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THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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Meeting Paper 5-B

Template of Best Practices for Valuation

International Valuation Standards Council

PURPOSE	For consideration.
ISSUE	Best Practice Template for Valuation in APEC
BACKGROUND	Valuations are central to decision-making within the global economy. In the light of the impact of valuation on a wide range of matters there is a need to ensure that the valuation profession has the capacity to undertake its work in a professional and credible manner that gives a central role to standards, ethics, independence and objectivity, competence and transparency. In order to make recommendations for appropriate improvements in the structure and conduct of the valuation profession or the alignment through compliance or adoption of international standards across the region, it is necessary to define the framework within which such valuations should be conducted.
PROPOSAL	The key components of such a framework include the availability of (1) a robust regulatory regime appropriate across all asset classes, (2) adherence to widely accepted valuation and professional practice standards, (3) followed by appropriate and visible enforcement through the presence of strong professional organizations, and (4) availability of education and training and (4) access to reliable information.
DECISION POINT	Endorse the inclusion of the best practice template as an annex to the Advisory Group report

IMPROVING VALUATION PRACTICES IN APEC

Valuation is subject to increased regulatory scrutiny worldwide to ensure that valuations are objective and transparent. Regulators and capital markets are demanding not only consistent technical valuation standards but also higher standards of competency for professional valuers. More than one high-profile stakeholder has voiced concerns over fundamental aspects of the valuation profession.

The prominent role of the valuation profession around the globe is incompatible with the fragmented professional landscape. Globally, requirements for providing valuation services are disparate.

Historically, valuation experts have developed in different ways in different countries according to culture, statute and convention. This has led to:

- the development of a secondary specialisation by experts in different types of assets or liabilities,
- fragmentation of expertise by asset or liability type,
- legislation that was introduced for a particular purpose and has unintended consequences in other areas,
- valuation being regarded as technique rather than profession,
- varying qualifications, and
- lack of recognition by regulators and other professions.

The diversity of culture, educational, legal and social system globally means that professional valuers may have developed their professional competence through various pathways, including work experience, study or qualification.

Where We Stand Today

The valuation profession has developed over the years according to culture, statute and convention. This has led to fragmentation by geography, discipline, asset or liability type, and varying qualifications of the individuals preparing the valuations. Diversity presents significant challenges in developing conformity in the valuation profession worldwide.

An approximate taxonomy of diversities could be, for example, as follows:

- by countries:
    - developed countries with various Valuation Professional Organisations (VPOs), with disparate and varying qualifications,

    - developed countries without VPOs,
    - developing countries with VPOs, and
    - developing countries without VPOs,
- by expertise:
    - real estate
    - business interests and intangible assets
    - machinery and equipment, and
    - financial instruments,
- by valuation specialist in the same expertise by asset type:
    - valuers belonging to one or more professional organisations,
    - valuers belonging to a working group or a special interest group promoted by various bodies,
    - valuers belonging to a professional organisation that does not have specific professional standards for valuers, and
    - valuers, with disparate background and experience, not belonging to any professional organisation.

VALUATION FRAMEWORK

Valuations are central to decision-making within the global economy. In the light of the impact of valuation on a wide range of matters there is a need to ensure that the valuation profession has the capacity to undertake its work in a professional and credible manner that gives a central role to standards, ethics, independence and objectivity, competence and transparency. The key components of such a framework include the availability of (1) a robust regulatory regime appropriate across all asset classes, (2) adherence to widely accepted valuation and professional practice standards, (3) followed by appropriate and visible enforcement through the presence of strong professional organizations, and (4) availability of education and training and (4) access to reliable information.

In order to make recommendations for appropriate improvements in the structure and conduct of the valuation profession or the alignment through compliance or adoption of international standards across the region, it is necessary to define the framework within which such valuations should be conducted.

1. Regulation and compliance

The regulatory regime may vary according to the purpose of valuation. For all purposes, however, economies should ensure that valuations are completed in accordance with reliable standards in line with those accepted internationally (see Section 2 below]. All valuations to a greater or lesser extent impact on the public interest and regulations should require valuation reports to be prepared by individuals with suitable professional skills who meet certain qualification requirements, exercise diligence, follow and maintain suitable procedures and documentation and demonstrate a commitment to a high standard of ethical behavior.

