

Certification Brochure

Delta Examination as

HypZert Real Estate Valuer
for Mortgage Lending Valuation
CIS HypZert (MLV)

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General Information

1 Initial situation

In many countries in the world, the real estate business is of the utmost significance to the national economy and contributes significantly to the annual gross output. In view of this fact, reliable real estate valuation is of great importance, not only to enable the real estate market to function, but also for the economy as a whole.

As a result of intensifying regulatory requirements in the area of finances as well as the growing complexity of real estate economic issues, increasing internationalisation of the real estate business and real estate financing, the requirements placed on those who carry out orderly analysis and valuation of real estate, i.e. real estate valuers working in the financial arena, are also growing. As all market participants depend on the high quality of appraisals carried out by these experts, quality assurance in this area leads to a considerable reduction in risk for all concerned.

Personnel Certification of HypZert

In the German financial arena, HypZert GmbH's personnel certification has become the primary quality seal for real estate valuers. It is based on the strict requirements set down in ISO/IEC 17024. With this internationally recognised certificate that is awarded to individuals, real estate valuers can provide proof of their competence in compiling appraisals and at the same time show that they are committed to following professional principles.

In addition to the tough initial certification examination, the quality of all HypZert certified real estate valuers is assured through additional and ongoing monitoring of participation in specialised further training courses in the relevant area, appraisals compiled, as well as a recertification examination carried out every five years.

1.1 HypZert Real Estate Valuer for Financial Purposes – CIS HypZert (F)

When granting loans against real estate securities, the financing credit institute assumes the risk of default by the borrower and of the change in value of the security for a fixed period. The main focus of a **mortgage lending value analysis** is to evaluate this risk, the aim being to determine a sustainable and secure value for the real estate, as far as possible for the full period of the loan. In addition to the current market value of the real estate, past experience and a view to the future result in values set within standardised procedures, which do not reflect the exact and true value on a certain date, but rather a secure value for the future, which serves to minimise risk. This "mortgage lending value" particularly serves the purpose of fulfilling the regulatory and supervisory requirements set down in order to protect the creditor.

The requirements for determining the mortgage lending value are set down in the Beleihungswertermittlungsverordnung (BelWertV – mortgage lending value regulation). The BelWertV regulation is a milestone on the path to standardised quality assurance in risk analysis of real estate securities in the lending process, as it replaces the instructions on determining values which were agreed in the past bilaterally between the supervisory authorities and banks. The BelWertV regulation bundles the various methodological approaches formulated and agreed in the past.

§ 25 of the BelWertV regulation regulates mortgage lending outside Germany. This allows important information, data and assessments from a country-specific appraisal of the real estate to be evaluated to be used when determining the mortgage lending value. The data and parameters taken from the country-specific appraisal must be clearly marked in the mortgage lending value appraisal to be compiled pursuant to § 5 para 1.

The requirements set down in § 6 in particular are of interest for real estate valuers working in the financial arena. § 6 of the BelWertV regulation sets down the requirements for the valuers. Here, certification in accordance with ISO/IEC 17024 as well as the existence of special knowledge and experience in the area of mortgage lending value analysis is explicitly stated.

Market and property rating serves the purpose of an additional opportunity and risk assessment for individual real estate and also real estate projects and portfolios. This is a risk management tool, e.g. in performing risk analyses as part of the securitisation process and to provide support for credit analysis when granting loans on real estate. Transparency, which is essential to ensure efficient action appropriate to the level of risk, is a key element in this regard. Conversely, the creditworthiness of tenants and borrowers and the likelihood of bad loans are not covered by market and site rating. HypZert Real Estate Valuers for Mortgage Lending Valuation must also master this tool for opportunity and risk assessment.

1.2 HypZert Real Estate Valuer for Mortgage Lending Valuation - CIS HypZert (MLV)

The information and conditions for certification described below are aimed at persons who

- have already been valuing real property in their country for several years,
- have already proved their theoretical and practical specialist knowledge in the area of market value appraisal in an examination process (not with HypZert)
- and also wish to obtain the title “CIS HypZert (MLV)”.

HypZert’s goal is to recognise results already achieved, subject to the appropriate supporting evidence, to avoid the risk of duplicating examinations.

Results already achieved can be recognised only if candidates have passed an examination comparable to that of HypZert in terms of structure, arrangement and examination matter. Therefore, we are obliged to review this in each individual instance, which presupposes an obligation to co-operate on the part of the candidate.

Candidates can prove by way of a “Delta Examination” that they satisfy the requirements for a HypZert Real Estate Valuer for Mortgage Lending Valuation - CIS HypZert (MLV).

2 About HypZert

2.1 Tasks and objectives of HypZert

HypZert as an independent third party confirms the personal and professional suitability of the person with a personal certificate. The main objectives of HypZert are the achievement of a wider recognition of the examination and build up trust on the part of employers and market participants.

The certification body ensures

- High level of qualification and expertise
- Continuous further education
- Consistent application of the valuation methods
- Professionalism
- Fulfilment of professional principles.

HypZert GmbH is an independent and impartial body. It is committed to implementing its objectives to the highest quality levels. By documenting its objectives and internal methods and procedures in detail in a quality management manual, it ensures that its quality policy is followed, understood and implemented at all levels of the organisation. In addition, compliance with and implementation of the quality policy is permanently monitored by way of annual audits by the respective accreditation organisation.

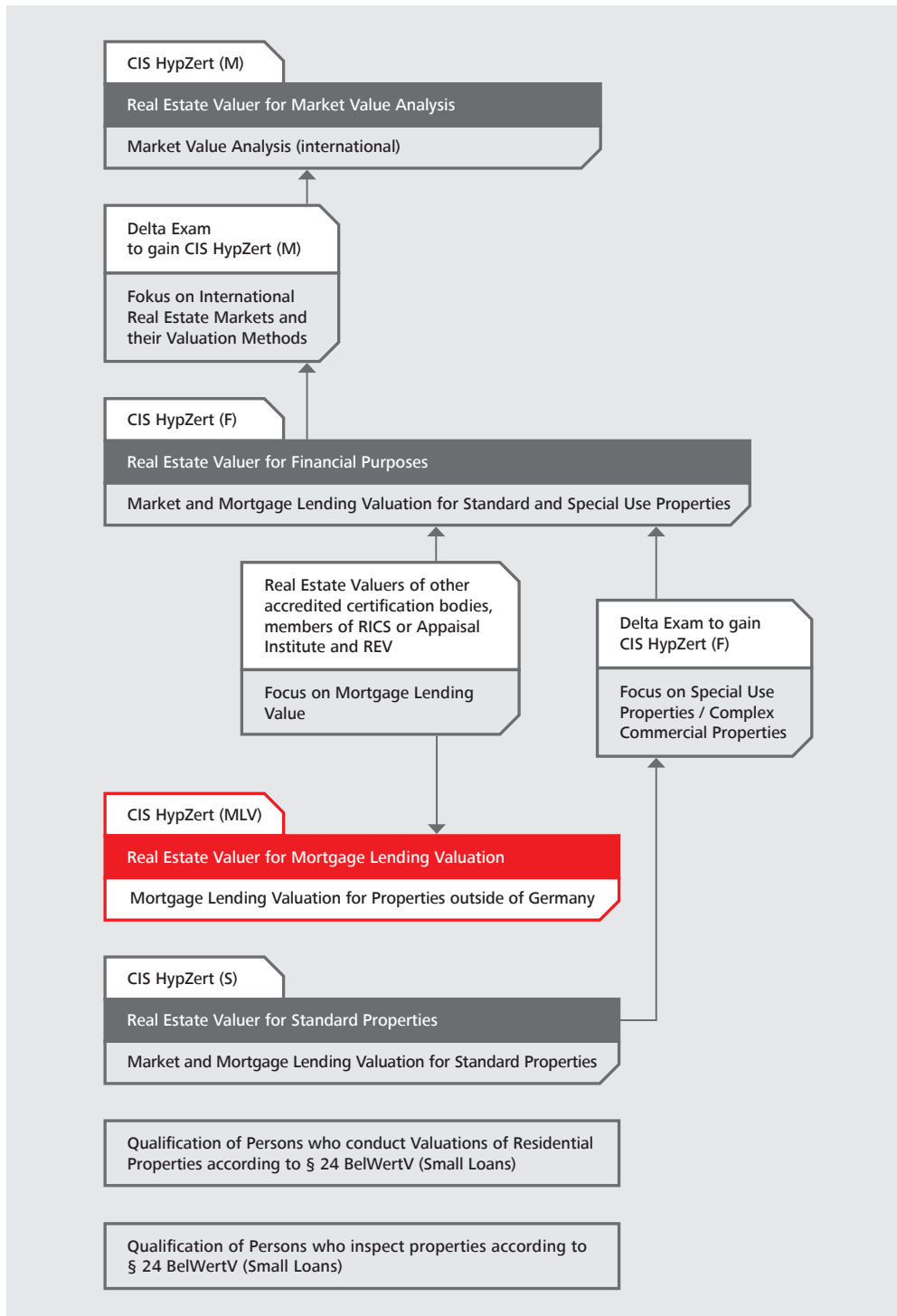
2.2 Certifications and Qualifications

HypZert offers the following certifications:

- Real Estate Valuer for Standard Properties, CIS HypZert (S)
- Real Estate Valuer for Financial Purposes, CIS HypZert (F)
- Real Estate Valuer for Mortgage Lending Valuation, CIS HypZert (MLV)

In Addition HypZert offers the following delta examinations

- Delta Exam for Valuers CIS HypZert (F) to gain CIS HypZert (M)
- Delta Exam for Valuers CIS HypZert (S) to gain CIS HypZert (F)
- Delta Exam for the following Valuers to gain CIS HypZert (F)
 - Valuer with a valid market value-certificate (ISO/IEC 17024) or
 - Valuer, who be publicly appointed and sworn in for the valuation of built-up and non built-up plots of land or
 - Member of the Royal Institution of Chartered Surveyors or
 - Member of the Appraisal Institute



More detailed information on the individual certification areas can be found in the following sections or at hypzert.de/en/certification/service-offering.

2.3 Accreditation and recognition

At present, the German Accreditation Body “DAkKS” (Deutsche Akkreditierungsstelle GmbH) has accredited all of HypZert’s certification areas pursuant to ISO/IEC 17024 – with the exception of the certification CIS HypZert MLV.

