

Valuation minimum standards

Lenders Mortgage Insurance

14 April 2020



Disclaimer

Genworth Financial Mortgage Insurance Pty Limited (Genworth) makes this presentation available for information purposes only. Genworth does not warrant the accuracy, currency or completeness of the information provided.

The information and any examples provided in this presentation are of a general nature and indicative only. This presentation does not take into account your specific circumstances, or the specific circumstances of any particular loan, loan application or application for insurance. This presentation does not constitute advice and should not be relied upon as such.

This presentation is made available on the understanding that Genworth, its related bodies corporate and each of their respective employees, servants and agents are not liable (including, but not limited to, by reason of negligence) to any person for any loss, damage, cost or expense in connection with the use of, or reliance on, this presentation or any data or information provided with this presentation. This presentation may contain or rely on data or information provided by third parties. Genworth is not liable to any person for the accuracy, currency or completeness of that third-party data or information.

This presentation is confidential and must not be distributed or reproduced in whole or in part. The information is subject to change without notice and Genworth is not required to update the information or correct any inaccuracy which may become apparent at a later date. Genworth retains ownership of the presentation and any data and information provided with this presentation.

If applicable, the Insured must comply with its duty of disclosure in accordance with the provisions of the Master Policy and the *Insurance Contracts Act 1984* (Cth). In the event of any inconsistency between the Master Policy and this presentation, the Master Policy prevails. The Insured, its employees, servants and agents are responsible for making their own assessment on all underwriting decisions where applicable and should verify all relevant representations, statements and information independently.

References to ratings:

Any financial strength or credit ratings provided in this presentation are determined by ratings agencies. They do not, and are not intended to, constitute the provision of financial product advice by Genworth, its related bodies corporate and each of their respective employees, servants and agents in relation to any financial product including, without limitation, any securities of, or other financial products issued by, Genworth or any of its related bodies corporate. The ratings are subject to change from time to time. You should seek your own professional advice before relying on any ratings referred to in this presentation.

Genworth, its related bodies corporate and each of their respective employees, servants and agents do not authorise the disclosure of any financial strength or credit ratings to any "Retail Client" (as defined in Chapter 7 of the *Corporations Act 2001* (Cth)).

© Genworth Financial Mortgage Insurance Pty Limited ABN 60 106 974 305 ® Genworth, Genworth Financial and the Genworth logo are registered service marks of Genworth Financial, Inc. and used pursuant to licence.

CUSTOMER SERVICE CENTRE



1300 661 118

At Genworth, we pride ourselves on our commitment to our lender and broker customers, ensuring each interaction is a positive experience.

Our Customer Service Centre can assist with your enquiries regarding an LMI proposal.

If you would like to discuss a new proposal, a variation to an existing policy, or if you have an enquiry about a premium credit, please contact the Customer Service Centre.

Phone: 1300 661 118

Email: customerserviceau@genworth.com

Contents

Contents.....	4
Introduction.....	5
Section A - Valuer accreditation	7
1 Lender obligations	7
Section B - Acceptable valuer qualifications.....	8
2 Valuation Supplier obligations	8
Section C - Professional indemnity Insurance.....	9
3 Acceptable Professional Indemnity cover - Valuation Supplier obligations	9
4 Acceptable PI cover – Lender obligations.....	10
Section D - Ethical conduct	11
5 Lender obligations	11
6 Valuation supplier obligations.....	11
Section E - Valuation and Desktop Assessment instructions.....	12
7 Lender obligations	12
8 Valuation Supplier obligations	12
Section F - Valuation and assessment reports.....	13
9 Valuation and Assessment reports Supplier obligations.....	13
Section G - Mortgagee-in-possession valuation requirements.....	15
10 Requirements for mortgagee-in-possession valuations.....	15
Section H - Panel management	17
11 Lender obligations	17
12 Guidance notes.....	17
Section I - Acceptable industry bodies and membership classes.....	18
13 Acceptable membership classes – Australian Property Institute (API)	18
14 Acceptable membership classes – Royal Institution of Chartered Surveyors (RICS)	19
Glossary	20

Introduction

Who is Genworth and what is LMI?

