RICS Framework: terms of engagement

The headings contained in this framework for terms of engagement are based directly upon the list of **mandatory** required content set out in **VPS 1 para 3.1**, and the commentary which follows, in *RICS Valuation – Global Standards* effective from 31 January 2025.

*[**Please note:** The further guidance denoted in italics [and square brackets] are for information purposes only and are not intended to be included in the content of any document prepared using this framework.]*

[RICS DISCLAIMER (Do not put this disclaimer within your own documents!)

*"These documents are intended as a general framework only to assist suitably qualified valuation practitioners to comply with the requirement for minimum content of terms of engagement and valuation reports specified in **VPS 1** and **VPS 6** of the current RICS Valuation – Global Standards. RICS makes no representation as to their suitability to any particular situation or set of circumstances. The practitioner shall need to exercise their own skill and judgment to form a view as to their suitability to a given situation and will need to tailor them as they see fit in each case. Please note that the documents have been designed as a single suite and are intended for use in conjunction with each other and as such we recommend that care is taken to ensure that the individual documents remain consistent with each other. In particular, it is recommended that special care is taken to ensure statements describing the scope and depth of inspection and investigations and the attendant valuation assumptions referred to within the terms of engagement are consistent with corresponding statements made within the valuation report itself."]*

[Framework overleaf;-]

Terms of Engagement

Name of the Firm

Identification and status of the responsible valuer	**The valuation will be the responsibility of:** *[Include the Name and Qualification of the named responsible valuer]* **Registered valuer status:** **Experience and expertise:** **Internal / external status:** *[if applicable]* **Rotation policy:** *[if applicable]* **Previous involvement with the property or parties to the case:** *[state whether or not the valuer or valuer's firm has any material connection or involvement with the subject asset or the other parties to the valuation assignment. If there are any other factors that could limit the valuer's ability to provide an impartial and independent valuation, such factors must be disclosed]* **Declaration of independence, objectivity and competency:** *[State that the responsible valuer is in a position to provide an objective and unbiased valuation in an ethical and competent manner. Further, state that the valuer is competent to undertake the valuation assignment. This may be limited to confirmation that the valuer has sufficient current knowledge of the relevant market, and adequately developed skills and understanding to undertake the valuation competently. (If the valuer intends to seek material assistance from others in relation to any aspect of the assignment, the nature of such assistance and the extent of reliance must be clear, agreed and recorded here.)]*
Identification of the client(s)	**Full name and address:** *[Make sure you identify who your client is and therefore to whom you have a duty of care.]*
Identification of any other intended users	**Full name and address:** *[Make sure you declare whether or not there are any other parties who have the right to use the report Valuations are often requested by intermediaries.]*
Identification of the asset(s) or liability(ies) being valued	**Address of the property:** **Interest to be valued:** **Tenancies, if any:**
Valuation (financial) currency	*[State the currency in which you will report value]* e.g. All currency in our report will be in Pounds Sterling (£), Euro (€), Dollars ($) *[etc as required]*

Purpose of the Valuation	*[State the precise end use of the valuation i.e. what the client is going to do with the valuation e.g. for first mortgage purposes, for the assessment of inheritance tax. This will inform you as to what regulation and guidance you must follow. It will inform the appropriate basis of value, valuation date and any special assumption. It will determine the appropriate level of inspections and enquiries and the allied assumptions (eg a valuation for second mortgage purposes may require a much higher level of investigations than one for first mortgage purposes). It also assists in agreeing the extent of your liability for the use of the valuation.]*
Basis(es) of value adopted	*[Delete as appropriate. Market Value and Market Rent are included here for ease of reference. If another basis of value is to be used it should be stated with its current IVS definition taken from* ***Red Book VPS 2****]* The following definitions of Basis of Value will be used. They are derived from the *International Valuation Standards [or UK Legislation where applicable only]*. **Market Value** *'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'* **Market Rent** *'The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'* **Statutory definition of Market Value (Capital Gains Tax, Inheritance Tax and Stamp Duty Land Tax)** Summary definition derived from legislation, for example: *'The price which the property might reasonably be expected to fetch if sold in the open market at that time, but that price shall not be assumed to be reduced on the grounds that the whole property is to be placed on the market at one and the same time.'* *(Source [as applicable]: section 272 Taxation and Chargeable Gains Act 1992 [OR] Section 160 Inheritance Tax Act 1984 [OR] Section 118 Finance Act 2003).* *[Where applicable]* Our assumptions of what are 'appropriate lease terms' for this property have been set out in our report.

