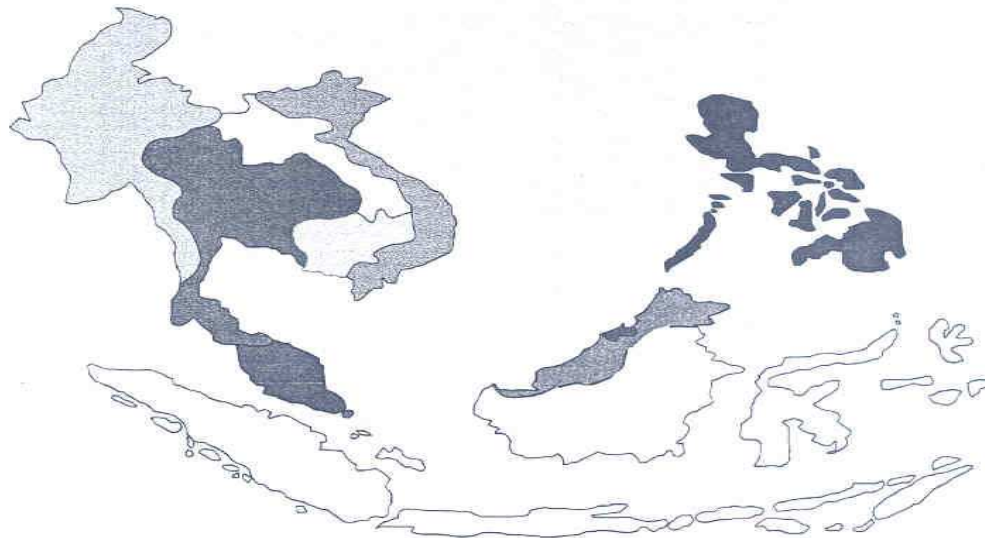


Current Valuation Standards & Practices

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**9TH ASEAN VALUERS CONGRESS
7 - 9 NOVEMBER 1996, BANGKOK, THAILAND
THEME : VALUATION IN A FAST CHANGING WORLD
PLENARY SESSION - 8 NOVEMBER 1996**



**PAPER : CURRENT VALUATION STANDARDS
& PRACTICES IN MALAYSIA**

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1.0 OBJECTIVE

The objective of this paper is to outline the framework of the Valuation profession in Malaysia, looking particularly at the current standards and practices.

From this study, the profession, as part of a larger ASEAN property entity, is assessed.

2.0 THE VALUER IN MALAYSIA

The Valuer in Malaysia styles himself as a property professional known as a Property Consultant and Valuation Surveyor. His professional practice, usually a composite general practice, encompasses such areas as valuation, estate agency, property consultancy, property management, property investment advisory, market and feasibility research and project management.

He is a "Surveyor" not only because that is the generic nature of his profession but also due to historic reasons, the profession having branched out of the parent in the United Kingdom about simultaneously with Malaysia's declaration of independence from that colonial power in 1957.

In Malaysia, the term "Appraiser" is not appropriate to describe a valuer because that term refers to the predecessor to the valuer. Generally the

Under the three registers that are maintained by the Board i.e that related to valuers, appraisers or estate agents, there are:-

439 registered valuers,
116 registered appraisers, and
1,134 registered estate agents

Firms, meaning sole proprietorships, partnerships and companies practising as valuers and/or estate agents, in accordance with records available at the Board include:-

203 valuation firms (almost all of which also practice as estate agents), and
851 estate agency firms

3.1 THE VALUERS, APPRAISERS AND ESTATE AGENTS ACT 1981

The Valuers, Appraisers and Estate Agents Act 1981 is made up of nine parts and thirty-five sections as shown hereunder. Its constituent parts are shown in full for an appreciation of its breadth and selected provisions that are of relevance to this paper are described or reproduced in italics and within brackets.

