. The Valuer should provide details on allowances made as well as the impact on value and saleability. The Valuer should provide an estimate of the cost of the essential repairs acting in the capacity as a Valuer, not a building cost estimator/expert. If the essential repairs are significant and require a professional cost estimate the Valuer should recommend that the instructing party obtain a cost report from an appropriate expert. The Valuer should provide appropriate comments in Section 8 if they identify any material adverse risk that affects the subject property. The Assessed Market Value reflects the condition of the subject property as at the date of valuation.
Estimated Cost	The Valuer's estimate of the cost of identified 'essential repairs'. A single $ figure, to be provided. If a professional cost estimate is required, then the Valuer should report 'Expert Advice Required' If 'Essential Repairs' is 'No' then N/A is appropriate.

TBE / Construction Reports (additional information included in the Report)

Also see Section 4 – Valuation of Proposed Improvements on an 'As if Complete' basis for further information and details.

TBE (To Be Erected) applies only where a building project is involved. That is, the Valuation report is subject to a new dwelling or extensions/renovations to an existing dwelling, or ancillary improvements to a dwelling.

The valuation provided in each instance will be on the basis of 'As if Complete' as at the date of inspection/valuation, provided that the material/information as noted elsewhere in this Supporting Memorandum is provided/supplied to the Valuer.

Item	Requirement
Builder	The primary Builder who is contracted to undertake the construction project.
Owner Builder	A 'Yes' response is to be provided where the project is an 'owner builder' scenario. A 'No' response is to be provided where the project is to be undertaken by a registered/licenced builder who is not the borrower.
Contract/Tender Price	The building contract (or tender) price between the borrower and the Builder, including any builder variations, provided to and relied upon by the Valuer.
Contract/Tender Date	The contract date of the building contract provided to and relied upon by the Valuer. 'Undated' is appropriate if documentation provided is not dated.
Check Cost	A Check Cost will only be provided by the Valuer where the Valuer has adequate cost indicators for that style of construction. The purpose is to determine a reasonable construction cost in line with market costs. It is not expected that a detailed costing will be conducted. If the Check Cost is significantly different to the Contract/Tender Price then this must be commented on in Section 8. The Check Cost should reflect the building plans and specifications, provided to and relied upon by the Valuer, for the primary building contract including any builder variations. The Check Cost does not include 'Out of Contract' items. The Check Cost should be expressed as a whole $ figure, not as a rate per sqm. If the construction materials and/or design are specialised or unusual for the market, the Valuer should recommend that the instructing party obtain a costing report from an appropriate expert. If a professional costing report is recommended then the Valuer should report 'Expert Advice Recommended'.

Item	Requirement
Out of Contract Items	A 'Yes/No' response is to be provided. If 'Yes' then the sum of the 'Out of Contract Items' is required in the 'Out of Contract Items Total Price' field. The Valuer should provide an itemised list of the 'out of contract items' in Section 8 of the Report.
Out of Contract Items Total Price	The sum of all 'out of contract items' expressed as a $ figure.

Information to be Supplied to the Valuer

The Client must request that the borrower provide copies of all Council approved/endorsed documentation/plans and specifications and inform the Valuer whether such documents, plans and specifications will be provided and, if so, by whom and when. The Valuer should indicate what information has been supplied including an indication as to whether the plans and specifications sighted have been Council approved/endorsed.

Template Section 2 - Risk Analysis

The risk analysis in the Report format is the Valuer's assessment of the current impact on the subject property of a number of specified factors presented in a numerical/graphical format.

The purpose of risk ratings is to alert the Client to anything that is readily apparent and known to the Valuer at the date of valuation, and that may negatively/adversely impact on the current market value or marketability of the subject property, limited to the Valuer's area of professional expertise.

Risk Ratings are an indicator only and should not be relied upon alone in lending considerations.

Any significant issue(s) mentioned in the body of the Report should be flagged via the Risk Ratings.

This is a simplified analysis based on the experience and knowledge of the Valuer and is not a technical analysis. The Client cannot expect that the Valuer brings to the task any greater level of common knowledge or ability to foresee events than can be expected of persons experienced in the market for that class of property in its market place (which may be local or broader).

The risk analysis is the product of the experience of the Valuer based on information that is common knowledge and/or readily ascertainable in the market for that class of property in its market place. The risk analysis does not reflect information that is privileged or to which the market for that class of property in its market place does not have ready access and it does not reflect decisions, announcements, releases, articles and the like that the Valuer has not had reasonable time and opportunity to assess and consider or would in the ordinary course of acting as a Valuer with respect to PropertyPRO valuation instructions become aware of or have access to.

Subject to these limitations, the risk analysis indicates the level of impact each stated aspect has on the subject property's value and marketability as at the date of valuation. In the case of higher level ratings, it also provides an indicator of the presence of relevant comments in Section 8 of the Report.

Risk Ratings	Risk Ratings focus on four property specific aspects and four market related aspects. Each of these aspects can involve consideration of a range of elements relative to the identified risk.
Level of impact or risk	It is accepted that each aspect is likely to have some possibility of impact or risk, however low or nominal. The assessment of the level of impact or risk includes assessment of both the probability and consequence of the risk.
The risk ratings	The ratings which are outlined below the bar graphs are: '1' – Low risk – no readily identifiable adverse issue '2' - Low to Medium risk – minor adverse issue only not warranting comment '3' – Medium risk – there is an issue for the Client to note '4' - Medium to High risk – there is an important adverse issue in the Report for the Client to consider before relying upon the Report '5' – High risk – there is an extremely important/urgent adverse issue in the Report that could have a major negative/adverse impact on the current value and/or marketability of the subject property

Any Risk Ratings of '3', '4' or '5' must be commented upon in Section 8 (Additional Comments) of the Report.

For the purpose of the Report, the Risk Rating reflects the Valuer's assessment of the level of impact the stated aspect has upon the current value and/or marketability of the subject property.

UNDERLYING PRINCIPLES WHEN APPLYING RISK RATINGS

Risk ratings address the likely level of impact each risk aspect has on the subject property's current value and/or marketability. For the purpose of the Report, the risk rating reflects the Valuer's assessment of the level of impact the risk aspect may have upon the current value and/or marketability of the subject property and/or the currently known perceived level of impact the risk aspect could have on the current value and/or marketability of the subject property.

A high risk rating is not necessarily intended as a 'don't lend' advice. The Valuer's role is to flag known or perceived potential risk issues that are apparent at the date of valuation and which may impact on the current market value and/or marketability of the subject property.

'Risk ratings' and 'Market Value' are mutually exclusive and must be assessed independently of each other. Market Value represents the price that could reasonably be expected to be achieved from the sale of the subject property at the date of valuation (as defined by the IVSC and adopted by the API). It is not appropriate to adjust the market value to achieve a desired risk rating or vice versa.

Risk ratings should reflect the current status of the subject property within the local economy and property market. The risk ratings should not reflect general/macroeconomic/property market fluctuations. The purpose of risk ratings is to highlight likely under performance of a particular asset not the general performance of the market.

A risk should only be assessed once under a single risk rating/category. Each risk issue should only be assessed once under a specific risk rating. Refer to the Risk Rating User Guide on the following pages. A property may have multiple risk issues where each issue would be assigned a different risk category.

RISK RATING USER GUIDE

The following provides a guideline on the allocation of risk ratings. The guideline is just that, a guideline only, and is not meant to deal with every situation, but rather to provide guidance and consistency in how risk ratings are applied.