Valuation date	*[You must choose a specific date. This can be defined as 'date of report' or 'date of inspection' if that is what has been agreed. If so, the Date of Inspection will need to be declared in the report. Some purposes will require a specific date e.g. date of death or a financial year end.*
Nature and extent of the valuer's work – including investigations – and any limitations thereon	*[For guidance see **Red Book VPGA 8**. This section should define the scope and depth and method of all investigations including site inspection and desktop enquiries into matters affecting value. In other words, it defines and limits the due diligence you will carry out in preparing the valuation and will state the assumptions you will make to cover the limits of your due diligence. The following list of matters which are often not fully investigated is derived from **VPGA 8 para 2**. It is not exhaustive and is offered only as a guide. You must accept responsibility for stating clearly the scope and depth of investigations and enquiries you will or will not make and the assumptions these give rise to.]* **In order to provide a valuation report within a reasonable timeframe and at an economic cost, the following limitations in the scope of inspections and due diligence in enquiries are agreed together with the necessary assumptions which will be adopted to cover uncertainties** **Title:** We will examine Title obtained from the Land Registry (or client legal advisor). We will report our findings in the report. Our valuation will be based upon those findings which we will assume to be correct. We may recommend advice from your legal advisor if we think it necessary. Our valuation will be provisional upon that advice being received. *[OR]* We will rely on information about Title supplied by your legal advisor. We will assume that the information provided is correct. *[OR]* We will not make any enquiries regarding Title. We will assume that the property has good title, free from onerous or restrictive covenants, rights of way, easements etc which might adversely affect value. **Condition of buildings:** We will carry out a building survey of the property. This will be the subject of a separate report. Our valuation will take into account the findings of that report and our assumed cost of carrying out any repairs recommended in that report. *[OR]*

	We will not carry out a building survey. A survey of that depth is outside the scope of your present instructions. We will not therefore be able to report in detail on the condition of the property. *[OR]* We will carry out a brief examination of the land and buildings internally and externally. The purpose of the examination will be to establish the apparent condition of the building, and to note its construction, accommodation and services. Unless we find otherwise, we will assume that the property is in generally satisfactory repair and condition consistent with its age and nature. *[OR]* We will examine the site and buildings from the kerb of the road only. We will report our findings. We will assume that the property is in generally satisfactory repair and condition unless we find evidence to the contrary. **Services:** We will arrange for tests to be carried out of electrical wiring, gas installations, room heaters and flues, drainage. Our valuation will take into account the likely cost of any repairs or improvements recommended in those reports. *[OR]* We will not arrange for any testing of electrical wiring, gas installations, room heaters and flues, drainage. We will observe what services are available and make only a cursory assessment of their apparent condition and make assumptions about the likely cost of dealing with any repairs or improvements a formal test may reveal. We may recommend testing. Our valuation will take into account those assumed costs. **Planning:** We will interrogate the Planning Portal to establish any planning applications granted or refused in the past for the property. We will establish the land use zoning for the site. We will establish if it lies/does not lie within a Conservation Area. Our findings will be reported to you and be reflected in our valuation. *[OR]* We will not make any planning enquiries but will assume that the existing use of the building and any alterations or extensions are lawful. **Building Regulations:** We will make enquiries to establish whether or not a certificate of compliance with