PART I - PRELIMINARY	
Section 1	Citation and application
Section 2	Interpretation
PART II - APPOINTMENT, DUTIES AND POWERS OF DIRECTOR GENERAL OF VALUATION AND PROPERTY SERVICES AND OTHER OFFICERS	
Sections 3 - 8	Covers the Director General and other officers, Functions and duties of Director General, Access to lands, buildings, etc, Submission of relevant information, Power of delegation and Minister may make rules

PART III - BOARD OF VALUERS, APPRAISERS & ESTATE AGENTS	
Section 9	<p>Board of Valuers, Appraisers and Estate Agents</p> <p><i>(The Board is a body corporate)</i></p> <p><i>(The Board consists of the Director General of the Valuation and Property Services Department as the President, six registered valuers from the public service, four other registered valuers to represent valuers, two registered estate agents and a member from the Board of Surveyors)</i></p>
Section 10	<p>Functions of the Board</p> <p><i>(apart from registration, disciplinary proceedings, examinations, scale of fees, disputes and arbitration, the Boards function is to determine and regulate the professional conduct and ethics of valuers, appraisers and estate agents)</i></p>
Sections 11 - 13	<p>Examiners and other staff, Fund of the Board and Auditing of accounts</p>
PART IV - THE REGISTER OF VALUERS AND APPRAISERS, THE REGISTER OF ESTATE AGENTS AND THE REGISTRAR	
Sections 14 - 16	<p>Registers, Registrar and Authority to practice</p> <p><i>(The authority to practice is by way of an annually renewable authority to practice. It expires on 31 December of the year in which it is issued)</i></p>

PART V - VALUERS AND APPRAISERS	
Section 17	<p>Registration of valuers and appraisers</p> <p><i>(only those persons who are academically or professionally qualified are entitled to registration. The person must also have attained the age of 21 and be of sound mind, good character and not have been convicted of any offence involving fraud or dishonesty or moral turpitude during five years immediately preceding the date of his application)</i></p>
Section 18	<p>Qualifications</p> <p><i>(Before a person can be considered for registration he must have passed academic or professional examinations recognised by the Board. He must also have completed a period of pre-qualifying or post qualifying practical training and experience as the Board may prescribe.)</i></p> <p><i>(The Board works closely with the Institution of Surveyors on examinations, qualifications and post qualifying experience - see later)</i></p>
Section 19	<p>Valuation practice</p> <p><i>(allows only those who are registered with the Board to practice valuation and property management)</i></p> <p><i>(Thus a registered valuer is also a registered property manager)</i></p>
Section 20	<p>Restriction on registered appraisers</p> <p><i>(appraisers are allowed to undertake valuations and are usually restricted in their practice to the State within which they usually practice and to a value limit depending on their experience)</i></p>

Section 21	<p>Restrictions on valuation practice</p> <p><i>(Non registered persons cannot practice as valuers (or property managers for a fee) or carry on business or take up employment as a valuer or appraiser under any name, style or title containing the words "Valuer", "Appraiser", "Land Economist", "Property Consultant", "Property Manager" or equivalent thereto in any language or bearing any other word whatsoever in any language which may reasonably be construed to imply that he is a registered valuer or appraiser)</i></p>
Section 22	<p>Special Authority</p> <p><i>(this allows a non-registered person to practice as a valuer or property manager provided it is not for more than a total period of one hundred and eighty days in any one calendar year and provided approval is obtained from the Board. The provision thus allows foreigners to practice in special projects)</i></p> <p><i>(an equivalent provision does not exist for estate agency)</i></p>
PART VA - ESTATE AGENTS	
Generally	<i>(The Estate Agents Register is separate from that for Valuers. Valuers automatically qualify for registration on the Estate Agents Register. The reverse does not apply.)</i>
Sections 22a - c	Registration of estate agents, Estate agency practice and Restrictions on estate agency practice
PART VI - VALUATION AND ESTATE AGENCY PRACTICE BY PARTNERSHIP OR BODY CORPORATE	