In 1997, HypZert was the first personnel certification body in this industry in Europe to be accredited for its certification of HypZert Real Estate Valuers for Financial Purposes in accordance with ISO/IEC 17024. This was followed by accreditation of the other certification areas.

In 2010, the DAkKS (Deutsche Akkreditierungsstelle GmbH), the national accreditation office, took over monitoring of HypZert. It represents the German accreditation sector at national and international level.

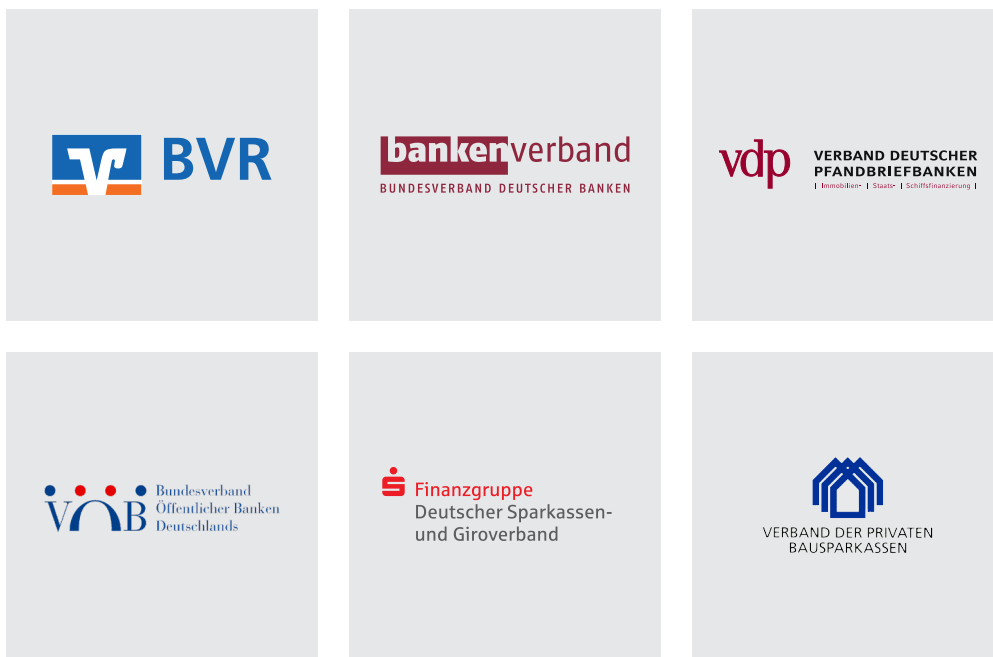
Valuers’ organizations with a global scope have confirmed the quality of the HypZert procedure through close collaborations. HypZert has a long-term cooperation agreement with the US Appraisal Institute (AI). This includes a simplified membership application process for HypZert real estate valuers who wish to join the AI and vice versa. HypZert also works closely with The Royal Institution of Chartered Surveyors (RICS). Both organizations offer simplified access via so-called delta examinations.

One of HypZert’s declared goals is mutual recognition and technical cooperation with renowned professional associations.

2.4 Legal form and independence

HypZert GmbH is a Gesellschaft mit beschränkter Haftung (GmbH). It was founded in 1996 by the Verband deutscher Pfandbriefbanken e.V. (vdp).

The group of shareholders of HypZert:



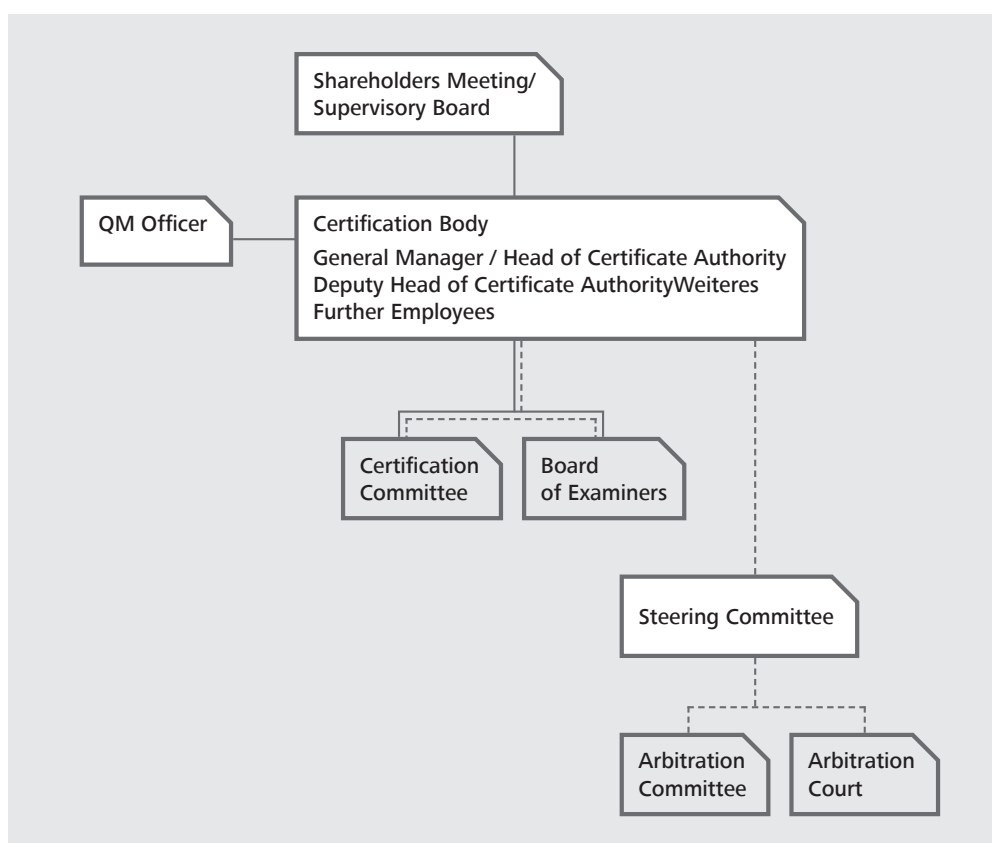
2.5 Organisational structure


The organisational structure of HypZert GmbH is determined by requirements based on the tasks and objectives of the certification body as well as the guidelines set down in the international standard ISO/IEC 17024.

HypZert committees include the shareholders meeting, the supervisory board as well as a steering committee. The steering committee is made up of groups with an interest in the certification system, so no individual interests would dominate. It assumes the responsibility for compliance and assurance of neutrality, advises the management board on matters concerning the certification procedure and special business areas as well as on how to deal with candidates and cooperate with other bodies. The management board reports to the steering committee on how the business policy is being implemented by the certification body.

Valuers are tested by the examination committee which is made up of independent and competent experts in the area of national and international valuation.

The certification committee decides on whether to grant or withdraw certificates.



 professional authority according to ISO/IEC 17024

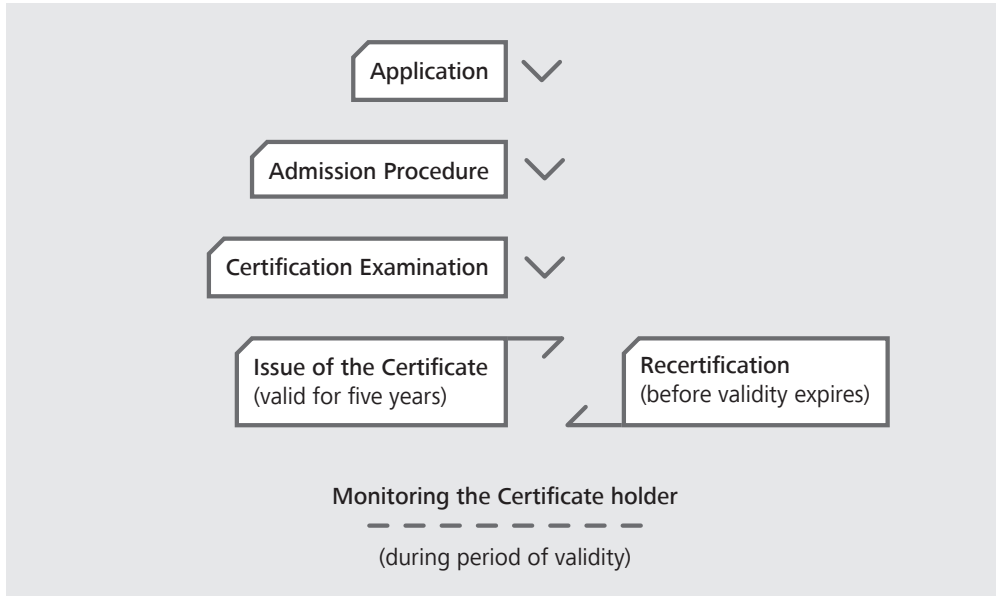
 disciplinary authority

Conditions for certification

3 Certification procedure

3.1 Procedure

The certification procedure takes place as follows:



3.2 Admission requirements

To be admitted to the examination procedure, the candidate must fulfil certain admission requirements. In addition to previous education as well as professional experience are important aspects.

The individual criteria can be found in the sections 6.2 and 6.3 (see *“Special information and certification conditions”*).

3.3 Application

Those who fulfil the criteria in terms of education and professional experience (see *“Special information and certification conditions”*) can submit an application for admission to the certification examination to the certification body.

The following documents are to be submitted:

- The appropriate application form completed and signed
- Certification and arbitration agreement completed and signed
- Curriculum Vitae with photo
- Certificates that serve to fulfil the a.m. admission requirements (e.g. RICS certificate, MAI certificate)

- Appraisals in accordance with section 6.3 (“admission appraisals”), (anonymised according to the bank-method, by blacking out all personal data) which have been carried out within the past two years by the candidate personally. It is not necessary to anonymise these documents if a declaration of agreement by the persons concerned is submitted.

Appraisals are only accepted if they are based on real properties and meet the respective appraisal requirements (*see annex: “appraisal requirements”*).

The appraisals must be submitted and accepted if the candidate is to be admitted to the examination procedure.

N.B.: The appraisals submitted will be destroyed or deleted by the certification body one year after the candidate has passed the certification examination or at the latest after a period of five years.

The necessary application documents can be downloaded at hypzert.de/en/certification.