Property Risk Ratings

Risk Rating Category	Location / Neighbourhood	Land (including planning, Title)	Environmental Issues	Improvements
	Reflects an overall rating for these two aspects. Refers to the quality of the neighbourhood combined with the location with respect to amenities and facilities.	Land in this instance refers to physical and legal characteristics of the subject property. This includes, but is not limited to, access, services, planning and Title issues.	Covers a range of environmental issues including any observable, visual and/or known defects, hazards or site contamination.	Refers to all improvements, including the main building and/or any significant ancillary improvements. For TBE - Proposed Dwelling, Extensions or Renovation reports, relates to concerns about aspects of the project or tender.
1 - Low risk No readily identifiable adverse issue	➢ Sought after residential location with similar surrounding development. ➢ Prestige locations.	➢ Block is freehold, and ➢ Level, and ➢ Title and Title Plan sighted, and ➢ No apparent adverse issues, and ➢ Residential zoning.	➢ No environmental issues noted or identified.	➢ A fully established dwelling and associated ground improvements with sound layout, design, and appearance; and, in the case of a recently completed dwelling, a, Certificate of Completion or Certification sighted.
2 - Low to medium risk Minor adverse issue only not warranting comment	➢ Standard/established residential areas.	➢ Block is freehold. ➢ Near level. ➢ Title and Title Plan not sighted. ➢ Known encumbrances, easements or encroachments having little or no impact on the current marketability and/or value (e.g. storm water, sewerage access points, electrical easements etc).	➢ Non-invasive environmental issues that are typical for the locality and do not warrant additional comment.	➢ An existing dwelling and/or ancillary improvements with normal wear and tear in average to good condition for age, and typical for the locality.
3 - Medium risk There is an adverse issue for the Client to consider before reliance upon the Report	➢ Secondary locations. ➢ Limited facilities and amenities. ➢ Proximity to inferior quality properties to the subject. ➢ Proximity to low impact 'non-residential' land uses	➢ Secure Leasehold Interest / Perpetual Leases. ➢ Any adverse impact to the marketability as a result of any physical characteristics of the land. ➢ Valuation is subject to issue of Title. ➢ Poor vehicular access. ➢ Normal utility services available but not connected. ➢ Known encumbrances, easements or encroachments that may adversely affect current marketability and/or value (e.g. storm water, sewerage access points, electrical easements etc.). ➢ Overlays/Zones such as Heritage etc. ➢ The Valuer is aware that there is a 'bonding agreement' that covers the completion of the land subdivision, including roads and services.	➢ Proximity to main road, train line, moderate traffic noise, and/or coastal issues etc. ➢ Known flood zone/water over the property but not adversely impacting the existing improvements. ➢ Storm surge area. ➢ Overlays/Zones such as bushfire, flood, cyclone, mine subsidence district etc. ➢ Previous site contamination rehabilitated, but restrictions on use remain.	➢ Dwelling without standard ancillary improvements for the locality. ➢ Maintenance required but not considered to be 'essential repairs'. ➢ Dwellings with unusual layout or design. ➢ All TBE valuations. ➢ Any evidence of past termite damage. ➢ Presence of stable asbestos, but not unusual for the age of improvements and locality/market.
4 - Medium to high risk There is an important adverse issue in the Report for the Client to consider before reliance upon the Report	➢ Non sought after location. ➢ Uncomplimentary surrounding development. ➢ Proximity to non-residential property uses with negative impact. ➢ Remote from major facilities and amenities. ➢ Market stigma to area.	➢ Characteristics of the land result in specialised construction techniques required. ➢ Leasehold title where 'term certain' results in poor security. ➢ Known encumbrances, easements or encroachments that adversely affect current marketability and/or value (e.g. storm water, sewerage access points, electrical easements etc). ➢ Access issues (e.g. by ferry only). ➢ Property protected by 'existing use rights/provisions' or 'permitted use rights'. ➢ Where separate land and building contracts are provided, for a TBE valuation, and it is not considered appropriate to apportion the 'as if complete' assessed market value between land and improvements. ➢ 'Limited Title' scenario as it applies in NSW *	➢ Property adjacent to or affected by airport, major arterial roadway, train line, major traffic noise, high tension/high voltage transmission lines, service stations, electrical substation, etc. ➢ Known flood zone/water over the property and impact on the existing improvements. ➢ Geotechnical issues such as landslip. ➢ Elevated/high bushfire risk locations.	➢ Essential repairs required. ➢ Dwelling under construction and/or renovation. ➢ Observable unstable asbestos (eg: broken or cracked asbestos). ➢ Possible building code issues (e.g. low ceiling height, non-approved improvements incl. additions/alterations etc) ➢ Partial damage by fire or flood. ➢ Suspected active termites. ➢ Dwellings with less than 50m² living areas. ➢ Progress payment schedule not supplied for a TBE/renovation valuation request. ➢ TBEs where the progress payment schedule provided does not reflect the 'final' contract price including variations. ➢ TBEs where the progress payments are front-end loaded or outside legislative or industry parameters. ➢ Overcapitalised property ➢ The unit/apartment development 'appears to be clad' or is 'known to be clad'. ➢ Dwellings with significant/adverse design issues.

Risk Rating Category	Location / Neighbourhood	Land (including planning, Title)	Environmental Issues	Improvements
5 - High risk There is an extremely important / urgent adverse issue in the Report that could have a major impact on the current value and/or marketability of the subject property for the Client to consider before reliance upon the Report	➢ Proximity to major industry. ➢ Isolated community. ➢ Poorly perceived location. ➢ Other extreme risk.	➢ Illegal use of the property. ➢ Cultural/heritage issues. ➢ Extremely difficult access. ➢ Affected adversely by any current or known future authority proposals and/or requirements. ➢ Other extreme risk.	➢ Known/suspected site contamination from a previous land use. ➢ Evidence of soil contamination (not rehabilitated) or radioactive material. ➢ Next to a polluting site. ➢ Property adversely affected by mining subsidence. ➢ Property directly affected by coastal erosion. ➢ Other extreme risk.	➢ Evidence of major structural faults or issues. ➢ Entire dwelling gutted. ➢ Observable friable asbestos. ➢ The unit/apartment development is known to contain 'non-compliant/non-conforming cladding' ➢ Other extreme risk.

* In NSW 'Limited Title' are issued "indicating that the boundaries have not been examined in NSW LRS where the land is not fully defined by survey in a new deposited plan."
This occurs in situations where there may be building improvements across title boundaries as a result of Old System title having been converted to the Torrens Title system title without a survey to confirm the boundaries.
The existence of 'limited title' is recorded in the second schedule on the title.

Market Risk Ratings

Risk Rating Category	Market Direction (price)	Market Activity	Local/Regional Economy Impact	Market Segment Conditions
	Relates to the direction and strength of price movement over the previous 12 months. Refers to the relevant market segment that the subject property is situated in.	Relates to market activity with regards to supply and demand for competing product to the subject property. Refers to the relevant market segment that the subject property is situated in.	The extent or likelihood to which a change in the locality/regional economy may impact the value and/or marketability of the subject property. Refers to the economy (population, employment and services) within that locality or region.	Relates to the conditions within the market segment that the subject property is in. This risk category refers to the saleability of the property and the availability of sales evidence.
1 - Low risk No readily identifiable adverse issue	➢ Stable, steady and consistent market prices.	➢ High demand and low supply of competing product to the subject property at date of valuation.	➢ Local/regional economy stable. ➢ Local/regional economy is broad based and not reliant on one or two major industries.	➢ A readily saleable property with an expected selling period of up to 6 weeks or thereabouts, and ➢ Demand is underpinned by the owner occupier market, and ➢ AMV** supported by sales evidence within the past 6 months.
2 - Low to medium risk Minor adverse issue only not warranting comment	➢ Consistent low to moderate increase in market prices.	➢ Supply and demand of competing product to the subject property in equilibrium at date of valuation.	➢ Normal seasonal fluctuation in local/regional economy	➢ Expected marketing/selling period of up to 3 months, and ➢ AMV supported by sales evidence within the last 6 months.
3 - Medium risk There is an adverse issue in the Report for the Client to consider before reliance upon the Report	➢ Early signs of a change (either increase or decrease) in market prices.	➢ Potential oversupply of competing product to the subject property at date of valuation or expected in next 6 to 12 months.	➢ Above average seasonal fluctuation in the local/regional economy. ➢ Evidence of softening in the local/regional economy.	➢ Expected marketing/selling period of up to 6 months, and ➢ Limited available sales evidence within the last 6 months that supports the AMV. ➢ Sales evidence suggests a fairly broad range in value. ➢ There is a known restriction on the re-sale of the subject property in the open market. ➢ Over 55's unit/apartment where there is a restriction on the occupation and/or the ownership of the property.
4 - Medium to high risk There is an important adverse issue in the Report for the Client to consider before reliance upon the Report	➢ Definite signs of change (either increase or decrease) in market prices.	➢ Apparent oversupply of competing product to the subject property at date of valuation or expected in the next 3 – 6 months.	➢ Significant fluctuations in the local/regional economy (e.g.as occurring in mining, rural or drought exposed industries). ➢ Local/regional economy not broad based and reliant on one or two major industries.	➢ Expected marketing/selling period of up to 12 months. ➢ Unique property for the locality. ➢ Limited available sales evidence within the last 12 months that supports the AMV. ➢ Market largely driven by interstate/overseas investors and/or other factors. ➢ Contract price unable to be supported by available sales evidence.
5 - High risk There is an extremely important / urgent adverse issue in the Report that could have a major impact on the current value and/or marketability of the subject property for the Client to consider before reliance upon the Report.	➢ Continuous and significant change (increase or decrease) in market prices. ➢ Steeply rising or steeply declining market prices.	➢ Known/current oversupply of competing product to the subject property at date of valuation.	➢ Significant decline evident in the local/regional economy. ➢ Other extreme risk.	➢ Expected marketing/selling period of over 12 months. ➢ Limited potential purchasers for the subject property. ➢ No available sales evidence within the last 12 months that supports the AMV. ➢ AMV not meeting current sale price by 10% or more. ➢ Note: Do not use a 5 if the area is thinly traded due to it being tightly held and highly desired by the market. ➢ Other extreme risk.

