



VMS Ireland

# Valuation Management Solutions

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30th March 2017

## Lenders require realistic and sustainable values

1. Collateral for the loan.
2. Impacts on the amount they may lend.
3. Determines the amount of capital they must hold and must report to Central Bank and EU.

# Regulations for Lenders

- EU -Mortgage Credit Directive.
- EU -Capital Requirements Directive.
- Central Bank – (a) Guidelines on valuation procedures and (b) Macro prudential policies.

## Some extracts.....

- *Lender must appoint a **professional Valuer**... that Valuer must be **independent, qualified** to..... standards as defined by.... **IVS / EVS** (Blue Book and/or Red Book).*
- *Lender must ensure that they retain, in a **durable** format, the **Report** and details of the **comparables** and **methodologies** used to arrive at the market valuation.*
- *Lender must **monitor** and report on **LTV** on regular basis during the life of the loan.*

# Changing Market

- New Lenders some with different risk appetites and dependencies, i.e. rental incomes.
- Government intervention/ creates supply/demand and requires Valuers to know the market (importance of the right type of CPD).
- Household profiles changing (1 & 2 bed, more rentals, transient nature of workers, etc.).
- Price fluctuations are here to stay in both capital values and rental incomes.

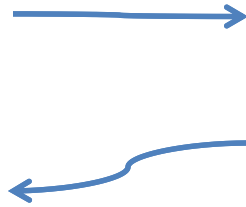
# Reliance on the Valuer

1. Lenders, Investors and Borrowers have a high dependency on Valuers to accurately report on the market.
2. The Valuer is the only independent, Informed observer with local knowledge who can be relied upon to be detached from the transaction and provide realistic, independent and sustainable valuations.
3. The more Information that can be provided the better and this will assist and inform the loan conditions.
4. Valuers are part of the underwriting process and the Valuation Report is a risk mitigant.

# Compliant and Efficiencies

- How do Lenders ensure that they have full oversight of their valuations processes?
- How do Valuers ensure that they have compliant processes, i.e. within the guidelines of the Blue Book?
- How can this be achieved efficiently whilst adding value to the market?

**This is where VMS can assist.**



## Supporting Valuers & Lenders



# Advantages to Lender

1. Assured that their full end to end valuation process fully complies with all the Regs.
2. Provided third party oversight – single point of contact.
3. Brings consistency and standardisation thus reducing errors and ensuing standards.
4. Better MI and Cloud storage
5. Summary of Report highlights risk areas thus supporting the Underwriters.

# Advantages for Valuers

1. The Process is built around the professional guidelines (TOE, Conflicts, declarations and Bluebook / Red Book compliant templates).
2. Supports the principle of independence- Borrower, broker does not engage.
3. Fee collection and payment managed centrally.
4. Once approved, Valuer will benefit from instructions from any of our clients.

# Advantages for Valuers

Each Valuer provided with software which;

1. Manages the workflows,
2. On line completion of the Valuation Reports,
3. Supports case file management- built in TOE, Reports, Photos, etc.
4. Real time work in progress viewing and messaging,
5. Efficient - no paper, online and mobile option,
6. Auto storage of files and Reports in secure cloud environment.

## Lender's Requirements

- TRV / REV / VRS and 3 years relevant valuation experience.
- Competence – skills and locational knowledge. Know the market.
- Committed to SLA & quality.
- Comparables- quality-justification-linkage-storage. Responses to PVQ.
- Rental market experience - market values and comparables
- Professional Indemnity min- €1m.

# Summary

- Lenders have a high dependency on Valuers.
- The Report is a risk mitigant.
- Valuers provide confidence to secured lenders and Investors and to the market, generally.
- Valuers need to know their markets and comply with the guidelines and the principles of their professional body.

Thank You

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