

New CPV (Residential) Certification External Consultation Paper

Background

After an extensive period of State Committee and Board consultation, the API is now contacting key industry stakeholders to discuss the API's proposed new CPV (Residential) certification.

The API is exploring how to increase valuer capacity and a pathway for career progression in the residential mortgage valuation industry by creating a new API CPV (Residential) certification. The intention of this new certification will continue to build on the existing RPV supervision and sign off guidelines to provide an admission framework for RPVs to specialise in residential markets with the ability to sign-off as a CPV on the valuation report, for an agreed limited scope of residential assets.

Background

Existing RPV Certification

Essentially, a candidate has to hold a requisite academic qualification from an accredited university degree and one year of work experience with a valuation firm, to be eligible to sit for API RPV admission. Upon successful completion, the candidate is awarded an RPV certification and this certification sits in the API provisional membership category (not a full API member). An RPV has no voting rights.

To gain a CPV certification, an RPV needs an additional one year work experience as well as gain knowledge of valuing properties in all asset classes (including commercial, industrial and rural properties) and submit three reports that demonstrate that they can value commercial properties, including capability in writing long form reports.

RPV Supervising Member Rules

From an API perspective, RPVs can value residential properties up to any value, as long as the valuation report is subject to:

- (a) Membership Rules – Supervising Member, API member holds CPV is appointed to by the firm to review and countersign the report (eg RPV inspect the property on their own and prepare the report and CPV reviews and approves the report); and
- (b) APIV Scheme (App C) – Supervising Member needs to review, approve and countersign the report for RPVs for all residential properties and for CPVs any valuation over \$2m.

CPV Certifications

Currently, the API Certifications for CPV are:

- CPV
- CPV (Plant & Machinery)
- CPV (Business)

The CPV certifications have been structured on the legal categorisation of assets. Assets can be split between tangible (real property vs personal property (chattels)) and intangible assets (eg goodwill, trademarks, licences etc). See table below for further explanation.

CPV Certification	Tangible or Intangible assets	Real Property or Chattels
CPV	Tangible Assets	Real Property only
CPV (Plant and Machinery)	Tangible Assets	Personal Property/Chattels eg plant and machinery and equipment
CPV (Business)	Intangible Assets	n/a. (instead goodwill, trademarks, licences etc)

API Membership Data RPV (current as at July 2022)

State	Number of RPVs	Number of CPVs	% Unconverted to CPVs
Northern Territory	6	21	28%
Western Australia	8	445	2%
Queensland	17	949	2%
New South Wales	73	1622	4.5%
Australian Capital Territory	10	88	11%
Victoria	116	1205	9.5%
Tasmania	9	89	10%
South Australia	50	269	18.5%
Total	289	4688	6%

Note: This table is indicating that only 6% of RPVs have not converted to the CPV certification. Also, we are aware that many members who hold CPV work solely in the residential space.

RPVs Number of Years Post Admission	Number of RPVs
0	42
1 year	68
2 years	30
3 years	24
4 years	24
5 years +	101
Total	289

Note: These figures could suggest that 179 eligible RPVs (62%) can become CPVs, however have not made that conversion. Also note, 101 RPVs (5 years + post admission) have extensive experience and have chosen to remain as RPVs. These two data points could indicate a strong member value need for career progression and the new API CPV (Residential) certification.

CPV Certification - Member and Employer Feedback

Member and employer feedback has been received advising that RPVs would like the opportunity to utilise their residential property skills and gain the same autonomy as a CPV when they value residential property. Without having to reskill in commercial valuations to undertake the API CPV admission process.

The API CPV admission process requires all candidates to have knowledge of valuing properties in all asset classes (including commercial, industrial and rural properties) and submit three reports that demonstrate that they can value commercial properties, including capability in writing long form reports. For an RPV,

this process is arduous because it requires the RPV to be proficient across all asset classes which is hard to attain if the RPV has only been valuing residential properties up to \$2m (using only PropertyPRO template reports) and no long form reports have been prepared. In addition, the challenge is that residential valuers who want to become CPV have to dedicate a significant amount of time in upskilling on asset classes they have no professional interest in valuing. CPV mentor valuers and the firm invest significant time into training and upskilling to get the RPV up to speed to sit the CPV certification in all asset classes.

