

# **Practical Ways to Avoid Risk**



## **and Breaching Practice Standards**

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# Compliance with Standards



- Valuation is not an exact science so rules/standards need to be set.
- Developed over many years for benefit of members and their clients.
- Requires common sense.

# Professional Practices Committee



- Institute Committee – not to be confused with the Valuers' Registration Board (VRB).
- Set up through the Valuers Act 1948.
- When the Board receives a complaint, it is always referred to the Institute to whether it investigates.
- On ethical matters generally the Institute will carry out investigations.
- The issue is investigated and the report is given by the Valuer General to the VRB to determine if there is a case to answer.
- If the complaint is in relation to quantum generally the Valuer General investigates.

# Code of Ethics and Rules of Conduct



- Property Institute Code of Ethics and Rules of Conduct states *“members shall, at all times, observe the requirements of the Code of Ethics and Rules of Conduct, and (where applicable) the Constitution, Bylaws or Rules of the Institute, the Practice Standards of the Institute and compliance with Continuing Professional Development (CPD) requirements.”*
- The other five rules relate to professional duty, competence, conflict of interest, confidentiality and relationship with the profession.
- The New Zealand Institute of Valuers Code of Ethics does not have a compulsory requirement of compliance with the standards. It is however classified as *“best practice”*. Clause five states *“as part of maintaining the standards of professional competency referred to under Clause 1.5 and 2.4 hereof, every member shall, unless exempt by Council, participate in an ongoing annual programme of continuing professional development in accordance with the guidelines published for members from time to time by the Institute.”*

# Clients



- Avoid getting “to close” to a client.
- As far as many clients are concerned you are a necessary evil. Provide added value to your clients business/property/finances by offering follow up services.
- Matrimonials and Mortgages – the big “M’s”
- The truth hurts – especially when you do not place the assessment that client expects on a property. If is not the answer a client wants, they may use this as an reason not to pay your fee.
- It only costs the client a 50c stamp to take a matter to the Valuers’ Registration Board.
- Fee Complaints

# Town Planning



- A major area where numerous mistakes are made relates to town planning issues.
- Obtain the most up-to-date information in regards to a District Plan. These are all available on council websites.
- Do not rely on a clients description of planning in regard to their property. Check the details against the District Plan.
- If asked to complete a valuation on a “as if” basis in regards to plan changes, state this as a condition in your report. A sound policy would be to also provide a value base on existing planning restrictions, even if the client has not instructed this.

# Standard Clauses and Mortgage Recommendations



## Standard Clauses

- Check the clauses at the end of your reports and make sure they are relevant to the property you are valuing. Otherwise this can give ammunition for your client in making a complaint or suing.

## Mortgage Recommendations

- Insurers usually prefer a mortgage recommendation to be provided in a report or a comment that you are prepared to make one.
- This is to help prove contributory negligence in the future if necessary.



# Terms of Engagement



- The Professional Practices Committee is currently considering a standard Term of Engagement to be sent out for property professionals to adopt.
- This will also detail the obligations of the Valuer and the client when confirming Professional Indemnity Insurance Cover.
- An agreed Terms of Engagement contract will provide you with strength in relation to the recovery of your fee.

# Networking



- Networking is important. Discuss issues that arise with other Valuers.
- Have standard office procedures in place to encourage networking.
- Quality Control is important for growing your business.
- Time and availability must be found for the profession to grow.
- We are only as strong as our weakest link.

# Other Matters



- Typical Ethical Complaints
- Registered Valuations??
- Report sign off
- Independent and impartial

# Conclusions



Are you:

- Valuing out of your location, and;
- Not discussing with others, and;
- Influenced by your clients, and;
- Over 50???

# WATCH OUT



**QUESTIONS??**