

MALAYSIAN VALUATION STANDARDS

STANDARD 5

QUALIFICATIONS OF VALUERS AND CONFLICTS OF INTEREST

5.1.0 INTRODUCTION

5.1.1 Only **Registered** Valuers ~~can~~ **shall** carry out valuations and provide such service for a fee. This is provided for under The Valuers, Appraisers and Estate Agents' Act 1981 (as amended). In addition, he must ensure that he has the necessary qualifications, sufficient knowledge and expertise when accepting valuation instructions. Past, present or foreseeable future relationships, either with the Client or the property to be valued, that could lead to or be construed as possible conflicts of interest, must be disclosed when accepting an instruction ~~to value~~ **for valuation**.

5.2.0 STATEMENTS OF STANDARD

5.2.1 The Valuer, prior to accepting an instruction to carry out a valuation, must ensure that he has sufficient knowledge, experience and competency to complete the assignment in accordance with these Standards or generally accepted valuation principles.

5.2.2 Where circumstances by virtue of legislation or requirement by any regulatory body or otherwise require an "Independent Valuer" such a Valuer shall be one who has no, either directly or indirectly via partners, co-directors or close family, significant financial interest in the client company or vice versa and who has additionally no fee-earning relationship **at present** or in the past 24 months, ~~or at present~~, other than the valuation fee, and has disclosed in writing any involvement past or present with the subject property(ies) or interested or connected parties over the previous 24 months. Valuers preparing valuation reports for submission to the Securities Commission, Malaysia must also ensure that they meet the definition of an "Independent Valuer" as defined under ~~Chapter 3 (Section 3.03)~~ of "The Guidelines on the

Asset Valuation Guidelines issued by the Securities Commission of Malaysia and are required to give a declaration to such an effect.

- 5.2.3 A Valuer must not accept an instruction to carry out a valuation of a property if he, or his firm is involved in the sale or purchase of the property, in the capacity of an agent, within one year of the completion of the sale or purchase.
- 5.2.4 The Valuer must disclose any past, present or foreseeable future relationship with either the property to be valued or the Client that may lead to or be construed as possible conflict of interest.
- 5.2.5 The Valuer must also ensure that he meets any other legal or regulatory requirements, which may be required by the Client, or their advisors or other relevant regulatory bodies.

5.3.0 EXPLANATIONS

- 5.3.1 These Standards ensure that only Valuers who have sufficient knowledge, skill and expertise to complete the valuation competently can carry out valuations. For Those who are unable to meet these criteria, they should be assisted by Valuers (or other such qualified valuers in the case of foreign properties) or other professionals or experts who possess sufficient knowledge, experience and competency. In this way, the Client This would be assured ensure of the highest level of competency and would thus have his meet the clients needs or requirements met.
- 5.3.2 The “other legal or regulatory requirements” are those which may be imposed or required by the Client in accordance with the uses to which the valuation report may be put or that is those which are legally required. One such example is the valuation of properties for submission to the Securities Commission, Malaysia for which a Valuer must have at least three three years post registration experience to carry out such valuations. Another example is the ‘Guidelines on Property Trust Funds’ whereby valuations should be carried out by an approved valuer having at least ten years experience,

~~including experience in valuing properties in the locality with no record of disciplinary action by the Board in the past three years.~~