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The Role of Integrity in an Immovable Valuer's Life with Example

The **Insolvency and Bankruptcy Board of India (IBBI)** outlines a **Model Code of Conduct for Valuers** that emphasizes integrity and fairness. Here's a summary of how these principles are addressed:

Integrity

- 01. Honesty in Valuation:** Valuers must provide truthful and accurate assessments, avoiding any manipulation or misrepresentation of data.
- 02. Transparency:** Valuers should disclose all relevant information and the basis for their valuation conclusions, ensuring clients understand the processes involved.
- 03. Independence:** Valuers must remain free from conflicts of interest, ensuring that personal or financial relationships do not influence their professional judgment.
- 04. Accountability:** Valuers are responsible for their work and should be prepared to justify their valuations, adhering to the highest ethical standards.

Objectivity

- **Impartiality:** Valuers must remain neutral and avoid biases that could affect their judgment. They should evaluate properties based solely on factual information and relevant data.

- **Independence:** Conduct valuations independently, without undue influence from clients, stakeholders, or other parties.

Competence

- **Professional Knowledge:** Valuers should possess the necessary skills and knowledge in property valuation, keeping their expertise up to date with ongoing education and training.
- **Due Diligence:** Conduct thorough research and analysis to support valuation conclusions, ensuring that all relevant factors are considered.

Confidentiality

- **Protecting Information:** Respect the confidentiality of sensitive information obtained during the valuation process, sharing it only with authorized parties.
- **Privacy:** Safeguard the personal data of clients and stakeholders involved in the valuation process.

Accountability

- **Responsibility:** Accept responsibility for the valuation report and its implications, being prepared to justify conclusions based on sound reasoning and evidence.
- **Compliance:** Adhere to relevant laws, regulations, and professional standards in the valuation process.

Fairness

- 01. Equitable Treatment:** Valuers must treat all parties involved in the valuation process fairly and without bias, ensuring a level playing field.
- 02. Impartial Assessments:** Valuers are expected to conduct evaluations based solely on relevant data and established methodologies, free from external pressures or biases.
- 03. Respect for Confidentiality:** While maintaining fairness, valuers must also protect the confidentiality of all parties involved, ensuring that sensitive information is handled responsibly.
- 04. Non-Discrimination:** The code mandates that valuers avoid discrimination in their practices, ensuring that their services are accessible to all without prejudice.

Professional Conduct

- **Ethical Behavior:** Act in accordance with the highest standards of ethical behavior, promoting trust and respect within the profession.
- **Continuous Improvement:** Engage in professional development and ethical reflection to enhance practices and maintain high standards.

Honesty

- **Accurate Representation:** Valuers must provide truthful and precise valuations without exaggeration or understatement.
- **Full Disclosure:** They should disclose any relevant information that might affect the valuation outcome, ensuring transparency in their assessments.

Honor

- **Professional Conduct:** Valuers are expected to conduct themselves with dignity and respect, upholding the reputation of the profession.
- **Ethical Standards:** They must adhere to ethical guidelines and maintain high standards of integrity in all dealings.

Dependability

- **Consistent Performance:** Valuers should demonstrate reliability in their work, ensuring that clients can count on them for accurate and timely valuations.
- **Commitment to Quality:** They must commit to thorough research and analysis, providing clients with well-founded valuation reports.

Trustworthiness

- **Building Trust:** Valuers should work to earn and maintain the trust of clients and stakeholders through consistent ethical behavior and professionalism.
- **Confidentiality:** Protecting sensitive information and respecting client privacy is crucial to fostering a trustworthy relationship.

Integrity is fundamental to the profession of immovable valuers, as it fosters trust, credibility, and professionalism. Here's how integrity plays a crucial role, illustrated with a live example and a case study.

Importance of Integrity

- 01. Trust Building:** Clients rely on valuers to provide accurate property assessments. Integrity ensures that the valuations are honest and transparent, building trust with clients and stakeholders.
- 02. Professional Reputation:** A valuer's reputation hinges on their integrity. Consistent ethical behavior enhances credibility, leading to more opportunities and referrals.
- 03. Legal and Ethical Compliance:** Valuers must adhere to legal standards and ethical guidelines. Integrity ensures compliance, reducing the risk of legal issues or disputes.

Example

Scenario: A property valuer is commissioned to assess a commercial property for a potential sale. The client hopes for a high valuation to secure a favorable loan from a bank.

Integrity in Action:

The valuer conducts a thorough market analysis, discovering that the property's condition and market trends indicate a lower value than the client desires. Instead of inflating the value to meet the client's expectations, the valuer presents an honest assessment, backed by data and comparable property sales. The client appreciates the transparency and professionalism, ultimately leading to a trustworthy relationship. Later, the client refers the valuer to other potential clients, valuing their integrity over short-term gain.

