

TERMS OF ENGAGEMENT FOR A VALUATION REPORT FOR SALE BY MORTGAGEE
(Institute of Surveyors of Trinidad and Tobago Version 3 - January 2020)

Name of Firm:

1. **The Requirement for Terms of Engagement:** Terms of Engagement are mandatory according to the RICS Valuation - Global Standards November 2019 incorporating the IVSC International Valuation Standards;
2. **Identification and status of the valuer:** Name of the valuer responsible; Qualifications; Declaration of independence and objectivity: We will act as an independent external valuer and have the skills, understanding and current local knowledge of the particular market to undertake this valuation competently and objectively. We confirm that we have had no recent prior, present or foreseeable future material involvement with the property and client and we are not aware of any conflict of interest;
3. **RICS Valuation Standards and departures from those standards:** The valuation report will be in compliance with the RICS Valuation - Global Standards November 2019 which incorporates the IVSC International Valuation Standards. Compliance with these standards may be monitored under RICS' conduct and disciplinary regulations;
4. **Matters excluded:**
 - a. Matters that are personal to the mortgagor/borrower and/or normally dealt with by mortgagee/lender, staff, attorneys or other professionals;
 - b. Matters for which the valuer has no training, equipment or required legal authority;
 - c. Matters that are (i) not supported in the mortgage finance sector, (ii) undefined or ill-defined and (iii) not applicable in a valuation for sale of real property.
 - d. In the matter of incomplete or vandalised buildings, we will not provide a market value;
5. **Property to be valued:**
 - a. Address: _____
 - b. Interest to be valued: _____
 - c. Tenancies: _____
 - d. Type and use of property: _____

In the case of leasehold property, the length of the lease, the date of commencement of the lease, the unexpired term lease rent and permitted use(s) will be provided once such information is available.
6. **Purpose of the valuation:** To provide an opinion for sale purposes on the market value of the subject property as at the valuation date in order to guide the mortgagee on the sale/disposal of the property under their legal powers of sale.
7. **Description of the valuation report:** The valuation report contents will be as specified in the IVS 103; The report will not contain sales and rent comparables and the calculation of the values;
8. **Bases of Value:**
 - a. Market Value: the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion;
 - b. Market Rent: the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion;
9. **Valuation date:** This is the date on which the opinion of value applies which will be the date of the inspection;
10. **Report date:** this is the date on which the report is issued;

11. Assumptions:

- a. Good and marketable title;
- b. Vacant possession is available unless otherwise stated in the report;
- c. Planning permissions and statutory requirements for the existing building and its use including any extensions or alterations have been granted;
- d. There are no deleterious or hazardous materials;
- e. There is no contamination;
- f. There are no unusual or onerous outgoings and restrictive covenants;
- g. There are no encumbrances or encroachments;
- h. All parts of the property which are covered, unexposed or inaccessible are in satisfactory repair and condition and an inspection of those parts which have not been inspected, or a survey inspection carried out, would not reveal material defects or cause the valuer to alter the valuation materially;
- i. There are rights to use the roads, drains and all communal areas and facilities;
- j. No account has been taken of any additional bid by a prospective purchaser with a special interest;
- k. All information, data, title documents and plans provided by the client and mortgage applicant which were relied upon by the valuer are true and correct;
- l. There are no outstanding taxes, rates or charges associated with the property;
- m. The services and any associated controls or software are in working order or free from defect; and
- n. Where the property is part of a building and/or development (e.g. industrial condominium):
 - i. There is a properly formed and operated management company;
 - ii. The cost of repairs and maintenance to the building and grounds are shared equitably;
 - iii. The leases of all the properties in the building/development are materially the same and there are suitable, enforceable covenants between leaseholders;
 - iv. There are no substantial defects, or other matters requiring expenditure (in excess of the current amount or assumed amount of service charge payable on an annual basis), expected to result in charges to the leaseholder and;
 - v. Where the subject property forms part of a mixed development, there will be no significant changes in the existing pattern of use;
 - vi. The valuer is to be provided by the mortgagee with all recent and present planning approvals and in the event that the valuer has a reasonable doubt about the highest and best use of the property, then it shall be incumbent on the mortgagee to make an application to the relevant authorities seeking advice on the highest and best use for the property. The valuer will not proceed without being furnished with such written planning response. Alternatively, the valuer may be guided by the written opinion of a suitably qualified town planner;