Genworth Financial Mortgage Insurance Pty Limited (Genworth) is a leading provider of lenders mortgage insurance (LMI) in Australia.

LMI facilitates residential mortgage lending by transferring risk in accordance with the terms and conditions of an LMI policy from Lenders to LMI providers, predominantly for high loan-to-value ratio residential mortgage loans.

LMI has been an important part of the Australian residential mortgage lending market since it was introduced by the Australian Government in 1965.

The provision of LMI to Lenders has contributed to high levels of Australian home ownership and residential mortgage loan accessibility, supporting the housing market in Australia.

Purpose of these Minimum Valuation Standards

Genworth's Valuation Minimum Standards (VMS) set out the basis on which Genworth is prepared to accept residential property Valuations or Desktop Assessments for LMI purposes. It communicates Genworth's expectations to Lenders and entities that give instructions for the preparation of Valuations or Desktop Assessments.

A Valuation or Desktop Assessment of a proposed mortgage/residential property security is an integral part of any LMI proposal to Genworth. In the interests of ensuring that Valuations or Desktop Assessments are accurate and reliable, it is imperative that the Lender, any entity which gives instructions for the preparation of a Valuations or Desktop Assessments, and the Valuation Supplier have all observed the VMS.

The VMS also set out Genworth's requirements on Lender's reliance on a purchase price as representing the value of a residential security property.

Lenders responsibility

VMS apply to:

- any Lender arranging a Valuations or Desktop Assessments for Genworth LMI purposes and/or relying on a Valuations, Desktop Assessments or purchase price in support of an LMI proposal to Genworth;
- any Lender's Agent, including but not limited to a valuation panel manager, ("Lender's Agent") involved in arranging a Valuation or Desktop Assessment for Genworth LMI purposes and/or relying on a Valuation or Desktop Assessment in support of an LMI proposal to Genworth; and
- any Valuation Supplier providing a Valuation or Desktop Assessment to be submitted to Genworth for LMI purposes.

This version of the VMS applies on and from 14 April 2020 until such date this document is amended or superseded on Genworth's website. Please refer to genworth.com.au for the most recent version of the VMS. Genworth may from time to time also publish supplementary valuation guidance notes that are to be read and interpreted in conjunction with the VMS.

Lenders must also comply with their duty of disclosure and these VMS in connection with Genworth providing LMI.

Genworth is not liable for any direct or indirect loss for any reliance or purported reliance on these VMS regardless of how that loss is caused (including negligence).

Non-compliance/exceptions

To the extent that a particular section of the VMS cannot be complied with, such non-compliance must be raised with Genworth and prior approval sought for an alternative means of complying with the relevant section. Genworth will approve exceptions to non-compliance with particular sections of the VMS on a case by case basis depending on the relevant circumstances raised with Genworth.

Genworth website

Visit [genworth.com.au](https://www.genworth.com.au) for the following resources:

- [LMI Underwriting Standards and Guidelines](#)
- [Valuations – policy and process information](#)
- [Forms](#)

Customer Service Centre

If you would like to discuss an LMI proposal before submitting to Genworth, please contact our Customer Service Centre on 1300 661 118 or by email at customerserviceau@genworth.com

