

VALUATION PROTOCOL – CORRECT USE OF PROPERTYPRO REPORTS

Reference: Valuation Protocol – Correct Use of PropertyPRO Reports

Effective Date: 1 January 2025 – early adoption permitted and encouraged

Owner: Manager Professional Standards

Valuation Protocol – Correct Use of PropertyPRO Reports

The PropertyPRO Report must only be used for the *valuation*¹ of a ‘*single residential property*’² under instruction for or on behalf of a lender for first mortgage purposes only. It must not be used for any other property type or any other purpose.

The PropertyPRO Supporting Memorandum (PPSM) provides the basis upon which Valuer Members (Valuers) of the Australian Property Institute (API) provide *valuations* of *single residential properties* for first mortgage purposes using the PropertyPRO ‘API Residential Valuation and Security Assessment Pro-Forma Report’ (“PropertyPRO Report”).

The PropertyPRO Report is specifically designed for the sole purpose of providing a brief report on a *single residential property* for first mortgage purposes only.

The API retains copyright and control of the layout and format, including logos, of the PropertyPRO Report. This has been deemed necessary to retain the integrity and consistency of the report format. The API is the owner of the PropertyPRO logo which is a registered trademark.

The PPSM notes that “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 and/or mortgagee in possession valuations.” Any valuation purpose other than first mortgage purposes **must not** be knowingly undertaken by Valuers using the PropertyPRO Report.

The API is aware that some Valuers have been requested to provide a PropertyPRO Report for non-approved purposes. In such instances Valuers must not proceed with the instruction and refer the instruction back to the instructing party advising that the PropertyPRO Report is not appropriate for the requested purpose.

The API is also aware that some Valuers are inappropriately and incorrectly using and/or modifying the PropertyPRO Report format.

The API reminds Valuer Members that it is not appropriate to use or modify a PropertyPRO Report format in any way, including the use of previous PropertyPRO Report formats after they have been withdrawn and replaced by the API. The PropertyPRO Report must also not be used for any purpose(s) when instructed by a non-lender client.

The PropertyPRO Report format must not be modified or amended in any way that departs from the guidelines and requirements as contained in the current or any previous versions of the API PropertyPRO Supporting Memorandum (previously known as PropertyPRO Residential Valuation and Security Assessment Pro-Forma Supporting Memorandum) and the template reports associated with the respective supporting memorandums.

¹ “**valuation**” means an established evidence-based valuation process for assessing the value, including but not limited to market value and market rent, of a tangible asset as at a specified date following a physical inspection of the asset by the Primary Valuer. (API Rules of Professional Conduct)

² “**single residential property**” is defined in the PPSM, and is only applicable to valuation reports completed in accordance with the PPSM.

The PPSM and associated PropertyPRO Report format(s) was and is designed, approved and accepted by the Australian valuation profession as part of a suite of factors and other information that a lender will consider when deciding whether the subject property is suitable security for the extension of first mortgage lending to a borrower(s) or potential borrower(s).

The PPSM and associated PropertyPRO Report format(s), in its current and previous form(s), contains long accepted, clear and unambiguous disclaimers, warnings and limitations as to whom Valuers are prepared to and have agreed to accept responsibility to, in regard to reliance on the report. Any Valuer who completes a PropertyPRO Report for any other purpose than first mortgage purpose or knows or ought reasonably to suspect an alternative use is, or is likely to occur, will almost certainly not have such “protection” regarding reliance as exists in the PPSM.

Inappropriate use or modification of the PropertyPRO Report by a Valuer may prejudice professional indemnity insurance cover in the event of a professional negligence claim.

A Valuers obligations under the APIV Scheme may also be at risk if they knowingly and/or willingly fail to comply with the [API Rules of Professional Conduct](#).

If a Valuer receives an instruction to value a property for first mortgage purposes using the PropertyPRO Report template, for or on behalf of a lender, that is not a ‘single residential property’ they must decline the instruction and refer the instruction back to the lender advising that they are unable to proceed with the instruction, as it does not comply with the requirements of the PPSM.

The API reminds Valuers that a *desktop process*³ is not suitable for the production of a PropertyPRO Report.

Valuers not following or complying with the directions contained within this Valuation Protocol may be subject to a finding of professional misconduct if an allegation of non-compliance with the Rules is lodged against them.

If there are any comments or feedback regarding this Valuation Protocol, please do not hesitate to contact us at standards@api.org.au.

³ “*desktop process*” means an evidence-based process which results in a desktop report containing an indicative value of a tangible asset as at a specified date, based on the Valuer’s knowledge, research, experience and expertise together with “relevant data and inputs” (information) relating to the asset provided by other parties or sourced by the Valuer, but does not include a physical inspection (of any kind) of the asset by the Valuer. (API Rules of Professional Conduct)