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Subject: Code of Ethics - Comments
Date: September 27, 2010 4:16:43 AM PDT
To: CommentLetters@ivsc.org

Dear IVPB,
International Valuation Standards Council.

Thank you for publishing the IVSC Code of Ethics in July 2010.

Here in Dubai, we have been working on our own Code of Ethics, and I have prepared a draft document and sent it out to our members as an exposure draft in June 2010 and we have received some very positive feedback from our members.

The IVPB has invited comments to the Exposure Draft. We would like to comment in two ways. Firstly by answering your specific questions in page 2 of the Code. Secondly by attaching our Code for your review and information.

Specifically (using the same language from page 2 of the IVSC Code of Ethics, July 2010), our comments are:

- 1- The structure of the Code is clear.
 - a. Yes, we believe so. However if you've seen, the Dubai Code of Ethics is a bit more expansive because our valuation market is a bit less developed and the high-level IVSC approach might be prone to misunderstanding in this environment.
- 2- There are any topics that need to be included or deleted from the Code:
 - a. The Code is excellent, however I would give the following minor suggestions that might be more a matter of personal opinion than anything else.
 - b. *"3.2.6. A Professional Valuer must disclose whether or not his or her fee is contingent upon any aspect of his or her report."* I would say that this can be a bit confusing. The IVSC should not allow Valuers to do any such thing, we suggest the following wording "A Valuer's professional fee should be completely independent of his/her opinion of value".
 - c. Perhaps add something about Special Assumptions along the line of: "Special Assumptions need to be reasonable, clearly stated in the valuation report and agreed beforehand with the Client in the terms of engagement. If the special assumption has an effect on the Market Value, then the report should clearly state this as well as the Market Value without the special assumption."
 - d. In section 3.5, why not add a clause suggesting that "A Professional Valuer should use clear and transparent language in all his/her dealings"?
- 3- The Code should be more or less expansive to professional needs:
 - a. We have made the Dubai Code a bit more expansive, but for the IVSC's role as a global body, this proposed Code strikes the right balance.

- 4- There are any parts of the Code that conflict with your market, local regulations or valuation disciplines:
 - a. No.

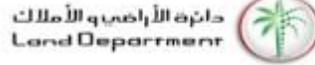
As thus, we congratulate you on the excellent work needed to produce the Code of Ethics and hope that our comments are useful.

On a slightly different topic, we look forward to the IVSC's response to our application last year to become members of the IVSC (we were told that our application for membership will be considered in October 2010).

Should you have any further questions please do not hesitate to contact me.

Yours faithfully,

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Code of Ethics (or Conduct)

Introduction

The following document details the Code of Ethics (or Conduct) for members of Taqaem. All members should abide by this Code during their work as Property Valuers in the Emirate of Dubai.

In this document the following applies:

- DLD : Dubai Land Department
- RERA: Real Estate Regulatory Agency
- Taqaem: Real Estate Appraisal Centre under DLD.

Property Valuation is considered the cornerstone of the real estate profession and impacts directly on the livelihood of communities and the general economy of a city or country. Valuation is also very important in the financial services industry and has a pivotal and very sensitive role.

Valuation is an informed opinion of a qualified and experienced professional Valuer based on the data available to the Valuer at the time of the valuation. A valuation should be done to the highest scientific, economic and technical standards and the Valuer should be educated, experienced, professional, ethical, neutral, of high integrity, and transparent in their dealings. A Valuation cannot be done in the future as we cannot predict the future. However it is acceptable to undertake a retrospective Valuation. A report is only valid for the date of the Valuation.

For this reason all the major institutions around the world speak the same language in terms of a Code of Ethics for the Property Valuation industry. This Code of Ethics is based on international best practice and has been modelled on the IVSC's Proposed Code of Ethics Exposure Draft (July 2010). This Code has also been widely circulated amongst the Valuers in the United Arab Emirates and specifically in Dubai and a 3-month consultation period (ending September 2010) was provided to gather as much feedback as possible, which has been included in this Code.

Code of Conduct for Property Valuers

A Property Valuer should preserve the following:

1. **Standards**
2. **Integrity & Honesty**
3. **Conflict of Interest avoidance**
4. **Confidentiality**
5. **Neutrality, Transparency and Accountability**
6. **Competence and external assistance**
7. **Disciplinary Action**
8. **Professional Indemnity (PI) cover**

In detail:

1. **Standards:**
 - a. All Valuers should work using the Emirates Valuation Standards published by Taqyeem, Dubai Land Department.
2. **Integrity & Honesty:**
 - a. A Valuer shall not knowingly work in a way that is likely to mislead or lead to mistakes.
 - b. The Valuer should work independently at all times.
 - c. A Valuer shall not knowingly write or distribute reports that contain errors, mistakes or inaccuracies and this includes biased opinions.
 - d. A Valuer's opinion of value should be completely independent from the professional fee.
 - e. A Valuer shall always follow all the relevant applicable laws.
 - f. A Valuer shall not imply or state that s/he has qualifications that s/he does not have. A Valuer's qualifications should be disclosed and discussed with the client in advance.
 - g. A Valuer shall not use misleading advertising.
 - h. A Valuer shall work in a transparent manner and use clear language.
 - i. A Valuer shall recognise the limits of their experience and qualifications and is fully responsible for the work produced.
 - j. A Valuer should not accept more work than s/he is capable of completing competently and should take responsibility for his/her work.
 - k. A Valuer should operate impartially regardless of the pressure from clients or other sources.
 - l. A Valuer should appreciate that his/her actions reflect directly on his reputation and the reputation of the establishment s/he works at. As thus, s/he should always act honourably.