** AMV means 'assessed market value'

Template Section 3 - Valuation and Assessments Summary

The valuation will be carried out in accordance with the General Concepts, Principles and Definitions section in the most current version of Technical Information Papers, Practice Standards that comprise the A&NZ Valuation and Property Standards. The comments below relate specifically to the Report.

Item	Requirement
Interest Valued	Four (4) options are available; 'Fee Simple Vacant Possession' which includes Chattels as defined below. 'Subject to Long Term Lease' 'Crown Leasehold' 'Shares in a Company Title Development'
Value Component	Two options are available; 'Existing property' or 'As If Complete' If the Report is conditional on anything physical or legal occurring then the Valuer must value the property on an 'As If Complete' basis. Where the valuation is completed on an 'As If Complete' basis, the Valuer should recommend that an additional inspection be undertaken prior to settlement to confirm that the item(s) that the valuation assessment is based on have been satisfactorily completed. If instructed by the Client, the additional inspection by the Valuer is not confirmation of the assessed market value as at the inspection date. If this is required by the Client a new/current valuation must be requested.

Item	Requirement
Market Value	A single figure amount is recorded for the Market Value in line with traditional valuation practice. The figure will be arrived at after consideration of appropriate valuation approaches. The Market Value is assessed on the following basis depending on the ownership/tenure of the subject property; • 'unencumbered fee simple in possession' on vacant possession basis, or • 'unencumbered fee simple in possession' subject to any applicable long term tenancy, or • 'unencumbered leasehold estate', where applicable, or • 'unencumbered company title shares', where applicable. Above the Market Value is the Valuers opinion of that value apportioned into its main components, the land and the improvements, where applicable. For 'Unit Type' property a single value only is recorded, as an apportionment is inappropriate. The Unit report template also contains the following fields; 'Units/Lots in Development' and 'Unit/Lot Entitlement' which the Valuer can complete if known. As an additional security measure, the 'Market Value' is also provided in words. The Market Value assessed by the Valuer relates to the market conditions existing at the date of valuation which is the date of inspection. The Market Value includes the following 'chattels': if applicable, eg; fixed floor coverings, window coverings, and light fittings. Basis of Value 'Market Value' is defined by the IVSC and adopted by the API, as; ***"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*** 'Highest and Best Use' is inherent in the definition of 'Market Value', and therefore the assessed market value must reflect the highest and best use for the subject property. Premise of Value 'Highest & best use' is defined as ***"the use of an asset that would produce the highest value and must be physically possible, legally permissible and financially feasible."*** Where the subject property is 'under contract' at the date of valuation the Valuer must consider the negotiated and agreed 'purchase price' of the subject property, the date of the contract, and the veracity of the sale.

Market Value (continued)	The Valuer's role is to provide their professional opinion as to what price the subject property would most likely re-sell for if offered to the current local market as at the date of valuation. i.e. a hypothetical transaction, as at the date of valuation which meets the IVSC definition of 'market value' and is supported by appropriate valuation methodology. The Valuer is not required to and must not provide any advice or opinion in relation to the possible future value of the subject property.
Rental Assessment Unfurnished	A single figure amount is recorded for the Valuer's opinion of the estimated weekly market rental for the property assessed in the same condition as the property is valued. The rental is not to include rent for movable furniture or any other 'chattels' not included in the Market Value. Note the actual/passing rent and lease expiry date (if known) in Section 8. In situations where the property is deemed by the Valuer to be unsuitable for rent, then 'Not Suitable for Rent' is appropriate.
Insurance Assessment	This is an estimate of an insurable sum under replacement conditions. This would normally include: • estimated current construction cost, • provision for cost escalation during period of insurance and rebuilding process, • allowances for demolition and clean up, and • professional fees. Cost of alternative rental accommodation is not included. Where a TBE, extension or renovation is involved, the estimate for insurance should include the existing and proposed works (as applicable). No estimate is provided for a 'unit' output report as insurance will normally be the responsibility of the Body Corporate, Owners Corporation or similar bodies for the whole development. In these situations, 'Body Corporate Responsibility' is appropriate for the output report. Valuers are not experts in construction, construction costs and/or engineering matters and the Insurance estimate is provided by Valuers in their capacity as Valuers, not as building or construction experts. In the case of a Heritage listed property (in part or whole) it is acknowledged that the Valuer may not have the required expertise to provide a Replacement Insurance Cost Estimate. In these situations, the Valuer must advise the Client to undertake their own investigations through a suitably qualified Quantity Surveyor, or similar. 'Expert Advice Recommended' is applicable for the output report in these instances.

Additional fields in Unit Report (if applicable)	
Units/Lots in Development	The number of units or lots contained within the development (where known).
Unit/Lot Entitlement	As per the Land Titles Office registered plan (where known) eg; Strata Plan, Community Plan. To be expressed in the form of; ### out of ###.

Item	Requirement
Documents to be Sighted by the Client	A 'Yes' / 'No' response to the question "Are there any documents to be sighted by the Client?" is to be provided. If the answer is 'Yes', then the Valuer is to list the "Documents to be sighted by the Client" in Section 8 of the Report. The below table provides guidance (only) of when documents should be obtained/sighted by the Client after receipt of the Report and prior to reliance on the Report. It is not exhaustive. The provision/identification of the following documents is entirely subject to the other provisions of this Supporting Memorandum.
Document	**Examples When It Should Be Recommended**
Asbestos Report	When the improvements may have observable unstable asbestos, including but not limited to observable disturbed/broken/friable asbestos materials.
Approved Plans	Any time a TBE valuation is undertaken and the Valuer has not been provided/sighted Approved / Endorsed Plans.
Body Corporate / Owners Corporation / Community Management Statement	Where the Valuer suspects or has been made aware of possible issues for further investigation.
Building Certificate and Approvals	Where the Valuer considers that any improvements may not be approved or do not appear to comply with building regulations.
Building Contract	Any time a TBE valuation, including alterations and/or renovations, is undertaken and a fully executed building contract has not been provided to the Valuer.
Building Inspection or Engineer's Report	Observable structural issues are identified in the improvements.
Cladding Assessment Report	Where the Building/development appears to be clad; or is known to be clad; or has non-compliant cladding known to be present.
Repair Quote	Where essential repairs are identified but may require expert opinion as to the scope of work and likely cost.
Certificate of Occupancy (or State equivalent)	For all TBE valuations of proposed dwellings including alterations and/or renovations.

Document	Examples When It Should Be Recommended
Certificate of Title	In cases where the Valuer suspects further enquiry should be completed by the Lender.
Contaminated Land Search	When the subject property may have contamination issues.
Full Contract of Sale	When the subject property is under contract and the Full Contract of Sale, as per page 15, has not been provided/sighted by the Valuer.
Land Titles Office registered plan; eg: Deposited Plan, Strata Plan, Crown Plan, Title Plan	When the Valuer has not been provided/sighted a Land Titles Office registered plan and/or suspects issues that may impact value.
Flood Search	When the subject property may have flood issues that are unable to be quantified.
Full Specifications / Scope of Works / Schedule of Fixtures and Finishes	Anytime a TBE valuation is undertaken and a full/detailed specification(s) has not been provided.
Heritage Status	When the subject property may have heritage issues.
Lease Documents	When a lease is in place and it is considered to impact value.
Management Agreement	If the property is subject to a management agreement and remains in scope for a PropertyPRO report.
Mining Subsidence	When the subject property is situated in a location impacted by current or former mining operations/ sites.
Pest Inspection	When the Valuer suspects the subject property may have termite or other pest issues.
Plan (or proposed plan) of Subdivision	When the Valuer suspects issues may be revealed that may impact value.
Quantity Surveyor's Report	The dwelling requires Essential Repairs and the Valuer has recommended a costing report from a Quantity Surveyor, or construction works are being undertaken by an 'owner builder'.
Site Survey	When encroachments are suspected. 'Limited Title' situations in NSW.
Zoning Certificate	When the subject property may have zoning issues, or the zoning is uncertain.

Where the valuation report being issued is conditional on the satisfactory review of any recommended document then Section 8 of the report should specify the relevant details and make clear the fact that the report is 'conditional'.