Should some documents already have been submitted to the certification body, it is not necessary to submit them again (e.g. in case of repeat examination or application for other HypZert certifications), unless they have been changed in the meantime.

When legally valid application has been made, the candidate accepts the certification conditions of HypZert. The candidate undertakes to submit all documents and information required to HypZert.

3.4 Admission procedure

After submitting the application, the candidate receives confirmation of receipt of the documents.

The application is checked. Based on the submitted documents, the certification body decides whether to approve or reject the application.

Admission may only be denied if

- documents are missing
and/or
- the requirements and criteria set down for admission are not fulfilled
and/or
- the candidate has already failed three certification examinations according to the rules of section 3.5.2 and 3.5.4
and/or
- the fees for the certification procedure have not been paid.

The candidate can be granted an appropriate fixed period for submission of missing documents. On the date of admission, however, all required documents must have been made available to the certification body.

For every appraisal that shows serious deviations from the minimum requirements in terms of structure, form and content, the candidate must submit further appraisals for the same type of property on the request of the certification body.

If all documents are complete and satisfactory, HypZert GmbH will send out a confirmation of admission, an invitation to the examination as well as the invoices for payment of the application fee and if applicable, the examination fee. No bank transfer is to be made until an invoice has been received. Any appeal against this decision must be made within four weeks of receipt. The appeal is to be made in writing to the HypZert offices (*see “appeals procedure”*).

To provide sufficient time for preparation for the examination, the admission procedure should be completed at least four weeks before the examination begins.

If the admission requirements have been fulfilled, a date for the examination must be set as soon as possible and at the latest within one year of admission having been granted, insofar as the certification body has sufficient capacity to do this.

3.5 Certification examination

3.5.1 Purpose, scope and date

The objective of the certification examination is to judge whether the requirements set for the valuer are met as they are set down in the respective requirement profile.

The examination is written.

As a rule, the examinations take place once or twice a year, the dates being set at the discretion of HypZert GmbH in accordance with its capacity. For current examination dates go to hypzert.de/en/certification/examination-dates. The actual examination date and location will be sent in writing to the candidate.

3.5.2 Written examination

In the written examination the candidate must prove that he can apply the usual methods to solve problems in the different areas tested within a certain period of time and with limited tools to support him.

The examination committee determines what aids may be used. This information will be provided in writing together with the invitation to participate in the examination.

The supervisor will provide a written record of any significant events at each written examination (e.g. withdrawal, deception on the part etc.).

If the candidate arrives late, no extra time will be granted. If the candidate is more than 30 minutes late, the supervisor can exclude the candidate from the examination.

The supervisor must give permission for anyone to leave the examination room.

The structure and duration of the written examination is set down in section 6.4.

Severely disabled candidates may apply in writing to extend the duration of the exam by one quarter should the disability concerned justify such a measure.

The examination committee marks the examinations.

3.5.3 Result of certification examination

The candidate passes the written examination if he achieves a mark of at least 50 % in each individual section of the examination. Over all sections of the examination he must achieve an average of at least 70 %.

The certification examination is considered passed, if the minimum number of points required in the written examination has been achieved.

The certification body informs the candidate in writing whether he has passed or failed the written examination. The effectively reached score is not disclosed by the certification body.

The candidate fails the overall examination if the performance in the written examination is unsatisfactory.

3.5.4 Repeating the certification examination

If the candidate does not pass the written examination he must wait at least six months before repeating it. An application to repeat the respective examination must be made. In this case, an application form as well as a certification agreement and arbitration agreement must be submitted. The certification body has all other necessary documents; new versions must only be submitted if changes have been made in the meantime. The appraisals submitted to the certification body must be no more than two years old when the application is made for the repeat test. The certification body reserves the right to request additional documentation.

If the candidate achieves less than 50% of the respective maximum number of points in one part of the written examination, but at least 70% of the overall number of points in the average of all examination parts, the candidate may decide whether to repeat the complete written examination or only this part of the examination where less than 50% of the respective maximum number of points have been reached. If the candidate opts for the latter, the examination is considered passed, if the candidate achieves at least 70% of the maximum number of points in the repeat part of the examination. Section 3.5.2 shall apply.

Candidates may repeat the written examination no more than twice. A new application for certification can only be submitted and admitted after a period of five years after failing the last repeat examination.

3.5.5 Default, withdrawal, deception, breach of regulations

The certification examination is considered taken and failed if the candidate, by his own fault, does not appear for the examination or withdraws from the examination after registering.

The certification examination is considered not taken if the candidate, after registering for the test, is not able to take it due to illness or if he cannot take the full examination due to an acute illness. The certification body may request a doctor's or medical examiner's note, stating the date of beginning and end of the illness. If the certification body accepts the reasons, a new date for the examination is set.

The examination may be declared not passed if the candidate

- obtained admission to the examination by devious means and/or
- has tried to deceive or has aided in deceit and/or
- has used inadmissible aids or help and/or
- breaches the regulations during the examination and hinders the examination being carried out.

Any alleged deficiencies in the examination procedure or inability to take part in the examination while the examination itself is taking place must be registered immediately with the examination committee or the certification body, at the latest before the examination results are announced.

3.5.6 Certification and viewing of examination files

Based on the certification examination, the examination committee allocates a result (pass or fail) and then makes a recommendation to the certification committee.

After detailed assessment of the whole certification process, the certification committee will either grant or refuse certification.

On passing the certification examination, the candidate receives a certificate bearing the seal of the certification body and signed by the management of the certification body.

If the candidate fails the certification examination, the certification body informs the candidate of this fact in writing, enclosing details of the requirements and deadlines for a repeat test.

After the failed certification process has been completed, the candidate may apply informally to view his examination work. This application must be made within one year of the written announcement of the examination results by the certification body. The management of the certification body then coordinates the location and time for viewing.

3.6 Invalidity of certification examination

If the candidate has cheated at an exam and if this fact is only discovered after the certificate has been issued, the certification committee must declare the examination failed after the fact.

If the requirements for admission to an examination have not been fulfilled, without any intent to deceive on the part of the candidate, this deficiency will be ignored if the candidate passes the exam.

If the candidate has gained admission by intentionally deceitful means, and has passed the examination and received the certificate, the examination will be declared failed.

If the examination is declared failed, the incorrect certificate must be taken back. The candidate must be removed from the issued list of certified valuers.

3.7 Certificate, logo regulations

3.7.1 Period and scope of validity

Certificates issued are valid for five years, calculated as of the date of issue. The certificate is only valid for the respective area of expertise. The certificates are issued on an individual basis and are not transferable.

3.7.2 Use of certificate, stamp and logo

The holder of the certificate undertakes to restrict use of the certificate, stamp and logo of the certification body to the extent set down in the logo regulations. The holder of the certificate must return the certificate and/or the stamp immediately after the period of validity of the certificate and/or the stamp comes to an end.

The certification stamp of HypZert GmbH, which is provided to the certified valuer may not be replaced by a self-made stamp. If the stamp is lost or damaged, a new stamp must be ordered directly and exclusively from HypZert.

3.7.3 Logo regulations

- Name and address of logo holder

HypZert GmbH, headquartered in Berlin, is the owner of the following sign.



- Users of sign

Users of the logo are real estate valuers certified by HypZert.

- Granting of right to use logo

HypZert GmbH allows the logo user to exclusively use the logo shown above in accordance with the logo regulations. The logo is available for download from the website under "Valuers Corner".

The logo user ensures that use of the logo for advertising purposes or other events is in accordance with the logo regulations as well as the corporate design guidelines of HypZert. The logo user is solely responsible for the use of the logo, in particular for advertising purposes.

- Shape, size, minimum spacing, background and colour of logo

The shape and structure of the logo are precisely defined. The logo as a whole and its individual parts must always be maintained and may not be modified. The logo has a specially developed typeface that must always be used and it may not be "imitated" by using existing typefaces. It may only be used in the form provided.

The logo must be easy to read and clearly visible. When used it must be set at a minimum distance from other elements. This distance is based on two thirds of the height of the upper-case letters of the typeface.

The logo in colour should not be reproduced on other coloured surfaces, photographs or other graphical structures. White should be used as the background colour. The logo should be rendered in two colours (red = HKS 14, C0 M100 Y100 K0, RAL 3020; grey = Pantone 424, C0 M0 Y0 K60); in black-and-white print the logo is rendered in 100 percent black. If the background is 100 percent red or grey (logo colours) the word marks may only be used in negative white.

- Note on certification area

The logo may only be used in combination with the title awarded in the respective certification area and/or the abbreviation CIS HypZert (MLV).

- Suspension and revocation of certification

If certification is suspended or revoked in accordance with the regulations of HypZert, the logo user loses his right to use the logo. In such cases the logo user may use existing documents, media etc. featuring a HypZert logo for a maximum period of four weeks after the suspension or revocation of the certification has come into force.

- **Other loss of right to use logo**
The right to use a HypZert logo ceases automatically when the period of validity of the certificate ends, unless recertification has been applied for in due time before the validity period ends. If the right to use the logo ceases, the logo user may use existing documents, media etc., which feature a HypZert logo, for a maximum period of four weeks after the suspension or revocation of the certification has come into force.
- **Changes**
HypZert will inform the logo user immediately should there be any changes to the typeface. A letter, e-mail or information on the Internet at hypzert.de will suffice for this purpose.

3.8 Monitoring the certificate holder

During the validity period of the certificate, the certificate holder is subject to ongoing monitoring by the certification body. He must prove on a regular basis that his qualification is up to date by submitting documentation on participation in further training measures. In addition, the certification body requires submission of appraisals so that it can check for compliance with set quality standards.

The following is obligatory

- **Annual further training of at least three days** in specialised further training courses. In addition, intensified further training may be recommended or prescribed within the framework of the initial or recertification process.

These further training courses must cover content specific to the area of activity of the HypZert Real Estate Valuer for Mortgage Lending Valuation.

The certified valuer must keep a record of the continuing and further training courses he has participated in. This record must be submitted to the certification body once a year, as a rule on request (list of courses attended with location, date, time, topic, and trainer). The certification body carries out regular random tests by requesting the original copies of the seminar certificates.

- At least **three anonymised appraisals** in a complexity that is customary in banking, carried out by the valuer, on request of the certification body. In addition, further appraisals may be requested or prescribed within the framework of the recertification process.

