RICS Valuer Registration and Firm Regulation FAQ

This FAQ applies to RICS Regulated Firms and all RICS Registered Valuers in Australia

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Key Regulatory Requirements

1. **What are my obligations as a RICS Registered Valuer or Regulated Firm?**

   The starting point is the eligibility review and sign-up process for Valuer Registration or Firm Regulation. There are several items that will need to be prepared in advance. We have created a helpful two-page document, RICS Valuer Registration and Firm Regulation Infographic, that succinctly highlights each stage of the registration process and where to find more information.

   Once signed up, Registered Valuers and Regulated Firms have a number of obligations to comply with. The second page of the infographic will assist in understanding these requirements.

   Amongst other things, they include compliance with the RICS’ Professional and Ethical Standards, Bye Laws, Regulations and Rules of Conduct - including the Monitoring and Investigation Rules and the Disciplinary, Registration and Appeal Panel Rules.

2. **How does RICS conduct its regulatory function?**

   **Regulation with substance**

   Effective regulation underpins a trusted profession. All RICS professionals, regulated firms and regulated non-members commit to upholding the agreed standards of the profession. Through our regulatory activities RICS ensures that the profession is held to this commitment through oversight, support and, where needed, independently-led enforcement.

   Our regulatory work focuses on four key pillars of professionalism:

   - Competence
   - Ethical conduct
   - Service standards
   - Client protection

   RICS conducts regulation through two primary tools: regulatory reviews and case investigation. Which tool will be used, and in what situations, is determined through our risk-led approach:

<table>
<thead>
<tr>
<th>Risk and intelligence gathering</th>
<th>Information is obtained from complaints, annual returns, media monitoring and market intelligence.</th>
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<tbody>
<tr>
<td>Risk-targeted assurance and support</td>
<td>Routine, risk-led monitoring of systems and controls of our RICS Registered Valuers and RICS Regulated Firms is conducted, including specialist reviews of high risk areas.</td>
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</table>
If a serious concern is identified through a complaint or a risk-targeted review, an investigation may commence to determine whether there is evidence of breaches of RICS Standards, Regulations and/or Rules of Conduct. Investigations are thorough, objective, follow a transparent process and based on evidence and fact.

Disciplinary sanctions can be handed down by the Head of Regulation (through delegated powers) or for more serious matters by an independent disciplinary panel. Disciplinary sanctions can include mandatory CPD or workshops, consent orders, licence conditions, fines and costs, removal from RICS Valuer Registration, and in the case of RICS members, expulsion from membership.

Risk-targeted Assurance and Support: Regulatory Reviews

RICS Regulated Firms and RICS Registered Valuers are required to complete a regulatory annual return that includes the items at question 12 of this FAQ. This is one area of intelligence that assists RICS Regulation in risk assessing our firms and practising valuers. Other intelligence can come from self-reporting, market news, complaints, or regulatory monitoring.

Regulatory Reviews are conducted by our Regulatory Reviewers and may be on-site or off-site. For on-site reviews, one of our Regulatory Reviewers will visit the valuer/firm’s offices to perform a compliance review. The selection methods for which members or firms will receive audits are risk-based allowing us to target known risks and test thematic/suspected risks. These visits form part of our on-going monitoring activity for professionals and firms, which are underpinned by our Monitoring and Investigation Rules.

Valuers and firms are given advanced notice of a review, whether it is off-site or on-site, and we provide information about what to expect during the process and what materials we expect to be prepared in advance. For example, in an on-site review, our reviewer will take a sample of valuation files and assess these against the RICS Red Book. They will also consider broader areas of compliance, such as training and CPD, type of work, personal and ethical conduct, client protection, complaints handling, PI insurance and valuation activity.

Following an on-site review, the valuer (and firm if it is Regulated by RICS) will be provided with a feedback report that identifies the individual valuer(s) and the files reviewed. The report will comment on compliance against each item in the Red Book, citing guidance, best practice and, where required, remedial action if the work falls short of the standard. The report will also comment on compliance with the Rules of Conduct and provide an overall assessment of risk and its severity.

