Valuers: Friend or Foe?

We all know that if anything goes wrong with an application, no matter who's fault it is, it's the broker who cops the spray from the client. Now I'm sure we've all been victims of a third party inadequacy at some time or another. One memorable time for me was when a particular valuer turned up drunk at one of my clients homes and proceeded to tell my client that there wasn't a snow flakes hope in hell the house was worth what the client thought it was worth. I should have recorded the subsequent phone call I got from the client, it was a corker. I'm not having a shot at all valuers here, this was an extreme case involving an extreme individual. The point I'm making is that, I was the one who fielded the phone call, as he was, according to the client, my valuer. I.E your valuer turned up drunk. Now, you can't plan for the x factor, sometimes things just happen which are beyond your control but you can reduce the likelihood of things turning pear shaped if you have a good relationship with the people who are involved with the transaction.

In commercial lending, for instance, having a good relationship with the valuers is essential. More often than not a commercial broker will have a valuation done prior to commencing the real work on a transaction. Knowing the valuers who are professional, thorough and quick to respond can make all the difference.

There was a time in Canberra, where my brokerage was located, when it was not unusual for a potential refinance client to have negative equity in the security property. At one point in my career I was convinced the valuers job was to sabotage every transaction I tried to put together. This was clearly not the case, just an accurate reflection of the market conditions of the times. Some times properties aren't worth what their owners think they are.

I recently met a valuer who agreed to give me full access to the process a valuer goes through to reach their final conclusion about the value of a particular property.

The property, a commercial building in Alexandria, was impressive enough to a novice like me but of course my guide was determined to explore every physical aspect to ensure nothing was missed. As I watched the way this professional went about the process I was more than impressed, not only by the quality and thoroughness of the inspection but with the care exhibited in ensuring everything was the way it should be. In the conversation that followed, I was illuminated as to what makes a commercial valuer tick. The things they view as critical, the things that don't matter so much. The importance they place on the age of a building, lease terms the strength of the lessees etc. Due to work commitments I was unfortunately not privy to the final calculations but as I understand it, this was one of those cases where the deal fell over before it got started. It appears the building in question didn't measure up. On a brighter note at least the transaction hadn't gone too far, so not a lot of harm done.

What I learned from this experience is that it pays to know all the aspects of this business. John Ruddick a very successful broker I recently interviewed built up his knowledge bank by attending settlements and observing the process.

Perhaps it wouldn't hurt to take the time to get to know a valuer or two. You never know the experience might make you a better broker.

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