The appraiser is responsible for seeing that the appraisals meet the property types requested in first-time certification. A site plan as well as photos of the property is to be attached. Each appraisal shall comprise no more than 30 pages, including all attachments and a maximum of four object photos.

Within the validity period of the certificate, the certification body will request appraisals at least twice: one appraisal in the third year of monitoring, two appraisals in the fifth year.

The appraisal of the third year of monitoring must receive a positive assessment and meet the appraisal requirements formulated in the annex. If this condition is not fulfilled, the certified valuer will be requested to take corrective action. We refer to the appraisal requirements in the annex. In special cases, a control audit may take place on site.

The two appraisals of the fifth year of monitoring will be subject of the upcoming recertification examination.

Deficiencies: If there are deficiencies (insufficient further training, quality deficiencies in the appraisals etc.), the certification body will call upon the holder of the certificate (a maximum of two times and by a set deadline) to eliminate these deficiencies. If the deficiencies are not eliminated by the set deadline, the certification body will take necessary action to eliminate them (*see 5.1 "Disciplinary Measures"*).

In addition, further control audits may be carried out by examiners to be named by HypZert, in order to ensure that the certification conditions are being fulfilled. The control audit entails a random examination of appraisals as well as of the methods used by the certificate holder when compiling a valuation in practice. The result of the control audit is documented in an audit report. If there are deficiencies, the certificate may be revoked by the certification committee.

Suspension: In case of maternity or parental leave etc., the certificate may be suspended at a maximum until the end of the validity period of the certificate. The duration of the suspension has no influence on the validity of the certificate, i.e. the validity does not extend by the appropriate period of the suspension.

In the first year after suspension, the certification body may request intensified further training (up to two additional days) and/or submission of additional appraisals.

During suspension the certificate holder will be removed from the list of certified valuers. The certification stamp and title may not be used in the meantime. There is no monitoring fee during the period of suspension.

3.9 Recertification

Recertification extends the validity period of the certificate by another five years.

The main **precondition** for participation in a recertification examination is a positive assessment of the certificate holder during the ongoing monitoring process.

Recertification must be applied before validity of the certificate comes to an end. The certification body then fixes a date for an interview with the certified valuer, in which the valuer must prove that his level of expertise is in accordance with the current status in the area certified.

The recertification examination takes **30 minutes**. It is held in **English**. With the submission of the recertification documents it may be requested to hold the examination also in German.

The **interview** will deal with any new developments affecting the area certified, in accordance with the examination catalogue, as well as general valuation methods and the appraisals submitted within the application.

The **appraisals** that are to be submitted are specified in section 3.8 "Monitoring the certificate holder". They should refer to the property types requested in first time certification. A site plan as well as photos of the property is to be attached. Real estate valuers with a CIS HypZert (MLV) certificate are obliged to provide at least one commercial property. Please note that appraisals, which must be submitted before the recertification examination, shall comprise no more than 30 pages, including all attachments and a maximum of four object photos. The appraisals must be submitted in English or German.

The main points of the examination are recorded in note form or digital by the certification body (*see "Request for recertification"*).

The examination commission judges the candidate's performance in the interview and informs the candidate of the **result** after the examination (pass or fail).

If the interview has only been passed by a small margin, the examination committee can make the following **recommendations** and request additional documents:

- Submission of one or several appraisals (if applicable with a focus on a particular aspect of valuation)

and/or

- Recertification reduced to one year and repeat examination (oral interview) at the latest after one year.

If a certificate is renewed for only one year based on the test results, an application for recertification can be made before the expiry of the certificate. Two new valuations must be submitted in accordance with the rules described above.

If the interview was judged "not passed", a repetition of the examination may be applied for. For this purpose, the candidate must submit another application as well as two appraisals (the aforementioned rules apply). The examination may be repeated only once and it must be held within one year after not passing.

After the candidate passes a shorter recertification exam, the certificate is extended for the remaining years, insofar as the test results allow.

4 Professional principles

The professional principles regulate the behaviour of certified valuers in their relations with clients, interested parties, employees, candidates, suppliers, associations and the public.

Certified valuers undertake to follow these principles. They sign a separate agreement stating that they will submit to the certification body's arbitration court in case of dispute.

Certified valuers can also be in permanent employment. Valuers working in valuation departments in credit and insurance companies must also follow the professional principles in their relations with internal clients (e.g. credit department of a bank).

Valuers in permanent employment must be free to act independently in carrying out their professional activities, in particular the process of valuation. The employer's power to give disciplinary instructions is not, of course, affected by these professional principles. This is also true for principles specific to the industry, such as banker's discretion, compliance etc.

Behaviour

Always act in accordance with the professional principles.

Valuers must behave and carry out their work in such a way that the image of valuers certified by the certification body is not damaged.

There should be no disparagement of certified valuers as a profession.

Personal situation

Steady financial situation.

Commitment

Valuers commit to compiling appraisals to the best of their knowledge and belief and in accordance with the statutory regulations, ordinances and instructions that apply in relation to the particular client.n.

Competence and professionalism

Valuers may accept only instructions for which they have the necessary skills, expertise and experience. In particular, jobs may be accepted only if the valuer is familiar with the country-specific regulations (particularly those of a legal and technical nature) and the regional real estate market.

Certified valuers must participate in regular further training.

Valuers must submit realistic quotations in terms of service provided, deadlines and costs.

Respect for the intellectual property rights of others and use of such material only if the source is stated.

Objectivity, neutrality, responsibility

Certified valuers are basically responsible for their own work and may not accept any restriction of their independence in carrying out their professional activities.

Valuations are carried out objectively and to the best of the valuer's knowledge and belief.

Certified valuers must respect their employees' obligation to carry out their professional activities independently.

Confidentiality

Compliance with data protection requirements and banker's discretion (under public law and criminal law and in-company).

All internal procedures, information and data of which valuers become aware while carrying out their professional activities shall be treated confidentially.

The data shall only be used for the commissioned appraisal.

Documentation relating to the appraisal must not be passed on to third parties and shall be returned to the client after the project has been completed.

Lists of clients may be published, if the client agrees to this in writing.

Compliance guidelines of the credit and insurance industries are to be followed.

Conflicts of interest

In the case of conflicts of interest, the client must immediately be provided with all relevant facts in writing.

In this case, the instructions may be carried out only after the client has been provided with a detailed written description of the conflict of interests, and has, in spite of this fact, insisted on the instructions being carried out, and has confirmed this in writing.

If a conflict of interests occurs while an appraisal is being carried out, the client must be informed immediately in writing and the valuer must offer to abort the appraisal.

Pricing and fees

Fees for valuations shall be calculated in such a way that they are in accordance with the type and scope of the work carried out and shall be agreed with the client before commencement of work.

No consideration may be paid above and beyond the agreed fee.

Offers of employment

Certified valuers shall neither directly nor indirectly offer employment at their company or at other companies to employees of their clients.

For reasons of maintaining objectivity, it is expected of certified valuers and their employees that they will not negotiate employment with clients while working with them.

It is expected of clients that they will not offer employment to employees of the certified valuer while they are working together.

Appraisals for several clients

Certified valuers may not work on one property for several clients at the same time unless this has been expressly agreed to in writing by all clients.

Fair competition and professional advertising

To maintain independence and for reasons of fair competition, no unpaid services may be rendered in advance, with the exception of compiling and submitting quotations.

Certified valuers shall carry out advertising in a professional way and present their qualifications only with reference to their skills and experience.

Obligation to keep records and documents, complaints

Valuers must keep a record of all appraisals they have been commissioned to carry out. This record must show the following:

- Name of client
- Date commissioned
- Subject matter of appraisal
- Either the date the appraisal was compiled or the reason why the appraisal was not carried out
- If applicable any complaints about the work of the valuer or the appraisal services provided.

Valuers must retain the following documents during the period of validity of the certification agreement and for at least one year after it has come to an end: Regardless of this, the retention period shall end at the end of the sixth calendar year after the year in which the records or documents were made:

- the above record of client and commission
- a complete copy of the written appraisal
- other written documents which are relevant to the valuer's professional work

For valuers in permanent employment, it is sufficient if the employer ensures the retention of these documents. Valuers who are not employed by the client are only permitted to retain documents if the valuers ensure that they can access these documents for the whole of the retention period and that they can actually be made available to the valuer within a reasonable time – within ten working days at the most.

Valuers must keep a record of all complaints made against them within the scope of the certificate issued.

Obligation to report to and inform certification body

All certified valuers must forward to the certification body business information which is important for administrative purposes of the certification body and to monitor compliance with the rules by the certified person, unless this would breach banker's discretion or similar regulations.

Certified valuers must provide comprehensive information to the certification body. Information must be provided within four weeks of the certification body requesting it. The certification body must be informed of changes to a current investigation at the latest seven days after the change has been made.

Monitoring and penalties

The certification body shall ensure that the professional principles are complied with.

The certification body is only obliged to investigate claims of breach of these professional principles if the claimant can provide proof.

If the professional principles are breached, the certification body should react by giving the necessary directions and implementing step-by-step penalties.

Obligation to notify

Certified valuers must inform HypZert immediately of the following:

- Change of office address
- Change of residence
- If they become a self-employed valuer
- If they conclude an employment contract
- If they lose the certificate
- The submission of a statutory declaration pursuant to §§ 802c, 807 ZPO (Civil Procedure Ordinance) and the issuing of an arrest warrant to compel the making of a statutory declaration pursuant to § 802g ZPO
- If they apply for insolvency proceedings for their assets or the assets of a trading company of which they are managing director or shareholder, such proceedings are commenced or insolvency proceedings are rejected because of insufficient assets
- Commencement of criminal investigation proceedings or final conviction for a crime or offence.

5 Additional principles/procedures of HypZert

5.1 Disciplinary measures

If a certificate holder breaches the rules of the certification body or does not fulfil the requirements made upon certified valuers in some other way (e.g. misuse of competence certificates), this must be followed up on by the certification body and its committees.

The certification body reports any breaches or similar issues to the certification committee.

The certification committee assesses how serious the breach is and its offices request a statement from the certified person.

Depending on how serious the breach is, the certification committee will carry out the following measures:

- Warning
- Suspension of certification
- Withdrawal of certification.

