

MIP Valuation Requirements

May 2014

Provided below are clear requirements which Lenders can easily distribute to a professional Valuer for Mortgage in Possession (MIP) valuations, serving to create uniformity and efficiency throughout the process.

Lender Guidelines

A Valuer instructed for an MIP report should be different to the original Valuer.* Please contact Genworth Property Services Unit on 1300 655 422 regarding any questions on the guidelines provided below.

The Valuer engaged by the Lender is to be instructed to comply with these valuation requirements.

Genworth's Requirements for Mortgage in Possession (MIP) valuations

Valuation reports are required to make reference to the following specific matters;

- This valuation is being prepared to assist the Lender and Mortgage Insurer in achieving the best sale result for the property.
- This valuation is not being instructed for mortgage security purposes, and references to 'First Mortgage' or 'prepared for mortgage security purposes' should be deleted. Standard references/disclaimers used specifically for mortgage security valuations should be deleted where standard format permits.
- The property is to be valued on the basis of its highest and best use as defined by Australian Property Institute (API) guidelines.
- The assessment of market value of the property should reflect a typical marketing period for the class of property in the current market conditions. The expected selling period should accompany the market value. Where the expected selling period is greater than 6 months, a separate comment should be made on the dynamics of the market.
- A single valuation figure, being the assessed market value, should be recorded for the value in line with traditional valuation practice. In addition a market value range may be included based on the valuer's opinion of current market sentiment and interpretation of comparable sales. No mention or reference to a forced sale range or forced sale figure will be accepted.
- A detailed description of the property in accordance with API standards is required.
- To the extent you are qualified; comment on any necessary repairs (including estimated cost) and/or maintenance work that if carried out, would increase the marketability of the property within its market segment.
- Provide an 'As Is' market value and 'As if Complete' market value where necessary repairs and/or maintenance work are recommended to be undertaken.
- Provide details of current zoning and any applicable approvals that will have an impact on the value or marketability of the property.
- Provide short comment on the market conditions for similar properties in the local area at the time.
- Provide comment on the most appropriate method of sale for the subject property.
- A comprehensive list and detailed information on the most recent comparable sales should be provided, with specific comment as to the relevance of the assessment of the subject property's value. Relevant comparable sales older than 3 months may be used in this assessment however a detailed explanation on the adjustment made to account for present market conditions must be provided.
- Include any negative or positive features which may impact on marketability or early sale of the property (i.e. termite damage, specialised use, easements and incomplete renovations). Please advise if there is a need for building, pest, strata or any other third party reports.
- Please comment on any possible issue where improvements do not appear to have council approval or may not meet building codes/legislation.
- Please include previous sale of subject property if sold in last 3 years, and briefly comment on reason for variance to the currently assessed value.
- Comment on whether the property would incur a GST liability when sold.
- Include photographs of the subject property from the front, rear and internally. Photographs should highlight any major defects or areas of repair.
- Please include the current Insurance Replacement Cost and estimated rental value.
- Comment on any issue you believe the Mortgagee should address in relation to Public Liability (for example, where the condition of the property could pose a risk of injury, such as a swimming pool may not have fence, unusually exposed drainage or wiring etc).
- Your report is to be treated as confidential and we request that you do not discuss the values within your report with real estate agents (this does not exclude the sharing of relevant information).
- Valuations must be carried out by an AAPI (CPV) or FAPI (CPV) Valuer who has experience in valuing in the specific property area.

Please be aware that the Lender may request further updates on this valuation if the property has not sold in 3 months.

*Genworth reserves the right in its absolute discretion to either accept or reject a valuation notwithstanding these requirements.