



# Residential Valuation Standing Instructions

## Addendum 1.0

*This Addendum is to Residential valuation Standing Instructions Version 1.3 - 1 March 2019.*

**Effective Date: 23 April 2020**

*This Addendum was approved by the Residential Valuation Forum on 23 April 2020 and is effective immediately until the end of COVID-19 Alert Levels*

## **'Limited Inspection' Valuation Assignments**

### **1.1 Introduction**

- 1.1.1 This document is an Addendum to the Residential Valuation Standing Instructions Version 1.3 – 1 March 2019. This Addendum will remain in force until the removal of all COVID-19 Alert Levels as they apply to any subject property.
- 1.1.2 It is anticipated that as COVID-19 Alert Level 4 is reduced, homeowners/occupiers may still have reservations about allowing Registered Valuers inside their homes.
- 1.1.3 During various COVID-19 levels, each Bank, as it deems appropriate, will instruct Registered Valuers or authorise its Valuation Ordering Service (VOS) to instruct Registered Valuers, to complete a Valuation report or a Progress Payment Report by way of a limited inspection, in situations where a standard Valuation or Progress Payment Report is not possible.
- 1.1.4 Where a VOS is utilised by the Bank, the VOS will endeavour to facilitate the orderer to identify digitally when an internal inspection is unable to be undertaken owing to COVID-19 issues. This will ensure that the Registered Valuer is immediately informed of COVID-19 access issues. The Registered Valuer should also endeavour to identify this at the time of arranging an inspection and again when they arrive at the property.
- 1.1.5 This Addendum has been designed to be used by Registered Valuers where a valuation has been instructed directly by a Bank or via a VOS in relation to the Residential Valuation Standing Instructions only.

### **1.2 Valuer Responsibilities**

- 1.2.1 At all times, Registered Valuers will remain responsible for their safety, and strictly adhere to Ministry of Health and other Government directives regarding interaction with the public and occupiers of any property that is the subject of the valuation requested.
- 1.2.2 Specific confirmation from the Registered Valuer's Professional Indemnity insurer should be obtained before proceeding with a Valuation or Progress Payment Report by way of a limited inspection, in accordance with this Addendum. A copy of this insurance confirmation may be requested by the Bank or its Valuation Ordering Service prior to a Valuation or Progress Payment Report by way of a limited inspection, proceeding.
- 1.2.3 In the rare instance, where the Registered Valuer is unable to reasonably identify and confirm sufficient property details to complete the Bank's instructions in accordance with accepted valuation practice and this Addendum, then the Valuer should not continue and the instruction should be referred back to the VOS or Bank, as the case may be.
- 1.2.4 At no time should the Registered Valuer complete a valuation report if they feel that they cannot make a reasonable judgement as to the assessment of the Market Value or current stage of completion, as the case may be, as this relates to any limited inspection.

## **1.3 Inspection**

- 1.3.1 Valuers will be required to complete a full property inspection unless a full inspection is not possible under COVID-19 limitations. If a full inspection is not possible, the Registered Valuer must complete the highest possible level of inspection available to them. Therefore, if a full inspection is possible, this should be undertaken. If walking around the exterior of a property and the ability to measure the improvements is possible, this too should be undertaken.
- 1.3.2 As a minimum, the Registered Valuer should visit the edge of the property or location on the property from where the dwelling is visible and establish the nature of the improvements, including taking an external photo that encompasses the main improvements, where applicable.
- 1.3.3 A Registered Valuer should request that the customer facilitates, via a Bank approved, secure and validated process, details of the property for the Registered Valuer to consider, including:
- a) The number of bedrooms and bathrooms.
  - b) Garaging and Parking.
  - c) Photos that a Registered Valuer would normally include in a valuation report (interior and exterior) plus any extra images deemed appropriate. e.g. material features, improvements or chattels (interior and exterior).
  - d) Any additional information that the Registered Valuer may seek. e.g. a copy of the floor plans where available.
  - e) Confirmation that the information provided is true and correct.
- 1.3.4 Lack of access to the interior of an unoccupied improved property does not constitute a reason to complete a Valuation or Progress Payment Report by way of a limited inspection. Any such instances should be referred to the instructing party for appropriate direction.
- 1.3.5 We refer you to IVS Framework 60.2, IVS 102 Investigations and Compliance paragraph 20.4 and NZIV Code of Ethics 1.4, 1.5 and 1.7 (c) and (d).