The valuer is notified in writing within a month's time of the suspension or revocation of his certification. He is then deleted from the list of certified valuers. He thus forfeits the right to carry the HypZert seal in accordance with section 3.7 and is obliged to return his certificate and stamp to HypZert.

5.2 Impartiality, principle of equality

HypZert GmbH undertakes to be impartial in all of its activities. All candidates for certificates will – without having seen the person – be subject to the same procedure and will be certified in accordance with uniform rules and principles.

5.3 Confidentiality

All information about the candidate as well as information from the certification procedure will be treated with absolute confidentiality by HypZert GmbH, its committees, employees and contractors and will only be used within the framework of the tasks of the certification body. No information will be passed on to third parties, unless statutory stipulations state the contrary. The only exception to the confidentiality clause are statistical calculations as well as the publication of the names of the current certificate holders by HypZert.

5.4 Appeals procedure

Any dispute regarding the handling of applications, examinations or granting of certificates as well as other measures of the Certification Body in connection with the certification agreement shall, as far as possible, be settled by way of an objection procedure before an Arbitration Committee in accordance with the *Agreement on Dispute Resolution* that is signed together with the certification agreement.

If and to the extent that it is not possible to settle a dispute through the objection procedure before an Arbitration Committee, the dispute shall be settled by way of arbitration proceedings pursuant to the same Agreement on Dispute Resolution.

5.5 Complaints procedure

Complaints regarding certified persons should be addressed in writing to the Certification Office. The complainant will receive confirmation of the receipt of his complaint.

Anonymous complaints will not be processed. At the request of the complainant, his identity can however be treated confidentially along with the content or cause of the complaint.

The Certification Office investigates the complaint and calls on the person who is the target of the complaint to make a statement.

The complainant and the person to whom the complaint is addressed are notified in writing of the result of the validation or of any measures that HypZert intends to initiate (for example "disciplinary action").

Only complaints are handled that relate to the certification activities of HypZert.

5.6 Prices

The prices for activities carried out within the framework of the certification process are set down in the respective price list for HypZert GmbH (see annex).

5.7 Publications, announcements

Publication of certificate holders

HypZert GmbH always maintains an updated list of certificate holders. This is published regularly (hypzert.de/en/service/certified-appraisers-hypzert) and can be made available on request.

Announcements to certificate holders

The current version of the certification conditions, the examination catalogue, the price list as well as other information relevant to the certified valuers are available on the homepage of the certification body (hypzert.de).

Special certification conditions

6 HypZert Real Estate Valuer for Mortgage Lending Valuation – CIS HypZert (MLV)

6.1 Requirement profile

This examination addresses those candidates in particular who have already been valuing real property in their country for several years, who already have an acknowledged title with respect to the determination of market values, and who would now like to obtain an additional qualification in the field of mortgage lending valuation (*see section 1.2*). In other words, to work as a HypZert Real Estate Valuer for Mortgage Lending Valuation, the certificate holder must, with regard to the country in which the site to be valued is located

- have country-specific knowledge of the structure and functioning of the real estate market (prices, costs, rents, leases etc.)
- be able to assess the development of the property, rent, construction and capital markets specific to the country in question and in particular the local supply and demand situation as well as trends in development
- have country-specific knowledge of the economic impact of rights and burdens on properties (under private and public law) as well as how to treat them in terms of evaluation
- have mastered the necessary theory of financial, statistical and economic rent methods
- have mastered the methods of market, location and returns analysis
- have basic knowledge of valuation-related business administration (balance sheet and accounting principles, principles of construction financing etc.)
- have special expertise in the area of business administration for the valuation of properties run by operating or management companies (hotels, leisure, shopping center etc.)
- have valuation-related technical knowledge
- know about ground conditions, including contamination, structural design and statics; construction methods and procedures; construction materials, characteristics and application; relevant standards and technical regulations; procedures and criteria to identify and eliminate construction damage and deficiencies
- have knowledge of country-specific public planning, construction and ground law as well as country-specific valuation law (calculation of market value, calculation of mortgage lending value and insurance value)
- know the country-specific legislation and law relevant to real estate
- know the main country-specific statutory provisions and regulations concerning residential real estate
- have knowledge of the main framework conditions of the national (bank), supervisory authorities and Basel III

- know the main aspects of valuing real estate portfolios (framework conditions, valuation design etc.) and be able to compile and render them plausible in accordance with the usual methods (aggregated individual valuation, package valuation, mass valuation, desktop valuations)
- know the principles of project development which are relevant to valuation
- have knowledge of how to value special properties
- know the country-specific valuation procedure and have mastered its application
- be able to assess and explain which procedure is needed for which purpose (market value, mortgage lending value, insurance value) when valuing a certain property and what information this procedure provides in terms of, for example, results in conformity with the market or eligibility of securities (and other investments)
- be able to compile and complete appraisals correctly
- have knowledge of liability and third-party insurance for appraisers as well as of managing and organizing a appraiser's office
- have knowledge of special, country-specific regulations in the area of real estate fiscal law and annual financial statements
- have mastered special methods of analyzing the income and cost situation of (managed) real estate and of calculating the profitability of land use zoning (incl. use of buildings) and potential use
- have knowledge of the special features of valuation and lending against property (e.g. hereditary building rights, third-party use potential, eligibility for Pfandbrief coverage)
- have knowledge of the treatment of collateral loan and Pfandbrief serving as collateral in the valuation process
- have knowledge of the regulatory requirements arising from PfandBG and BelWertV
- have routine in the application of BelWertV as part of the valuation
- have knowledge of the principles and goals of market and ratings
- have knowledge of the equity rules for credit institutions, with particular reference to Basel I, II and III, the standard approach and internal rating approach (foundation approach, advanced approach)
- have knowledge of rating tools for the objective quality evaluation of real estate
- be capable of performing an opportunity and risk assessment for individual real estate and real estate projects and portfolios
- be familiar with rating criteria, e.g. market, location, site, cashflow quality, development risks and opportunities, and the measurement standards used in qualifying these
- be capable of drawing up a property and market rating in the process of determining value
- be familiar with the customary procedures involved in producing property and market ratings and the associated analyses.

6.2 Admission requirements

The candidate must satisfy one of the following criteria to be admitted to the Delta Examination to become a CIS HypZert (MLV):

- hold a valid certificate awarded by a certification body for property valuation that is accredited pursuant to ISO/IEC 17024. The certificate must be comparable within the certificate "CIS HypZert (F)" in terms of the requirement profile and property types.
or
- be a Member of the Royal Institution of Chartered Surveyors with a focus on property valuation
or
- be a Member of the Appraisal Institute (MAI).

Proof of the above must be submitted by the candidate.

The certification body recommends that the candidate have compiled at least thirty mortgage lending value appraisals.

6.3 Admission appraisals

In addition to the documentation described in section 3.3, candidates must submit three anonymised market and mortgage value reports from the following types of property:

- Commercial business or industrial sites or mixed-use sites, at least one of which must be an operated or management facility such as retail property, a leisure industry facility, hotel or nursing home.

All of the above appraisals must also show a market value (this must be comprehensible, determined on the basis of s. 16 PfandBG or otherwise validated).

Appraisals that are to be submitted shall comprise no more than 30 pages, including all attachments and a maximum of four object photos. A site plan of the property is to be attached. Please submit reports in digital form.

6.4 Certification examination

The Delta Examination for certification as CIS HypZert (MLV) entails a written examination and is offered in English.

Structure and duration of written examination:

Part I: Drawing up a mortgage lending value report.

The candidate is given a verbal description of the site, additional documents as appropriate (e.g. plans) and a form sheet.

Duration: 1 hour and 45 minutes.

Part II: Answering of individual questions on various topics from the examination catalogue with main subject matter as per section 6.5. The candidate receives approximately 10 to 15 individual questions (divided into the areas and degrees of difficulty of the examination catalogue).

Duration: 2 hours.

The a.m. stipulations as set down in section 3.5 apply.

6.5 Examination material

See the attached examination catalogue for the subject matter.

The following areas are the main focus:

- Real estate financing (para 1.2 of the examination catalogue)
- Report regarding the physical progress, review of the use of funds and current state value (para 2.10 of the examination catalogue)
- Knowledge of bank supervision law (para 3.3 of the examination catalogue)
- Mortgage lending value (para 6 of the examination catalogue)
- Requirements to property valuation on the part of the finance industry (para 7 of the examination catalogue)
- HypZert Professional Principles (para 8.4 of the examination catalogue)
- Plausibility test of appraisals and real estate in other countries (para 9.3 of the examination catalogue)
- Property and market rating (para 10 of the examination catalogue)
- Current state of the real estate market

Any terms and regulations in the examination catalogue (*see annex*) that do not apply to countries other than Germany, are to be used in analogy for candidates who work in other countries, i.e. the candidate does not need to know, for example, the German regulations about hereditary building law but the similar regulations on hereditary building law of the respective country.

6.6 Title

On successful completion of the certification procedure the following title is awarded:

HypZert Real Estate Valuer for Mortgage Lending Valuation

In addition the certified valuer may use the abbreviation "CIS HypZert (MLV)".

This abbreviation may be printed, for example, on business cards after the person's university title.

The a.m. stipulations as set down in section 3.7 apply.

Annex

Annex

Price List

for the Delta Examination as HypZert Real Estate Valuer for Mortgage Lending Valuation

CIS HypZert (MLV)

Service	Price	Due
First certification		
Processing of application (regarding the admission requirements)	500 €	Due on application, regardless of admission/participation in the examination.
One-off participation in the written examination incl. certificate being granted and issued	3.200 €	Due before the agreed examination date. Cancellation of the registration until 14 days before the agreed exam date is free of charge, afterwards or in default of appearance at the exam day, the full amount has to be paid.
Repetition of the written examination	2.000 €	The fee for the first monitoring year is already included in the price.
Repetition of one part of the written examination	700 €	

Recertification		
Recertification examination	1.500 €	Due before the agreed examination date. Cancellation of the registration until 14 days before the agreed exam date is free of charge, afterwards or in default of appearance at the exam day, the full amount has to be paid. The fee for the first monitoring year is already included in the price. If the candidate already holds a certificate (F) or (M) from HypZert GmbH, there are no additional costs for the recertification examination.

