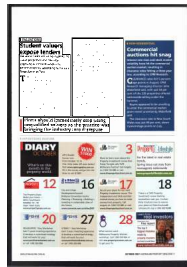


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## Australian Property Investor

October, 2007

Page: 7  
Section: General News  
Region: National, AU  
Circulation: 31329  
Type: Magazines Trade  
Size: 109.27 sq.cms.



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### ■ VALUATIONS

## Student valuers expose lenders

**Valuation firms are using students to value properties and thereby exposing Australian lenders to potential losses, according to Herron Todd White (HTW).**

**T**HE deceptive and misleading practice could mean lenders were exposed and uninsured on defaulted loans, a HTW statement warned.

The practice of using inexperienced and unqualified university students to inspect residential properties, with a Certified Practising Valuer then signing those reports for mortgage lending clients, was apparently prevalent in Western Australia and Victoria. HTW said.

Insurance underwriters could decide to retrospectively exclude all valuations conducted by students or unqualified valuers, the property advisory firm added.

“With this fully exploitable option available to the underwriters, all Australian bank and non-bank lenders that have either knowingly or unknowingly engaged property valuation firms that use this practice face the great possibility of being fully exposed and uninsured on every file in which the property valuation has been generated by a student,” the statement said.

Firms should immediately stop using unqualified valuers as the practice was bringing the industry into disrepute, HTW chief executive officer Brendon Hulcombe said. He added that the timing was critical given the sub-prime mortgage meltdown overseas and local interest rate rises.

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