	Building Regulations exists for the building and any alterations or extensions. Our findings will be reflected in our valuation. *[OR]* We will not make enquiries to establish whether or not a certificate of compliance with Building Regulations exists for the building and any alterations or extensions. Our valuation will assume that the building complies with building regulation requirements. **Highways:** We will make enquiries to establish the presence of any proposals to alter the highway which might affect the property. Our valuation will reflect our findings. *[OR]* We will not make any enquiries to establish the presence of any proposals to alter the highway which might affect the property. We will assume that the property is not affected by any proposals. **Contamination and hazardous or deleterious materials:** We will arrange for an environmental report to be produced for the property. Our valuation will take into account its findings and the likely cost of dealing with any issues raised. *[OR]* We will not arrange for an environmental report to be produced for the property. We will rely on information supplied by you or your legal advisor regarding environmental matters. Our valuation will take into account the information supplied and our assumptions regarding the cost of dealing with any issues raised. *[OR]* We will not arrange for an environmental report to be produced for the property. We will assume that the property is not adversely affected by such matters. **Environmental Matters** **Mining:** We will arrange for a mining report to be obtained. Our valuation will take into account the likely cost of dealing with any issues reported. *[OR]* We will not arrange for a mining report to be obtained. We will rely on information supplied by you or your legal advisor. Our valuation will take into account the

	likely cost of dealing with any issues. *[OR]* We will not arrange for a mining report to be obtained. We will rely on our local knowledge of mining in the area. We will assume that, as all mining activity is now historic, all subsidence has now completed and that the property is not affected by any issues resulting from historic mining. **Flooding:** We will examine the flood map to establish if the property is liable to flooding. Our valuation will take into account the likely incidence of flooding. *[OR]* We will not examine the flood map to establish if the property is liable to flooding. We will rely on our local knowledge. Our valuation will assume that the property is not adversely affected by flooding. **Radon gas:** We will examine the Radon map to establish if the property lies in an area affected by Radon gas. Our valuation will take into account our findings. *[OR]* We will not examine the Radon map to establish if the property lies in an area affected by Radon gas. We will rely on our local knowledge. Our valuation will assume that the property is not adversely affected by Radon gas. **Sustainability:** We will note the thermal efficiency rating of the building if one exists. We will note any alternative energy sources if they exist. Our valuation will reflect these factors where there is evidence that they affect value. **Environmental, Social & Governance (ESG):** We will take reasonable steps during our inspection and investigations to consider any significant sustainability and ESG factors that could affect the valuation. However, within the limitations of our valuation report, it will not constitute an ESG risk assessment or ESG rating. *[or expand depending on the particular requirements of the client in this respect.]* *[You may also wish to consider making statements under other headings such as Local property tax, Fire, Disabled access, Coastal erosion, Brine extraction and any other*

	matters which affect value which may be relevant to the particular property and location. We strongly recommend that you cover-off as many matters as possible either by enquiry or by excluding them from the scope of work and covering with an assumption. This is a matter for agreement with your client.]
Nature and source(s) of information upon which the valuer will rely and related Assumptions	*[Here state the likely sources of information you will use and the extent to which you will check the information and rely on it. You cannot simply accept information supplied at face value but must apply professional scepticism. Attempts to verify information should be stated. The degree of assumed reliability of information should be stated.]* In arriving at our valuation, we generally receive information from yourself, your advisers, public and subscription websites, other estate agents and valuers and from our own records. We will apply professional scepticism and will check the information where reasonably possible. In the absence of evidence to the contrary, we will assume that information used in the valuation is correct. *[OR]* In arriving at our valuation, we expect to obtain and rely upon information from you and your advisers, together with data from public and subscription databases, other market participants (including estate agents and valuers), open source and/or commercially available artificial intelligence, and our own records. We will apply appropriate professional scepticism in assessing information and will undertake reasonable and proportionate checks of material information where practicable. Not all information will be independently verified. Any material reliance on information, together with any limitations in the availability or verification of information and any assumptions made, will be clearly disclosed within our report.
Special assumptions to be made	*[Special Assumptions are those things which are not true but will be assumed to be true e.g. vacant possession when the property is in fact occupied, or that planning consent has been obtained, or that building works are completed. For further guidance see **VPS 2 para 10**]*
Format of the report	*[Here describe the report you will produce, its format, number of copies, how it will be communicated, etc.]* The report will comply with the requirement for minimum content of **VPS 6 para 2**. *[Or, for example when reporting to a lender]* When reporting we will use the template report form provided by you for the purpose which complies with the requirement for minimum content of **VPS 6 para 2**.