Examples of additional regulations pertinent to various purposes follow:

- *Prudential regulation of banking and insurance with respect to mortgage and secured lending*:
  - Central bank and insurance regulators should ensure that reliable standards that are aligned with those of the International Valuation Standards Council (IVSC) are followed.
  - Valuations which follow these standards should be completed prior to the conclusion of a credit agreement between the lender and borrower.
  - Banking and insurance regulations should require valuations to be undertaken by a suitably qualified and experienced valuer and should have in place clear procedures for either maintaining a list of suitable valuers or for relying on third party regulators for the list.
  - Regulations should stipulate that assets of a certain value or size should be valued by a qualified independent valuer acting objectively and revalued on a regular basis. Minimum requirements for inspections, analysis of comparable transactions and maintaining adequate documentation of these should be imposed for all valuations, although the threshold may need to vary depending on asset size and complexity. Valuers should hold professional indemnity insurance if available in their market.
  - Lenders should ensure that internal valuers are as professionally qualified and competent as external valuers and that both internal and external valuers are sufficiently independent from the credit underwriting process to provide reliable, objective and independent valuations.
  - Valuations for secured lending are often paid for by borrowers which can result in a conflict, or perceived conflict, of interest for the valuer. Ideally, the regulations should require the lending institution to be the client of the valuer with fees to be paid by the lender, albeit the lender may require those fees to be reimbursed by the borrower. Regulations should also require the valuation report to be addressed to the bank and should stipulate that the bank is the ultimate client of the valuer.
  - Agreements between lenders and valuers should stipulate how risks are to be allocated in the event of claims, in particular in regard to liability caps on valuers, which may facilitate the availability of professional indemnity insurance.
- *Taxation revenue model*:
  - Regulations should stipulate where a valuation can be undertaken in accordance with international standards and whether any specific statutory assumptions need

to be included. Such assumptions may relate to the valuation date, occupation and use, state of repair, the interest being valued, encumbrances, alternative uses, etc.

- Valuations for taxation are often regulated directly by the government authorities through a central valuation agency. Regulations need to allow for an appeals process.
- Both external valuers and internal valuers employed by a central valuation authority should be suitably qualified and experienced.
- Robust regulation in the property tax area generally requires an effective land titling system as a pre-requisite. Where market value is required, many emerging economies are concerned that abuse of local valuations may arise due to lack of depth in the valuation profession and the influence of large landowners. Automated valuation models are often seen as a method to minimise abuse, but clear regulations on their use are required to ensure consistency of application.

 Mergers and acquisitions (M&A) with respect to cross-border initial public offerings and distressed asset restructuring:

- Securities regulators should take an active role in regulating valuations for M&A activity, especially when public companies are involved.
- Regulations should require valuations and fairness opinions to be undertaken by a suitably qualified and experienced valuer and should have in place clear procedures for either maintaining a list of suitable valuers or for relying on third party regulators for maintaining the list.
- Regulations should consider imposing additional requirements for the valuation of connected party transactions and valuations of transactions that constitute a significant quantum of the company's asset base. These may include requirements for a second valuation opinion, director certification for certain valuations or additional disclosures.
- Regulations may stipulate that transactions occur at a maximum variance from a valuation benchmark for certain transactions.

 Financial reporting for public and private companies:

- Stock exchange regulations should require valuations to be undertaken by a suitably qualified and experienced valuer and should have in place clear procedures for either maintaining a list of suitable valuers or for relying on third party regulators for maintaining the list.
- As with M&A activity, stock exchange regulators are often involved in the regulation of valuation for financial reporting, but there is a similar risk that valuations outside the public markets will have looser compliance requirements, hence the need for company law to stipulate the use of reliable standards in line with IVSC standards and a suitably qualified and experienced valuer.
- Securities and company law should stipulate the preferred frequency for external valuation reports and the minimum requirements of any interim review

valuations. Some variation in the requirement may be considered for smaller companies or companies with limited activity.

- Where amortised cost valuations are allowed, its permitted use needs to be clearly defined and limited.

2. Standards

Convergence toward global standards leads to an equitable system for dealing with individuals and groups, which is a core APEC goal. Just as it is preferable for valuers to follow a commonly agreed set of educational qualifications, it is also important for valuers to adhere to recognized standards of ethics and codes of conduct and for valuations to follow a commonly agreed set of valuation standards. Such standards ensure that investors, other users and the general public have greater confidence in the quality and consistency of valuations.