One of our key aims is to provide feedback and share best practice as guiding a valuer and their firm towards compliance is preferable to enforcement. However, investigatory and disciplinary action is taken when needed.

Case Handling and Investigation

If a serious concern is identified as part of a review, an investigation may commence to determine whether there is evidence of breaches of RICS Standards, Regulations and/or Rules of Conduct. Investigations are thorough, objective, follow a transparent process and based on
evidence and fact. Evidence, including any documentary material, will be gathered from the member, any complainant, and any witnesses using fair hearing principles.

Where the evidence proves a less serious breach of RICS Rules or Standards, disciplinary sanctions can be handed down by the Head of Regulation (through delegated powers). For more serious violations, the investigation is referred to an independent disciplinary panel to review the evidence and decide on any appropriate discipline. Disciplinary sanctions can include mandatory CPD or workshops, consent orders, licence conditions, fines and costs, removal from RICS Valuer Registration, and in the case of RICS members, expulsion from membership.

3. How do I create a RICS compliant Complaints Handling Procedure?

All RICS Regulated Firms and RICS Registered Valuers who are not sponsored by a Regulated Firm are required to maintain a Complaints Handling Procedure (CHP) and Complaints Log that complies with RICS requirements. A fully compliant CHP will have two stages and include RICS approved Alternative Dispute Resolution (ADR) providers.

<table>
<thead>
<tr>
<th>Stage One</th>
<th>In this stage, the Registered Valuer or Regulated Firm will manage and aim to resolve the complaint internally itself. When documenting the stage, include the process that will be followed for intake and internal resolution. All relevant contact details should be included and if there is more than one point of internal escalation, then this should be detailed within this stage of the CHP.</th>
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<tr>
<td>Stage Two</td>
<td>This stage involves use of RICS Regulatory Board approved ADR providers when a complaint cannot be resolved internally. The documentation should explain that process and include the names of the selected providers. All approved providers are well established, independent, transparent, accountable, and have a clear and consistent decision-making process. An ADR provider must be selected for both consumer clients and/or business clients. It is not necessary for an ADR provider to be based in your state/territory as these providers appoint qualified ADR professionals from across Australia.</td>
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RICS recommends that both stages of CHP, the internal CHP and the ADR process, including the ADR provider, be referenced in the Registered Valuer’s or Regulated Firm’s terms of engagement. It is worth remembering that insurers prefer ADR procedures to be followed wherever possible.

Additionally, a complaints log should be in place to demonstrate the tracking and management of a complaint; demonstrate what actions have been taken and when; identify any training needs; and help to identify methods to reduce the number of complaints a firm or individual receives.

An example of a CHP and of a Complaints Log can be found online along with further guidance for RICS Registered Valuers and Regulated Firms.
RICS Valuer Registration

4. What is RICS Valuer Registration?

RICS Valuer Registration (VR) is a globally recognised regulatory scheme with almost 16,000 individually registered valuers signed up. It is available to valuation professionals individually or through sponsorship by a Regulated Firm undertaking valuation. For RICS valuation professionals in Australia, VR became a mandatory requirement from 28 April 2017.

Under the VR Scheme, RICS performs risk-based monitoring of compliance against the RICS Valuation - Global Standards 2017 (Red Book). The Red Book is the global standard for RICS valuation professionals, and incorporates International Valuation Standards (IVS). Compliance is monitored through an annual return process and regulatory reviews, including on-site and off-site (remote) reviews. Valuers who are sponsored for the VR Scheme by a firm that signs up for Firm Regulation (see below), are monitored under the same procedures.

RICS Valuer Registration focusses on Red Book compliance and valuation best practice procedures. After the completion of an on-site or off-site review, the reviewer presents the findings to the individual valuer, or if part of a Regulated Firm, to the firm. The findings include recommended and mandatory actions that are targeted to improve the quality of valuations, ensure compliance with Red Book, and reduce the risk across all their valuations.

5. Why do we need RICS Valuer Registration when we have internal auditing?

RICS Valuer Registration complements quality assurance procedures by providing the guidance, tools and training to implement mandatory requirements, best practice and bring the valuer or firm back into compliance.