Item	Requirement
Valuer Declaration	In signing a Report, the Primary Signatory (inspecting Valuer), will state: ***"I hereby certify that I personally physically inspected this property on the date below and have carried out the assessments above as at that date. Neither I, nor to the best of my knowledge, any member of this firm, has any conflict of interest, or direct, indirect or financial interest in relation to this property that is not disclosed herein."*** In stating that a Valuer has personally physically inspected the property, this means an internal and external inspection (of any improvements on the property), and the inspection is sufficiently comprehensive to enable a Valuer to complete the valuation in accordance with accepted valuation practice. The Report will also state: ***"This Report is for the use only of the party named above as the Lender for first mortgage purposes only, and is not to be used for any other purpose by any other party. Any reliance, use, distribution publication of the Report and/or any other representations made relating to the contents of the Report is restricted solely to the named Lender, and any additional parties expressly named in the Lender Specific Information section of this Report.*** ***No responsibility is accepted by the Valuer and/or Valuation Firm in the event that the Lender to which this Report is addressed, or any other additional parties noted in the Lender Specific Information section of this Report, relies, uses, distributes, publishes and/or otherwise represents anything contained in the Report for any purpose apart from that expressly noted previously.*** ***No responsibility is accepted by the Valuer and/or the Valuation Firms to any other parties who rely, use, distribute, publish and/or otherwise represent anything contained in the Report for any purpose."*** It should be noted the party/s as agreed, may or may not include an LMI or any other party, and no such assumption of responsibility will occur on the part of the Valuer unless the Valuer gives a written consent to the LMI or such other party/s being able to rely upon the Report and strictly pursuant to the terms of the Supporting Memorandum. The Report will further state: ***"This Report is made in accordance with the PropertyPRO Supporting Memorandum and must be interpreted with that Memorandum. The agreed parties are bound by the provisions of the Supporting Memorandum which is available at www.api.org.au/propertypro"***

Item	Requirement
Counter Signatory Declaration	The counter signatory, acting in the capacity as a Supervising Member, who undertakes a Review will state: ***"Whilst not having inspected the property, I the countersignatory, acting in the capacity as a Supervising Member, have reviewed the draft Valuation Report and working papers, and based upon that review and questioning of the Primary Valuer (as appropriate) am satisfied there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Primary Valuer."*** For the purpose of this declaration: 'valuation process undertaken' means the Primary Valuer has; • inspected the subject property; and • looked at and analysed sales/rental evidence (as applicable) for the valuation undertaken; and • prepared a draft Valuation Report that is appropriate for the type of asset class and purpose of the valuation. 'methodology adopted by the Primary Valuer' means the Primary Valuer has; • adopted and utilised an appropriate valuation approach (market or income approach as outlined in IVS 105 Valuation Approaches and Methods) in the valuation; and • applied an appropriate method of analysis consistently between the sales/rental evidence (as applicable) and the subject property being valued.
Valuation Firm	The name of the valuation firm who received the instructions to provide the PropertyPRO Report.
Inspection/Valuation Date	The date the Valuer inspected the subject property. The inspection date and valuation date are the same.
Date of Issue	The date that the Valuer sends the Report to the Client or a third party intermediary.
Valuer	The name and qualifications/certifications of the API Member/Valuer who physically inspected the subject property undertook the valuation and prepared the Report. Qualifications/certifications to be listed in the form of API membership status and certification, State based registration details (if applicable) and then API membership number.

Counter Signatory	The name and qualifications/certifications of the API Member/Valuer who undertook the role of 'Supervising Member' as outlined in Section 1.0 Introduction 'Supervising Guidelines for API Members'. Qualifications/certifications to be listed in the form of API membership status and certification, State based registration details (if applicable) and then API membership number.

Template Section 4 - The Land

Item	Requirement
Property Identification	A description of the means, by which the subject property has been identified. Where the street address has been used as the only form of identification, the Valuer should indicate 'street address only' to make it clear that only one form of identification has been utilised. If any other forms of identification have been utilised, these should be listed. Valuers are not experts in survey matters and therefore no part of the Report should be construed as a survey report. If the Valuer's inspection indicates there is a reasonable possibility of any encroachment over easements or boundaries, a Client must obtain a survey report to clarify the issue, following which the Client must provide that survey report to the Valuer. Reliance upon the Report without such a survey report will not be considered reasonable reliance.
Zoning Effect	The Valuer should provide a brief comment to confirm that the subject property complies with the current zoning, including any applicable overlays. The Valuer should also report upon whether or not the zoning (or any applicable overlays) has any likely significant adverse effects on the subject property. Any known proposed rezoning directly and indirectly affecting the subject property should be also noted in Section 8. In the case of vacant land the Valuer should provide confirmation that the property is suitable for use as a 'single residential property'.
Location	A statement as to the distance and direction of the subject property from the nearest town centre (CBD) and, if not a significant town, distance to the nearest main town or regional centre. It does not require a description of the locality (this is provided under 'Neighbourhood').
Neighbourhood	A brief description of the immediate locality and neighbouring development, drawing particular attention to any positive or negative features or aspects that impact on the value or marketability of the subject property including significant demographic changes.
Site Description & Access	A brief description of the shape and topography of the site, its relationship to road level, its suitability for building, its aspect and any significant views, adverse outlooks or 'features' as relevant. Difficulties associated with vehicular (passenger car) access to the property should be described.
Services	A list of the utilities currently connected, or are assumed to be connected if the property is valued on an 'as if complete' basis, to the site or those provided on-site such as septic, bottled gas or tank water. Comment on street surfacing, kerbing, guttering and footpaths are also required. The statement 'all usual services are connected' is not acceptable.

Template Section 5 - Dwelling Description

Valuers are not construction/building experts and their responsibility in respect to construction, building and engineering issues is therefore to provide comments as to visual/observable issues or other issues drawn to their attention.

Item	Requirement
Style	A description defining the whole building in terms of its number of levels and/or elevation and degree of attachment, e.g. split level detached; two storey attached terrace; high rise apartment; high-set; multi-level detached; single storey semi-detached etc. Other style aspects such as architecture or period can also be noted if the Valuer considers this relevant.
Main Walls & Roof	Refers to the construction material of the walls and roof (e.g. double brick, brick veneer, stone, timber or fibre cement cladding, and in the case of the roof material; corrugated iron, zincalume or Colorbond, terracotta or concrete tiled etc).
Main Interior Linings	The main interior wall and ceiling linings.
Flooring	The type of material that the floor is constructed/made of (e.g. timber floorboards, concrete slab, timber or particle board etc.).
Window Frames	The construction material of frames (e.g. aluminium, steel or timber)
Accommodation	Number of bedrooms is stated first, followed by number of bathrooms (including ensuites), other main rooms, then service or utility rooms included in the Living Area. Note: It is not appropriate to list ancillary improvement accommodation or outdoor areas in this field.
Interior Layout	Refers to the design/layout of the rooms of the dwelling. E.g. a typical or practical layout, flowing floor plan or unconventional and impractical floor plan.
Fixtures and Fittings	A list of the fixtures and fittings eg; cooking appliances, dishwasher, sink(s), bathroom/wet area facilities, hot water service, smoke detector(s), air conditioning and ducted vacuum cleaner, built in items (such as cupboards and robes) and main feature finishes (such as non-wet area tiled floors and wood panelling), or any other items which are included in the 'real property' and are not chattels that would be excluded from the sale of the property. Any other fixtures or fittings that the Valuer considers appropriate to describe in the report.
Street Appeal	The Valuers opinion of the street appeal of the subject property. For consistency, it has a five level rating, ranging from 'high appeal' 'very good appeal' 'good appeal' 'fair appeal' to 'low appeal'. It is not meant to describe the condition/presentation of the property, which is reflected more in 'External Condition'.

Item	Requirement
Internal Condition	A five level rating, ranging from 'excellent' 'good' 'average' 'fair' to 'poor' and reflects both repair and apparent physical condition including cracking and movement or other observable defects.
External Condition	A five level rating ranging from 'excellent' 'good' 'average' 'fair' to 'poor' and reflects both repair and apparent physical condition including cracking and movement or other observable defects.

Template Section 6 - Ancillary Improvements

Ancillary improvements are any improvement on the subject property apart from the main dwelling (as detailed in Section 5 Dwelling Description). For the purposes of this document ancillary improvements may include, but are not limited to, any of the following items;

- Outdoor Improvements attached to the main dwelling: covered outdoor living/entertaining area, alfresco, verandah, balcony, porch, patio, and attached pergola areas;
- Car: garage or carport under main roof (UMR), attached or detached garage or carport, covered or designated car space;
- Ground Improvements: fencing, paving, driveway, landscaping, rumpus room, shed, workshop, detached/freestanding pergola/gazebo, swimming pool, tennis court and stables;
- Secondary accommodation detached from the main dwelling: granny flat, teenager's retreat, sleep-out etc. This should include any detached accommodation that cannot be rented independently of the main dwelling and is also not able to be subdivided from the main dwelling and sold separately.