Recertification		
Annual fee	550 €	Due at the beginning of every monitoring year starting with the date of validity of the certificate, for the first time after one year. If the candidate already holds a certificate from the HypZert GmbH, monitoring other areas of certification is free of charge.
Control audit, if necessary (indications of misuse etc.)	2.000 €	Due before the agreed audit date.

* All prices are excl. of VAT.

Please remit the amount after receipt of the invoice to the account provided there.

Examination catalogue

for the Delta Examination as HypZert Real Estate Valuer for Mortgage Lending Valuation

CIS HypZert (MLV)

The real estate valuer must have different levels of expert knowledge in terms of scope and extent, depending on the certification area:

- 1 = Basic knowledge (basic principles, basic knowledge)
- 2 = More in-depth knowledge (be able to apply it)
- 3 = Detailed knowledge (additional derivations, be able to provide proof)

N.B.: The degree of expertise refers to differences in scope and extent of knowledge. The valuer's ability to take action in terms of real estate valuation provides the basis for assessment.

In the following the entire examination material for HypZert Real Estate Valuers for Financial Purposes - CIS HypZert (F) is specified. **The main focus for the delta examination is mentioned in chapter 6.5 "Examination material" and in the following examination catalogue blue-marked.** Terms and regulations, which are not applied in other countries than Germany, are to be used in analogy for candidates who work in other countries, i.e. the candidate does not need to know, for example, the German regulations about hereditary building law but the similar regulations on hereditary building law of the respective country.

DE = Degree of expertise

Content	DE
1	Knowledge of economics
1.1	Knowledge of economics (structure and functioning of property, rent and lease market)
	<ul style="list-style-type: none"> • Spatial and property-specific submarkets 3 • Economic influencing factors and their effect 3 <ul style="list-style-type: none"> • on supply and demand on the real estate market • on land policy • on the price level of real estate (price mechanism and components of pricing) • Definitions of terms above • Validity and application of index series 3 • Purchasing power and productivity nationwide and at regional level 2 • Gross domestic product and its interfaces with the real estate business and real estate valuation 2 • Money and capital market, its functioning and effects 2 • Economic cycles and inflation (price development), their effects on the real estate markets 2
1.2	Knowledge of business administration
	<ul style="list-style-type: none"> Balance sheets and accounting 2 <ul style="list-style-type: none"> • Types of companies • Legal forms • Year-end accounts in accordance with IAS/IFRS (balance sheet, profit and loss accounting, management report, amendments, annexes) • Insolvency status Balance sheet analysis 2 <ul style="list-style-type: none"> • Balance sheet and key data of profit and loss accounts • Cash flow

Content	DE
Application of business administration knowledge in the area of <ul style="list-style-type: none"> • Property developers, development and housing companies • Real estate funds (open and closed) 	2
Real estate financing <ul style="list-style-type: none"> • Methods • Risk assessment • Security instruments • Significance and assessment of capacity for capital recovery • Significance of loan-to-value ratio • Differences between real estate credit and personal loans • Interest and capital costs • Types and structures of financing • Liquidity planning 	2
Corporate valuation <ul style="list-style-type: none"> • Corporate value (term) • Valuation approaches • Valuation methods 	1

1.3	Development and current status of property, rent, construction and capital market	
	Values, costs and prices, rents and leases, according to types and levels (official and representative list of rents, rent data base, official list of rents and digital property transactions inventory, standard ground values, analysis of other local sources, market adjustment factors and their reasons)	3
	Market volumes and groups participating in real estate market <ul style="list-style-type: none"> • Structure of real estate market according to portfolios • Segmentation of residential and commercial real estate market • Main market participants • Data sources available and the extent to which they can be used • Decision criteria according to property types and locations 	3
	Influence of socio-economic factors <ul style="list-style-type: none"> • Effects of population and household characteristics on the real estate market • Forecasting instruments and their basic principles • Effect of economic factors (e.g. influence of economic cycle) • Location factors • Regional determining factors (location and spatial layout) 	3
	Assessment of requirements of individual property types <ul style="list-style-type: none"> • Differentiation of requirements (quantitative and qualitative) • Users' requirement criteria 	2
	Market monitoring and market analysis techniques <ul style="list-style-type: none"> • Valuer committees, how they function, what their tasks are (property market reports) • Main official statistics from federal government, federal states and municipalities • Availability of data and assessment of published data (brokers as well as other associations and organisations) • Qualitative data retrieval instruments in the area of supply, demand, rent/leases and real estate returns • Analysis of rent and lease agreements (payment of management costs, indexing, agreement periods and creditworthiness rating of the tenant, in particular in the case of overrent etc.) 	3
	Factors of rent and price development <ul style="list-style-type: none"> • Rent and pricing structure as well as their development, differentiated according to spatial and type-specific submarkets • Factors affecting pricing • Pricing structures in construction market and development of construction costs • Criteria for value aspects of construction methods/features • Data provided by official statistics organisations 	3

Content		DE
1.4	Rights and encumbrances on properties and their economic impact/treatment based on valuation theory	
	<ul style="list-style-type: none"> Public type, e.g. protection of listed buildings, building encumbrances, landscape protection, nature conservation, publicly funded residential constructions 	3
	<ul style="list-style-type: none"> Private type, e.g. easements, rent agreements, similar property leasehold rights (in particular ground leases) and obligatory rights 	3
1.5	Mathematical and statistical knowledge	
	Relevant mathematical procedures in financial accounting, in particular for the valuation of properties subject to rights and rights to properties	3
	<ul style="list-style-type: none"> Calculation of interest and compound interest Calculation of annuity value and annuitisation (temporary annuity, life annuity, perpetual annuity, including payment method and dynamics) Analysis, assessment and inclusion of influence of adjustment clauses 	
	Statistical knowledge	2
	<ul style="list-style-type: none"> Basic principles of statistics (population, random sample, random variable, error criteria) Frequency distribution, mean values, quantiles Precision analysis (sensitivity and risk analysis) Regression analyses Calculation of correlation 	
	Determination and analysis of return	1
1.6	Methods of real estate analysis and project development	
	<ul style="list-style-type: none"> Basic analyses (location analysis, market analysis, building analysis, rent analysis), special analysis (valuation analysis, investment analysis, feasibility analysis), cost-benefit analysis 	3
	<ul style="list-style-type: none"> Managed/operated properties (requirements analysis, industry analysis, assessment of operator and catalogue of requirements) 	3
	<ul style="list-style-type: none"> Project developments (project development market and companies, procedures and participants, analysis of profitability and returns) 	3
1.7	Real estate as an investment class	2
	<ul style="list-style-type: none"> Open-ended real estate funds Closed real estate funds Real estate trust AGs (Immobilien AG) REITs 	
2.	Technical and technological knowledge and building economics	
2.1	Subsoil conditions	
	<ul style="list-style-type: none"> Interpretation of subsoil tests; Foundation types Water controls, sealing (necessity and costs) 	2
2.2	Polluted areas, contamination, environmental burdens	
	<ul style="list-style-type: none"> Find and recognise polluted areas and contaminations, procure information (sources) Assessment of redevelopment concepts Legal constellations (obligation to redevelop, parties responsible) Inclusion of existing, removed or supposed polluted areas in valuation 	2
2.3	Structural design and building statics	
	<ul style="list-style-type: none"> Utilisation-specific differences between individual construction methods (brick- work, reinforced concrete, steel, timber or mixed construction methods) and their respective limits in terms of development 	2
	<ul style="list-style-type: none"> Possibilities to change, extend or add storeys to structural designs 	2

Content		DE
2.4	Building methods and building procedures	
	<ul style="list-style-type: none"> Historical structural designs and building methods to assess existing fabric of building in terms of utilisation (potential) and useful life as well as possibilities of listed buildings measures (e.g. mock masonry, facework or faced brickwork, timber-beam, bearing- or solid-panel construction) 	2
2.5	Building materials, characteristics and application	
	<ul style="list-style-type: none"> Building materials in terms of building physics, acoustics, thermal, humidity or fire characteristics, building materials technology 	1
2.6	Sustainability and energy efficiency of real estate	
2.6.1	Sustainability	2
	<ul style="list-style-type: none"> Components, topic areas and criteria Certification systems (DGNB, LEED etc.) Sustainability and valuation 	
2.6.2	Energy efficiency	2
	<ul style="list-style-type: none"> Aspects and criteria, energy certification Constructional improvement possibilities Use of renewable energy at/in building Energy efficiency and valuation 	
2.6.3	Condensing technology, pellet heating systems, solar systems, heat pumps, cogeneration systems	1
2.7	Standards and technical regulations	
	<ul style="list-style-type: none"> DIN 276, 277 Second Berechnungsverordnung (II. BV – regulations for calculation of factors related to residential lettings) Wohnflächenverordnung (WoFlV – German statutory regulations for the calculation of residential floor area) Other recommendations for calculation of area Betriebskostenverordnung (BetrKV – German ordinance on the distribution of running costs between landlord and tenant) 	3
	<ul style="list-style-type: none"> Fire protection, sound insulation, thermal insulation Compliance with technical regulations and the generally accepted rules of construction technology Regulations on place of employment etc. 	2
2.8	Procedures and criteria to identify and eliminate construction damage and deficiencies	
	<ul style="list-style-type: none"> Differentiation between feature, deficiency and damage as well as their respective relevance in terms of value 	2
2.9	Calculation and settlement of construction costs	
	<ul style="list-style-type: none"> Legal basis (e.g. VOB, BGB,) Cost estimate (via BRI, BGF, rough estimate method) Cost estimate (tender, awarding) Cost determination (settlement) Cost structure (cost group) 	2
2.10	Report regarding the physical progress, review of the use of funds and current state value (incl. § 4 para 6 BelWertV)	3
2.11	Construction procedure and construction organisation (project planning)	
	<ul style="list-style-type: none"> Construction time planning by network plan, bar chart, scheduling for evaluation of compliance with deadlines, organisational charts, planning and performing partners with task and function of the participants 	1