In the area of asset valuation for financial statements, for instance, standards ensure that shareholders, analysts and other interested parties have consistent information to assist in making comparisons between companies and to avoid misleading users of such statements. In takeover bids, clear valuation standards are required to ensure that both sides work to a similar set of principles. In many economies, standards of professional practice and codes of conduct have developed in the wake of a property boom-and-bust cycle.

Portfolios that are frequently traded and have observable prices are more easily and readily valued, therefore investors may have a bias towards such investments versus those that are harder to valuer such as long term infrastructure projects. Requiring the use of internationally accepted valuation standards in the valuation of such infrastructure projects can facilitate greater flows of investment into these long term assets because of the increased credibility and comparability surrounding the valuation of such assets. Valuation Standards in this area are particularly important in the world economy due to the huge need for infrastructure to sustain growth.

The formation of a professional body at the economy level is a step that would greatly facilitate the process of introducing standards of practice and codes of ethics. As an independent organization that develops and maintains globally accepted standards for the valuation of assets, the IVSC provides a platform that VPOs in APEC member economies can consider to use to promote region-wide convergence toward globally recognized valuation standards. At the same time, it is important for valuers to properly understand market context to ensure that valuations do not become reduced to the simple application of formulae.

3. Organizational framework

Establishing a Valuation Professional Organisation

The motive for establishing a valuation professional organisation (VPO) may be a governmental initiative to promote a national approach to regulation of the profession, or it may be a group of committed professional valuers who wish to establish a focused identity for their activities. These activities may range from facilitating networking among peers, to providing information and education, to promulgating and enforcing professional technical and ethical standards or establishing a benchmark standard for valuers in an economy.

The activities of a new VPO will depend on the resources available. However, the overriding objective of the organisation should be – the development and enhancement of a valuation profession able to provide services of consistently high quality in the public interest. Communicating this crucial role of working for the public interest should make clear to potential members, the government, and the public at large the importance of a robust VPO in delivering and monitoring common standards and providing oversight of its members.

Organisations and their activities change over time. A VPO that was initially established to provide its members with an opportunity to network may well develop — indeed, should develop — into a VPO that has the objective of maintaining and improving the quality of professional services and, ultimately, serving the public interest. Those involved in the initial formation of an organisation should seek assistance from economies with more developed professions.

The development of organisations that represent professional valuers and the valuation profession as a whole, regardless of the sector in which their members operate – public or private practice, industry and commerce, education or government – is to be encouraged.

Existing VPOs in APEC economies vary greatly in terms of size and status and operate predominantly in the real estate sector. With a few exceptions, other asset classes tend to be poorly represented in these economies, although some VPOs include some business valuers among their membership. The need for a strong VPO at the central level has also been found to be important in markets with centralized valuation regulation. In these markets, the government valuation authority tends to be in charge of implementing the legislative framework, while the VPO is entrusted with the task of ensuring its members comply with the regulations and meet the required educational and professional standards.

New bodies may suffer from a lack of resources, whether financial, human, educational or technical. As a starting point, they may need to rely on unpaid volunteers to found and organise the body and to set it in motion. Their priorities are to attract political backing, build up a membership base and establish a reliable income stream.

Below is a framework designed to set these bodies in the right direction to gain local and international recognition.

a. Objectives of the Valuation Professional Organisation

Well-organised and respected professional organisations are an essential part of a fully functioning valuation profession. The main objectives of a valuation professional organisation include:

- protecting the public interest by ensuring its members observe the highest standards of professional and ethical behaviour;
- determining the eligibility criteria for membership of the body;
- regulating members, including fielding complaints and, when necessary, disciplining members;
- promoting the interests of its members;
- determining the entry requirements for students;
- promoting the education, training and certification of professional valuers, including continuing professional development (CPD) and practical experience; and
- developing good relationships with government and other national valuation professional organisations.

b. Regulatory Structures and Professional Standards

A VPO should have its own regulatory structure that fits into the national legal framework. In some countries, there may be a law that either recognises an existing organisation or that requires the creation of such a body, and which sets out criteria for recognition and the powers that it may exercise. Subject to any such legal requirements, the elements of a regulatory structure generally consist of:

- a Constitution and Bylaws for the professional body;
- admission requirements to the professional body and a register of members; and
- rules of professional conduct and ethics, which should be based on the IVSC's Code of Ethical Principles for Professional Valuers.