Section A – Valuer accreditation

1 Lender obligations

- 1.1 In all cases when appointing a Valuation Supplier to its panel to perform Valuations or Desktop Assessments for Genworth LMI purposes, the Lender and any Lender's Agent must act prudently and ethically.
- 1.2 Before appointing a Valuation Supplier to perform residential property Valuations or Desktop Assessments for Genworth LMI purposes, the Lender and/or the Lender's Agent shall carry out the following minimum due diligence with satisfactory results:
 - 1.2.1 Ensure the Valuation Supplier is a company, individual (e.g. sole trader) or partnership (i.e. a trust is not acceptable);
 - 1.2.2 Obtain a company profile and a resume of each of the principals/directors of the Valuation Supplier;
 - 1.2.3 Conduct and retain an appropriate reference check to ensure the Valuation Supplier's previous history is acceptable;
 - 1.2.4 Ascertain which geographic areas are covered by the Valuation Supplier, and in which geographic areas the Valuation Supplier specialises;
 - 1.2.5 Ascertain the number and experience of residential mortgage security Valuers (employees and contractors) on staff and evaluate the capacity of the Valuation Supplier to service the relevant geographic area(s);
 - 1.2.6 Conduct a search of the Department of Fair Trading (or equivalent state/territory body) valuer register (where applicable);
 - 1.2.7 Ascertain whether the Valuation Supplier has an internal compliance and peer review process; and
 - 1.2.8 Perform Australian Securities and Investment Commission (ASIC) company director searches on each principal/director of the Valuation Supplier and consult with Genworth regarding any adverse findings.
- 1.3 The Lender and/or the Lender's Agent shall use reasonable commercial endeavors to monitor and ensure that the Valuation Supplier obligations in these VMS are met.

Section B – Acceptable valuer qualifications

2 Valuation Supplier obligations

2.1 Valuations - Short Form/ Long Form Valuation requirements

- 2.1.1 In all cases the prime signatory shown on a valuation report submitted to Genworth for LMI purposes is required to be a current financial member of the Australian Property Institute (API) or other recognised valuation industry body.
- 2.1.2 Genworth will only accept Valuations completed by a Valuer registered or licensed in the state or territory in which the relevant property is located except where clause 2.1.3 is applicable. Further, such registered or licensed valuers must be one of the following classifications of API members (or such equivalent classifications in any other recognised valuation industry body) and hold Certified Practising Valuer (CPV) or Residential Property Valuer (RPV) (or equivalent) status:
- Subject to clauses 2.1.4 or 2.1.5 as applicable, Provisional Member (PMAPI);
 - Subject to clause 2.1.6, Associate (AAPI);
 - Fellow (FAPI);
 - Life Fellow (LFAPI).
- 2.1.3 Refer to Section I - Acceptable industry bodies and membership classes for further details.
- 2.1.4 Where the property is located in a state or territory in which a valuer is not required by law to be licensed, the Valuation must be completed by a valuer who is a member of the API (or other recognised valuation industry body) as identified in 2.2 above.
- 2.1.5 Valuations signed by a Provisional Member (PMAPI) with RPV status is only acceptable when co-signed by a Supervising Member who is a CPV (or equivalent). The Supervising Member must confirm they have reviewed the Valuation, working papers and based upon such review and appropriate questioning obtained reasonable satisfaction that the opinion contained in the Valuation has been reached based on reasonable grounds.
- 2.1.6 Valuations completed by a Provisional Member (PMAPI) of the API who does not have RPV status are not acceptable unless a CPV is the primary signatory. In signing as the primary signatory, the CPV does so in accordance the API Rules of Conduct. The role of the Provisional Member is as a trainee valuer.
- 2.1.7 Valuation reports signed by an Associate (AAPI) who does not have CPV status are only acceptable when co-signed by a Supervising Member who is a CPV (or equivalent). The Supervising Member must confirm they have reviewed the Valuation, working papers and based upon such review and appropriate questioning obtained reasonable satisfaction that the opinion contained in the Valuation has been reached based on reasonable grounds.

2.2 Desktop Assessment requirements

- 2.2.1 The Valuer undertaking the Desktop Assessment for a Desktop Assessment Supplier must:
- Hold PMAPI (RPV) or higher qualification with the API or equivalent professional body;
 - Be registered as a Valuer (in accordance with the relevant state/territory requirements);
 - Be continuously engaged in the provision of valuation services within the appropriate postcode; and
 - Not have had any disciplinary action taken against them by the API or equivalent professional body.

