

Registered Valuers and Property Consultants
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SCOPE OF WORK, TERMS OF ENGAGEMENT, QUALIFICATIONS & DISCLAIMERS

SCOPE OF WORK

This Scope of Work sets out our understanding of what is being asked of us and how we will satisfy that

(a) Identification and Status of the Valuer

The valuation will be undertaken by Chadderton Valuation who will provide an objective and unbiased valuation.

Chadderton Valuation has no current material connection or involvement with the subject property or any undisclosed conflicts of interest.

Should there be any conflict of interest: Prior to taking instructions, Chadderton Valuation will disclose any prior/current relationship with the Client.

The valuer responsible for this work will be Anthony James Chadderton, Dip.Val. FNZIV, FPINZ, AREINZ, who is a Registered Valuer having the appropriate qualifications and experience to carry out a valuation of this nature. Contact details are: tony@chadval.co.nz, Mobile 0274 358 056.

Where the valuer relies on information from another professional, that person must be qualified and an expert in their field.

(b) Identification of the Client and Any Other Intended Users

Confirmation of those for whom the valuation assignment is being produced is important when determining the form and content of the valuation assignment to ensure that it contains the information relevant to the Client's needs.

If there are any other interested parties, eg. Insurance company or Bank, these should be disclosed at time of engaging our services.

(c) Purpose of Valuation

The purpose of the valuation will be clearly stated on the Clients individual Scope of Work, emailed to the Client before commencement of work, eg. The valuation is required for mortgage security; for sale purposes or relationship settlement purposes; for rental review purposes, or to provide a reinstatement cost estimate for insurance purposes. The purpose of the valuation will determine the *basis of value*.

(d) Identification of the Asset(s) to be Valued

The property being valued will be identified by its address.

(e) Basis of Assessment

The basis of assessment for the Scope of Work as follows:

Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Fair Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Market Rental is the estimated amount for which an interest in real property should 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.

Reinstatement Cost Estimate is an estimate of the cost at date of valuation (including relevant fees) of replacing the asset with a new modern equivalent asset including, where appropriate, the use of current equivalent technology, materials and services. This is intended as a guide for the purpose of setting insurance premiums and, unless specified elsewhere, is not based on a detailed elemental and schedule of quantities approach as would be undertaken by a quantity surveyor or costing engineer.

(f) Valuation Date

It will be specified, either:

The valuation date will be as at the date of inspection, or other date as indicated.

The rental assessment will be as at the date of inspection or as at the date of lease renewal or review if prior to our date of inspection.

(g) Extent of Investigation

A full on-site property inspection will be undertaken. Details of all main building improvements in relation to size, construction type, age, condition and functionality will be obtained during the site inspection.

Our inspection is not a survey of the structural integrity of the improvements for which you would need to instruct a suitably qualified building inspector.

Research and analysis of relevant market data will be completed in order to compile sufficient evidence to arrive at appropriate value conclusions. This may include cost data, sales, rentals and investment yields as appropriate to the Scope of Works.

Should any known and relevant information not be available it shall be reported within the body of the report.

(h) Nature and Source of Information Relied Upon

Certificate of Title particulars
Property data held by the Territorial Local Authority
Resource Management information as stated within the Territorial Local Authority's District Plan
Sales and leasing data from various industry sources, publications and other relevant databases
Chadderton Valuation in-house valuation databases

(i) Assumptions and Special Assumptions

Any assumptions or limiting conditions affecting the valuation will be detailed within our report. These may include assumptions or limiting conditions relating to:

Seismic rating
Land contamination
Building Act compliance
Lease terms and conditions
Special Assumption

A Special Assumption is defined as: *“An assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date.”*

(j) Restrictions on Use, Distribution or Publication

We will accept no responsibility to any other parties, apart from these detailed in paragraph (b), using our report for any purpose without first obtaining our prior written consent. Furthermore, no responsibility will be accepted to other parties, apart from these detailed in paragraph (b), for any errors or omissions whether of fact or opinion.