The professional body should also aim to develop disciplinary systems for those members who do not observe the body's rules.

c. Governance Structure

The main governing body of a professional organisation is its Council. This consists of a small number of senior members, who should be qualified to appropriate standards. Council members may be elected by the membership at large or appointed by a selection panel. They are generally elected for a three-year term that can be renewable one or more times.

The Council is usually led by a President, who may have a Deputy President and a Vice President. They serve for fixed terms and are elected by their fellow Council members.

The Council may appoint committees and task forces to assist it in its activities. These committees and task forces often include:

- regulatory and disciplinary committees;
- functional committees (e.g., finance); and
- task forces for ad-hoc assignments.

d. Critical Institutional Capabilities

A professional body requires key institutional capabilities to be able to meet and further develop its objectives. A new professional body will soon need a staff of, at a minimum, a CEO and a Secretary, and have the capacity to:

- manage office administration;
- keep an accurate and up-to-date register of members and students;
- organise Council, committee and task force meetings, and use agendas and minutes;
- organise members' services, communications, and national and international relations;
- organise students, examinations and records of training;
- organise CPD;
- organise technical services for members;
- create a library;
- handle legal and technical issues and projects;
- handle public and press relations as well as promotion activities (e.g., seminars, conferences);
- establish and manage institutional relations with other professional bodies, government, development agencies and other stakeholders; and
- investigate the activities of and discipline its members.

e. Examinations and Practical Experience

The overall objective of valuation education is to develop competent professional valuers. As part of its membership admission requirements, a professional body needs to develop policies which cover:

- entry requirements to a programme of professional valuation education;
- content of professional education programmes;
- capabilities covering professional skills and ethics, inclusive of professional values and attitudes that guide ethical behavious, combined with the requiremed technical knowledge;
- practical experience requirements;
- assessment of professional competence; and
- CPD.

f. Support of Members

The professional body should aim to support its members by:

- supporting networks of active members, as a basis for sharing information, issues and ideas;
- providing guidance and advice on professional practice matters and interpretations of policies;
- providing access to an up-to-date valuation information resource (e.g. a professional library and associated databases); and
- providing access to relevant career planning and development resources.

4. Education and training

While the overall consensus on the type or level of education or experience required for the qualification of valuers is still under development, there are some clearly established guidelines from observing practice in international markets. In many jurisdictions there are essentially two basic requirements to qualify as a valuer: passing a relevant examination and undertaking a period of practical experience. Examinations generally follow a specified education program, while experience requirements generally require constant updating after qualification through a program of continuous professional development (CPD) or lifelong learning.

In individual economies, examinations tend to be set either by the valuation authorities directly, by VPOs or by recognized academic institutions. Whether the VPO takes an active role in providing courses, or opts to accredit courses run by other institutions such as universities, is less important than the need to ensure a consistent level of educational attainment among valuers.

In a document titled "A Competency Framework for Professional Valuers" issued by IVSC in September 2012, the recommendation was put forward that valuation professionals must be able to demonstrate:

- professional knowledge,

- professional skills, and
- professional values, ethics, and behaviour.

To achieve this, the key is a process of initial professional development (i.e. education) and continuous professional development (i.e. the continued renewal, modification and expansion of the competence gained during initial professional development). The IVSC recommends that valuation specific education should be at a level required for a university degree and may be attained by a cognate first degree, a post graduate or Master's degree, or by a formal or informal course of study while the candidate is attaining practical experience. An equivalent may include an extended period of practical experience accompanied by formal or informal study at the end of which an individual can demonstrate that they understand and can apply concepts at the level that would be required to obtain a degree. Practical experience should be gained in a supervised work environment a minimum period of 1,500 hours over a minimum period of two years is suggested.

IVSC further recommends that education on valuation includes at least the following subjects:

- An understanding of economic theory and principles;
- An understanding of financial markets;
- An understanding of recognised valuation concepts and principles
- An understanding of the basis of value and the valuation process;
- An understanding of valuation approaches and techniques, transactions and financial modelling;
- The theory and application of valuation methods used in the market in which they intend to operate;
- The legal framework that is relevant to the market in which they intend to operate; and
- Knowledge of the technical standards and guidance relevant to the market in which they intend to operate.