Section C – Professional indemnity Insurance

3 Acceptable Professional Indemnity cover - Valuation Supplier obligations

Valuations - Short Form/ Long Form Valuation requirements

- 3.1 A Valuation Supplier performing Valuations for Genworth LMI purposes must have and maintain Professional Indemnity (PI) insurance which:
- 3.1.1 covers the Valuation Supplier for the acts and omissions of all Valuers without exclusion, in any way involved in the preparation or provision of valuations for Genworth LMI purposes;
- (Note for example: at the time of Valuation, it is not acceptable for the PI insurance policy to exclude contractors in circumstances where the Valuation is performed by a contractor or exclude particular individuals in circumstances where the Valuation is performed by that individual, or restrict extending the valuation for the use of a party where the Valuation will be extended for the use of that party).
- 3.1.2 where:
- a) the Valuation Supplier is a participant in the Limited Liability Scheme (“Scheme”) of the Australian Property Institute Valuers Limited, the maximum excess payable by the supplier must not exceed:
 - i. \$75,000; or
 - ii. the maximum excess permitted under the Scheme up to a maximum excess of \$75,000, for any single occurrence; or
 - b) the Valuation Supplier is not a participant in the Scheme, the maximum excess payable by the supplier must not exceed \$50,000 for any single occurrence;
 - c) any exceptions of the above amounts require prior written approval by Genworth. Any request for an exception must be accompanied with relevant reasons and documentation to support the request.
- 3.1.3 does not have a limit of liability in respect of any single occurrence less than \$1 million; and
- 3.1.4 does not have an aggregate limit of liability of less than \$2 million.
- 3.2 The directors, employees, contractors and other representatives of a Valuation Supplier performing residential property valuations for Genworth LMI purposes must not act in a manner that will void or reduce the indemnity extended to them under their PI insurance policy (e.g. failure of the valuer to report circumstances that may give rise to a claim).
- 3.3 A Valuation Supplier performing residential property valuations for Genworth LMI purposes must agree to have and maintain PI insurance in accordance with clause 3.1 for at least six years after the last date on which the Valuation Supplier provided a Valuation for Genworth LMI purposes;
- 3.4 A parent company, franchisor or cooperative must ensure that run-off cover is maintained for any Valuation Supplier that has completed valuations for that group company, franchise or cooperative, including appropriate run-off cover for any Valuation Supplier that has been acquired, merged or joined the group, franchise or cooperative. The run-off cover must be maintained for a period of six years after the date of the last Valuation completed by the group, franchise, or cooperative;
- 3.5 A Valuation Supplier must notify the Lender immediately of any changes to their company structure, including change of director/s or changes to the trading entity such as, company or trading name, ABN etc.

4 Acceptable PI cover – Lender obligations

- 4.1 Before appointing a Valuation Supplier to perform Valuations for Genworth LMI purposes, the Lender and/or the Lender's Agent must:
 - 4.1.1 ensure that each Valuation Supplier appointed to its panel to perform Valuations for Genworth LMI purposes has acceptable PI cover as described in section 3 above at the time of seeking appointment;
 - 4.1.2 provide Genworth, on request, that all appointed Valuation Suppliers have acceptable PI cover in respect to Valuations;
 - 4.1.3 collect on an annual basis from each appointed supplier (or their broker or insurer) evidence of acceptable PI Cover by way of a full copy of the policy and provide such copy to Genworth within 14 days of any request. A Certificate of Currency alone is insufficient; and
 - 4.1.4 disclose to Genworth any exclusions or unusual or onerous conditions imposed on any appointed Valuation Supplier by a PI insurer promptly after the Lender becomes aware of any such exclusions or conditions.
 - 4.1.5 Where the PI insurer prohibits the Valuation Supplier from providing copies of the full PI insurance policy document (wording) to the Lender, the Lender must obtain written confirmation from the supplier that the PI insurance policy complies with the requirements of this section 3. The Lender must provide the letter to Genworth on request.

Section D – Ethical conduct

5 Lender obligations

- 5.1 When appointing and instructing a Valuation Supplier to perform Valuations or Desktop Assessments for Genworth LMI purposes, the Lender and all of the Lender's Agents involved must act ethically and in accordance with the VMS at all times.