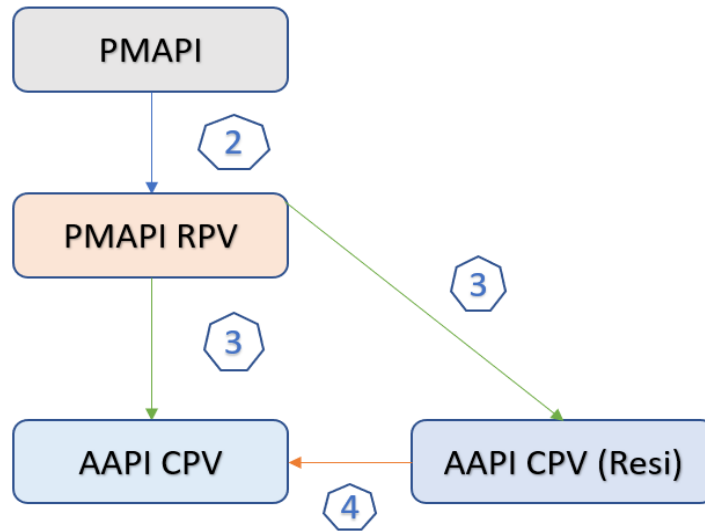
After analysing the RPV data above and analysing the member feedback about the API CPV admission framework, we can explore an alternate CPV (Residential) certification pathway.

This certification would sit in the Associate membership category, similar to the CPV certification.

1. An individual finishes university and wants to start a career as a Valuer. Individual applies to and joins the API as a **PMAPI**. Note this is optional, an individual can join the API at step 2 or 3 without having to join as a PMAPI.
2. After a minimum of 12 months on the job training (eg cadetship) and successfully passing an interview process the individual may be certified as an API Valuer in the following membership category/certification, **PMAPI RPV**. Note, this is optional, an individual can join the API at step 3 without having to join at step 2 as a PMAPI RPV.
3. After a minimum of two (2) years on the job training and successfully passing an interview process the individual may be certified as an API Valuer in the following membership category/certification, **AAPV CPV**.

Proposed Alternate CPV (Residential)

- 3a. If the individual intends to only undertake valuations of residential property, they can apply for and may be certified as an API Valuer in the following membership category/certification, **AAPV CPV (Residential)**.
4. At any stage after attaining *AAPV CPV (Residential)*, an individual may apply for *AAPV CPV*. If they are successful in attaining *AAPV CPV*, via the existing CPV admission process, then the *CPV (Residential)* certification would no longer apply.



New CPV (Residential) Certification Admission Process

Please see Appendix 1 for the draft equivalent admission process to a CPV, which specialises in residential properties. This new CPV (Residential) certification will allow RPVs to have a pathway which utilises their residential property experience and to take a designated CPV specialised admission process with the outcome of having autonomy as a CPV to sign-off on the valuation report, for an agreed limited scope of residential assets.

There is an alternative suggestion, that instead of the CPV (Residential) certification, the RPV model should be built out to Phase 2 and have a model of a second year of work experience for RPVs. However, this would result in the same principles of CPV (Resi). At its very core, the aim is to preserve the CPV status, the ‘gold standard’ and build out from this cornerstone post-nominal.

QLD and WA Regulatory Bodies Advocacy

In all States, except WA and QLD (who still have a Valuer Licensing Regime in place), an API holding RPV is able to undertake valuations of residential properties. In WA and QLD, where the licensing/registration regime still remains, these States do not recognise the API Certification – RPV, they only recognise the CPV certification.

API will continue its discussions with both the WA and QLD authorities to gain approval of Provisional membership with the RPV certification. These discussions will also now include gaining approval of the new CPV (Residential) certification which will allow RPVs of 2 years + post admission to hopefully gain WA and QLD registration/licensing approval.

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August 2022