Section 23	<p>Practice of partnership or body corporate <i>(Allows valuation or appraisal or estate agency partnerships and companies to be formed, apart from sole proprietorships. Such partnerships or bodies corporate must be entirely comprised of valuers, appraisers and estate agents (as the case may be).</i></p> <p><i>(Partnerships and companies composed of a mix of valuers and non-valuator estate agents are not permitted. The same applies for appraisers.)</i></p>
PART VII – DISCIPLINARY AND OTHER PROCEEDINGS	
Section 24	<p>Cancellation, suspension and admonishment</p> <p><i>(Non-compliance with the provisions of the Act and Rules made thereunder attracts the following Board action - admonishment, suspension for a period not exceeding three years or cancellation of registration)</i></p> <p><i>(Before the above action is taken however, the Board is obliged to grant the registrant a hearing at which at least two-thirds of the total number of members of the Board are present)</i></p>
Sections 25 & 26	Removal from Register and Reinstatement
Section 27	<p>Appeal</p> <p><i>(Appeals, in the first instance, from the disciplinary action of the Board lie to an Appeal Board of three persons headed by a Judge of the high court)</i></p> <p><i>(Thereafter further appeals to the courts are allowed)</i></p>
Sections 28 & 29	Appeal Board and Procedure for appeal

PART VIII - GENERAL	
Sections 30 - 35	Offences, Penalty for other offences, Board may make rules, Saving as to right of Government, Consequential amendments to the Registration of Surveyors Act, 1967 and Repeal

The profession in Malaysia has thus been regulated since 1973. Regulation has generally brought about an orderly growth for the profession. Whilst the profession has grown concomitant with the demand for its services in an expanding economy, the growth has been focussed and nurtured by the parameters set by the Board of Valuers, Appraisers and Estate Agents. Any tendencies towards unrestrained growth or growth based on short term gains have been largely checked.

Regulation is a necessary evil. Whilst providing an enabling framework for orderly growth it must not however stifle growth nor promote sectoral interests at the expense of the larger good of the profession. Thus sound, enlightened leadership at the helm of the regulatory leadership is vital when navigating the sometimes confusing direction towards the goal of a proper and orderly profession - in a fast changing world, as the theme of the Congress suggests.

An issue in Malaysia which is receiving much attention is the question of the "opening up of the profession". At present only persons who are registered with the Board can practice valuation (or property management for that matter). Registration is conferred on only persons who qualify academically or professionally and who thereafter satisfy the Board that the required post qualifying experience is gained.

Foreign Valuers cannot practice in Malaysia except by way of the provision of Section 22 which confers temporary registration. Non-valuers (foreign or local - professional or non-professional) are prohibited from equity participation in valuation firms or companies.

These hallowed vestiges of the past must change, say a group of practitioners in Malaysia. The global economy is here, GATS will imminently pry open the market anyway and in furtherance of AFTA, we must change. Section 23 must be amended to not only allow foreign

valuers to practice in partnerships in Malaysia but non-majority equity participation by non-valuers should be permitted. The latter would allow valuation firms to admit related professionals and form multi-disciplinary firms or to allow valuation firms to be listed in the Kuala Lumpur Stock Exchange i.e "go public".

The majority of the profession are however as yet unconvinced as to the merits of this demand for change in this manner. They feel that the profession must mature to a higher level before it can be set free in the manners suggested. A properly regulated profession is still needed. The changes portend a much less regulated profession.

The debate continues.

Another issue which may be of more relevance to this ASEAN grouping is the question of cross-border valuations. Generally cross-border valuations are anathema to a regulated environment. Whilst those within the ambit of regulation are controlled, valuers from outside the ambit are allowed to undertake valuations freely. More importantly cross-border valuations by non-registered valuers should not be permitted because they cannot extend the required professional liability effectively over in the different legal jurisdiction. However cross-border valuations are enabled by the application of the temporary registration facility of Rule 22.

Be that as it may, there is a genre of cross-border valuations that should clearly be permitted. I refer to valuations of properties in another country (Country B) but which valuations are required for use in the "host" country (Country A) rather than the country (Country B) within which the property is located. This will come about when a company in Country A buys a property in Country B. The purchase of the property may be part of a grander, mutually beneficial, diversification into that country (Country B). In the case of Malaysia where such foreign forays are encouraged and which do take place the company (usually a public company) has to undertake a valuation of the foreign property and in most cases obtain the approval of the value from the Securities Commission. Should the acquirer company (from Country A) appoint a valuer from Country A who will undertake the valuation in Country B (in collaboration, formally or informally, with valuers or other experts from Country B) or

in line with the general rule on cross-border valuations appoint the local valuer in Country B?. If so how can the valuer from Country B effectively extend professional liability to the client in Country A? If the answer is then that two valuers, from Country A and Country B be jointly asked to do the valuation, which valuer will effectively extend professional liability?.