When a client demands an RICS Registered Valuer they can be confident that the valuer will adhere to Red Book valuation standards; are committed to openness and transparency; are suitably competent to undertake the valuation; and will deliver credible and high-quality reports.

As it matures in a particular market, RICS Valuer Registration has demonstrably raised and retained the confidence amongst key stakeholder groups that interact with our valuers. In markets where it is more established, RICS has shared what it has learnt and been able to demonstrate to key stakeholder groups that the risk profile amongst its valuers has reduced as a result of our proactive risk-based monitoring and education.

6. How is RICS Valuer Registration different from the API’s risk management module?

The API risk management module is a professional development learning tool. RICS Valuer Registration is an independent quality assurance programme that delivers monitoring, education and enforcement.

7. What is the difference between RICS Valuer Registration and the valuer licencing requirements in Queensland and Western Australia?
In Queensland and Western Australia, you are required to be licenced before you can practise as a valuer. RICS Valuer Registration is not a licence to practise, nor does it replace or satisfy the requirement to register with the respective licencing authority. You must ensure that you are licenced to conduct valuation work where required in your state.

8. Who is eligible to apply for RICS Valuer Registration?

Qualified professionals of RICS who meet the following criteria:
   a. achieved Valuation competency to level 3 for Chartered Surveyor assessment; or
   b. achieved Business Valuation competency to level 3 for Chartered Surveyor assessment; or
   c. achieved Valuation competency at standard Associate level (if qualified as an Associate RICS member); and
   d. completed three hours Continual Professional Development (CPD) on the RICS Red Book (if entering VR through an approved direct entry route).

9. Where can I practise as a RICS Registered Valuer?

RICS professionals can practise as a RICS Registered Valuer globally, if they are qualified in the jurisdiction and have complied with all licensing and other legal requirements of the jurisdiction, and competent based on their knowledge and experience.

10. Where can I find more information on the Red Book?


RICS’ Online Learning Academy (OLA) offers a range of Red Book courses and a bespoke Australian Red Book course will be available through RICS in early 2019.

11. How do I register for RICS Valuer Registration?

<table>
<thead>
<tr>
<th>RICS Professionals</th>
</tr>
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<tbody>
<tr>
<td>Prepare everything beforehand to save time. You will need the details of all items listed under question 12 of this FAQ guide.</td>
</tr>
<tr>
<td>Log-in to the RICS Member Portal with your e-mail and password then click on the link to apply. Answer all questions and declarations until you see the ‘Submit’ button to complete your application. If we have further questions about your application we will be in touch to discuss these.</td>
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</table>

12. What should I prepare for registering/renewing at the RICS Member Portal?
The **RICS Member Portal** is where all Registered Valuers will provide RICS with their valuation and regulatory information. In advance of a submission, it is recommended that valuers prepare everything in the following list to expedite the registration/renewal process.

| Sponsored Valuers  

- Eligibility criteria  
- Type of valuation work  
- Purpose of valuation work  
- Number of valuations over the past three years (broken down by year)  
- Largest valuation figure (individual and portfolio)  
- Number of formal complaints against you  
- Details of previous investigation/disciplinary action  
- Completed hours of Red Book CPD (direct entry applications only)  
  | Non-Sponsored Valuers  

- Eligibility criteria  
- Type of valuation work  
- Purpose of valuation work  
- Number of valuations over the past three years (broken down by year)  
- Largest valuation figure (individual and portfolio)  
- Number of formal complaints against you  
- Professional Indemnity Insurance including the limit of indemnity and insurer's details  
- Number of professional indemnity claims relating to your work  
- Complaints Handling Procedure, complaints log and details of the RICS approved Alternative Dispute Resolution provider  
- Details of previous investigations or disciplinary action  
- Completed hours of Red Book CPD (direct entry applications only)  

^ To become a sponsored valuer, your firm must be Regulated by RICS and they must elect to sponsor you for RICS Valuer Registration. Further information on how a firm can become regulated can be found in this FAQ from question 16 onwards.

* See question 3 for further details.

**13. How do I use the RICS Member Portal?**

Once you arrive at the **RICS Member Portal** you will need to log-in using your membership details. If this is your first time logging in, you will need to choose the 'set a new password' option and then follow the instructions to create a password.

