

Proposed Changes to the Residential Valuation Standing Instructions

Valuers are encouraged to take the time read the Consultation document for Version 1.3 to fully familiarise themselves with the proposed Standing Instructions.

Many of the proposed changes are editing to give better clarity of expectation and required content to make it more straight forward for valuers (removal of any ambiguity). For most valuers, this will not affect their daily approach to completing valuations for residential mortgage security purposes.

Nonetheless, below is a brief outline of the main changes:

1) Section 1.2.1 - Type of Property Included ('in scope')

The potential of a site has been moved from two sites to three sites. There is also an expanded explanation as to how a higher density of development should be treated where it is considered to be still 'in scope'.

2) Section 1.4.4 - Required Qualifications and Experience of Registered Valuers

Guidance has been provided around counter-signing valuation reports. This ensures that a Registered Valuer does not inadvertently position themselves as the responsible author of a valuation report when completing a Quality Assurance process.

3) Section 1.8 - Conflict of Interest

This is essentially a confirmation of the NZIV Code of Ethics. It identifies that Registered Valuers must not complete a valuation report for a purchaser when the Registered Valuer or valuation firm has undertaken a valuation on that same property for the vendor. Valuers should only proceed if authorised by the Valuation Ordering Service or bank.

4) Section 2.13.2 – Sales

Clarification that a table is required to reconcile the sales evidence. To help the reader understand the valuation, display the sales in the table in ascending order of sales price.

5) Section 2.15 – Current and Prior Sales

All sales within the last three years should now be identified and commented on accordingly. This accounts for where a trust transaction may have followed a market transaction.

6) Section 2.16.3 – Value Assessment/Conclusion

This is otherwise known as an 'Affordable Homes' clause. It means that where a valuer identifies that a property may be subject to a specific agreement affecting its value, the valuer should report the value, with and without that encumbrance to value.

7) Appendix – Valuation Process for construction of a new dwelling

This identifies that even for a 'turnkey' valuation assessment (except apartments) that a Land Value assessment is required.