A secondary dwelling/occupancy that is able to be rented separately as a self-contained dwelling/occupancy, but not subdivided from the main dwelling, must be described as an additional dwelling/occupancy in Section 5 on a 'Two on One Title' Report.

The Report is only suitable for up to two (2) dwellings/occupancies, which are able to be rented separately, on one (1) Title.

Note: Secondary accommodation (eg: a granny flat (or similar) under the main roof or attached to the main dwelling) that cannot be rented independently of the main dwelling and is also not able to be subdivided from the main dwelling and sold separately should be described as part of the main dwelling in Section 5 – Dwelling Description.

Template Section 7 - Sales Evidence & the Market

PropertyPRO is specifically designed to assess the market value of a 'single residential property' to be held as security for first mortgage purposes. As such its value must be assessed on the basis upon which it is, or is intended to be, held as a security. In principle this means that when applying 'market value' such value would represent selling practices that would normally apply to an individual owner selling an individual residential property in the local market.

Sales evidence included in the Report must be re-sales rather than the 'first' sale of property from a developer.

The Valuer has a duty to undertake a 'kerbside' inspection of all sales evidence relied on in the Report. The Valuer should undertake adequate proper analysis and adjustment of the information obtained from the external inspection and any other sources, to make a direct comparison with the subject property.

'Settled Sales' evidence in the Report should include a minimum of three (3) sales of properties considered by the Valuer to be most comparable sale properties; and ideally

- be within six (6) months of the date of valuation; and also
- be within 15% (plus or minus) of the market value adopted in the report

Comparable sale properties should be, as far as reasonably ascertainable, of similar type, location, age, condition and size to the subject property.

Where this is not achievable (that is, where there is limited or no sales evidence of comparable properties) the Valuer must provide additional and specific comment in relation to sales evidence. The Valuer should advise what adjustments have been made and the basis of comparison in Section 8 of the Report (e.g. dated sales or out of area sales).

'Under Contract / Unsettled Sales' can be considered by the Valuer and, if deemed appropriate, included in the Report. When an 'under contract / unsettled sale' is included in Section 7 it must be clearly identified as either 'Under Contract', 'Unsettled Sale' or 'Agent Advised' in the description of the 'sale'.

The Valuer should also consider the following additional information, and, if deemed appropriate by the Valuer, retain on file.

- Contracts for sale that have been entered into but not completed.
- Developer sales that are from the same development.

When considering sales evidence for the valuation of 'new'* units/apartments/townhouses, the Valuer must provide a minimum of three (3) re-sales external to the subject development. This does not mean that re-sales in the subject complex be discarded, but that they need to be compared against the market.

* 'New' means: a new property is a property which has not been sold previously.

Item	Requirement
Address	The street address of the sale property included as evidence.
Sale Date	The contract date, where available, (or settlement date where the contract date is not available) of the sale property included as evidence.
Price	The sale price for the sale property used as evidence as recorded at the Land Titles Office (for 'settled sales' evidence). It is sufficient for the Valuer to rely upon information provided via industry recognised third party sales databases to confirm the details of the transaction.
Brief Comments	Each comparable sale should be briefly described. The Valuer is required to provide a description of the Sale Property as is reasonably observable, from the external inspection of the sales evidence and from any further investigations. Where available, the Valuer should provide details of the living and land areas for the sales evidence. In addition, unit/apartment comparisons should include level/floor, number of units in complex and unit area (living and total), where available, for the sales evidence.
In Comparison to Subject	In reconciling between the subject property and sales of comparable properties the Valuer should consider attributes of the sale property including, but not limited to, physical and legal characteristics and also make allowance for market changes since the sale occurred. The Valuer needs to draw a conclusion as to whether each sale is overall superior, similar or inferior. It is acknowledged and agreed by the Client that use of the terms 'superior', 'similar' or 'inferior' where used in the Report do not constitute a representation(s) as to the extent of such inferiority, superiority or similarity of properties referred to in the Report. A Valuer at his/her discretion may provide a comment as to the extent of such 'superiority', 'similarity' or 'inferiority'. Comments should be made in relation to the comparability of each sale property compared to the subject property. Where appropriate, the Valuer should consider the location, view, accommodation, topography, aspect, improvements in terms of size, quality, age, condition and design, shape and size of site area and other relevant features. Summarise with a conclusion as to whether the sale is overall superior, similar or inferior. <u>The comparison should be made between the Sale Property compared to the subject property (not the other way around).</u> If the comparison states 'inferior' it should mean that the comparable property is generally inferior to the subject property. Where warranted, it should also contain a brief note of any major differences not apparent from the description, e.g. 'steeper block' or 'badly needs paint' (as applicable).

The table below is included for illustrative purposes only and should not be relied upon to interpret any provisions of this Supporting Memorandum but is provided to assist the Valuer in determining what information to include when outlining the sales evidence portion of the Report. The examples below are for a variety of property types including several detached houses, a semi-detached residence, an apartment and a vacant land sale.

Address	Sale Date	Price	Brief Comments	In Comparison to Subject
58 Wallaby Street, Smithville	14/09/2018	$855,000	Circa 2010, brick, 4 bedroom, 2 bathroom, single residence with concrete tile roof with double garage under the main roof. Land area 575 sqm.	Older sale under weaker market conditions. Slightly superior location, slightly inferior land area, similar street appeal, inferior overall improvements. Overall inferior.
12 Wombat Way, Smithville	13/03/2019	$875,000	2015 built, detached brick, 3 bedroom, 2 bathroom residence with concrete tile roof. Includes original kitchen and bathroom in good for age condition. Areas: living - 178 sqm; land - 600 sqm.	Slightly inferior location, similar street appeal, inferior overall improvements. Smaller dwelling. Overall inferior.
85 Numbat Street, Smithville	15/05/2019	$910,000	Under Contract: A 2007 built brick and tile, 4 bedroom, 2 bathroom, detached dwelling with original fixtures and fittings. Ancillary improvements include in ground pool and attached pergola. Areas: living - 220 sqm; land - 755 sqm.	Inferior location, superior land area, slightly inferior street appeal, similar overall improvements, superior site improvements. Overall superior.
2B Kangaroo Ct, Smithville	7/4/2019	$450,000	Circa 1950 semi-detached residence with 2 bedrooms, 1 bathroom and attached carport on 470 sqm site. Brick and CGI construction. Living area approx. 135 sqm. Renovated internally.	Similar construction, design and size on slightly smaller allotment. Better condition and presentation. Overall considered superior.

Address	Sale Date	Price	Brief Comments	In Comparison to Subject
903/6 Eagle Street, Smithville	22/5/2019	$650,000	2015 built ninth floor apartment of tilt up concrete construction. Reported living area is 88sqm, with 2 bedrooms and 2 bathrooms. Features single under croft car space and balcony with panoramic outlook. Communal improvements include indoor pool and lifts.	Smaller but newer apartment on higher level with superior outlook. Overall superior.
Lot 5 Emu Blvd, Smithville	1/6/2019	$273,500	Under Contract. A regular shaped vacant residential allotment of 340 sqm with a reported frontage of 21.85 metres. Agent advised.	Smaller allotment, although wider street frontage. Overall considered inferior.

Item	Requirement
Previous Sale of Subject Property (last 3 years)	If the most recent sale of the subject property has occurred in the past 3 years, the date and sale price must be noted.
Previous Sale Comments	A brief comment about the previous sale and any changes to the subject property or market to be detailed here.
Current/proposed Sale of Subject Property	Provide the date (if known) and current sale/offer price (if applicable). 'Under Contract' or 'Under Offer' is acceptable if contract date is unknown or the property is 'under offer' in NSW/ACT.
Current Sale in line with current local Market?	A 'Yes' or 'No' answer is required. If 'Yes', the Valuer is confirming that the sale price of the subject property is supported by evidence that is reflective of informed purchasers and realistic marketing conditions or strategies as is commonly known at the date of valuation and is readily available to an individual owner on resale. That is, "What the subject property could be expected to sell for if offered for re-sale, as at the date of valuation, as an individual property through a competent local agent adopting a marketing strategy that would normally apply to a property of this nature being marketed as an individual property". If 'No', then the Valuer to trigger the Market Segment Conditions Risk Rating as appropriate and make specific comment in Section 8, outlining why the current sale/offer is not considered to be in line with the local market. The Valuer's role is to provide their opinion as to what price the subject property would most likely re-sell for if offered to the current local market as at the date of valuation. i.e. a hypothetical transaction which meets the IVSC definition of 'market value' and is supported by appropriate valuation methodology.