Once logged into the Member Portal, the landing page will show your eligibility details and an option to ‘apply’ (if you are renewing, click on ‘view membership’ then ‘submit annual return’). Complete each section of the form, which will ask you for information across the areas identified in question 12. If required, it is possible to save the submission and return to it later by selecting ‘to save your answers and leave this section click here’.

When all the sections are complete, press the ‘Submit’ button to finish the application/renewal. After this step, you will either be directed to the payment portal or invoiced separately by RICS to complete your application/renewal. RICS will review the submission and if further information or guidance is required, we will contact you to discuss this.
14. How do I know if a valuation professional belongs to RICS Valuer Registration?

RICS professionals will receive a digital Valuer Registration certificate that confirms the valid dates for a registration.

They will also be shown at the Global Member Directory. The following examples show how the search results will identify an individual’s membership grade, qualification date and registration status.

15. What designation and logo can I use as a RICS Registered Valuer?

All RICS Registered Valuers must use one of the following designations. The Valuer Registration logo can only be used by Chartered RICS members. All RICS Registered Valuers are subject to the use of designations guidance.

Valuation professionals who work and are registered in Queensland and Western Australia should continue to use their permitted designation in additional to the RICS Valuer Registration designation below.

<table>
<thead>
<tr>
<th>Membership level</th>
<th>VR Designation</th>
<th>Logo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associate member of RICS using AssocRICS</td>
<td>AssocRICS Registered Valuer</td>
<td>None</td>
</tr>
<tr>
<td>Chartered member of RICS using MRICS or FRICS</td>
<td>RICS Registered Valuer</td>
<td>RICS Registered Valuer</td>
</tr>
</tbody>
</table>
Firm Regulation

16. What is firm regulation?

With almost 11,000 firms registered worldwide, firm regulation is available in Australia on a voluntary basis to qualifying firms, to bring increased confidence and transparency to the construction, infrastructure, land and property markets.

Our regulation is based on a proportionate and flexible approach that allows a firm to comply with our rules in a way that compliments the company size and field of operation. It also suits the needs and demands of your clients.

Firms that are Regulated by RICS are dedicated to maintaining the highest level of ethical and business standards and provide a level of quality assurance that distinguishes them from non-regulated firms.

As an RICS regulated firm you will enjoy a range of benefits that make a real difference to you and your clients:

- Clients can see that your firm embraces and evolves best practise;
- Clients have access to a complaint handling process that includes a recognised independent dispute resolution service to allow complaints to be resolved fairly and efficiently;
- Stand out from your competitors in a competitive marketplace by displaying a dedicated firm designation that is both recognised and respected;
- Add value by strengthening business systems and processes, and supporting the use of international standards;

More information can be found in our regulatory brochure for firms, Client Confidence Through Assurance - The Value of ‘Regulated by RICS’ for Firms.

17. How do I register a firm for regulation with RICS?

Firms that are Regulated by RICS follow our Rules of Conduct for Firms. To qualify for regulation, your firm must have at least one principal (partner/director) that is a RICS member. The firm will also need to have the following:

- adequate Professional Indemnity Insurance (PII);
- a RICS compliant Complaints Handling Procedure (CHP);
- a training and development programme for your employees; and
- individual professionals are required to carry out Continuing Professional Development (CPD).

Firm registration involves a few simple steps, the last of which will vary depending on whether you wish to sponsor valuers through your firm.
To begin you will need to complete a Firm Details Form and appoint a Contact Officer who will be responsible for liaising with RICS for all regulatory requests. The form will ask for details of the firm’s offices, principals/directors and relevant land, construction or property professionals. Your completed form should be returned to regulationapac@rics.org.

RICS will process your form and liaise with the Contact Officer who will then need to complete online registration at the Firm Portal. We recommend that the Contact Officer add this link to their web browser’s bookmarks/favourites list.

The online registration will include questions that cover the items identified at question 12 of this FAQ, but with a focus on the firm’s activities. RICS regulation may follow up with additional questions before approving the application.

