

## Key changes including examples for Valuers (15 November 2023)

The RVI Group has provided some additional information (below) about some of the key changes including examples for Valuers to consider in an effort to increase the consistency of reporting certain scenarios in PropertyPRO Reports.

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### Section 6.3 Essential Repairs

Where essential repairs are identified, Trigger VRA 3, *apply a minimum Improvement risk rating of 4 and provide descriptive comments explaining what the essential repairs comprise of in the Additional Comments section of the report.*

- *Clarification around minimum risk rating to be applied*
- *Uplift in expectations with regards to commentary to ensure the reader of the report fully understands what has been identified by the Valuer as an essential repair.*

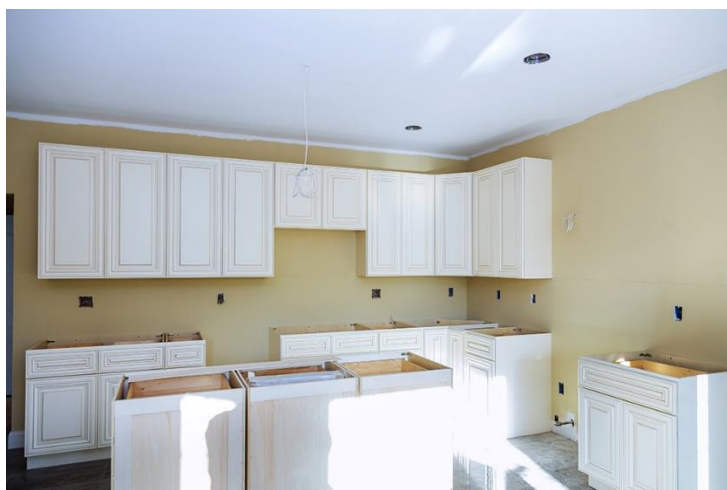
#### Some examples

*We noted the following essential repairs during inspection of the property;*

- *Broken glass windows to 4 windows*
- *Damaged asbestos internal walls*
- *Rear verandah (1.5m high) missing safety balustrade*



*We note that the subject includes kitchen undergoing renovation - un-finished work at the time of reporting includes splashback, sink, tap and bench-tops not yet installed, missing all cooking appliances and some cabinetry still to be installed. The un-finished work is considered an essential repair as it renders the dwelling un-inhabitable at present.*



## Section 8.1 xii and 11.4

### When to trigger examples

- Rise & Fall Clauses

#### In additional to Clause 15. Other Costs

15.3 If, after this contract is signed, a trade or supplier provides the builder with a price increase, the builder reserves the right to pass this increase on to the owner

### When not to trigger examples

#### Contract price must be fixed

A contract must not contain a "rise and fall" clause. A rise and fall clause allows the builder to pass on price increases for labour or materials that occur after the contract is signed.

However, the builder can include a clause in the contract that allows for a price increase to cover an increase in actual costs that results from –

- (a) government taxes or charges increasing after the contract is signed;
  - (b) the builder having to comply with a State or Commonwealth law; or
  - (c) work not starting within 45 working days after the contract is signed if the delay is not caused by the builder.
- If (c) applies and the price rise is more than 5%, you may terminate the contract within 10 working days of receiving written notice of the increase – see later in this notice under "**Termination of contract**". You can also choose to make a complaint to the Building Commissioner within this period.

## 6. The contract price

- (a) The price for the Works shall be the amount set out in Item 6 of the Schedule which shall be subject to the adjustments and variations provided for in this Contract. The price so adjusted or varied shall hereinafter be called the "Contract Price".
- (b) If there is a delay in the commencement of the Works beyond the period of FORTY-FIVE (45) working days after the date of this Contract being a delay:
  - (i) that is caused solely by the failure of the Owner to comply with a condition imposed on the Owner by this Contract, including the provisions of Clause 3(c) or (d); or
  - (ii) that occurs without any failure on the part of either the Owner or the Builder to comply with his or her obligations under this Contract, then the consequences to, and the rights and remedies of, the parties are set out in Clause 22(d) and (e).
- (c) If further costs are actually imposed on or incurred by the Builder as a direct consequence of a written law of the State of Western Australia or the Commonwealth of Australia or on account of an increase in any tax, duty or other charge imposed under any such law after the date of this Contract then the Builder shall be entitled to increase the Contract Price to reflect such further costs. The Builder shall notify the Owner in writing of such further costs and specify to the Owner when such further costs are payable.

