

MALAYSIAN VALUATION STANDARDS

STANDARD 6

CONDITIONS OF ENGAGEMENT

6.1.0 INTRODUCTION

6.1.1 The Valuer must always seek to understand the Client's needs and requirements and carry out the Client's instructions accordingly. Wherever possible, there should therefore be a written statement or agreement stating the conditions of engagement of a Valuer's services, indicating the scope of work, reporting formats, assumptions to be made, limiting conditions (if any), etc. This is to minimise any misunderstanding between the Client and the Valuer so that the Client understands the extent of a Valuer's responsibilities and limitations of valuation reports and is satisfied with the services provided by the Valuer.

6.1.2 To ensure the highest standards and expertise to be provided to the a Client, a Valuer must ensure amongst others, the following before he accepts any instructions from a Client. ~~must ensure that:-~~

- (a) he has the necessary qualifications;
- (b) he has the appropriate experience or expertise;
- (c) he is an "Independent Valuer" where required;
- (d) there is or will be no conflict of interest;
- (e) he meets any other conditions as imposed or as required by the Client or their advisers or users of the Valuation Reports or Certificates.

6.2.0 STATEMENTS OF STANDARD

6.2.1 Before a valuation is reported, a Valuer must establish the Client's needs and requirements and confirm the service (instruction) to be provided.

6.2.2 Minimum Requirements for Valuations

The Valuer must agree with or inform the Client the following, before a valuation is reported:-

- (a) the purpose and intended use of the valuation;
- (b) the relevant date of the valuation if not the date of inspection;
- (c) the subject matter of valuation i.e. the interest to be valued;
- (d) the basis of valuation (e.g. market value);
- (e) assumptions to be used in arriving at the valuation;
- (f) requirements in relation to supporting documents;
- (g) the basis of and responsibility for his fee; and
- (h) the limits or exclusion of liability to other parties other than the Client (i.e. "Limiting Conditions")

6.3.0 EXPLANATIONS

6.3.1 The Statements of Standard are meant to specify the scope of work of the appointed Valuer and to avoid misunderstanding with the Client. Should the Valuer be asked to base his valuation on "additional" or "special" assumptions, he should make a statement to such an effect in the Valuation Report or Certificate.