Neither the whole nor any part of our report or any reference to it may be included in any published document, circular or statement without our written approval of the form and context in which it may appear. Such approval will be required whether or not Chadderton Valuation is referred to by name and whether or not our report is combined with others.

(k) Relevant Valuation Standards

Our valuation will be completed in accordance with the relevant standards and guidelines prescribed by:

[International Valuation Standards 2017](#)
[ANZIV / PINZ Valuation and Property Standards](#)
[International Financial Reporting Standards](#)

(l) Description of Report

A relevant report will be completed, examples as follow:

A full valuation report will be compiled in accordance with Reporting Standards.

An Executive Summary style valuation report, without reasons or supporting information, will be compiled by way of an agreed variation from Reporting Standards.

An abridged update valuation report will be provided by way an agreed variation from Reporting Standards and with reference to our prior reporting.

An insurance report including covering letter, insurance certificate and building data information.

(m) Completion Date

Our written valuation report will be completed as indicated on Summary Scope of Work emailed to the Client prior to commencement. However we will contact you should we encounter any difficulties that cause an unexpected delay in the completion of the report.

Due the nature and characteristics of an assignment, it is difficult to predict with certainty when the task will be completed, however we will make every endeavour to meet your realistic time requirements and will communicate with you directly on our progress and advise a likely time frame.

(n) Fee for Professional Services

We will quote our fee in the initial summary Scope of Work emailed to you prior to commencement, with GST shown separately.

If we are unable to accurately determine the time required for this work, we will charge our time at an **hourly rate plus disbursements and Goods and Services Tax.**

Additional fees will be charged for post reporting consultancy and negotiation services at an **hourly rate plus disbursements and Goods and Services Tax.**

Our invoice will be addressed to the Client shown on our summary Scope of Work emailed prior to commencement of work.

The time taken to complete any valuation assignment can vary markedly due to unforeseen complications, especially around the research and analysis of market data. Should we become aware that our fee estimate as previously stated will be exceeded by more than 10% we will make contact and discuss.

TERMS OF ENGAGEMENT

These are the standard Terms of Engagement of Chadderton Valuation upon which we will provide our professional services.

Obligations of the Valuer

Chadderton Valuation undertake to perform the agreed Scope of Works using reasonable skill, care and diligence subject to any financial, physical, time or other restraints imposed by the Client or necessarily resulting from the nature of the project.

Obligations of the Client

The Client shall provide to Chadderton Valuation, free of cost, as soon as practicable following request, all information which is within the Client's power to obtain.

The client must co-operate with Chadderton Valuation and not obstruct the proper performance of the Scope of Works, including allowing Chadderton Valuation reasonable access to the site and other locations associated with the Scope of Works.

As soon as the Client becomes aware of anything that will materially affect the scope or timing of the Scope of Works, the Client must inform Chadderton Valuation in writing.

Payment

All fee estimates supplied to the Client by Chadderton Valuation will be provided based on the Scope of Works requested by the Client. Any work or services provided outside the original contract or quote will be completed and invoiced separately after discussion and agreement with the Client.

Accounts are payable prior to release of our report, or on prior arrangement with Tony Chadderton.

For payment convenience we have the facilities to accept online payments direct to our bank account, and Eftpos payments and payment by cheque at our office. Should you prefer to pay by direct credit, please use the following details:

Chadderton Valuation Ltd	03-1743-0023355-00
Particulars:	Job Ref: TBA
Code:	Your Name

If any payment is not made as provided above, without prejudice to any other rights and remedies Chadderton Valuation may have in respect of recovery of the unpaid amounts, the amount or amounts unpaid shall be liable to carry interest from the original due date to the date of payment, at a rate of 2% per month.

The Client shall pay all costs, expenses and charges, including legal costs (on a solicitor and own client basis) that are incurred by Chadderton Valuation in recovering any money owing to it by the Client.

Although the Client may expect to be reimbursed by a third party for Chadderton Valuation's fees and expenses, and although our invoices at the Client's request or with the Client's approval be directed to a third party, nevertheless the Client will remain responsible for payment to Chadderton Valuation if the third party fails to pay us.