Training in the Fundamental Principles of ethical conduct is also recommended.
This recommendation is largely reflective of the education conducted by most VPOs for their members. The training conducted will be highly dependent on the structure of the economy in which the VPO operates. In some economies a tier system could be

useful to more clearly reflect different experience and qualifications of individuals. For example an economy could adopt a three tier system of registration or professional certification:

- tier 1. those who are academically qualified and who have the minimum level of experience;
- tier 2: those who have additional academic qualifications and extensive experience (5-7 years) including performing asset valuations for financial statements;
- tier 3: those who have additional complementary qualifications and who are widely experienced in many facets of valuation (10-15 years) including.

Continuing Professional Development (CPD): A professional valuer must be able to demonstrate a commitment to a programme of CPD throughout their period of practice as a valuer which is relevant to their chosen area of practice to ensure that they remain current with markets and developments in their profession and broaden professional knowledge and skills. CPD needs to go beyond technical knowledge and cover personal qualities and more generic skills. It should be accomplished by a combination of attendance at recognised or approved training events and self-study. A minimum of 50 hours of structured professional development is recommended in any three year period.

EXAMPLES of CPD:

Mortgage and Secured Lending

Many members of VPOs work in banks and factoring companies which extend loans on property, plant and equipment. As such, many lenders have fairly sophisticated knowledge regarding mortgage financing and secured lending for such asset classes. Many VPOs conduct training to their members as part of continuous professional development for these asset classes.

The more challenging assets to value for purposes of mortgage financing and secured lending would be intangible assets such as intellectual property (IP). This largely stems from the lack of international practice guidelines on how IP should be valued. As such, education and training in this area is still in its infancy.

Taxation

Taxation for corporations and individuals is driven largely by the different jurisdictional requirements. In many APEC economies, these requirements will be set by a Chief Valuer or equivalent. Education and training in the area of valuation for taxation is largely tied to establishing a clear understanding of these regulatory requirements.

Mergers & Acquisition (M&A)

With the exception of valuation of tangible assets (real estate, machinery & equipment), valuation professionals in the M&A space often point to the lack of valuation specific education and training to prepare them for their roles. As a result, many of these professionals take up what is considered to be proxy education or training programmes (such as the Chartered Financial Analyst or CFA) to prepare themselves for their roles in M&A.

VPOs who are serving valuation professionals in the M&A space will need to actively engage these stakeholders and regulators in the M&A space to better define the required education and training. This would also give VPOs the opportunity to articulate the value proposition that their education and training programme can bring to the market place.

Public-Private Partnerships (PPPs)

The underlying principle behind PPPs is to enhance the institutional and individual capacities of local level stakeholders (governments, private sector and communities) to identify, plan, design and implement viable partnerships for public services and public infrastructure. Due to the nature of such partnerships, the involvement of academia in the education and training process becomes crucial. This stems from the unique role of academia in being able to appreciate and balance public sector needs and private sector concerns.

The education and training for PPPs should not focus on the final value of the project since the intangible value and benefits of a public good can be difficult to quantify. Instead, it should focus on the building blocks of the valuation of the project to enable a clear understanding of the process by which the valuation is reached.

Financial Reporting

Valuation for financial reporting tends to be closely associated with the accountancy profession. Many Professional Accountancy Bodies (PABs) and VPOs already conduct some form of professional training in the area of valuation for financial reporting for their members with some even offering it as a specialisation pathway.

5. Access to information and disclosure

The quality of valuation reports ultimately depends on the quality of inputs. Many developed markets have benefitted greatly in this respect from open access to transaction data and requirements for disclosure both in the public markets and in private transactions. In emerging markets, however, valuations often suffer from a lack of easily accessible comparable data. Sometimes this is due to the lack of a policy for land registries to release transaction-specific data, but even where such data is made available there may be concern about its accuracy.

While it is recommended that governments require land registry information to be made available to valuers, stock exchange regulators can also assist. Where there is an active property sector in the local stock market, the stock exchange regulator may require publicly listed companies to disclose transaction prices and details in their reporting. As REITs develop in more markets, the logic of disclosure becomes more evident and has led to greater transparency overall in these markets. The valuation profession must have access to good data in order to produce quality valuations. Valuations lack diligence without it.