12. Currency: The opinion of the valuer will be expressed in Trinidad and Tobago Dollars (TT\$);

13. Extent of investigations:

- a. A visual inspection of parts of the property which is visible at the various floor levels will be carried-out and not a structural survey therefore, covered, unexposed or in accessible parts will not be inspected and services will not be tested;
- b. A land survey will not be undertaken therefore we cannot determine the legal boundaries and size of the site;
- c. A soil survey into the type and stability of the soil and an investigation into whether or not the soil is contaminated will not be undertaken;
- d. The basis of the size of the building is IPMS3A - Residential which is the area in exclusive occupation measured as follows: to the outer face of external walls for detached dwellings; to the outer face of external walls and to the centre-line of shared walls between occupants for attached dwellings; to the outer face of the external wall, to the centre-line of the party walls and to the finished surface of walls shared with common facilities for multi-unit dwellings - RICS Property Measurement 2nd Edition, January 2018;
- e. Covered and enclosed areas will be separated from covered and open sided areas. Measurements and statement of areas will be reviewed when the International Property Measurement Standards for all non-residential property has been published; and
- f. No investigation will be undertaken with the land registry, regional corporations, public utilities, town planning department or any other government body in preparation of this report;

14. **Condition:** Condition will be expressed in one of five standard categories:
- a. At the date of inspection, 20xx/xx/xx, the property appeared to be in a poor/fair/good structural and decorative repair; it was new, recently constructed, never occupied, no physical deterioration, requires no repairs.
 - b. At the date of inspection, 20xx/xx/xx, the property appeared to be in a poor/fair/good structural and decorative repair; it was recently refurbished and updated, no physical deterioration, requires no repairs.
 - c. At the date of inspection, 20xx/xx/xx, the property appeared to be in a poor/fair/good structural and decorative repair; it was well maintained with limited physical deterioration due to normal wear and tear. Requires minor repairs that are.....
 - d. At the date of inspection, 20xx/xx/xx, the property appeared to be in a poor/fair/good structural and decorative repair; it was poorly maintained with obvious deferred maintenance and physical deterioration. Nevertheless still liveable. Requires significant repairs and rehabilitation that are.....
 - e. At the date of inspection, 20xx/xx/xx, the property appeared to be in a poor/fair/good structural and decorative repair; it exhibited severe defects and/or damage to major components that affect occupier safety, soundness and structural integrity. Not liveable. Requires professional engineer's structural survey;
15. **Sources of information:** We require a copy of the Title document, leases, Building Plans, Statutory Approvals, Cadastral Plan, letter of notification to Mortgagor, and in the case of industrial or commercial properties we also require the rent roll and also all information relating to outgoings/expenses (i.e. Rates and Taxes, Insurance Cover and premium, repairs and maintenance of building/elevator, utilities where applicable, and common area maintenance charge where applicable), and the profit and loss account for the last 3 years where applicable. We shall assume that all the documents and information provided and relied upon are true and correct;
16. **Restriction on use:**
- a. The valuation report shall be used as a guide in the sale of the property and should not be used for any other purposes.
 - b. The valuation report will be provided for your benefit alone and solely for the purposes of the instruction to which it relates.
 - c. The valuation report will be prepared in accordance with these terms of engagement.
 - d. The fee for the valuation does not extend to the preparation of a witness statement and/or court appearance.
17. **Restriction on publication:** The whole or part of the report or any reference to it shall not be included in any published document, circular or statement, nor published in any way without the prior written approval from the valuation firm of the form and context in which it may appear;
18. **Confidentiality:** The valuation report will be confidential to the client and it or any part thereof may not be disclosed or included in any published document or statement without our previous written permission. However, if the Report has to be tendered into Court then such permission is deemed to be automatically granted.
19. **Excluded localities:** Valuation assignments will not be undertaken in dangerous and/or remote localities; a list of excluded localities will be provided upon request;
20. **Insurance Recommendation:** Only where it is a very simple structure, will we recommend a replacement cost new of the building. This is a preliminary sum and an estimate from a Quantity Surveyor is strongly recommended. Replacement cost is the calculation of the cost to reconstruct the building excluding retaining walls, boundary walls and fences, hardstandings, Professional Fees, Site Clearance and VAT;
21. **Access:** Mortgagee to arrange access; Mortgagee to formally write mortgagor/occupant notifying her/him of the valuation exercise and instructing her/him to facilitate site inspection by the valuation firm (named on the written notice of valuation) who in return will be contacting the occupant to arrange the inspection of all parts of the property at a time that is mutually convenient; Mortgagee to provide name, telephone number and email address (if available) of contact person to gain access as well as a copy of the notice of valuation.