6 Valuation supplier obligations

- 6.1 A Valuation Supplier providing a Valuations or Desktop Assessment for Genworth LMI purposes directly or indirectly through a lender must ensure that its directors, employees, contractors and other representatives at all times act in accordance with the API Code of Professional Conduct (or other equivalent professional standards and codes of conduct) and these VMS.

Section E – Valuation and Desktop Assessment instructions

7 Lender obligations

- 7.1 When instructing a Valuation Supplier to perform a Valuation or Desktop Assessment for Genworth LMI purposes, under no circumstances is anyone other than the Lender or the Lender's Agent entitled to give instructions to the Valuation Supplier.
- 7.2 Genworth may, at its absolute discretion, approve the use of valuation management /ordering systems by Lender's Agents. Such systems must randomly allocate the instructions to an appropriate Valuation Supplier from the Lender's panel of valuers. The Lender's Agent must not be able to select or influence the selection of the Valuation Supplier at any point.

7.3 Valuations - Short Form/ Long Form Valuation requirements

- 7.3.1 The Lender's instructions to a Valuer are to be in accordance with the Australian Banking and Finance Industry, Residential Valuation Standing Instructions (or other equivalent professional standards and guidelines) and the VMS.
- 7.3.2 The Lender must retain a copy of the valuation instructions with the lending file. Where an agent (or another Lender) instructs the Valuer on behalf of the Lender, the Lender must obtain a copy of the valuation instructions and retain this with the lending file.
- 7.3.3 The Lender must ensure that the valuation provider specifically states the name of the instructing party on the valuation report and the report is extended for use by Genworth.

7.4 Desktop Assessment requirements

- 7.4.1 When Lenders undertake Desktop Valuations, the Lender must comply with its obligations under Genworth's LMI Underwriting Standards and Guidelines in addition to these VMS. In addition to the requirements in the LMI Underwriters Standards and Guidelines the following also apply:
- 7.4.2 Desktop assessments are available to all lenders; however, each lender must execute a Master Policy Agreement referring to the use of Desktop assessments before utilising this valuation method for LMI.
- 7.4.3 A Desktop Assessment must be expressly extended for use to Genworth or the lenders LMI provider.

8 Valuation Supplier obligations

8.1 Valuation - Short Form/ Long Form Valuation requirements

- 8.1.1 A Valuation Supplier performing a Valuation for Genworth LMI purposes should not accept valuation instructions from the Lender or the Lender's Agent where those instructions are not in accordance with the Australian Banking and Finance Industry, Residential Valuation Standing Instructions (or other equivalent professional standards and guidelines) and these VMS.
- 8.1.2 The names of both the instructing party and the Lender must be separately and clearly stated on all Valuations performed for Genworth LMI purposes.
- 8.1.3 Instructions to perform a Valuation received from the Lender or the Lender's Agent should not be accepted by a Valuation Supplier who does not have local knowledge and competence in the geographical area of the property being valued.

8.2 Desktop assessment requirements

- 8.2.1 Instructions to perform a Desktop Assessments received from a Lender or the Lender's Agent must not be accepted if the Desktop Assessment Provider does not satisfy the acceptable valuer qualification requirements identified in Section B Acceptable valuer qualifications, in section 2. of the VMS.

