

Standards Board Member Alert – Property Inspections

Revised 14 August 2020

New Zealand is moving through different status levels under the COVID 19 pandemic. Do not breach social contact restrictions in undertaking banking essential services

Introduction

1. As we move through the pandemic cycles the message is the same. Communicate with your clients. There will be changing alert levels and as regions move through the different status levels keep the communication relevant.

Status of Member Alerts

2. The status of Member Alerts is that they are considered guidance only and may be modified as information and the working environment evolve.
3. Member alerts include all professional communities and relevant disciplines.

Preamble

4. In dealing with a COVID-19 (novel coronavirus) several members have made enquiries to PINZ on how they are able to meet Valuation Standards whilst also having restricted access to property for inspection purposes.

Property Inspections - Member Alert

5. All members must as part of their agreed Scope of Works and preferably signed with the instructing party agree and detail under IVS 101 Scope of Works (i)
 - (i) The nature and extent of the valuers work and any limitations thereon: any limitations or restrictions on the inspection, enquiry and/or analysis in the valuation assignment must be identified (see IVS Framework, Paras 60.1–60.4) if relevant information is not available because the conditions of the assignment restrict the investigation, these restrictions and any necessary assumptions or special assumptions (see IVS 104 bases of value, Paras 200.1–200.5) made as a result of the restriction must be identified.
6. Valuation Ordering Panels (VOP) contracts require registered valuers signing the report to have inspected the property. It is recommended that members contact their VOP and obtain from them a departure to make assumptions on the property, if inspection is limited. Any departures should be clearly documented and agreed with the VOP. Be familiar with the requirements of “Residential Valuation Standing Instructions Addendum 1.0.
7. We are of the view that it could be considered that the government’s recommendation on travel and congregation is a regulatory requirement that will limit inspections. As COVID-19 is a pandemic employers also have Health and Safety at Work Act 2015 considerations to make.
8. A regulatory requirement meets the departure definitions of IVS is as detailed below.
(IVS Framework)

60. Departures

60.1. A “*departure*” is a circumstance where specific legislative, regulatory or other authoritative requirements *must* be followed that differ from some of the requirements within IVS. Departures are mandatory in that a *valuer must* comply with legislative, regulatory and other authoritative requirements appropriate to the *purpose* and *jurisdiction* of the *valuation* to be in compliance with IVS. A *valuer may* still state that the valuation was performed in accordance with IVS when there are departures in these circumstances.

60.2. The requirement to depart from IVS pursuant to legislative, regulatory or other authoritative requirements takes precedence over all other IVS requirements.

60.3. As required by IVS 101 *Scope of Work*, para 20.3 (n) and IVS 103 *Reporting*, para 10.2 the nature of any departures *must* be identified (for example, identifying that the valuation was performed in accordance with IVS and local tax regulations). If there are any departures that *significantly* affect the nature of the procedures performed, inputs and assumptions used, and/or valuation conclusion(s), a *valuer must* also disclose the specific legislative, regulatory or other authoritative requirements and the *significant* ways in which they differ from the requirements of IVS (for example, identifying that the relevant *jurisdiction* requires the use of only a market approach in a circumstance where IVS would indicate that the income approach *should* be used).

60.4. Departure deviations from IVS that are not the result of legislative, regulatory or other authoritative requirements are not permitted in valuations performed in accordance with IVS.

5. When undertaking a property inspection, all members have a shared responsibility under the Health and Safety at Work Act 2015 and to minimise impact on themselves and others when dealing with COVID-19 and to follow Ministry of Health advice.

For COVID-19 health advice and information, contact the Healthline team (for free) on 0800 358 5453 or +64 9 358 5453 for international SIMS

Ends: