

Australian Property Institute Limited

API/APIV MEMBER ALERT – ASSIGNING VALUATIONS

Reference MEMBER ALERT – Assigning Valuations
Effective 20 March 2019
Owner API General Manager, Professional Standards (Residential) and
General Manager, Compliance & Risk (APIV Limited)

MEMBER ALERT – ASSIGNING VALUATIONS

The purpose of this Member Alert is to provide Valuer Members with guidance regarding assigning Valuation Reports from one party to another party.

An 'assigned' valuation is also known as a 're-assignment' and occurs where:

- the Valuer has completed a Valuation Report for one party (Client A);
- the Valuer subsequently receives a new instruction from another party (Client B) to value the same property; and
- instead of undertaking a new inspection of the property and conducting further investigation/analysis of the property and the market, the Valuer re-utilises the information collated for the purpose of the preparation of the original Valuation Report for Client A to form basis of the subsequent Valuation Report prepared for Client B.

In this scenario, the 'assigned' valuation (for Client B) is the Valuer's opinion as to the value of the property as at the date of the inspection and is based on the property specific and market data/information collected and analysed for the purpose of preparing the Valuation Report for Client A.

As a general rule, assignment of a Valuation Report should not be undertaken.

If a Valuer is requested to assign a Valuation Report, the API strongly recommends that the Valuer assesses all risks associated with such assignment before accepting the work, including but not limited to the following:

- Does the assignment breach any contractual arrangement that the Valuer has with Client A?
- Is the purpose of the valuation for Client B different from the purpose of the valuation prepared for Client A? – e.g. from financial reporting purposes to mortgage security purposes. If so, the Valuer must ensure that the original and any subsequent Valuation Report comply with all professional standards requirements and guidelines issued by the API.
- Is there a perceived or actual conflict of interest that needs to be considered? e.g. pre-purchase advice and subsequent request to mortgage security valuation.
- Are there any additional risks associated with Client B? e.g. Client A, is an APRA approved ADI and Client B, is a mortgage fund operated under a Managed Investment Scheme.
- Is the assignment compliant with the requirements under the Valuer's professional indemnity insurance policy?

If the Valuer then decides to proceed with the assignment of the valuation, they must comply with each of the following:

- Written consent from Client A is obtained prior to accepting Client B's instructions, which authorises the Valuer to assign the information collected under Client A's instructions, and the content contained in the Valuation Report prepared for them, to Client B.
- The subsequent Valuation Report is prepared and **delivered to Client B within 90 days from the date of the inspection** on the original valuation report. Under no circumstances is a valuation to be assigned, or is a Client permitted to rely on an assigned valuation, after the expiration of 90 days from the date of inspection on the original valuation report.
- The Valuer is not breaching any specific terms of the Valuer's professional indemnity insurance policy by assigning the valuation from Client A to Client B. The Valuation Report prepared for Client B should contain any disclaimers/qualifications required under the policy, 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.

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

If you have any questions or concerns regarding this Member Alert, please do not hesitate to contact:

- David Brandon, General Manager – Professional Standards (Residential) at dbrandon@api.org.au; or
- Anna Shin, General Manager – Compliance and Risk (APIV Ltd) at ashin@api.org.au.