Termination

You may terminate our engagement at any time. If our engagement is terminated you must pay Chadderton Valuation all fees due and expenses incurred up to the date of termination.

Liability and Insurance

Notwithstanding any other provisions of this agreement, the liability of Chadderton Valuation for damages or losses (in contract or otherwise, including negligence) in any way connected with the Scope of Works is the lesser of five times the value of the fees or \$100,000. In addition liability is restricted to direct loss or damage.

In preparing the report, Chadderton Valuation shall exercise the degree of skill, care and diligence normally expected of a competent professional. Whilst every effort will be made to ensure the accuracy of the opinions, information and forecasts expressed in the report, no liability is accepted for any incorrect statement, information or forecast within.

The report will be provided solely for the use of the Client and Other Interested Parties named in the report. Chadderton Valuation does not accept responsibility to any other party.

Chadderton Valuation has not and will not during the term of this Agreement or at any time after it, assume any obligation as the Client's Agent or otherwise which may be imposed upon the Client from time to time pursuant to the Health and Safety in Employment Act 1992 ("the Act") arising out of the engagement. The Consultant and the Client agree that, for the purpose of the Act, the Consultant will not be the person who controls the place of work in terms of the Act.

As our services do not extend to the identification of structural issues such as but not limited to "Leaky Building Syndrome" or seismic risk, we advise clients to take separate professional advice on these matters.

Variations

The Client may request variations to the Scope of Works in writing and may require Chadderton Valuation to make proposals for variation to the Scope of Works which could include a variation to the fees for the Scope of Works if necessary.

Copyright of Documents

Chadderton Valuation shall retain copyright of all documents it has prepared. The Client shall be entitled to use them or copy them for the purposes of the Scope of Works. The Client shall have no right to use any of the documents where any or all of the fees and expenses payable to Chadderton Valuation have not been paid in accordance with this Agreement.

Consumers Guarantee Act

If the Client is obtaining the Service for business purposes the provisions of the Consumer Guarantees Act 1993 are excluded in relation to that service. If the Client is not obtaining the Services for business purposes then to the extent that any provision in this agreement is inconsistent with the Consumers Guarantees Act, the provisions of the Act will prevail.

Personal Information

The Client authorizes Chadderton Valuation to collect, retain and use personal information about the Client including the information contained in this agreement for the purposes of assessing the Client's credit worthiness, administering Chadderton Valuation's rights against the Client or marketing any services provided by Chadderton Valuation. The Client may request access to and correction of any personal information and Chadderton Valuation will comply with its obligations under the Privacy Act 1993.

Force Majeure

Neither Chadderton Valuation nor the Client will be liable for any act, omission or failure under this agreement (except failure to meet an obligation to pay money) if that act, omission or failure arises directly from a force majeure event (being circumstances beyond the reasonable control of the party concerned, including, without limitation, extreme weather conditions, civil disruption or industry wide industrial action).

Restrictions on Use, Distribution or Publication

Use of the report is restricted to those named and no distribution or publication is permitted without the express authority of the Company.

Fees and timeframe

Fees and timeframe will be indicated on our summary Scope of Work emailed to you prior to commencement of work.

To confirm your acceptance please sign the last page of this document and return one copy to us by fax, email, or post; retaining the original for your records.

In the event that unforeseen complications arise, necessitating our additional time and resources to complete the service, we shall immediately contact you to discuss the additional charges and confirm further authorization.

Payment options – please use any of the following:

Direct credit: Westpac Bank Account No. 03 1743 0023355 00

Cheque/Cash/Eftpos to the office: Cnr Don & Deveron Streets
PO Box 738
INVERCARGILL

Please quote our reference with your payment.

Our quote is valid for three months from date of issue.

Acceptance

Unless otherwise communicated, the Client confirms the Scope of Works and agrees to the Terms of Engagement.

These Terms of Engagement shall apply to any current engagement and also to any future engagement.

