

Response to public consultation

“Definition of a Professional Valuer”

“Proposed Code of Ethics for Professional Valuers”

As members of the Scheme Committee of CRIF Certification Services, we appreciate the opportunity to respond to the public consultation of the new IVS documents “Definition of a Professional Valuer” and the “Proposed Code of Ethics for Professional Valuers”. We have chosen to reply specifically to these documents because as the Scheme Committee of a personnel certification body, we are directly involved in the definition of certification schemes for property valuers here in Italy. Our responses will focus on the qualifications, skills and experience of the professional valuer and his adherence to a code of ethics, with a specific focus on the valuer of mortgage collateral.

In fact, CRIF Certification Services is the first certification body in Italy to be accredited ISO 17024 for the certification of valuers of collateral property for mortgage banks.

The composition of the Scheme Committee responds to the requirements of the ISO 17024 which states that the Committee must be representative of the parties interested in certification, therefore our Committee is comprised of:

- Associazione Bancaria Italiana (The Italian Banking Association)
- Consiglio Nazionale Geometri e Geometri Laureati (The National Council of Italian Surveyors)
- Consiglio Nazionale Periti Industriali e Periti Industriali Laureati (The National Council of Industrial Experts)
- Università degli Studi di Palermo (The University of Palermo, in the person of the Prof. Marco Simonotti, leading valuation professor in Italy)
- Studio Vetrano (one of the leading professional firms involved in valuation for mortgage granting purposes, based in Naples)
- Granular Investments (mortgage insurance advisor)

In responding to the draft “**Definition of a Professional Valuer**” we would like to point out that in general we are in agreement with the document especially regarding the concepts of life-long professional education and experience, as well as the focus on licensing and certification.

Concerning the “specific matter for comment” we would like to respond as follows:

1. *Would this document benefit by including a more in-depth discussion of some of the topics introduced. For example, should the document contain discussion related to valuation specialties such as business interests, financial instruments, intangible assets and real estate?*

In light of the proposed Exposure Draft of IVS 2011 and the elimination of most aspects of application and guidance, we believe that the Definition of a Professional Valuer should include more in-depth discussion

regarding valuation specialties in order to sustain this definition. For instance, in the field of valuation for mortgage granting purposes, we believe the Definition of a Professional Valuer should clearly state that the Valuer should be completely independent and unaffiliated with both the borrower and the lender, particularly concerning the credit decision making process, the commercial process, and the credit monitoring process, ensuring that all personal conflicts of interest are avoided.

3. *Should a university degree be a pre-requisite for entering the valuation profession?*

In Italy, there are several specific non-university diplomas that enable the individual to enter into a professional Order that allows to carry out valuations.

The requirement of a university degree as a pre-requisite for entering the valuation profession would be applicable only if it is intended to take into consideration also those individuals who fall under the provisions of the EU Directive 2005/36/EC art. 11 letter D (“a diploma certifying successful completion of training at post-secondary level of at least three and not more than four years' duration, or of an equivalent duration on a part-time basis, at a university or establishment of higher education or another establishment providing the same level of training, as well as the professional training which may be required in addition to that post-secondary course”)

5. *Should there be increased focus on a need for licensing/regulation?*

Yes. We believe that IVSC Definition of a Professional Valuer should encourage the adoption on a national level of a licensing system, especially for valuers of mortgage collateral, which includes a written or oral test, as well as maintenance criteria and periodic retesting, such as that found in the structure of ISO 17024 accredited personnel certification body. In the event that the bank or the valuation firm relies on non-licensed valuers, the bank/valuation firm should clearly state and accredit their system for demonstrating the skills and competence of their valuers and apply a documented program of life-long professional education.

In responding to the draft “**Proposed Code of Ethics for Professional Valuers**” we would like to point out that in general we are in agreement with the document.

We do not agree with the working in point B of the “Introduction and Fundamental Ethical Principles” which currently states: “Objectivity: not to allow conflict of interest, or undue influence or bias to override professional or business judgment”. We believe that the presence of a conflict of interest should exclude the valuer from taking on the assignment at all, and not simply limit the decision to the judgment of the valuer as to whether the conflict of interest will override professional or business judgment.