

Associazione Società di Valutazioni Immobiliari per le Banche

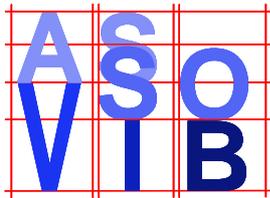
**Response to public consultation  
Definition of a Professional Valuer  
Proposed code of Ethics for Professional Valuers**

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Soci Fondatori:





## Introduction letter

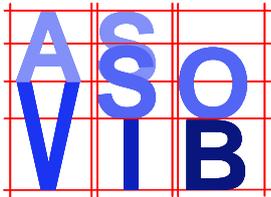
As representatives of ASSOVIB (the Italian “Association of Real Estate Valuation Firms for Banks”) we appreciate the opportunity to respond on the Exposure Draft, as we believe that the International Valuation Standards have been a key factor over the past ten years in driving the Italian property market towards greater transparency in the field of valuation, especially for secured lending.

ASSOVIB is the association of the biggest Italian Valuation Firms which provide valuation services to banks who grant mortgages based on real estate collateral. The purposes of the Association are promoting professional valuation culture within the context of mortgage granting and elevating the quality of services offered to Banks by establishing a code of conduct and carrying out, alongside government bodies and other stakeholders, initiatives focused on scientific and technical issues within the valuation field.

We would like, as a premise, to detail the following characteristics and commitments that a Valuation Firm must have.

A Valuation Firm must:

- manage the entire valuation process in a precise and organized way, from the engagement to the delivery of the valuation report to the Client
- rely on a network of Valuers to carry out the inspection of the asset and its valuation and ensure that each Valuer it employs (or contracts) adheres to the company’s Code of Ethics, which must be aligned with all pertinent IVSC documents
- carry out all assignments free from any conflict of interest
- perform a regular critical review of all valuation reports before they are delivered to the Client, besides managing an ongoing monitoring service of the entire process
- in the field of valuation for secured lending, select valuers for valuation engagements in a manner which will guarantee total independence and detachment from the credit decision process, the credit monitoring process, and the commercial process of the loan.
- guarantee continuity and the application of homogenous standards wherever the firm operates
- ensure precise and realistic timeframes in order to guarantee control of the process and quality of service
- carry out the selection, initial and ongoing training of its network of Valuers
- have an adequate insurance policy which will cover its professional risks
- In those countries in which quality certification is recognized, the Valuation Firm’s processes and procedures should be properly certified



## Discussion Paper

### Definition of a Professional Valuer

#### General matters for comments (page 2)

#### **2. “The document explains the concept of a Professional Valuer Appropriately”**

Comment:

IVS 101 paragraph 24 states “valuations are prepared by an individual or a firm”.

As of course the IVPB is aware, in several valuation fields (e.g. valuation for secured lending, non-performing loans, ...) clients are shifting towards outsourcing the process to valuation firms.

Therefore we believe it is necessary to treat this concept both in the “Definition of a Professional Valuer” and the “Proposed Code Of Ethics For Professional Valuers”.

The role of "Professional Valuer" can be covered by a different legal entity from a single professional; in many countries relevant shares of the valuation market are covered by Valuation Firms.

Where the Valuation Firms operate, the responsibility of the "appraisal service" is fully assumed by the companies, generally including within their labor force people with the status of "Professional Valuer".

#### **3. Topics that need to be included in or deleted from the document**

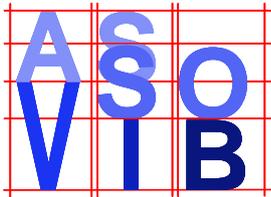
We would like a specific paragraph dedicated to Valuation Firms and their characteristics to be included into the document

#### Specific matters for comments (page 3)

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

Answer:

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



## Exposure Draft

### Proposed code of Ethics for Professional Valuers

In the case the Professional Valuer is a Valuation Firm, the following provisions should be added, also modifying paragraphs 3.3.3, 3.3.4 and 3.3.5 of the Proposed Code of Ethics as necessary:

A Valuation Firm which manages Individual Valuers (free lance professionals or employees) makes sure each one of them adheres to the provisions of all pertinent IVSC documents and has the necessary requisite skills and ethical principles.

Generally speaking, Valuation Firms follow processes and procedures created with the aim of ensuring a comprehensive quality during their activities, avoiding any conflict of interest, and informing their clients when using external professionals, if ever at all.

The characteristics and commitments of a Valuation Firm, can be considered as “Safeguards created by external structures... or the valuer’s work environment” as explained in paragraph 3.2.13 of the Proposed Code of Ethics.

However we would like to further expand this paragraph to state the basic principles that must govern the process of valuation regardless of whether it is carried out by a Valuation Firm or an Individual Valuer, in order to safeguard the transparency, independence and objectivity of the valuation itself:

- Selection of valuers based on defined criteria
- Valuer training based on international and national regulations and best practices
- Ongoing assessment of competence, experience, and life-long learning through a documented management system
- When the valuation falls within secured lending, the assignment should be completely independent from the credit decision making process, the commercial process, and the credit monitoring process, ensuring that all personal conflicts of interested are avoided
- There should be a critical analysis of all valuation reports which is line with the prescriptions of a Desk Review (GN11 – 3.2 – IVS 2007), carried out by a Valuer different from the one that performed the valuation. This critical analysis is an integral part of the process and must be carried out before the valuation can be used to grant credit secured by collateral