From the above, cross-border valuations where the use of the valuation report is for specific use in the "host" country should be permitted.

3.2 THE VALUERS, APPRAISERS AND ESTATE AGENTS RULES 1986

Section 32 of the Valuers, Appraisers and Estate Agents Act empowers the Board, with the approval of the Minister of Finance, to make rules as may be necessary for the better carrying out or giving effect to the provisions of Part 111 to Part V11 of the Act.

The rules made under this provision is the Valuers, Appraisers And Estate Agents Rules 1986. They are as follows:-

PART I - PRELIMINARY	
Rules 1 & 2	Citation and commencement and Interpretation
PART II - ADMINISTRATION	
Rules 3 - 16	Meetings of the Board, Notice of meetings, Votes, Proxies not admitted, Minutes, Committees, Registrar, Secretaries, Bank account, Cheques, Accounts, Expenses of the Board, Audit and Financial Year
PART III - REGISTRATION	

Rules 17 - 25	Forms of application, Submission of delivery of application to Board and decision thereon, Applicant to be notified, Registration fee and fee for authority to practice and failure to pay fee, Authority to practice, Special authority to practice valuation, Application for renewal, Duplicate authority to practice and Application for reinstatement
PART IV - REGISTER	
Rules 26 - 28	Maintenance of Registers, Inspection of Registers and Sale of Registers
PART V - EXAMINATIONS	
Rules 29 -42	Conduct of examinations, Dates and centres of examinations, Applications, Eligibility, Examinations, Syllabi, Examiners, supervisors and invigilators, Pass marks, Credits, Results, Appeals, Fees, Certificates and Examination committee
PART VI - EXEMPTIONS AND PRACTICAL EXPERIENCE	
Rules 43 - 47	Exemptions, Examinations of other institutions, Practical experience, Documentary evidence of practical training required and General practice surveyors provisionally registered under Registration of Surveyors Act 1967
PART VII - SCALE OF FEES	
Rule 48	Scale of fees
PART VIII - CLIENT'S ACCOUNTS	
Rule 49	Client's accounts <i>(Valuers, appraisers and estate agents are obliged to have separate client's accounts when holding clients money in trust)</i>

Rules 50 - 61	Payment into client's accounts, Maintaining client's accounts, Payment of money other than client's money into client's account forbidden, Drawing from client's account, Exceptions, Transfer from one client's account to another, Interest on client's account, Insurance cover for client's money, Books and records, Enforcement, Production of books to the Board and Requirements to be made under the hand of the President
PART IX - CODE OF CONDUCT AND ETHICS (REGISTERED VALUERS AND APPRAISERS)	
Rule 62	Service <i>(The first duty of every registered valuer or appraiser is to render service to his client or his employer with absolute fidelity, and to practice his profession with devotion to the high ideals of integrity, honour and courtesy, loyalty to his country, and in a spirit of fairness and goodwill to his fellow employees and subordinates)</i>
Rule 63	Conduct of registered valuer or appraiser
Rule 64	Registered valuer or appraiser acting as estate agent <i>(A registered valuer or appraiser who acts as an estate agent to a transaction should not subsequently value the property concerned for the purchaser)</i>

Rule 65	<p>Personal interest to be disclosed</p> <p><i>(A registered valuer or appraiser must inform his client of the nature of any business connections, interest or other affiliations he may have in connection with the service to the client.)</i></p>
Rule 66	Professional fees
Rule 67	<p>Fee contingent on result</p> <p><i>(No registered valuer or appraiser shall accept a fee or remuneration for professional work the amount of which is contingent on the findings or results thereof)</i></p>
Rule 68	<p>Payment of commission</p> <p><i>(No registered valuer or appraiser shall pay by commission or otherwise any person who may introduce clients to him).</i></p>
Rule 69	<p>Receipt of payments from more than one source</p> <p><i>(Not permitted except with the knowledge and consent of all interested parties)</i></p>
Rule 70	Participation of others in profits
Rule 71	Professional work by registered valuer or appraiser in employment
Rule 72	Criticisms or comments on fellow registered valuers or appraisers
Rule 73	Reference to Board of erring registered valuers or appraisers