Content		DE
3	Legal knowledge	
3.1	Knowledge of public planning, construction and land law	
3.1.1	German federal building code (BauGB)	
	• Objectives and purpose	1
	• Land use plans and how they are set up	2
	• Security instruments in land use planning	2
	• Admissibility of projects in “planned” and/or “unplanned” indoor and outdoor areas	3
	• Planning damage law	2
	• Knowledge of allocation procedure (e.g. law on private sites, allocation value, increase in value resulting from a land reallocation)	1
	• Knowledge of compulsory purchase procedures (e.g. preconditions, balance of advantages, blight due to proposed compulsory purchase, exclusion of economic development)	1
	• Development law (secured development, contributions and charges for services, conclusions regarding the state of development as well as valuation)	2
	• Redevelopment and development law (special aspects in calculating Verkehrswert and market value, initial and final value)	3
	• Valuation regulations (meaning of Verkehrswert / market value, German digital property transactions inventory, standard ground values, other necessary data, valuer committees)	3
3.1.1.1	Ordinances pursuant to § 199 BauGB	
	• German state ordinance for the board of valuation experts, ordinance on managing and analysing German digital property transactions inventory etc.	3
3.1.1.2	German federal town planning regulations (BauNVO)	
	• Type of constructional use (German abbreviations WR, WA, WS, WB, MI etc.)	3
	• Extent of constructional use (German abbreviations GFZ, GRZ, BMZ etc.)	3
	• Method of construction, overbuildable plot etc.	3
3.1.1.3	German regulations for the drafting of development plans (PlanzV)	2
3.1.2	German state charter governing the erection of structures (LBO)	
	• Planning permission procedure	2
	• Terms such as full storey, common rooms, apartment, separation area, parking space	3
	• building encumbrance, register of building encumbrance	3
	• Municipal statutes (e.g. parking space and planning bylaws)	2
3.1.3	Publicly funded housing	
	• German law on housing subsidies (WoFG), German act on controlled rents (WoBindG)	2
3.1.4	Administrative legal procedures	
	• Appeals and claims procedures	1
	• Official approvals of plans	
3.1.5	Municipal tax laws (KAG)	
	• Significance with regard to secured development and charges situation	2
3.1.6	Protection of ancient monuments	
	• Laws of the German states on the protection and maintenance of ancient monuments	2
3.2	Knowledge of valuation laws, ordinances and regulations	
	• Ordinance on the determination of property value (ImmoWertV)	3
	• Ordinance on the determination of standard ground value (BRW-RL)	2
	• Ordinance on the determination of asset value (SW-RL)	3
	• Ordinance on the determination of comparative value (VW-RL)	3
	• Ordinance on the determination of income value (EW-RL) only after the directive enters into force	3
	• German administrative regulations for valuation (WertR)	3
	• German administrative regulations on the compensation for expropriation of agricultural property (LandR), German administrative regulations for valuation of woodland (WaldR), Ziergehölzhinweise 2000 (ZierH2000 – German guidelines on valuation of copses)	1

Content		DE
	<ul style="list-style-type: none"> General conditions for fire insurance (AFB), general residential building conditions (VGB) 	2
	<ul style="list-style-type: none"> Valuation law (BewG) and regulations 	2
3.3	Knowledge of bank supervison law	
	<ul style="list-style-type: none"> Mortgage bond act (PfandBG), mortgage lending value regulations (BelWertV) 	3
	<ul style="list-style-type: none"> German banking act (KWG), solvency ratio directive (SoIV), directive on large exposures and loans of one million euros or more (GroMiKV) 	3
	<ul style="list-style-type: none"> Capital Requirements Directive IV - CRD IV und Capital Requirements Regulation - CRR (EU Nr. 575/2013) 	3
3.4	Knowledge of private law	
3.4.1	BGB (German civil code)	
	<ul style="list-style-type: none"> Persons (natural person, legal entity) 	2
	<ul style="list-style-type: none"> Types of ownership (joint ownership, sole ownership) 	2
	<ul style="list-style-type: none"> Debt obligation law (purchase, in particular § 313) 	2
	<ul style="list-style-type: none"> Rent, lease, service agreement, works agreement 	3
	<ul style="list-style-type: none"> Property law (main elements § 93 and 94, gain and loss of ownership of property, conveyance, easements, overbuilding, emergency routes, right of first refusal, land charge, mortgage, ground charge, rent charge) 	3
	<ul style="list-style-type: none"> Legal property rights (accrued gains, initial assets, final assets) 	3
	<ul style="list-style-type: none"> Law of succession (succession by inheritance, compulsory portion, supplement to compulsory portion, jointly held property) 	2
	<ul style="list-style-type: none"> Rent law (residential and commercial rent law or lease law) 	3
	<ul style="list-style-type: none"> Rent terminology (local comparative rents, market rent, final rent etc.), rent increase procedure, allocation of modernisation costs to rent, allocation of running cost increases, allocation of capital cost increases, right to give notice 	3
3.4.2	German act on building leases (ErbbauRG)	3
3.4.3	German condominium act (WEG)	3
3.4.4	Laws of German states concerning the respective interest of neighbours	2
3.5	Knowledge of fiscal law	
	<ul style="list-style-type: none"> Fiscal terminology concerning value (value of real estate, fair market value, tax value, partial value etc.) 	1
	<ul style="list-style-type: none"> Fiscal occasion for valuation and relevant basic legal principles (inheritance and gift tax etc.) 	3
	<ul style="list-style-type: none"> Real property transfer tax law (GrEStG) 	2
	<ul style="list-style-type: none"> Effects of sales tax (value added tax option, value added tax on sale) 	2
	<ul style="list-style-type: none"> German income tax law (EStG) 	2
	<ul style="list-style-type: none"> Write-down possibilities (for properties used by owners or third parties, for properties subject to law on ancient monuments etc.) 	2
3.6	Knowledge of formal and material ownership law, land register and land register code, land survey register	
3.6.1	Land register	
	<ul style="list-style-type: none"> Land register code and land register decree, management of land register 	3
	<ul style="list-style-type: none"> Structure of land register and/or land certificates 	3
	<ul style="list-style-type: none"> Significance and function of land register <ul style="list-style-type: none"> Inventory of land register Tasks and functions of sections I, II and III 	3
	<ul style="list-style-type: none"> Ranking issues 	3
	<ul style="list-style-type: none"> Public faith 	3

Content		DE
	<ul style="list-style-type: none"> • Entries in section II and their significance for valuation <ul style="list-style-type: none"> • Easement • Limited personal easement • Notes • Priority notices • Ground lease and similar property leasehold rights 	3
	<ul style="list-style-type: none"> • Other <ul style="list-style-type: none"> • Responsible parties • Meaning of term "property" • Division/write-down • Securing right to transfer of a property • Viewing of land register 	3
3.6.2	Land survey register	
	<ul style="list-style-type: none"> • Content of land survey register (structure of figures, maps etc.) 	2
	<ul style="list-style-type: none"> • Terminology (district, cadastral section, land parcel) 	3
	<ul style="list-style-type: none"> • Public faith 	2
3.7	Knowledge of other legal regulations relevant to valuation, in particular	
	<ul style="list-style-type: none"> • German pricing and price clause law (PaPkg) and ordinance (PrKV) 	1
	<ul style="list-style-type: none"> • Law on compulsory sale of real property (ZVG) 	2
	<ul style="list-style-type: none"> • German federal law of mining (BBerG) 	1
	<ul style="list-style-type: none"> • German law of real estate transactions (GrdstVG) 	1
	<ul style="list-style-type: none"> • German federal nature protection law (BNatSchG) 	2
	<ul style="list-style-type: none"> • German federal soil protection act (BBodSchG) 	2
	<ul style="list-style-type: none"> • German federal immissions control act (BlmSchG) 	2
	<ul style="list-style-type: none"> • German land consolidation act (FlurbG) 	1
	<ul style="list-style-type: none"> • EU building directive 	2
	<ul style="list-style-type: none"> • Energy Saving Ordinance (EnEV) 	2
	<ul style="list-style-type: none"> • German Renewable Energy Sources Act (EEG) 	2
	<ul style="list-style-type: none"> • Renewable Energy Heat Act (EEWärmeG) 	2
3.8	Other legal basis for certification, in particular	
	<ul style="list-style-type: none"> • Criminal law/laws on breaches of administrative rules 	1
	<ul style="list-style-type: none"> • Differences between purpose of civil liability and criminal responsibility 	1
	<ul style="list-style-type: none"> • Basic principles of law of damages 	1
	<ul style="list-style-type: none"> • Knowledge of insurance law 	1
	<ul style="list-style-type: none"> • Insurance contract, insurance contract law 	1
	<ul style="list-style-type: none"> • Expert reports procedure in accordance with insurance contract law; arbitrator's expert opinion 	2
	<ul style="list-style-type: none"> • Legal position of expert if working privately 	3
	<ul style="list-style-type: none"> • Legal basis: Contract, definition, materialisation 	2
	<ul style="list-style-type: none"> • Law on contract for work and other relevant types of contract in German civil code 	2
	<ul style="list-style-type: none"> • Private preservation of evidence 	2
	<ul style="list-style-type: none"> • Remuneration of expert <ul style="list-style-type: none"> • BGB (German civil code) • Judicial remuneration and compensation law (JVEG) • Official scale of fees for services by architects and engineers (HOAI) 	3
	<ul style="list-style-type: none"> • Liability of expert <ul style="list-style-type: none"> • If working privately from contract/law • If working for court • Possibilities of exclusion of liability and restriction of liability 	3
	<ul style="list-style-type: none"> • Basic principles of judiciary structure, body of verdicts, stages of appeal 	1
	<ul style="list-style-type: none"> • Civil action process 	1