## **1.4 Progress Payments**

- 1.4.1 It is expected that in most cases, a full inspection should be undertaken by the Registered Valuer as these properties are generally unoccupied. There may be exceptions e.g. an existing dwelling that is being altered and the home is still occupied or a recently completed home is now occupied. In these rare cases, a Progress Payment Report by way of a limited inspection, may be completed.

## **1.5 Third Party Information**

- 1.5.1 The Registered Valuer should endeavour to establish that photos that will be considered and utilised and provided by the occupier, have been validated by geo coding and date stamp to ensure, as best as possible, that these were taken at the subject property and near the time of the effective date of the valuation (within 48 hours is recommended). A secure inhouse or third party, Bank approved, process should be utilised by the Registered Valuer to determine this. The method of validation utilised must be stated and confirmed by the Registered Valuer in the valuation report.
- 1.5.2 The information supplied by the occupier should be authenticated as to being true and correct, to the best of their knowledge, at the time via a digital signature or validation.
- 1.5.3 If the Registered Valuer is not satisfied that the information provided via the occupier meets the above requirements, is unavailable or is in conflict with any information that the Registered Valuer holds, this should be referred to either the VOS or Bank to establish whether the valuation or Progress Payment Report should proceed.

- 1.5.4 The Banks acknowledge and accept that reliance on the third party provided information comes with risk and that the Registered Valuer will not be liable for the accuracy of such information, provided that the valuer has followed the requirements of this Addendum.

## **1.6 Reporting**

- 1.6.1 These Valuation or Progress Payment Reports completed by way of a limited inspection will be required to clearly state any limitations, assumptions or departures, as appropriate, plus a description of the extent of the inspection.
- 1.6.2 Statements in the valuation report should include:
- a) A statement that the valuation has been subject to a limited inspection.
  - b) The background as to the lack of full access to the property.
  - c) The extent of the valuation inspection completed.
  - d) The source and how the photos and information provided has been validated.
  - e) A declaration of any limitations, assumptions or departures contained within the valuation report.
  - f) Addressing 'Valuation Uncertainty' including any impact on the assessment of value.
  - g) A statement confirming that the Registered Valuer has Professional Indemnity insurance allowing that Registered Valuer to complete Valuations and Progress Payment Reports by way of a limited inspection, in accordance with this Addendum.
- 1.6.3 Valuers should state in the report that owing to it being a Valuation or Progress Payment Report by way of a limited inspection, that the report should not be used for any other purpose than for first mortgage purposes, by the Bank the report is addressed to.

## **1.7 Use of Valuation Reports**

- 1.7.1 The Banks acknowledge and accept that in completing a Valuation or Progress Payment Report by way of a limited inspection, that the Valuer will not carry out a full physical inspection of the Property that a Valuer is customarily required to complete under professional practice standards, Residential Valuation Standing Instructions or at law (where applicable) and the instructing Bank/Lender fully understands the risks inherent in the Registered Valuer not undertaking a full physical inspection of the subject property.
- 1.7.2 The Addendum is for use during emergency measure under the management of COVID-19, it does not provide for a variation to generally accepted valuation standards and requirements. Any requirement to vary from the accepted valuation standards are discussed within the International Valuation Standards and NZIV Guidelines and "TIPS". The specific terms for the Registered Valuer and the instructing party are to be covered in the Scope of Works. The agreed and confirmed Scope of Works becomes the commercial agreement between the parties. This document serves to vary the standard Scope of Works if the Registered Valuer is authorised to adopt this by the VOS or Bank, as the case may be.
- 1.7.3 For the avoidance of doubt, during the period that this Addendum applies, the Valuer is required to undertake a full inspection unless Government restrictions and Health and Safety matters limit this, whilst applying both professional standards and sound commercial judgment.

## **1.8 Updates and Additional Information**

- 1.8.1 Owing to the nature of COVID-19 requirements, the Residential Valuation Forum may update this Addendum.