Case Study: Valuation for a Family Settlement

A valuer is hired to appraise a family estate for distribution among heirs after the owner's passing. The property has sentimental value, leading some heirs to expect a higher valuation based on emotional attachment rather than market realities.

Integrity Challenge:

- The heirs pressure the valuer to provide a higher valuation to maximize their inheritance, suggesting that they will not contest the report if it meets their expectations.

Valuer's Response:

- The valuer remains committed to integrity, conducting a fair appraisal based on objective market data, property condition, and comparable sales.
- Despite the heirs' dissatisfaction with the valuation, the valuer explains the methodology, ensuring transparency and clarity in the process.

Outcome:

- The heirs initially express disappointment but ultimately recognize the valuer's professionalism. The valuation withstands scrutiny during the estate settlement process, leading to a smooth resolution.
- The valuer's integrity enhances their reputation in the community, leading to referrals and repeat business, reinforcing the long-term benefits of ethical practices.

Key Aspects of Court Judgments in recently past year on Valuer Integrity

Standard of Care: Courts often hold valuers to a high standard of care, expecting them to exercise due diligence and professionalism in their assessments. Failure to meet these standards can lead to legal consequences.

Transparency and Disclosure: Judgments emphasize the necessity for valuers to disclose any potential conflicts of interest and provide transparent methodologies in their valuations.

Consequences of Misrepresentation: If a valuer is found to have misrepresented property values, the court may impose penalties, require compensation for damages, or revoke the valuer's certification.

Professional Ethics: Courts frequently reference industry standards and ethical guidelines, such as those from organizations like the IBBI, reinforcing the expectation of integrity in valuation practices.

Hypothetical Example

Case Title: XYZ Developers vs. ABC Valuers

Background: XYZ Developers hired ABC Valuers to assess a piece of commercial property for a proposed development project. The valuation was crucial for securing financing.

Integrity Challenge:

Incident: During the valuation process, the valuer inflated the property's market value significantly to meet the client's expectations. This misrepresentation was later discovered when the financing bank conducted its own appraisal.

Court Proceedings:

- XYZ Developers filed a lawsuit against ABC Valuers for breach of contract and negligent misrepresentation, claiming financial losses due to the inflated valuation.
- The court examined the evidence, including the valuation report, the methodologies used, and the communications between the parties.

Judgment:

- The court ruled in favor of XYZ Developers, emphasizing that ABC Valuers failed to adhere to the professional standards expected of immovable valuers.
- It was highlighted that the valuer's actions constituted a lack of integrity and transparency, leading to financial repercussions for the developers.
- The court ordered ABC Valuers to compensate XYZ Developers for their losses and mandated that they undergo additional training in ethical valuation practices.

Overall:

Regarding the integrity of immovable valuers serve as important precedents in the industry, reinforcing the necessity for ethical behavior, transparency, and adherence to professional standards. Such cases illustrate the significant consequences valuers can face for failing to uphold integrity in their work, ultimately affecting their credibility and career.

Immovable Property Valuation:

Immovable property valuation involves assessing the market value of real estate, including land and buildings. This process is critical for various purposes, including buying, selling, leasing, financing, taxation, and investment analysis.

Importance of Immovable Property Valuation

- **Market Analysis:** Helps buyers and sellers understand the fair market value.
- **Financial Transactions:** Assists lenders in determining loan amounts for real estate transactions.
- **Legal Requirements:** Necessary for court cases, estate settlements, and taxation purposes.
- **Investment Decisions:** Aids investors in making informed decisions about property acquisitions.

Steps to Obtain a Reputed Certification in Immovable Property Valuation

Educational Background:

Relevant Degree: Obtain a degree in fields such as Civil Engineering, real estate, finance, economics, or engineering. Some certifications may require a specific educational background.

Professional Training:

Specialized Courses: Enroll in courses focused on property valuation, market analysis, and real estate laws. Many institutes offer specialized training for valuers.

Work Experience:

Internships: Gain practical experience more than 5 year through internships or entry- level positions in real estate firms, appraisal companies, or government agencies.

Mentorship: Seek mentorship from experienced valuers to understand best practices and industry standards.

Certification Programs:

Choose a Recognized Program: Select a certification program from a reputable organization like IOVRVF. In India, the IBBI (Insolvency and Bankruptcy Board of India) offers guidelines for valuers.

Exams and Assessments: Prepare for and pass any required examinations to demonstrate your knowledge and competency in valuation practices.

Continuous Professional Development:

- **Stay Updated:** Participate in workshops, seminars, and continued education courses to stay current with industry trends, laws, and technologies.
- **Networking:** Join professional associations or networks for valuers to exchange knowledge and gain insights from peers.

Application and Registration:

- **Register with Regulatory Bodies:** Depending on your location, you may need to register with local or national regulatory bodies to practice as a certified valuer.