Rule 74	<p>Accuracy of statements</p> <p><i>(No registered valuer or appraiser shall knowingly prepare or certify any statement which is false, incorrect or misleading or open to misconstruction by reason of the misstatement, omission or suppression of a material fact or otherwise)</i></p>
Rule 75	<p>Valuation reports</p> <p><i>(When asked for a valuation of real property, or an opinion on a real estate problem, a registered valuer or appraiser shall never give an unconsidered answer)</i></p> <p><i>(His counsel constitutes professional advice which he shall render only after having ascertained and weighed the facts)</i></p>
Rule 76	Conduct in proceedings before judicial bodies
Rule 77	Use of registered valuer's or appraiser's name
Rule 78	<p>Associateship and affiliation</p> <p><i>(A registered valuer or appraiser shall not without the concurrence of the Board enter into any professional associateship or into any form of professional affiliation with any other person or organisation)</i></p>
Rule 79	Signature on reports
Rule 80	Branch offices
Rule 81	Offences by other partners, directors and staff
Rule 82	Performance of obligations under Act and the Rules

PART X - CODE OF CONDUCT AND ETHICS (REGISTERED ESTATE AGENTS) - Rules 83 to 110	
PART XI - ADVERTISEMENTS AND PUBLICITY	
Rule 111	<p>Matters forbidden in advertisements.</p> <p><i>(No advertisement made or to be made by a registered valuer, appraiser or estate agent shall contain any of the following:-</i></p> <p><i>(a) an inaccurate or misleading statement of fact;</i></p> <p><i>(b) an explicit solicitation of instructions;</i></p> <p><i>or an explicit comparison between the services offered by a firm or company with that of other firms or companies;</i></p> <p><i>(d) a claim by the registered valuer, appraiser or estate agent to be specialising in or to be a specialist or expert in any particular aspect of his work.)</i></p>
Rule 112	Advertisements to promote business
Rule 113	Advertisements for staff
Rule 114	Printed notices
Rule 115	Advertisements of commercial concern
Rule 116	Brochures
Rule 117	<p>Blotters, calendars, etc</p> <p><i>(A registered valuer, appraiser or estate agent may not, in connection with his practice, circulate blotters; calendars, diaries or the like.)</i></p>
Rule 118	Business cards
Rule 119	Registered valuers, appraisers or estate agents employed by an organisation which is not a valuation or estate agency organisation

Rule 120	Postal franks, envelopes, labels, etc.
Rule 121	Letterheads
Rule 122	Signboards and posters
Rule 123	Publications in journals, newspapers, etc.
Rule 124	Board to issue guidelines in advertisement and publicity
PART XII - REGISTERED APPRAISER'S RESTRICTIONS	
Rules 125 & 126	Area of practice and Restrictions on value
PART XIII - INSPECTORATE	
Rules 127 - 130	Appointment of Inspectorate, Duties of Inspectorate, Powers of Inspectorate and Remuneration
PART XIV - DISCIPLINARY	
Rules 131 - 143	Disciplinary enquiries, Disciplinary Committee, Quorum, Inquiry by Disciplinary Committee, Appearance before Disciplinary Committee, Notice of complaint, Power of Disciplinary Committee to extend time for reply, Decision of Disciplinary Committee, Action by the Board, Notification of decision of the Board, Effect of expulsion and suspension, Publication in newspapers and Members requiring restoration of rights
PART XV - APPEALS	
Rules 144 - 146	Form and deposit, Fee for Board Members and Travelling, subsistence allowances for Board members
PART XVI - REPEAL	
Rules 147 & 148	Repeal and Saving (First - Twelfth Schedule)

The Rules reinforce and support the provisions of the Act. Recently the rules on advertising were relaxed by the Board to allow valuation firms to advertise their services in a limited way. Firms can now say in advertisements the type of services they provide but cannot claim expertise or excellence in any field even if factual. This represents a marked departure from the previous position where no advertisements of any sort were allowed for the services offered.