Section F – Valuation and assessment reports

9 Valuation and Assessment reports Supplier obligations

9.1 Valuations - Short Form/ Long Form Valuation requirements

- 9.2 The API PropertyPRO pro-forma template developed for residential mortgage valuation work is Genworth's preferred residential mortgage valuation report format.
- 9.3 Unless otherwise agreed with Genworth, valuation reports not submitted in the API PropertyPRO pro-forma template or similar format will not be accepted by Genworth.
- 9.4 Where a valuation report supports an application for Genworth LMI, the Valuation Supplier providing the valuation report is in all cases required to:
- 9.4.1 Complete the report in accordance with:
- the Australian Banking and Finance Industry, Residential Valuation Standing Instructions; and
 - the API Code of Professional Conduct and the API PropertyPRO Residential Valuation and Security Assessment Pro-forma Supporting Memorandum; or
 - other equivalent instructions, professional standards, codes of conduct and guidelines; and
 - these VMS.
- 9.4.2 Providing information to assist whether the subject property is suitable security for mortgage lending purposes;
- 9.4.3 Stipulate that Genworth is entitled to use and rely on the Valuation for LMI purposes;
- 9.4.4 Supply a signed copy of the completed valuation report in electronic PDF format noting the qualifications and membership of the prime (inspecting) valuer and any supervising or co-signing valuer;
- 9.4.5 Provide a detailed list of any defects or recommended repairs, including an approximate cost to complete the required work;
- 9.4.6 Prominently highlight any limitations or exclusions;
- 9.4.7 Ensure that an internal inspection of the property has been undertaken for preparation of the valuation report unless otherwise agreed by Genworth; and
- 9.4.8 When providing an amended report, the Valuation Supplier must ensure the words 'Amended Report' are clearly marked on the front page and relevant commentary/additional information has been provided to support any amendment.

9.5 Desktop Assessment requirements

- 9.5.1 Where a Desktop Assessment supports an application to Genworth for LMI, the Desktop Assessment Provider supplying the Desktop Assessment is, in all cases, required to comply with all of the requirements set out in Genworth's LMI Underwriting Standards and Guidelines in respect of Desktop Assessments which are incorporated by reference into this document.
- 9.5.2 In addition to the requirements in the LMI Underwriters Standards and Guidelines the following also apply, the valuer's name and the valuation company name need to be supplied either on the Desktop Assessment or as a data source at the time the Desktop Assessment is provided to Genworth.

9.6 Contract of Sale purchase price validated by AVM requirements

- 9.6.1 Genworth's Underwriting Standards and Guidelines sets out Genworth's requirements in relation to use of Automated Valuation Modules (AVMs) to validate the purchase price (consideration) stated in a Contract of Sale (COS), which are incorporated by reference into this document.
- 9.6.2 COS purchase price validated by AVM is available to all lenders; however, each lender must execute a Master Policy Agreement referring to the use of COS supported by AVM before utilising this valuation method for LMI.

Note: Property condition – Desktop Assessments and AVMs

If a Valuation is not used for the purpose of obtaining lenders mortgage insurance, in respect to any other statement of value provided (e.g. Desktop assessments, COS supported by AVM which by their nature do not involve an inspection of the security property), the security property will be taken to be readily saleable and in habitable condition as at the date of the COS or Desktop for all purposes associated with lenders mortgage insurance. The insurance provided by Genworth does not cover any loss connected with physical damage of the property.

Section G – Mortgagee-in-possession valuation requirements

10 Requirements for mortgagee-in-possession valuations

The Valuer engaged by the Lender is to be instructed to comply with these VMS and the Valuations are required to make reference to the following matters regarding mortgagee-in-possession valuations (MIP):

- 10.1 A Valuer instructed for an MIP valuation should be different to the original Valuer¹. In addition, a different valuation company to the original valuation company, unless consulted with Genworth prior to ordering the MIP valuation with relevant reasoning.
- 10.2 This Valuation is being prepared to assist the Lender and LMI provider in achieving the best sale result for the property.
- 10.3 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.
- 10.4 The property is to be valued based on its highest and best use as defined by the API (or equivalent professional body) guidelines.
- 10.5 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 six months:
 - a) A separate comment should be made on the dynamics of the market;
 - b) A separate valuation range is to be provided in the comments sections, should the mortgagee require a sale in less than six months.
- 10.6 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 is permitted to 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.
- 10.7 A detailed description of the property in accordance with API or equivalent standards is required.
- 10.8 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.
- 10.9 Provide an 'As Is' market value and range and 'As if Complete' market value and range where necessary repairs and/or maintenance work are recommended to be undertaken. The 'As if Complete' market value and range should be based on habitable/rentable condition and should be provided by the valuer even if the valuer believes the work is not warranted.
- 10.10 Provide details of current zoning and any applicable approvals that will have an impact on the value or marketability of the property.
- 10.11 Provide short comment on the market conditions for similar properties in the local area at the time.
- 10.12 Provide comment on the most appropriate method of sale for the subject property.
- 10.13 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 three months may be used in this assessment however a detailed explanation on the adjustment made to account for present market conditions must be provided.