18. How do clients know that our firm is ‘Regulated by RICS’?

All RICS regulated firms will receive a digital regulated firm certificate. The regulated status entitles the firm to use the designation ‘Regulated by RICS’ (in accordance with the Use of Firm Designation guidance that mandates the use of the designation on the company’s letterhead) and the RICS logo (available in a number of designs and colours) on their business and marketing collateral.

Firms who have 50% or more RICS professionals in Principal (Partner/Director) roles can also use the words ‘Chartered Surveyors’, as long as the words are separated by a hyphen or appear below the firm’s name.

As part of the regulatory offering, RICS has produced a regulated firm brochure for clients called, Professionalism in the Global Marketplace - Look for ‘Regulated by RICS’ to support your business. This provides information on the what clients can expect from a RICS regulated firm and what RICS expects from the firm.

19. How do I use the Firm Portal?

The Firm Portal can only be accessed if you are the firm’s Contact Officer. You can log-in with your RICS membership number and password. If your number is less than 7 digits, then prefix the number with zeros to ensure a seven-digit number is entered. The password is the same one used to access the main website.

Once logged into the Firm Portal, the landing page will show your firm details and you can view/amend certain information in the ‘firm maintenance’ menu on the left of the page. To begin the registration, follow the link titled ‘Register for Regulation’.

You will need to work through each section of the form, which will ask you for information across a number of areas:
• Services provided (including the type and purpose of the work);
• Turnover and client money handling;
• Valuation activity;
• Professional indemnity insurance (including claims); and
• Complaints handling procedure* (CHP).

* See question 3 for further details.

After completing a section, the status of that section will change to ‘Ready to Submit’. We recommend that you print each section before clicking the ‘Finish’ button. When all the sections are complete, press the ‘Submit’ button to finish the application.

RICS will review the submission and if further information is required, we will contact the firm’s Contact Officer. You will be notified once your registration has been completed. The firm is then able to use the firm designation.

20. What is the advantage of sponsoring valuers through my firm?

There are a couple of key advantages to sponsoring Registered Valuers through a firm:

• RICS can share Annual Return completion rates for all valuers that are sponsored by a firm with the Contact Officer, to assist with internal compliance; and
• The Annual Return submission for each sponsored valuer is quicker and simpler to complete.

21. How do I sponsor a Registered Valuer?

Following the firm’s registration, the firm’s Contact Officer can apply to sponsor eligible valuers that work at the firm. The Firm Portal will allow the firm’s Contact Officer to identify valuers for sponsorship. Each sponsored valuer will then be contacted by RICS via email with instruction on how to complete a registration form at the Member Portal. The registration is based on the activities of the individual valuer.

For sponsored valuers, the registration form and subsequent annual returns are shorter as the firm submits one form covering questions common to all sponsored valuers at the firm.
Valuation Professional Standards [Red Book]

22. What does the Red Book say on jurisdictional or other valuation standards?

The Red Book acknowledges that in some cases a valuation must be produced in compliance with prescribed statutory or legal procedures that are mandatory in a particular context or local jurisdiction. In addition, there may be special circumstances that are not mandated by statute where a departure may be necessary. The Red Book provides procedures to do this in a compliant manner. The valuer can refer to Red Book (PS1, 4 and 6).

23. How do I comply with the engagement letter requirement in the Red Book for instructions I receive through ValEx or Property Pro?

ValEx and Property Pro valuations are governed by central Service Level Agreements. The client, in these specific cases, instructs the valuer not to issue terms of engagement (or confirmation of instruction letter), and as such this is an explicit client requirement, and would therefore be considered a departure from the requirements of VPS 1 of the Red Book. It is important to note that this is the requirement of an experienced and informed client who is aware of the inherent risks, as opposed to a consumer or investor who may not be as well informed of the risks.

24. If my report is summarised into a valuation certificate by the ValEx or PropertyPro system am I in breach of the Red Book?

Where a client specifically instructs the valuer to submit a “Valuation Certificate” (in essence a limited executive summary), in addition to a full valuation report, this would be considered a departure from Red Book requirements. Further information and guidance can be found under VPS 1 Paragraph 3 (l).