Item	Requirement
Copy of Full Contract of Sale sighted?	This requires a 'Yes' or 'No' statement in response to the question 'Has a fully executed copy of the Contract of Sale been sighted by the Valuer?'. This question must only be answered 'Yes' when a Full Contract of Sale as described below has been provided/sighted. A Full Contract of Sale* is a fully executed document for the sale/transfer of the subject property, including annexures, special conditions and / or statutory requirements, to transact the subject property (either 'Existing' or 'As If Complete'). The Valuer must state when the contract is unexecuted. Where a Full Contract of Sale has not been provided/sighted, the Valuer must comment on what documentation has been provided/sighted and relied upon. When valuing a property that is subject to a contract of sale/offer, the Valuer should; • Source and retain on file a copy of the COS and any special conditions (where available). • Note in Section 7 whether a copy of the Full Contract of Sale* and special conditions has been sighted • Note in Section 8 what contract / transfer / offer documents have been sighted and relied upon • Note in the report whether settlement of the contract is subject to any conditions (e.g. completion of common areas, issue of title, connection of services or access roads and / or repairs etc) * For the purposes of this Supporting Memorandum, an executed Full Contract of Sale is a fully executed document for the sale/transfer of the subject property including all annexures, special conditions and / or statutory requirements. In NSW & ACT a COS (or Offer & Acceptance document), signed and dated by either the vendor or purchaser, or a Sales Advice from the selling agent or solicitor, will suffice as evidence, provided the COS and/or the Sales Advice contains the; vendor and purchaser name, property address, purchase price, contract date or deposit date and, where applicable, details of the real estate agent or solicitor. Where Sales Advice that meets the previous requirements has been provided/sighted it is acceptable for the Valuer to note that the subject property is 'under contract' or 'under offer'. Notwithstanding the above, the Valuer should note that the executed contract of sale is a recommended document for the Client to sight. If the sale is conditional on any physical works or any legal requirement to the subject property to be completed (for example, but not limited to, issue of Title, completion of works), the Valuer must value the property 'As If Complete'.

Copy of Full Contract of Sale sighted? (continued)	Where the Full Contract of Sale has not been sighted by the Valuer it is a requirement that any party relying on the Report undertake their own enquiries to obtain a copy of the Full Contract of Sale, including statutory required documents, to read and consider and to ensure there are no special circumstances or incentives which may affect the market value or marketability of the subject property.
Selling Period greater than 6 months?	A 'Yes' or 'No' answer is required. If, in the Valuers opinion, the selling period is expected to be greater than 6 months further comment is required in Section 8 and the Market Segment Conditions Risk Rating triggered as appropriate, advising why the extended period is necessary.

Template Section 8 - Additional Comments

The comments should follow the order below:

(1. Amended Report comments, where applicable)

1. Subject Property commentary
2. Any additional comments (if applicable)
3. Risk Rating commentary
4. VRA and comments (if deemed applicable by the Valuer)

Comments can be in either narrative or dot point form.

Additional comments can be made about the content of other sections of the Report, but it should be a comment that enhances or elaborates on what has already been provided and not merely repeats what has already been stated. It can also be used to explain any unusual aspects that the Report format does not specifically address.

Considerations when valuing vacant residential land

When valuing vacant residential land, particularly in 'new' subdivisions, the Valuer should be aware that there may be situations where the property is not re-saleable as vacant land under normal conditions in the open market as at the date of inspection/valuation. That is there may be a restrictive encumbrance, caveat on the Title and/or conditions of the contract of sale (if applicable) that restrict the resale of the subject property as vacant land in the open market as at the date of valuation.

If the Valuer is aware that there is a restriction on the re-sale of the property as vacant land under normal conditions in the open market, as at the date of inspection/valuation, then the Valuer can proceed, with the Report and must;

- Raise the Risk Rating for 'Market Segment Conditions'
- Comment on the specific restriction in Section 8
- Include a comment that the Valuer has received specific instruction to proceed despite the restriction on resale. The following is an example of wording that could be included;

  The Valuer advises that there is a restriction on the re-sale of the subject property in the open market, as a vacant residential site, as at the date of valuation. This valuation has been completed subject to the specific instruction that this restriction is extinguished.

Where the Valuer is unaware of any restrictions on the re-sale of the property as a vacant site (that is, there is no documentation provided to or known by the Valuer to confirm this) then the Report (Section 8) should include a comment to confirm this. The following is an example of wording that could be included;

This valuation is on the basis that there are no known restrictions on the re-sale of the subject property, as a vacant residential site, in the open market, as at the date of valuation.

The Valuer should also be aware that some 'new' subdivisions may be 'bonded' and subject to a 'bonding' arrangement between the developer and the Local Council (and any other Government Utility/statutory authority/body). The term 'bonded' refers to circumstances where the developer pays a bond to the Council (and any other Government Utility) to ensure completion of the land subdivision (including all roads and services) if the developer is unable to fulfil their obligations under the subdivision approval.

Where the Valuer is aware that the land is 'bonded' in relation to the completion of the roads and connection of services then the Valuer must make comment that there is a 'bonding' arrangement and raise the Land / Title Risk Rating.

The following is an example of wording that the Valuer could include in Section 8 in these circumstances,

> ***The Valuer is aware that there is a 'bonding' arrangement that covers the completion of the land subdivision, including, but not limited to, roads and services. The Valuer recommends a further inspection is undertaken prior to the settlement of the land (and issue of Certificate of Title) to confirm if the roads and services are fully completed.***

The Valuer is not required to investigate and comment on the full contractual details of the 'bonding arrangement between the developer and the Local Council (or any other Government Utility/statutory authority/body).

Where the Report is conditional on something, either physical or legal occurring, for the subject land, as at the date of valuation, the Valuer must value the property "As If Complete" and clearly indicate the reasons for this in the report.

A comment along the following lines should be included in Section 8;

> ***The basis of the 'as if complete' valuation is that all works required under the land contract are satisfactorily completed as at the date of valuation, including, but not limited to, issue of Title for the subject property, completion of all roads and services etc.***

If the roads and services are not completed at the date of inspection/valuation, the Valuer should recommend that the Client sight relevant documentation to confirm that the roads and services will be completed by the developer and/or a further inspection be undertaken prior to the settlement of the land. The following is an example of wording that the Valuer could include in Section 8;

> ***At the time of our inspection the roads and services were not fully complete. The Valuer recommends that a further inspection be undertaken prior to settlement of the land (and issue of Certificate of Title) to confirm if the roads and services are completed.***

Valuation Risk Alert (If deemed applicable by the Valuer)

The Valuer is required to address whether the property is affected by any Valuation Risk Alerts as defined in the current version of the Residential Valuation Standing Instructions for PropertyPRO, Progress Inspection and Restricted Assessment Reports.

The purpose of the Valuation Risk Alert (VRA) is to identify predefined risks associated with the subject property.

A 'yes' response to any of the following VRA questions requires further comment in Section 8:

1. Does the subject property comprise a higher risk or a non-residential property type?
2. Are there any adverse marketability issues that would require an extended selling period of more than 6 months?
3. Are the existing improvements on the property incomplete, under construction or requiring essential repairs?
4. Is the subject property critically affected by any Heritage, location or environmental issues?

Template Section 9 - Assumptions, Conditions & Limitations

Lender Specific Information

If the instructing party requires the Report to nominate others as additional parties who may rely on the Report, and subject to the Valuer's written consent to such requirement, they will be listed in this section.

Qualifications

The Client acknowledges that the Report may be provided based upon specific assumptions and may be subject to specific qualifications as outlined in the Report. This may be for a variety of reasons. The Client must satisfy itself in respect of such assumed or qualified matter(s) prior to relying upon the Report. The Client acknowledges that the Valuer does not warrant or represent that any assumed or qualified matter is accurate or correct.

In the event that a Report is qualified or based on any assumption(s) then it is the Client's responsibility to request clarity and/or confirmation of the qualification(s) and/or assumption(s) referred to before reliance upon them or any part of the Report, for any purpose. Such request must be made in writing to the Valuer.

The intent of using qualifications, assumptions, conditions & limitations (and third party disclaimers) should be from a position of providing a more fully understood Report where the reader of such obtains at least some if not all of the following (which list of itself is not extensive):

- A clear understanding of the purpose for which the Report is given.
- Those to whom the Report is clearly being given, and as such, those to whom the Report is not being given (for the purpose of reliance).
- Clarifying issues that remain unresolved in order to complete the Report as a product.
- The setting out of clear and unambiguous "warnings/cautions" to a reader to ensure that the reader can make a well informed decision based on what is in the Report in the form of a qualification or disclaimer.
- A full appreciation of the extent of the retainer and obligations that the Valuer has taken on, in order to provide the Report/advice.