3.3 THE MANUAL OF VALUATION STANDARDS

The Manual which in fact comprises guidelines on valuations issued by the Board, under powers bestowed by the Rules, is made up of two parts. Part I is entitled "Recommended Standards of Valuation Practice" whilst Part II is entitled "Guidance Notes on Valuation Reports". The Manual came into force on 12 January 1993.

Part I of the Manual comprises definitions and six Valuation Standards.

Under definitions, valuation is said to be "the expression of an opinion of value" whilst a valuation report is "a written statement of a valuation".

Evidence of value is "a set or sets of data compiled, verified and analysed by a Registered Valuer/Appraiser for use in arriving at a valuation".

"Open Market Value" is defined as the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming :

1. a willing seller;
2. that prior to the date of valuation there had been a reasonable period (having regard to the nature of the property and the state of the market), for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;

3. that the state of the market, levels of values and other circumstance were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
4. that no account is taken of any additional bid by a purchaser with a "special interest".

Valuation Standard 1 is concerned with procedures to be observed in the inspection of the property and in the preparation of the valuation report. The inspection can be undertaken by the Registered Valuer or his designated assistant but the Registered Valuer is responsible for the accuracy of the inspection.

Valuation Standard 2 requires the Valuer to undertake detailed inspections of buildings and to use the Uniform Method of Measurement of Buildings in taking and computing building measurements. The Uniform Method of Measurement of Buildings is a document which is compiled and updated from time to time by the Property Consultancy and Valuation Surveying Section of the Institution of Surveyors Malaysia.

Valuation Standard 3 concerns the methods of valuation. Generally it requires valuers to be explicit in presenting the valuation and to substantiate the various constituents of the valuation. For example when the Investment Method is used the valuer is required to verify, analyse and reconcile comparable data on rentals, outgoings and capitalisation rates.

Valuation Standard 4 specifies the contents of the valuation report. The report is required to be comprehensive and must include, inter-alia, an identification of the interest to be valued, the purpose of the valuation, comprehensive details of the property and explicit methods of valuation.

In relation to this Standard and to stem a growing trend of less comprehensive valuation reports, the Board has issued a circular forbidding anything but comprehensive reports. The only exceptions that are allowed are letters in advance of the reports, updates of previous valuations done by the same Valuer and proforma valuations where the

financial institutions want to confirm the adequacy of security value and where no additional funding is contemplated.

Valuation Standard 5 requires the Valuer to communicate his valuation to his client in a manner that is not in any way misleading. The report must disclose any additional assumption(s) upon which the valuation is based.

These additional assumptions must be clearly explained and professionally supportable by reference to physical, functional and market forces. A valuation made and based on hypothetical conditions must clearly describe and explain the conditions and their effect on his analysis and conclusions.

Valuation Standard 6 requires the Valuer to ensure that any Limiting Conditions that directly affects the valuation must be explained clearly where appropriate. The Standard lists 6 Limiting Conditions which the Valuer may use.

Part II of the Manual essentially includes circulars issued by the Board prior to the coming into force of the Manual of Valuation Standards and which circulars the Board does not want to be overridden by the Manual. Important guidelines which reside within these circulars and which are not explicit in the Manual concern valuations based on assumptions on which the valuations are based but which assumptions have not been realised as yet. Such "additional" assumptions, such as a planning approval or an assumption as to completion of a building under construction, are usually required in instances where the property is purchased on condition the vendor obtains the planning approval or completes the building. The Board has insisted by way of circulars that where such assumptions prevail they should be clearly stated and attention be drawn to the fact of the assumptions. In all cases where a valuation based on additional is prepared an open market value on the "as is" basis i.e without the assumptions must also be provided. In addition the report, to ensure that Bankers are alerted, must carry the following proviso:-

"IT IS RECOMMENDED THAT THE VALUATION BASED ON THOSE ASSUMPTIONS STATED IN BOLD LETTERS NOT BE USED AS A BASIS FOR PROVIDING FUNDS USING THIS PROPERTY AS SECURITY SINCE THE VALUE RECORDED IS BASED ON ASSUMPTIONS WHICH ARE NOT YET REALISED".