QUALIFICATIONS & DISCLAIMERS

This valuation and all valuation services are provided by Chadderton Valuation solely for the use of the client. Chadderton Valuation does not and shall not assume any responsibility to any person other than the client for any reason whatsoever including breach of contract, negligence (including negligent misstatement) or wilful act or default of itself or others by reason of or arising out of the provision of this valuation or valuation services. Any person, other than the client, who uses or relies on this valuation does so at their own risk.

This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.

This report is prepared in accordance with the following International Valuation Standards, International Valuation Applications, Australian and New Zealand Valuation and Property Standards and the Property Institute of New Zealand Code of Ethics:

- IVS 103 Valuation Reporting
- ANZVGN 1 Valuation Procedures – Real Property
- ANZRPGN 1 Disclaimer Clauses & Qualification Statements
- NZVGN 3 Valuation of Houses Under Construction & Houses to be Built or Previously Unoccupied New Houses.

This report is relevant as at the date of preparation and to circumstances prevailing at that time. However, within a changing economic environment, returns on investment and values can be susceptible to variation – sometimes over a relatively short time scale. We therefore strongly recommend that, before any action is taken involving acquisition, disposal, borrowing, restructuring or any other transaction, you consult us.

Chadderton Valuation has a policy of not contracting out of the provisions of the Consumer Guarantees Act. Accordingly, where there is any conflict between any statement in this report and the Consumer Guarantees Act 1993, the latter shall prevail.

Neither the whole nor any part of any valuation report, or any reference to the same may be included in any published document, circular or statement without our written approval as to the form and context in which it may appear.

Our property inspection has been completed for valuation purposes only and shall not be construed as a structural survey of the improvements, an engineering report on the land, nor a survey of the legal site boundaries. Unless otherwise disclosed we assume all improvements lie within the legal boundaries and all electrical fittings, heating and ventilation systems, hot and cold water systems, fittings and installations for conveniences, to be in a proper working order and functioning for the designed purposes.

The sales evidence quoted in this report has been supplied to us by another party, and this evidence is believed to be reliable, however we can accept no responsibility if this should prove not to be so. Our responsibility in connection with this valuation report is limited to whom the report is addressed, and to the client only. We disclaim all responsibility and will accept no liability to any other party.

In preparing this valuation it has been assumed that all hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, conveniences as are in the building, are in proper working order and functioning for the purposes for which they were designed and conform to the current building fire and Government regulations and codes.

Substances such as asbestos, other chemicals, toxic wastes or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the Valuer is not qualified to detect such substances, quantify the impact on values, or estimate the remedial cost.

Chadderton & Associates Limited confirm that the statements of fact presented in this report are correct to the best of the Valuer's knowledge; the analyses and conclusions are limited only by the reported assumptions and conditions; the Valuer has no interest in the subject property; the Valuer's fee is not contingent upon any aspect of the report; the Valuer has satisfied professional education requirements; the Valuer has experience in the location and category of the property being valued; the Valuer has made a personal inspection of the property, and no-one, except those specified in the report, has provided professional assistance in preparing the report.

COMPLIANCE STATEMENT

This valuation has been performed in accordance with NZIV/PINZ and International Valuation Standard 103. We confirm the following:

- The statements of fact presented in this report are correct to the best of the valuer's knowledge, with all analysis and conclusions limited only by the reported assumptions and conditioning mentioned herein.
- The valuer has no interest in the subject property nor is the valuer's fee contingent upon any aspect of the report.
- This valuation has been performed in accordance with Code of Ethics and Performance Standards, and the valuer has satisfied professional education requirements and annual continuing professional development requirements.
- The valuer has an annual practising certificate
- The valuer has experience in this location and category of the property being valued.
- The valuer has made a personal inspection of the property.
- No-one except those specified in the report has provided professional assistance in preparing the report.
- Chadderton Valuation Ltd carry Professional Indemnity Insurance.

AJ (Tony) Chadderton
Registered Public Valuer
Dip.Val, FNZIV, FPINZ, AREINZ

CHADDERTON VALUATION
PROPERTY ADVISERS

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Invercargill
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