The real estate market is a key building block of any economy. It affects every segment of society, and has the potential to help financial systems, investors and everyday individuals prosper. In a decade when global real estate markets have been plagued by volatility, the 2008 - 09 financial crisis so clearly demonstrated, real estate markets - when not appropriately regulated and managed - can contribute to the downfall of an economies lending institutions and their economy.

One of the core elements of a healthy and balanced real estate market is a systemic approach – and commitment to - accurate property valuations. Unbiased and accurate real estate appraisals play a vital role in ensuring that the valuation fundamentals are maintained, assisting individuals, businesses and governments to make important, and informed, decisions regarding real property transactions.

On-site appraisals are the most effective way to minimize lending and property investment risk since they minimize the chance that a property is overvalued. An on-site appraisal, conducted by an independent and experienced professional, will validate the qualities of the property and take into consideration the surrounding neighborhood when conducting a market valuation. This activity goes a long way to having accurate property values on which to base critical financial decisions. An on-site appraisal is also a key weapon in the battle against mortgage fraud – an emerging and increasingly significant challenge for lenders in many economies. When properly prepared, a professional valuation helps to combat a range of fraudulent tactics that can adversely impact lenders, consumers and the system itself.

A valuer must carry out a number of essential steps including a search of any sales (of the subject property) completed during the period prior to the valuation's effective date. In addition to providing necessary history, this search is an invaluable aid in combatting mortgage fraud and in enhancing consumer protection.

While precise statistics are not available, it is generally accepted that mortgage fraud is an increasing concern for lenders. An on-site appraisal provides assurance that the property does in fact exist, validates and reports on the property and neighbourhood characteristics and provides an unbiased assessment of the market value of the subject property. This information is required for lending institutions to make sound underwriting and risk-management decisions

Information on a property's sales history, physical characteristics, tax history, zoning etc. is captured – and drawn from – a number of sources such as municipal records. Valuation professionals are likely to need to rely on a range of providers to gather and interpret the data. In a number of APEC economies this information has often been accessed through data services provided by real estate boards. This data, though not fully available to the public, has been accessible to a number of industry professionals – including valuers, real estate agents, mortgage brokers / officers and others.

Even in developed economies, in more recent times, the traditional "holders" of these data sources have placed greater restrictions on their use and/or have drastically increased the costs associated with accessing the full scope of required data. In other cases, the custody of the source data has been transferred to third parties.

The ability to easily – and economically – access the full spectrum of data is essential for a professional valuer to complete an accurate appraisal on a subject property. As noted, a properly prepared and fulsome valuation report is a critical weapon against mortgage fraud and is a key element in the mortgage underwriting process.

Automated Valuation Models (AVMs) provide efficiencies and quick access to property values based on the compilation of sales data. However, lending institutions, mortgage insurers and regulators must recognize that, in some cases, the effectiveness of AVMs is limited. An over reliance on AVM's – and a reduction of on-site valuations –

can result in significant risk for certain types of properties. For example, in new neighborhoods within urban subdivisions, the AVM value can be more safely utilized as the homes have less "wear and tear", have similar building features and the likelihood of there being significant infrastructure issues is minimal. However, in older or diverse neighborhoods and rural areas, the AVM value is less reliable as there are many variables to consider, including:

- varying degrees of maintenance provided to homes over time
- minimal or outdated sales data on which to conduct comparable sales analysis
- location of the property and its surroundings
- other intangible features.

The only solution to minimize the lending risk for these types of properties is to have an on-site appraisals conducted by a third-party valuation professional. Clearly, on-site valuations validate the occupancy, the condition of the property, the neighborhood characteristics, the market activity around the property and ultimately, confirm the existence of the property. This due diligence helps to ensure the accurate value is provided to the borrower, the lender and the mortgage insurer. While AVM's serve a purpose when dealing with lower risk transactions (based on both the subject property and the borrower) care must be taken to maintain an appropriate balance.

For most consumers, the purchase of a home represents the single largest investment they will ever make. Additional efforts should be made to enhance to the awareness – and the importance of – the key steps in the purchase process. Mandating additional transparency requirements such including a delineation of valuation fees, management fees and other costs associated with the valuation of collateral will improve efforts to educate home buying consumers.