The circulars also insist that the Registered Valuer shall state the method(s) of valuation adopted in arriving at his opinion(s) of value. Relevant supporting evidence must form part of the report in all cases except those in respect of properties valued at Ringgit Malaysia 100,000 and below.

The Manual represents a first step in the incorporation and publishing of a proper document to act as guidelines for the further amplification of the provisions of the Act and the Rules. Being guidelines or "lines that guide" they should not supplant the provisions of the Act or Rules. They should merely amplify and make more clear. They do however have an important role in that a judicial authority assessing a valuation would certainly look to the guidelines for compliance or otherwise in deciding for example cases of negligence.

3.4 SCALE OF FEE

The Scale of Fee for valuers is prescribed under the Valuers, Appraisers and Estate Agents Rules in the Seventh Schedule. The fees specified in the schedule are the **maximum** that can be charged a client for a particular job. There is also a basic floor minimum.

The fee structure for valuations is as follows:-

For General Valuations :-

1/4% on the first RM100,000
1/5% on the residue up to RM2 million
1/6% on the residue up to RM7 million
1/8% on the residue up to RM15 million
1/10% on the residue over RM15 million
(Minimum Fee : RM200)

For Land Acquisition valuations:-

1% on the first RM100,000
2/5% on the residue up to RM2 million
1/3% on the residue up to RM7 million
1/4% on the residue up to RM15 million
1/10% on the residue over RM15 million
(Minimum Fee : RM750)

For Capital Issues And Plant and Machinery Valuations:-

3/8% on the first RM100,000
3/10% on the residue up to RM2 million
1/4% on the residue up to RM7 million
3/16% on the residue up to RM15 million
3/20% on the residue over RM15 million
(Minimum Fee : RM750)

For Rental and Rating Valuations:-

7% on the first RM3,000 of Annual Rental
4% on the next RM7,000 of Annual Rental
3% on the next RM15,000 of Annual Rental
2% on the residue of Annual Rental
(Minimum Fee : RM200)

Apart from the fees claims can be made for disbursements.

The above fee structure is however under revision and may in the near future have a substantially increased minimum charge. This may come about because the profession generally feels that the current structure has resulted in undue price undercutting and a consequent lowering of professional standards in valuation reports in many instances.

4.0 CHOICES OF EMPLOYMENT FOR VALUERS

The Valuation and Property Services Department, under the Ministry of Finance is the single largest employer of valuers in the country. As at 31 December 1995 the Department had about 160 qualified valuers under its employ.

Apart from the Valuation and Property Services Department, valuers in public services include those in Local Authorities (who undertake mainly valuations for rating purposes), Government Agencies and Universities.

Valuers in the private sector are mainly in private practice or work in property companies many of which are publicly listed companies.

5.0 USERS OF VALUATIONS

In the Property Valuation and Property Services Department about 70 per cent of valuations are for purposes of the collection of stamp duty. The remaining purposes comprise a wide range covering government housing loans, land acquisition, conversion of land, contribution by departments in aid of rates to Local Authorities, Real Property Gains Tax, Estate Duty (now abolished), Foreign Investment Committee, Government rentals, land alienation, insurance, civil suits, privatisation and rating for Local Authorities.

In the private sector valuations are mainly for financing purposes; valuations are also required for sale, purchase, balance sheet, capital issues, insurance, Real Property Gains Tax, Land Acquisition.

There are 37 commercial banks, 40 finance companies and 12 merchant banks in Malaysia. These financial institutions usually have a panel of valuers and only valuation reports by valuers or valuation firms on the panel are accepted. However the panel system is at the same time not strictly adhered to by all the financial institutions and they usually also accept reports from valuers outside the panel band on their discretion and on a case to case basis.