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22. **Delivery:** Once all documents, requirements and access are provided delivery would normally be within 10 working days, or longer depending on the type of property and location;
23. **Fees:** The fees for a valuation would be at a rate of ?% of the market value plus VAT. Subject to a minimum fee of\$? plus VAT; fees are due within 30 working days from the date that the client is notified of the completion of the report; payments made after this deadline are subject to interest of 1% per day.
24. **Amendment:** This Agreement may be amended only by an instrument in writing signed by duly authorised representatives of each party;
25. **Invalidity of any provision:** If any of the provisions of this Agreement is or becomes invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired. The parties shall nevertheless negotiate in good faith in order to agree to the terms of a mutually satisfactory provision, achieving as nearly as possible the same commercial effect, to be substituted for the provision so found to be void or unenforceable;
26. **Liability:** Any liability on the part of the Company for breach of any provisions of this Agreement giving rise to liability or forming any cause of action whatsoever shall be limited to the Client's actual direct, provable damages in an amount not to exceed the total amount paid to the Company in the respect of Fees. The Client agrees that in no event will the Company be liable for damages in respect of incidental, punitive, exemplary, indirect, special or consequential damages, including but not limited to loss of business or revenue, lost profits, failure to realise expected savings, or loss of business opportunity. The Client further agrees that in no event will the Company's directors, officers, or employees, be liable for any damages arising out of or related to this Agreement. The Clients have confirmed that they have sought their own legal advice as regards this provision and they are satisfied that this provision is fair and reasonable;
27. **Complaints Handling Procedure (CHP)** - In the event of a dispute arising out of or related to this Agreement the Client must complete and submit the Complaints Form, a copy of which is attached or complete the Form.
 - a. The Complaint's Review Period' -
 - b. If the issue is not resolved via the Complaints Review Period either of the parties to this Agreement shall submit the dispute to non-binding mediation using the services provided by the Trinidad & Tobago Dispute Resolution Centre ('the DRC") and shall make a good -faith effort to resolve the dispute through the mediation process in accordance with the rules of the DRC. Each party shall bear its own costs in respect of the mediation.
 - c. In the event the parties are unable to resolve their dispute through mediation after 14 days from the reference to mediation or such further period as the parties may mutually agree in writing, such dispute shall be settled exclusively and finally by binding arbitrator to be jointly appointed by the parties.
 - d. In the event either Party fails to agree to the appointment of an arbitrator such arbitrator shall be appointed, upon application by the interested party, by the DRC.
 - e. The award of the arbitrator shall be final and shall not be subject to any appeal or challenge whatsoever. The arbitrator will not be required to file his award with anybody or authority whatsoever. In the event arbitration proceedings are initiated under this arbitrator clause, pending such proceedings and until a final award is rendered pursuant thereto, any subsequent controversy arising between the Parties shall be exclusively submitted for final decision by the arbitrator in the arbitrator proceedings already pending.
 - f. The arbitration proceedings shall be conducted in accordance with the Arbitration Act Chapter 5:01 of the Laws of Trinidad and Tobago or any statutory modification thereof.

We accept these terms of engagement as an accurate summary of the instructions to provide a valuation.

Signed..... (Firm)

Signed..... (Mortgagee)

Dated.....

Dated.....

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COMPLAINTS FORM

Valuation Report Reference Number: _____

Address of Property that was valued: _____

Personal Information:

Name: _____

Contact Number: _____

Email address: _____

Mailing Address: _____

Status of individual submitting complaint:

| | |
|--|--------|
| | Client |
| | Vendor |
| | Owner |

| | |
|--|--------------------------|
| | Bank/lending institution |
| | Purchaser |
| | Other: |

Nature of Complaint:

| | |
|--|-----------------------------|
| | Issue with valuation report |
| | Issue with value |
| | Fees |

| | |
|--|------------------|
| | Customer Service |
| | Delivery/delay |
| | Other: |

Please provide details of your complaint, you may attach a letter or supplementary sheet if necessary. (N.B. Complaints concerning the opinion of value must be supported with transaction evidence such as recent sales or rentals)

In submitting this complaint, I understand and accept that the matter will be handled in accordance with Section 35 - Complaints Handling Procedure (CHP) of the Terms of Engagement under which the valuation exercise was conducted.

Signature

Date (DD.MM.YY)