	[Or] When reporting we will use the template report form provided by you for the purpose. The report makes the following departures from the required minimum content of **VPS 6 para 2** as follows …… *[Or for Commercial secured lending]* When reporting we will comply with the requirement for minimum content of *RICS Valuation – Global Standards* **VPS 6 para 2**, **VPGA 2** and will also include the additional reporting requirements under the UK national supplement for commercial secured lending set out in **UK VPGA 10** (where applicable). *[Or for Residential secured lending]* When reporting we will comply with the requirement for minimum content of *RICS Valuation – Global Standards* **VPS 6 para 2** and will also comply with the requirements for residential secured lending in the *UK National Supplement* **UK VPGA 11** (where applicable). *[Or specify the particular reporting content for the purpose of the valuation. Or refer to the particular VPGA or UK national supplement section where applicable.]* The report will be made available in hard copy form / pdf / drop box / email /etc *[confirm the detail as appropriate.]*
Restrictions on use, distribution and publication of the report	*[Where it is necessary or desirable to restrict the use, distribution or publication of the valuation advice or those relying upon it, the restrictions must be clearly communicated – for example]* This valuation report is not to be relied upon, distributed to or communicated with any third party without the express written consent of the valuer, which consent, if any, will be at the valuer's sole discretion.
Confirmation that the valuation will be undertaken in accordance with IVS and/or RICS Red Book Global Standards	The Valuation and Report will be prepared in accordance with the current *RICS Valuation – Global Standards* effective 31 January 2025 *[change the effective date as each revised version is published or (if applicable) where an earlier version of the RICS standards were operative on the valuation date.]* as well as *[where appropriate, declare the relevant UK National Supplement Standards, UK VPGAs and/or any other regulation or statute which have been complied with.]* *[And where relevant]* In accordance with your instructions, in preparing our valuation report we will depart from the mandatory requirements of Red Book in the following regards: *[Add details of any departures agreed with the client]*

The basis on which the fee will be calculated	(Here state the fee or the basis of its calculation. Any other conditions such as termination of instructions should be dealt with under terms of business).
Complaints Handling Procedure	*[Where the firm is registered for regulation by RICS]* The firm operates a Complaints Handling Procedure in accordance with the current RICS Professional Standard. A copy is available upon request.
RICS Monitoring	The valuer is registered under the RICS Valuer Registration Scheme (VRS) and their work may be subject to monitoring under RICS' conduct and disciplinary regulations. *[and where applicable] Where the firm is regulated by RICS, monitoring may apply to both the firm and the valuer.*
Limitations on liability	*[Here state any limitation on your liability for the valuation which are to be agreed with the client – examples might be]* The liability in respect of this valuation assignment will be no more than **£xxx,000 (in words)** *[OR]* The liability in respect of this valuation assignment will be no more than **xx%** *[a reasonable percentage]* of the valuation figure, and in any event within the limits of our indemnity cover. *[Familiarise yourself with the **UK Guidance Note: Risk, liability and insurance 1st edition, April 2021 (as updated)** where relevant. For further RICS advice on PII risk visit: Risk, Liability and Insurance, 1st edition]* *[Here it may also be useful to state, for example, that]* We will not accept any third-party liability for the valuation and no party should rely upon the valuation figure or report without the express written consent of the valuer, which consent, if any, will be at the valuer's sole discretion
Consideration of any significant environmental, social and governance (ESG) factors	We will take reasonable steps during the inspection to consider any significant sustainability and ESG factors that could affect the valuation and confirm that we have the qualification and expertise to judge the reliability of ESG resources provided that may be relevant to the valuation. *[or state any limitations in relation to the valuer's expertise in this respect in accordance with **VPS 1 paragraph 3.2(i)**, e.g. in relation to specific cost information]* However, within the limitations of our valuation report, it will not constitute an ESG risk assessment or ESG rating. *[or expand depending on any particular*