¹ Genworth reserves the right in its absolute discretions to either accept or reject a valuation notwithstanding these requirements.

- 10.14 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). Advise if there is a need for building, pest, strata or any other third-party reports. Provide a market comment on any previous listings within the last six months. This could include comments around the current marketing campaign.
- 10.15 Comment on any possible issue where improvements do not appear to have council approval or may not meet building codes/legislation.
- 10.16 Include previous sale of subject property if sold in last three years, and briefly comment on reason for variance to the currently assessed value.
- 10.17 Comment on whether the property would incur a GST liability when sold.
- 10.18 Include photographs of the subject property from the front, rear and internally. Photographs should highlight any major defects or areas of repair.
- 10.19 Include the current Insurance Replacement Cost and estimated rental value.
- 10.20 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.).
- 10.21 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).
- 10.22 Valuations must be carried out by an AAPI (CPV) or FAPI (CPV) (or equivalent) Valuer who has experience in valuing in the specific property area.

Note:

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

Section H – Panel management

11 Lender obligations

- 11.1 A Lender and/or Lender's Agent must:
 - 11.1.1 Have a documented procedure for determining whether a Valuation Supplier should be appointed to the Lender's panel for performance of valuations for Genworth LMI purposes;
 - 11.1.2 Have a documented Service Level Agreement (SLA) with each Valuation Supplier appointed;
 - 11.1.3 Annually verify that each Valuation Supplier appointed to the Lender's panel for performance of valuations for Genworth LMI purposes has acceptable PI insurance;
 - 11.1.4 Have a performance review process in place;
 - 11.1.5 Have a hindsight review process in place;
 - 11.1.6 Have a dispute resolution process in place;
 - 11.1.7 Notify Genworth immediately the Lender and/ or the Lender's Agent becomes aware of a potential claim against a Valuation Supplier in respect of a valuation performed for Genworth LMI purposes and/or relied upon in support of an LMI proposal to Genworth;
 - 11.1.8 Notify Genworth immediately when the Lender is notified about any change of director/s or company details.
- 11.2 The Lender shall permit Genworth to conduct a review and provide comment on an ongoing basis as to the continued suitability of accredited Valuation Suppliers performing Valuations and Desktop Assessments for Genworth LMI purposes.
- 11.3 The Lender shall ensure that any Valuation or Desktop Assessment relied upon in support of an LMI proposal to Genworth is not more than three months old at the date the proposal for LMI is made.
- 11.4 The Lender will provide to Genworth with any proposal for LMI, copies of all Valuations, Desktop Assessment or purchase price in respect of the property received by the Lender in the period of 12 months prior to the date the proposal for LMI is made.
- 11.5 When the Lender is advised of any change of director/s or company details, the Lender must ensure that these changes comply with all aspects of the VMS.
- 11.6 The Lender must have a written agreement with Genworth for the use of Desktop Assessments.
- 11.7 Genworth will undertake periodic reviews and reserves the right to discontinue accepting valuations including Desktop Valuations from a Valuer, Valuation Supplier or Desktop Valuation Provider where performance does not comply with Genworth requirements.

12 Guidance notes

Genworth may from time to time issue supplementary valuation guidance notes that shall be read in conjunction with the VMS. These will be published at genworth.com.au

Section I - Acceptable industry bodies and membership classes

Genworth accepts the industry bodies and membership classes that meet the following (or equivalent) requirements.

In states where registration / licensing is required the valuer must provide registration / licence details on the Valuation.

A Valuer is required to be registered in those states or territories that require a valuer to be licensed.

