

Get ready for change

Changes to the way you, as a customer obtain a residential/lifestyle valuations for mortgage lending purposes with the introduction of a Valuation Ordering Service (VOS) are being piloted in New Zealand

By Paul Harvey Registered Valuer/Director

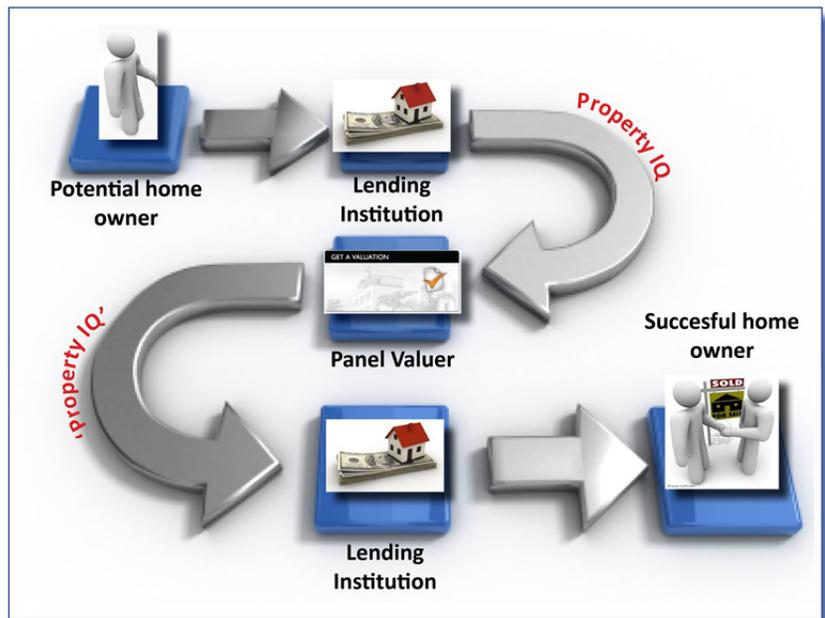
18 months ago ANZ NZ (and its brands) advised that they would be 'reviewing' their processes for ordering and accepting valuations. ANZ engaged Property IQ, (PIQ) to provide this service which was to be implemented at the end of March 2011. As one of the selected panel valuation firms we can confirm that this system is now in operation should you choose ANZ as your lender for a residential or lifestyle property.

PIQ is a property information and analytical provider to a range of industry sectors across New Zealand including Finance, Insurance, Property Professionals and Real Estate Offices and Valuers. PIQ is 50% owned by Quotable Value Ltd (QV), a SOE and 50% by Corelogic, a large US company that has just bought out RP Data, an Australian company in an effort to expand into the Asia-Pacific region.¹ Contrary to speculation there ANZ does not have a financial interest in Property IQ.

Effectively the new ordering system sees the bank take control of its risk management and is designed to benefit you, the client/borrower as it will introduce greater consistency in the valuation reports received and relied upon by banks for lending purposes.

The new ordering system works like this:

- PIQ will act as a "hub" through which the bank instructs Valuers.
- PIQ will establish a panel of Valuers, approved by the banks



that are available and qualified to perform the valuations (this panel will not include all Valuers) in the area.

- Bank staff will place the order through the Valuation Ordering System which will direct the instruction to one of the valuation firms on the panel.
- The Valuer undertakes the valuations as per the Standards and provides a full report at an agreed market fee with PIQ.
- The valuation report is uploaded to a web site portal supported by PIQ from where the bank retrieves its copy.

PIQ believes the new ordering system introduces "greater independence and rigour" because the system is designed to provide bankers with an independent assessment of value of the collateral

for security, which is a critical aspect of their risk management policy and also highly incentivizes bankers to correctly assess the risk of a loan.

In March 2011 I wrote an article regarding this initiative for The Profit magazine. I predicted that whilst it was only early days and that only the ANZ bank had committed to this new ordering system, indications were that more banks would probably follow suit.

However, whilst it is early days, this ordering system has been introduced and more banks will probably follow suit. However, customer choice of valuation firms will continue to exist across all other services the valuation industry provides direct to customers.

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