25. What is the Red Book position on ‘hope’ value and ‘investment’ value?

Hope value is not in itself a basis of value. It essentially reflects the prospect of development where no permission exists currently, but where it is reasonable to assume that such permission may be granted. This should be dealt with by way of a clear rationale and justification within the valuation workings and the report.

Investment Value is a separately defined basis of value and is not Market Value.

26. Does the definition of ‘fair value’ conflict with the Australian Valuation Guidance Note [AVGN] 2.10 Fair Value Responsibility?

The Red Book is in line with the Australian Valuation Guidance Note. The Red Book is clear, as are International Valuation Standards and International Financial Reporting Standards (assuming reference is to the IFRS definition of Fair Value) that this is largely accepted as Market Value, although there are rare occasions where the bid of a Special Purchaser may be reflected.
27. How does the Red Book deal with local measurement standards in Australia?

The RICS Property Measurement Professional Statement applies to all RICS professionals. In Australia, several other bases of measurement exist, such as those set out by the Property Council of Australia or by particular states/territories for certain assets. Where the use of a specific measurement basis is legally mandated the report must be clear as to the basis adopted. If the basis adopted is simply local market practice, the Red Book deals with this by way of a departure. This is a statement in the report that explains why a valuer is moving away from the requirements of the Red Book, such as when legal or jurisdictional requirements are in force (See PS 1 Paragraph 6 for further information).

28. What is the Red Book guidance on the rotation of valuers?

The Red Book considers it good practice, although not mandatory, to rotate valuers so that no valuer works on the same property for longer than seven years. RICS notes that it is common practice in Australia to rotate valuers every three to five years. If a client or a particular type of valuation requires a higher frequency of rotation, then it does not conflict with Red Book.

29. How does Red Book deal with the issue of ‘value ranges’ and the need for a single value amount?

Unless specifically requested, the expression of values within a stated range is not good practice and would not normally be regarded as an acceptable form of disclosure. In most cases the valuer has to provide a single figure in order to comply with the client’s requirements and terms of engagement. Similarly, the use of qualifying words such as ‘in the region of’ would not normally be appropriate or adequate to convey material uncertainty without further explicit comment, and is again actively discouraged. Where different values may arise under different circumstances it is preferable to provide them on stated special assumptions. For further information, refer to Red Book, VPGA 10, 3.

30. How does the Red Book deal with ‘gross realisable value’ or ‘as if complete’ and is the Red Book concept of ‘market value with special assumptions’ a correct definition of market value?

‘Gross realisable value’ or ‘as if complete’ are local descriptions for Market Value, on the Special Assumption that the proposed development has been completed as at the date of valuation. For the avoidance of doubt, a Special Assumption is not an assumption that a market participant would not make. Rather, it is the assumption that something is true, when it is known that it is in fact, not true. Any Special Assumption must reflect a realistic and achievable scenario, with the valuer also providing appropriate commentary or an opinion of value without the Special Assumption.

31. Does the Red Book allow desktop assessments for commercial valuations?

RICS accepts that a client may sometimes require a ‘desktop valuation’. It is the duty of the valuer to discuss the client’s requirements prior to reporting. The valuer should consider if the
restriction is reasonable, with regard to the purpose of the valuation. The valuer may consider accepting the instruction subject to certain conditions, for example that the valuation is not to be published or disclosed to third parties. If the valuer considers that it is not possible to provide a desktop valuation the instruction should be declined. The valuer must make it clear when confirming acceptance of such instructions that the nature of the restrictions and any resulting assumptions, and the impact on the accuracy of the valuation, will be referred to in the report (see Red book, VPS 1, 3.2 (i)).

32. Does the Red Book contain a definition of ‘valuation’ that meets the standards prescribed by the Courts?

The Red Book defines ‘valuation’ as “An opinion of the value of an asset or liability on a stated basis, at a specified date. Unless limitations are agreed in the terms of engagement this will be provided after an inspection, and any further investigations and enquiries that are appropriate, having regard to the nature of the asset and the purpose of the valuation” (see Part 2, section 1).

If you have any further questions for the FAQ please submit these to regulationapac@rics.org