3. Conflict of Interest avoidance:

- a. A Valuer is prohibited from working for two parties or more in the same transaction without their prior written consent. The report should reflect this.
- b. A Valuer shall take all reasonable precautions to ensure that there are no conflicts of interest between the parties involved and to communicate of any conflicts in writing if applicable as soon as possible.
- c. Every report by the valuer should contain a statement indicating if the Valuer is working as an external or internal valuer.

4. Confidentiality:

- a. A Valuer shall always work in a confidential manner.
- b. A Valuer is prohibited from disclosing private information relating to his/her clients except where required by law or specifically allowed by a client in writing (e.g. the courts, or the DLD) who will also treat the information in confidence as prescribed by Law.

5. Neutrality, Transparency and Accountability:

- a. A Valuer shall execute his/her tasks in complete autonomy and objectivity and without bias or emotion.
- b. If instructed, a Valuer should not criticise or review another Valuer's work but should provide their own independent valuation instead.
- c. A Valuer's professional fees shall be completely independent of his/her initial opinion of the value of a property. The fees should be agreed in writing before starting the work.
- d. A Valuer shall only accept data from the client or any other party if they are verified and referenced. Data that cannot be verified must be clearly marked thus.
- e. A Valuer shall state all assumptions in his/her report and decline any jobs that have incorrect or implausible conditions or assumptions.
- f. In reasonable circumstances, a Valuer shall put the client's interests above his/her own or any other interest.
- g. A Valuer shall not discriminate against others on any grounds and to treat others with the utmost respect regardless of nationality, ethnicity, colour, personal opinion or religion.
- h. Special Assumptions need to be reasonable, clearly stated in the valuation report and agreed beforehand with the Client in the terms of engagement. If the special assumption has an effect on the Market Value, then the report should clearly state this as well as the Market Value without the special assumption. Examples of such Special Assumptions in Dubai are: "vacant possession" on a residential property. If the property is let, it makes it harder to remarket. Also a "fully serviced site" means that all the power, water, telecoms, sewers, roads etc are fully connected. If this is not the case, the site will require very significant investment to bring it up to the stated assumption.

6. Competence and external assistance

- a. A Valuer shall decline any work if s/he lacks the experience or skills to complete the task competently.
- b. If a Valuer requires the assistance of an external party, then s/he should be assured that the experience and skills of that external party are enough to ensure the work is done to a high standard. The Valuer shall in this case seek written approval from the client before engaging the services of an external party and this should be included in the valuation report.
- c. A Valuer shall execute his/her work professionally and quickly.
- d. A Valuer should have a written Contract/Instruction from his/her client before commencement. The purpose of the valuation should be clearly stated. This should be signed by all parties.
- e. The Scope of Work or Terms of Engagement of this Instruction should include but not be limited to:
 1. Purpose of Valuation(Internal or Bank Finance)
 2. Valuation Date
 3. Ownership Interest to be valued
 4. Valuation Standard used
 5. Special Assumptions
 6. Exclusions(e.g. Plant and Machinery or Trade Fixtures)
 7. Currency of Valuation
 8. Departures from Standards
 9. Previous Involvement
 10. Valuers PI insurance limitations
 11. Publication and Disclosure to other Parties
 12. Third Party Liability
 13. Jurisdiction
 14. Time Limit for Explanations
 15. Basis of Additional Fees(Hourly Rate)
 16. Status of Valuer(External - Internal)
- f. A Valuer shall create a new file for every job which shall be stored securely for a minimum of 5 years.
- g. A Valuer shall deal professionally and bravely with any inappropriate action from another Valuer or 3rd party. Any such behaviour that relates to the Valuation profession should be reported to the relevant authorities.
- h. In cases when the property was inspected by someone other than the Valuer, this needs to be clearly stated in the report (with names, dates, qualifications, and job titles).
- i. The valuation report should be signed by a Valuer or Valuers on company stationery. Signing reports with “for and on behalf of company x” is not allowed.

- j. A Valuer must be aware of and understand any standards under which the client operates that may influence the scope of work (e.g. accounting, auditing, securities, lending, etc)
- k. A Valuer must ensure that staff or subordinates assisting with an assignment shall adhere to this Code.

7. Disciplinary Action

- a. Valuers found not to be abiding by this Code of Ethics or other relevant laws or regulations will be liable to their actions as prescribed in the applicable laws and regulations.
- b. Valuers facing disciplinary action might be liable to the following:
 - i. Warnings
 - ii. Fines
 - iii. Suspension
- c. Valuers should cooperate with Taqyeem, RERA and the DLD with all reasonable and legitimate requests relating to their work.

8. Professional Indemnity (PI) cover

- a. It is recommended that all Valuers should have the appropriate level of PI cover for the work that they are doing. This should be disclosed with the client and mentioned clearly in the report.