#### CLAUSES THAT ALLOW FOR AN INCREASE TO THE CONTRACT PRICE

- (a) **Clause 9:** where the **owner** does not provide the survey within **5 working days** of receiving notice and the **builder** must obtain the survey on behalf of the **owner**.
- (b) **Clause 10:** where the **owner** does not provide **all weather access** or interferes with the carrying out of the **works**.
- (c) **Clause 11:** where the **builder** must fulfill statutory or other legal requirements related to carrying out and completing the **works** on behalf of the **owner**.
- (d) **Clause 16:** where **commencement** is delayed due to a cause for which the **builder** is not responsible, or where, after **commencement**, the **owner** is responsible for delays.
- (e) **Clause 19:** where the **works** are suspended and recommenced.
- (f) **Clause 23:** where after the contract date, taxes, charges, levies, or regulations are introduced or increased by a **statutory or other authority**.

#### CLAUSES THAT ALLOW FOR AN INCREASE OR DECREASE TO THE CONTRACT PRICE

- (a) **Clause 13:** where there is a discrepancy or error in documentation that results in new **owner** instructions.
- (b) **Clause 15:** where there are **hidden site conditions** that were not disclosed to the **builder** before signing the **contract** or shown in the **contract documents**.
- (c) **Clause 20:** where a **variation document** is issued (see clauses 9,10,11,13,15 and 26).
- (d) **Clause 21:** where the actual price of supplying a prime cost or provisional sum item differs for the allowance.
- (e) **Clause 26:** where the **owner** takes possession of the **works** resulting in a **variation**.

## Section 9.4 Issuing Amended Reports

When amending a report, the Valuer should ensure the words “**Amended Report**” are clearly marked on the **front page**.

If the Valuer issues an amended report the report must [include detailed commentary](#) on:

- what has been changed [and why](#),
- [documents and/or evidence provided or sought that supports the amendment \(where applicable\)](#)

A summary of the changes should be included as the **first comment** of the ‘Additional Comments’ section [and include the date of the amendment](#).

If a report has been amended on multiple occasions, the most recent amendment should appear first within the additional comments followed by earlier amendments.

Uplift in commentary was included for amended report requirements to ensure that any reader of the report will have a clear understanding as to **what** has been changed and **why**, noting that they may not have been the party requesting the amendment so are not aware of the circumstances behind it.

### **Examples of amendment commentary**

Amended Report DD/MM/YY

This report has been amended with changes to the Improvements risk rating and associated commentary regarding the progress payment schedule after having been presented with a variation to the building contract, being a revised progress payment schedule. The revised progress payment schedule is considered to be within industry parameters and report has been amended to now note this. No changes have been made to the market value.

Or

This report has been amended at the request of the lender after providing a variation to the building contract which relates to inclusion of landscaping. The post-contract variation is for \$18,000 and includes/allows for turf to front & rear yard, 3 garden beds and associated plants, plus four mature magnolia trees. The Market Value has been amended accordingly now taking these establishing works into consideration, with the Market Value increasing from \$590,000 to \$600,000.

Or

This report has been amended to include additional sales evidence provided to the Valuer by the requestor. The Valuer has undertaken further investigation and analysis and a review of the sales evidence has resulted in a revised assessment of the Market Value. The revised evidence included the sales of X, Y & Z. The Market Value has been increased from \$450,000 to \$465,000.

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