13 Acceptable membership classes – Australian Property Institute (API)

API status	PMAPI	PMAPI – RPV	AAPI	AAPI – Certified Practising Valuer (CPV)	FAPI	LFAPI
Can be prime signatory	N	Y	Y	Y	Y	Y
Requires co-signatory	N/A	Y	N	N	N	N
Acceptable as co-signatory	N	N	Y	Y	Y	Y

States where registration/licensing is required

New South Wales	N
Queensland	Y
Western Australia	Y
Victoria	N
South Australia	N
Tasmania	N
ACT	N
Northern Territory	N

Note:

PMAPI valuers without RPV (Residential Property Valuer) status are effectively trainee valuers and are restricted by the API from completing valuations independently.

14 Acceptable membership classes – Royal Institution of Chartered Surveyors (RICS)

RICS status	AssocRICS (Associate)	MRICS (Member)	FRICS (Fellow)
Can be prime signatory	N	Y	Y
Requires co-signatory	N/A	N	N
Acceptable as co-signatory	N	Y	Y

States where registration/licensing is required


New South Wales	N
Queensland	Y
Western Australia	Y
Victoria	N
South Australia	N
Tasmania	N
ACT	N
Northern Territory	N

Note:

MRICS and FRICS are required to use the designation 'Chartered Valuation Surveyor' which is equivalent to CPV status (offered by the API). The valuer must note the designation of 'Chartered Valuation Surveyor' on all Valuations.


Example (unacceptable):

Not acceptable. Valuer must confirm 'Chartered Valuation Surveyor' designation.

Valuer: John Smith	Firm: J.Smith & Associates
Qualifications/Reg#: Reg No. 1451 MRICS	Address: 2 George St Sydney, NSW
Inspection & valuation date: 23 May 2008	Phone: Fax:
Signature: 	Mobile: Firm: ID No.
	Email: Valuer's file reference: 124230

Example (acceptable):

Acceptable as valuer has provided rego details, acceptable membership (MRICS) with 'Chartered Valuation Surveyor' designation.

Valuer: Ron Jones	Firm: Jones & Associates
Qualifications/Reg#: Reg 1856 MRICS Chartered Valuation Surveyor	Address: 4/50 King St Sydney, NSW
Inspection & valuation date: 23 May 2008	Phone: Mobile:
Signature: 	Email:

Glossary

Term	Definition
AVM	Automated Valuation Model.
Desktop Assessment	A written assessment or report of value of the security property prepared, without undertaking an internal or external inspection of that property, by a Valuer and issued by Desktop Assessment Provider. The value may also be described in the assessment or report as an assessed value. A Desktop Assessment may also be known as a Desktop Valuation or Residential Desktop Assessment.
Desktop Assessment Provider	A company who supplies Desktop Assessments and which is qualified in accordance with the requirements of this document but excludes any provider in respect of which we have given written notice of unacceptability. A Desktop Assessment Provider may also be known as a desktop valuation provider.
COS	Contract of Sale.
FSD	Forecast Standard Deviation. It may also be associated with a confidence score.
Lender	Those with a direct contractual relationship with Genworth such as traditional lenders and Funding Programs. Excludes mortgage managers and originators who generate loans through a Funding Program.
Lender's Agent	Lender's Agent is deemed to be any individual or company who is authorised by the Lender to instruct a Valuation Supplier to supply valuations on the Lender's behalf.
Supervising Member	A property valuer who is not the primary Valuer, who has either been the co-signatory or peer reviewer on the valuation. In most instances these people have higher qualifications or experience than the primary valuer.
Valuation Supplier	A Valuation Supplier is a company, individual (sole trader) or partnership that: <ul style="list-style-type: none"> • is qualified in accordance with requirements of this document and • supplies Valuations and/or Desktop Assessments, including a Desktop Assessment Provider but excluding any supplier in respect of which we have given written notice of unacceptability.
Valuation	Means a written report of value of the residential property prepared, with an internal and external inspection of that property, by a Valuer and issued by a Valuation Supplier.
Valuer	A valuer is an individual valuer (natural person) who is qualified in accordance with the requirements of this document to act as a valuer.