Accepted practice is to include within the Report a statement to the following effect:

> ***"This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the subject property or factors that the Valuer could not have reasonably become aware as at the date of the Report). We do not accept responsibility or liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume responsibility or accept liability where the valuation is relied upon after the expiration of 90 days from the date of the valuation or such earlier date if you become aware of any factors that have an effect on the valuation."***

Reliance on a Report by a Client must be reasonable in all the circumstances. For example, it may be reasonable for the Client to rely on the Report at a time up to 90 days from the valuation date.

The Valuer will not assume any responsibility for reliance by the Client on the Report after the expiration of 90 days from the date of valuation, or the expiration of what is considered to be a reasonable time, whichever is the lesser. The Valuer does not warrant, guarantee and/or represent that the content of the Report will remain unchanged for any period of time beyond the date of the Report and depending upon known and/or foreseeable facts that might impact upon such value, such further time as maybe reasonable in all of the circumstances. The Client should therefore review and consider the Report, regularly and frequently, before reliance.

Subject to the contents herein, Clients will not rely upon a Report, notwithstanding what time has elapsed since the valuation date, in the event that the Client becomes aware of or ought reasonably to have become aware of any information of any type and/or description that would in the opinion of a reasonable and prudent Client, alter or likely alter the Report in any way.

Valuers should be aware of the requirements of their professional indemnity insurance policy which require certain clauses to be included in Reports (such as 'Market Movement' or 'Prudent Lending Clauses'), as a condition of insurance coverage.

GST - Valuations for Residential Mortgage Lending Purposes

GST Report Clause

"Valuations of residential property for mortgage security purposes are undertaken on the basis that GST is not applicable. This valuation is prepared on the assumption that the subject property does not constitute a 'new residential premises' as defined under ATO Ruling GSTR 2003/3. Further it is assumed that the subject property will transact as a residential property between parties not registered (and not required to be registered) for GST. The market valuation herein reflects a market transaction to which GST is not applicable."

The subject property must always be treated as though GST is not applicable.

In the case of a TBE report, on an "As If Complete" basis, this assumption remains valid. The cost of land (in some cases) and construction cost include a GST component; however, the subject property is being valued in the same way as an existing residential property. That is, the assessed market value reflects a market transaction in which GST is not applicable.

The Client should satisfy themselves of the GST position of the borrower prior to extending funds.

Template Section 10 - Capped Liability Scheme

All members of Australian Property Institute Valuers Limited are required to include the following statement in their Report:

'Liability limited by a scheme approved under Professional Standards Legislation.'

The statement must be printed in a size not less than the face measurement of Times New Roman typeface in 8 point. It may only be used by those covered by the Scheme.

Template Section - Photographs

Valuers should, as permitted, at the time of inspection and as far as reasonably possible, take colour photographs of the subject property, including but not limited to any of the following; the street view, front and rear of the main improvements, kitchen, bathroom(s) and any other improvements/attributes that are considered to assist in identifying a positive or negative feature(s) impacting the subject property (e.g. designated/allocated carapace, view(s), swimming pool, structural defects to the improvements, current building/renovation works etc).

All reports must have a minimum of two (2) photograph taken by the Valuer at the time of the inspection.

The photograph(s) should be date and time stamped or an appropriate comment provided in Section 8 outlining why the above requirements were unable to be met.

Photographs will not only assist the Client in understanding the nature and value of the subject property, but also assist in any future dispute resolution.

4.0 Valuation of Proposed Improvements on an 'As If Complete' basis (To Be Erected (TBE) Reports)

An 'As If Complete' valuation assumes the proposed work is complete and available for sale, as at the date of inspection/valuation. It does not reflect the current 'as is' / 'existing property' value of the property. It also does not reflect the value of the property 'on completion' at a future date.

The valuation of proposed improvements on an 'As If Complete' basis is based on the assumption that the property has been completed to a 'tradesman like manner' in accordance with the plans, specifications provided and relied upon, and all legal requirements to permit occupancy of the dwelling/development.

The valuation should only include works noted within the plans and specifications provided with the instructions from the Client.

Where the proposed dwelling is part of a development, it is to be assumed that the development is completed, as at the date of inspection/valuation, including any proposed common areas and facilities.

If the property is part of a 'staged unit/apartment/townhouse development' it is to be assumed that the whole development is completed as at the date of inspection/valuation.

The progress payment schedule should reflect the 'final' building contract including agreed variations to the building contract. If this is not provided, or if no progress payment schedule is provided, the Valuer should note this in the Report via the Risk Ratings and include a comment that progress payments are unable to be undertaken until a progress payment schedule that reflects the 'final' building contract including agreed variations is provided to the Valuer.

Where a progress payment schedule is provided, the Report should include a comment as to whether or not the schedule, in the contract, between the builder and the borrower, complies with published legislative parameters or industry parameters/benchmarks, regarding payment drawdown percentages.

The Valuer should note in Section 8 the agreed progress payment schedule between the builder and the borrower, and where it differs from published legislative parameters or industry parameters/benchmarks, the published legislative or industry parameters/benchmarks should also be listed.

If the progress payment schedule is outside of industry or legislative parameters/benchmarks, the Valuer should note this in the Report. The following warnings to the Lender are examples of clauses that can be included in the Report, and also in any subsequent progress inspection reports.

> ***The progress payment schedule provided is not considered to be in line with published legislative parameters. It is recommended that the Lender/LMI make enquires as to the contract between the borrower and the builder.***
>
> or
>
> ***The progress payment schedule provided is not considered to be in line with industry standards. It is recommended that the Lender/LMI make enquires as the contract between the borrower and the builder.***

5.0 Progress Inspection Reports

Role of the Valuer

The Valuer's role in preparing a Progress Inspection Report is to consider whether the level of construction, on inspection, appears to be substantially completed in line with the agreed progress payment schedule in the primary building contract and/or any 'additional quotes'/'out of contract items' by third parties which were taken into account in the TBE Report.

A Progress Inspection request to confirm that 'additional quotes'/'out of contract' items are substantially completed should be undertaken and completed on the Progress Inspection Report template. The Valuer should list the total amount deemed appropriate for payment for works completed and in accordance with the agreed contract/tender/quote between the borrower(s) and the third party contractor undertaking the 'out of contract items'. There may be situations where multiple requests for payment are ordered for different 'out of contract' items and completed based on a single inspection and report.

Progress payment inspections are undertaken in the Member's capacity as a Valuer. The Valuer is not acting as a building inspector or building expert and the progress inspection report does not in any way constitute a certification of payment to the builder under the contract, nor does it constitute a structural survey or building report.

Any variations to the building contract, not taken into account in the original Report, should not be included in the Progress Inspection Report. The request must be referred back to the Client advising that the Progress Inspection report cannot be completed.

The Valuer should sight approved plans that match those provided and relied upon in the original 'as if complete' valuation, either before, or at the time of preparing the 'first' Progress Inspection Report. If the approved plans differ from those relied upon for the Report, the Valuer should not complete the Progress Inspection Report. The request should be referred back to the Client advising that the Progress Inspection report cannot be completed, as the original Report no longer reflects the property under construction/to be built, and a new Report should be undertaken.

Progress payments should not be undertaken by a Valuer if:

- The building contract does not provide for fixed and defined stage progress draws;
- In the Valuer's opinion, the construction relates to a specialised/unique property and requires a specialist/expert opinion from a suitably qualified building professional/quantity surveyor.

Layout Designed to Facilitate Easy Checking

The Report layout is designed to facilitate easy checking and a consistent report template.

The Report template includes the following statement outlining the basis of the progress inspection report and the Valuers role in undertaking the progress inspection;

> ***"We have carried out a progress inspection of the abovementioned property as instructed. Building works appear to be completed as noted below. A payment in accordance with the schedule below is considered appropriate.***
>
> ***Progress payment inspections are undertaken in our capacity as Valuers, not as building inspectors or building experts, and the Valuer's inspection and report does not constitute a structural survey or building report and is completed in accordance with the PropertyPRO Supporting Memorandum***."

Information which must be provided in the Report

The Valuer must provide in the Report, under each heading, the information and comments referred to below.