	requirements of the client in this respect.] *[Guidance on the factors which may be of relevance in valuation reporting and documentation in relation to real property interests are listed at **VPGA 8 para 3.7.4**. broadly categorized between Environmental, Social and Governance matters, and should be considered where relevant and appropriate for the individual valuation instructions. The relevance of the items listed there will vary depending on the asset class, use of the property and the basis of value, and as such the list should not be read as a checklist.]* *[For further information see also, the current edition of RICS' **ESG and sustainability in commercial property valuation Global, 4th edition** which provides guidance on the identification, assessment and impact of ESG and sustainability issues for commercial property valuations, together with **ESG Data List for Real Estate Valuations – February 2024**, a practical reference document on legislative, market-driven and future ESG requirements for valuers and financial clients in the EU]*
Terms of Business	*[Here state any other Terms of Business your firm may operate. For example, payment timeframe and method, or arrangements for interim payment of fees or expenses, or cancelation of instructions or limitation of liability for consequential damages and so on.]*
Regulated Firm ***[where applicable]***	*[RICS requires every regulated firm to include the following text in their terms of engagement issued to clients in respect of its surveying services]* **[Name of Firm]** is regulated by RICS for the provision of surveying services. This means we agree to uphold the RICS Rules of Conduct and all other applicable mandatory professional practice requirements of RICS, which can be found at www.rics.org. As an RICS regulated firm we have committed to cooperating with RICS in ensuring compliance with its standards. The firm's nominated RICS Responsible Principal is **[insert name, job title and contact details]**.
Client Money Handling ***[UK only]***	*[In accordance with the RICS Client Money Handling professional standard and the Rules of Conduct, firms must clearly explain how client funds are treated. Fees paid in advance are not classified as client money and are therefore not protected by the RICS Client Money Protection Scheme.]* Any fees received prior to the issue of the report will not be held as client money and will not be subject to protection under the RICS Client Money Protection Scheme.
Use of Artificial intelligence ***[where applicable]***	*[Where AI is used in delivering a surveying service and has a material impact, the terms of engagement must include:* • *when AI will be involved in the delivery of a surveying service* • *the parts of the process for delivery of a surveying service in which AI will be*

	involved • *if available, the extent of professional indemnity cover for use of AI systems by the firm* • *the internal processes to contest the use of an AI system* • *the processes to seek redress if a client feels they have been negatively affected by the use of an AI system, and* • *how a client can opt out of the use of AI systems in the delivery of a surveying service, if at all* *For further information, please refer to RICS Professional Standard: Responsible use of artificial intelligence in surveying practice.]* The Firm may use Artificial Intelligence ("AI") systems in the delivery of this valuation where considered appropriate and proportionate, including for data collection, analysis, and report drafting. All AI outputs are subject to proportionate checks and the valuer retains full responsibility for all advice, professional judgement, and conclusions. The Firm maintains professional indemnity insurance in line with regulatory requirements, which may extend to the use of AI systems subject to policy terms and conditions, and operates internal governance procedures for the approval, monitoring, and challenge of AI use. Clients may request in writing at the outset of the instruction that AI is not used, noting that this may have implications for service delivery.

We accept these terms of engagement as an accurate summary of the instructions to provide a valuation.

Signed ..... *[Valuer]*

For and on behalf of ..... *[Firm]*

Dated .....

Signed ..... *[Client]*

For and on behalf of ..... *[Client]*

Dated .....