Item	Requirement
Property Address	Full street address, including locality name, state/territory and postcode, as at the date of inspection.
Primary Building Contract	
Approved/Endorsed Plans Sighted?	A 'check box' which if ticked confirms to the Client that the Valuer has sighted 'approved/endorsed' building plans.
Fully Executed Building Contract Sighted?	A 'check box' which if ticked confirms to the Client that the Valuer has sighted a fully executed building contract including schedule of finishes and specifications.
Owner Builder?	A 'check box' which if ticked alerts the reader of the Progress Inspection Report that this is an 'owner builder' project scenario.
Contract Price	The building contract price including variations to the building contract* In an 'owner builder' scenario this is the total of cost estimates as provided and relied upon in the TBE Report for the subject property.
Works Completed	The percentage (%) of building works completed as at the date of inspection as detailed in the agreed progress payment schedule in the building contract.** That is, the Cost to Date as a percentage of the Contract Price.
Cost to Date	The total cost of building works completed at the date of inspection, expressed in dollars.
Cost to Complete	Also known as 'balance to contract' and is the amount, in dollar terms, for all the builders works still to be completed in accordance with the building contract. It is the difference between the Cost to Date and the Contract Price.

Item	Requirement
Current Scheduled Payment	The current amount, expressed in dollar terms, claimed by the builder for works completed under the contract. This is the current claim as per the progress payment schedule and the current builder's invoice.** The Client should provide the Valuer with a copy of the current builders claim/invoice with the instructions to conduct a progress inspection.
Payment Type	Two options are available; 'Progress' and 'Final'
Comments	A free typing field where the Valuer can provide any additional information/comments regarding the current progress inspection and/or discussion around approved/endorsed plans sighted or otherwise as appropriate.

Out of Contract Items	
Total Price	The sum of all 'out of contract' items included in the TBE report
Current Appropriate Payment(s)	The current amount, expressed in dollar terms, for 'out of contract' works completed and subject to the current claim/request for payment. ** This is the sum of all the current claims/requests for payment. The Client should provide the Valuer with a statement/schedule outlining the current claim/request for payment with the instructions to conduct a progress inspection.
Comments	The Valuer should list the 'out of contract' works completed, and the dollar amounts deemed appropriate for payment. The sum of the dollar amounts listed will equal the 'current appropriate payment'.

* Variations which were provided with the original TBE Report instructions and taken into account in the TBE Report. If the variations to the building contract were not taken into account in the original TBE Report, a new TBE Report will need to be undertaken.

** If the building works do not appear to be completed for the current progress claim (as per the builder's invoice or a specific 'out of contract' works claimed) then the Valuer should not be confirming part payment of a builder's claim, or the 'out of contract' amount claimed.

Photographs

The Valuer should include photographs that clearly show the extent of completion of building works and 'out of contract' items as at the date of inspection. In situations where there are unfinished works which result in payment deemed to be not appropriate, the Valuer should provide photographic evidence in support.

The photograph(s) should be date and time stamped or an appropriate comment provided in Comment section outlining why the above requirements were unable to be met.

Photographs will not only assist the Client in understanding the nature of finished and any unfinished works, but also assist in any future dispute resolution.

6.0 Matters on which the Valuer may provide Restricted Comment

Aspects Requiring Specialists Reports

A Report may note an observed condition or indication of a possible problem area. A Valuer may therefore recommend reports be obtained from specialist experts. If this is the case, the recommendation should be made in the 'Documents to be Sighted by the Client' field in Section 3 of the Report. The purpose of recommending such expert reports is to draw attention to certain aspects that may require further investigation prior to reliance on the Report by the Client.

The following is a list of specialist areas (without limiting the extent of such experts or other sources of information) where the Valuer may have some knowledge but is not an expert or is not permitted under an act or regulation to express a definitive opinion:

- Pest Inspectors
- Land Surveyors
- Geo-technical Engineers
- Structural Engineers
- Building Inspectors/Architects
- Solicitors
- Environmental Surveyors
- Contamination experts and/or authorities
- Town Planners
- Government, Regulatory Bodies and Authorities

Valuers Comments Indicative Only

The Valuer's comments should be taken as indicative only and not definitive on the particular matter. For example, the Valuer's inspection may note that the building appears to be too close to what appears to be the boundary. The Valuer's Report may then note this and recommend that a surveyor's report be obtained. In this way the Valuer serves to highlight need for a particular action. The Valuer's Report is subject to such further reports being satisfactory.

Referral back to Valuer

When the specialist's report(s) and/or other relevant sources of information have been obtained, they must be referred back to the Valuer by the Client and/or anyone acting on their behalf, and with their authority, for comment as to how it impacts on the Report. Any reliance upon a Report without such matters having been referred to the Valuer in accordance with this paragraph will not be considered reasonable reliance.

7.0 Departure Provisions

When circumstances arise which the Valuer considers warrant departure from the provisions of this Supporting Memorandum, the reason for the departure should be drawn to the Client's attention prior to completion of the Report. If instructed by the Client, in writing to proceed, then the departure from the provisions of the Supporting Memorandum should be clearly stated in Section 8.

Departure provisions cannot be applied to enable an 'out of scope' or unsuitable purpose or property type to be completed on PropertyPRO.

8.0 Matters that must be reviewed and checked by the Client and/or its solicitor or others on the Client's behalf

Referral to Valuer

There may be situations where a Report is based upon information or documents (either provided to or sourced by the Valuer), the content of which is subsequently revealed to be incorrect, incomplete or inconsistent with what has been outlined in the Report. When any of these occurrences is discovered, it must be referred to the Valuer for further comment and advice as to how it affects the Report. Reliance upon the Report without such referral back to the Valuer will not be considered reasonable reliance.

The Client or solicitor/legal representative must check

There are many issues and matters disclosed in the Report which are implied in the Supporting Memorandum and that the Valuer assumes the Client and/or its solicitor(s)/legal representative(s) and/or others instructed by the Client will confirm or ascertain prior to reliance on the Report. The responsibility is on the Client's solicitors and/or others instructed by the Client to read the entirety of a Report and comment upon and provide advice to the Client prior to any reliance by them for the purpose of a mortgage/LMI transaction.

The Client acknowledges that, if the Client's solicitors are on notice of facts that cast doubt on the correctness of the content of the Report, the Client's solicitors and/or those instructed by the Client to undertake such work have a duty to draw this to the Client's attention notwithstanding any specific contractual relationship between them.

In the event that such solicitor(s)/legal representative(s) draw to the attention of the Client facts and/or information of the type referred to in the previous paragraphs, then before reliance on the Report the Client must provide the Valuer with such facts and/or information. Failure to do so and subsequent reliance on the Report will not constitute reasonable reliance on the Report.

The relevant areas of checking include, but are not limited to:

- Title details including all restrictions, encumbrances, etc noted on the Title.
- Confirmation of all zoning and/or town planning and development approval issues.
- Environmental issues, including, in relation to things such as flora and fauna that may affect the value because of Government regulation or zoning restrictions.
- The building construction and development applications.
- All contracts, including (where applicable) sale contracts for the real property and building contracts with respect to TBE valuations.
- All relevant searches of all body corporate/owner corporation records, including amounts held in sinking funds and all other issues for consideration in strata title (or similar) property valuations.
- All other matter(s) arising from every search the solicitor undertakes in relation to a property transaction as solicitor for the Client including searches and responses from any relevant authority.
- Any document(s) recommended by the Valuer as 'Documents to be Sighted by the Client'.
- Any other matter(s) considered to be within the expertise of a solicitor/legal representative of the Client.

9.0 Information the Valuer could be expected to hold on file

Valuer's File may contain

A Valuer's file (either in hard copy or electronic/digital form) for any Report may be expected to contain the following information/documentation:

- Copy of Instructions.
- Copy of any documents provided by the Client, its solicitor or the borrower.
- Copy of the Report as submitted to the Client.
- Copy of any plans relied upon.
- Copy of Valuer's inspection notes for the subject property including but not limited to the following;
    - A plan of the main buildings, (recording external wall dimensions and internal room layout). Building areas required in the Report are in accordance with the API TIP – Methods of Measurement.
    - Adequate notes to record any necessary detail beyond that required in the Report covering construction of the main building, its quality, finishes, condition and any essential repairs.
    - Adequate notes of ancillary improvements.
- Copy of Valuer's inquiry sheet adequately recording any additional research information obtained and preferably from whom and/or where, if applicable.
- Photographs
- Copy of Valuer's calculation/work sheet.
- Where a TBE/Extension/Renovation is involved, calculations for the Check Cost and for Progress Draws (where applicable).
- Copy of any other document relied upon by the Valuer that relates to the subject property.
- Any other information considered by the Valuer and utilised for the preparation of the Report.

NOTE: While Valuers may use a variety of methods to record their field notes, as a guide, information recorded and retained on file should be adequate:

- to demonstrate that a proper inspection has been carried out, and
- to allow the Valuer to discuss the subject property and the Report with the Client or its service providers at some point in the future (which may be some years hence).

10.0 Date of Effect

The effective date of the Supporting Memorandum is 1 March 2020 with the PropertyPRO Valuation template and Progress Inspection template to be fully implemented by 5 April 2020.