Content		DE
	<ul style="list-style-type: none"> Independent procedure of taking evidence according to code of civil procedure (ZPO) 	1
	<ul style="list-style-type: none"> Relevant parts of criminal procedure 	1
	<ul style="list-style-type: none"> Differences between civil and criminal procedure 	1
	<ul style="list-style-type: none"> Legal position of expert if working for court 	2
	<ul style="list-style-type: none"> Rights and obligations of expert 	3
	<ul style="list-style-type: none"> Industrial code 	1
4	Determination of Verkehrswert / market values of property pursuant to ImmoWertV	
4.1.	Scope of application, terms and general rules of procedure <ul style="list-style-type: none"> Scope of application Basics of valuation Valuation reporting date and general value situation Quality reporting date and condition of the property Development situation Other property features Unusual and personal conditions 	3
4.2	Determination of Verkehrswert / market value	
4.2.1	Rules and reasons for choosing a valuation method <ul style="list-style-type: none"> Property types such as non built-on land, built-on residential land (single and two-family homes, multi-family dwellings), properties with mixed use Property with commercial use, e.g. commercial land, wholesale / retail, industry, hotel / gastronomy incl. holiday apartments, special types of use, brownfields Condominium property / part ownership, full ownership, immaterial joint ownership rights Inheritable building rights, land encumbered with inheritable building rights, condominium and part inheritable building rights/building leases Agricultural properties 	3
4.2.2	Systematics / structure of valuation procedures <ul style="list-style-type: none"> General value conditions on the property market (market adaptation) Consideration of special property-specific features, such as economic over-ageing, maintenance situation above average, structural deficiencies, structural damages, extra income and shortfalls etc. 	3
4.3	Valuation methods	
4.3.1	Comparison approach	
4.3.1.1	Determination of the comparative value <ul style="list-style-type: none"> Derivation of comparative prices Essential model parameters for derivation of comparative prices Determination of comparative factors Essential model parameters for derivation of comparative factors Market adaptation of provisional comparative value Consideration of property-specific characteristics Procedure of determination of the comparative value 	3
4.3.1.2	Calculation of land value <ul style="list-style-type: none"> Application of comparison prices, standard ground value and deductive procedures Application of conversion coefficient Land value of non built-on land (agricultural and forestry land, prospective building land, land ready for building ebp, ebf) Land value of developed site Developed site in outlying area Difference between actual use and significant use Under-utilization, liquidation of properties Over-development Handling of independently usable areas or different qualities of land 	3

Content		DE
4.3.2	Income approach	
4.3.2.1	Determining the income value based on income typically achievable on the market <ul style="list-style-type: none"> • General or simplified income value method • Income typically achievable on the market, gross income, net income • Management costs: Running costs, management costs, maintenance costs, risk of rent loss, vacancy costs, modernisation risk / revitalisation costs • Benchmark for management costs • Capitalisation, capitalisation factor, remaining useful life • Model parameters for calculation of capitalisation factor • Market adaptation • property-specific characteristics 	3
4.3.2.2	Calculation of the income value based on periodically varying income <ul style="list-style-type: none"> • Periodically varying income in particular due to contractual agreements • Running costs with regard to periodically varying income • Including the remaining useful life in capitalisation and discounting 	3
4.3.3	Coast approach	
4.3.3.1	Calculation of the asset value <ul style="list-style-type: none"> • Process 	3
4.3.3.2	Production costs <ul style="list-style-type: none"> • Calculation of production costs: Application of normal production costs, building standard, gross floor space, special building components, special (operational) facilities, application of index series, corrective factors, incidentals, exterior facilities 	3
4.3.3.3	Age-related value reduction <ul style="list-style-type: none"> • Age-related value reduction: technical and economic overall and remaining useful life proper management, typical economic useful life of physical structures • Methods of age-related value reduction (progressive, degressive, linear) • Estimation of a building's age (architectural style eras, building material) 	3
4.3.3.4	Market adjustment - Depreciated replacement cost adjustment factor	3
4.3.3.5	Property-specific characteristics	3
4.4	Standard ground values and other required data	
4.4.1	Calculation of standard ground values (BRW-RL) <ul style="list-style-type: none"> • Obligation to determine / basics • Establishment of areas with standard ground values / characteristics of the property-standard ground • Calculation / provision of standard ground values 	2
4.4.2	Standard ground values (§ 196 BauGB) <ul style="list-style-type: none"> • Degree of development and type of use • Other features that influence the standard ground value (such as areas with agricultural use, land ready for building, etc.) • Types of use, degree of use 	3
4.4.3	Index series <ul style="list-style-type: none"> • Quantification of changes to the general value situation by index series • Moments of data collection and basic time period • Typical index series (e.g. land values, prices for apartments, prices of single-family homes) 	3
4.4.5	Conversion coefficient <ul style="list-style-type: none"> • Different land features • Different degree of physical use / value-relevant floor-to-area ratio (WGFZ) • Size of plot, depth of plot 	3
4.4.6	Comparative factors for built-on land <ul style="list-style-type: none"> • Income factors • Building factors 	3

Content		DE
4.4.7	Market adaptation factors, capitalisation rates <ul style="list-style-type: none"> • Mapping of general value conditions on the land market • Factors for adapting the asset value (asset value factors) • Factors for adapting values for inheritable building rights calculated with discounted cash flow methods (lease right or inheritable land right factors) • Determining capitalisation rates 	3
4.5	Derivation of the Verkehrswert / market value from the result of the chosen method <ul style="list-style-type: none"> • Assessing the meaningfulness of the valuation approaches and procedures with respect to results that are in line with the market • Reasons, plausibility checks (including principles of market-conform valuations) 	3
4.6	Special knowledge about content and structure of appraisals pursuant to legal rules and regulations	3
5.	Knowledge of other valuation methods and reasons triggering valuations	
5.1	Knowledge of other valuation procedures and methods (standardized and not standardized) as well as methodological peculiarities in special cases <ul style="list-style-type: none"> • Special procedures for determining land values (e.g. rent location method, land income method, land area income method, residual method, deductive land valuation (e.g. soon to be land ready for building)) • Income multiplier method for valuation purposes • Methodological peculiarities in valuing home and part ownership • Valuation of photovoltaic systems and photovoltaic easements (focus: rooftop systems) • Methodological peculiarities in valuing inheritable building rights and land encumbered with inheritable building rights • Assessment and valuation of right and encumbrance to land (e.g. habitation right, perpetual habitation right, usufructuary right, real servitude, easement) and building encumbrance as well as determination of value reduction of land by existing rights and encumbrance • Methods for calculating annuities and rights with respect to temporary, life and perpetual annuities • Valuation of special economic and legal conditions, such as relocation, restoration and development measures, monumental protection, urban planning contracts, residential building with public subsidy, determining compensation for expropriation, agricultural land, planning damages (loss of right, pecuniary loss) • Return and profitability analysis • Valuation according to accounting pursuant to HGB and IAS/IFRS • Special areas of valuation (e.g. compulsory sale, divorce, inheritance disputes, valuation for the prosecution and courts) • International value terms (e.g. Market Value) and valuation methods (e.g. Discounted Cash Flow Method (DCF), Profits Method) 	3
5.2	Special knowledge in business economics for valuing management / operator's properties <ul style="list-style-type: none"> • Needs analysis • Industry and market analysis • Operator assessment and requirements catalogue • Knowledge in the field of commercial parks, property for logistics, trade properties, gastronomy properties, leisure properties, social properties, gas stations / petrol stations, etc. 	3

Content		DE
5.3	Valuation of property portfolios <ul style="list-style-type: none"> • Framework conditions • Choice of valuation method • Individual valuation • Package valuation • Mass valuation • Desktop valuation • Measures of quality assurance 	3
5.4	Valuation according to accounting pursuant to HGB and IAS/IFRS <ul style="list-style-type: none"> • Statement and report of the property as an asset • Classification criteria of investment and non-investment properties • The Fair-Value-Model as valuation concept pursuant to IAS/IFRS • Requirements of IAS/IFRS valuation for property valuation separate according to classification groups 	3
5.5	Valuation of compensation and indemnification payments as well as in the context of restoration and development measures in urban planning (§153 and § 169 as well as § 154 and § 166 BauGB)	2
5.6	Special requirements for different valuation reasons (e.g. purchase / sale, compensation for matrimonial property regimen, inheritance disputes, compulsory sale, insurance, fiscal valuation, environmental protection)	2
5.7	Building insurance value (building fire insurance) <ul style="list-style-type: none"> • Notion of the building insurance value, insurance forms (sliding replacement value, current market value, reproduction value, fixed amount) • Methodology and procedure of insurance valuation incl. legal requirements for insurances 	2
5.8	Rent and lease value, remuneration for use	
5.8.1	Rent value appraisal for privately financed residential property <ul style="list-style-type: none"> • Terms (BGB, typical local comparative rents, cap limit, materiality limit, usury limit) • Rent increase procedures in residential rent agreements (legal basis, process) • Rent value appraisal as means of justification for rent increase requests • Requirements to rent value appraisals (structure and content) • Methods of including condition features that influence the rent value in rent value assessments (e.g. furniture, special appointments, size of property) 	2
5.8.2	Cost-covering rent in publicly subsidised housing <ul style="list-style-type: none"> • Notion and calculation of the cost-covering rent (profitability calculation, etc.) 	2
5.8.3	Commercial rent value appraisals, lease value calculation <ul style="list-style-type: none"> • Legal basis, terms (BGB, violation of accepted moral standards, turnover lease, etc.) • Requirements to commercial rent value appraisals (structure and content) • Methods of including condition features that influence the rent or lease value in rent or lease value assessments 	2
6.	Determining the mortgage lending value of land pursuant to § 16 sec. 1 and 2 PfandBG in connection with BelWertV	
6.1	General provisions and procedural principles <ul style="list-style-type: none"> • Principle of mortgage lending valuation (§ 3 BelWertV) • Procedure of mortgage lending valuation (§ 4 BelWertV) • Philosophy of mortgage lending value • 2-column-principle 	3

Content	DE
6.2 Requirements to the appraisal and to the valuer	3
6.3 Income value method <ul style="list-style-type: none"> Basics of income value determination (§ 8 BelWertV) Determining the income value of the physical structure (§ 9 BelWertV) Determining the gross income (§ 10 BelWertV) Operating costs (§ 11 BelWertV) Capitalisation of the net income (§ 12 BelWertV) Determining the income value in special cases (§ 13 BelWertV) 	3
6.4 Asset value method <ul style="list-style-type: none"> Basics of asset value determination (§ 14 BelWertV) Land value (§ 15 BelWertV) Value of the physical structures (§ 16 BelWertV) Value reduction because of age (§ 17 BelWertV) Safety deduction Typical property types for using the method 	3
6.5 Comparative value method <ul style="list-style-type: none"> Sustainably achievable comparative prices Sources for comparative prices / values Safety deduction Typical property types for using the procedure 	3
6.6 Special aspects <ul style="list-style-type: none"> Including other value-influencing circumstances Peculiarities of certain properties <ul style="list-style-type: none"> Building land (§ 20 BelWertV) Inheritable building rights and rights similar to land (§ 21 BelWertV) Land with agricultural use (§ 22 BelWertV) Machines and operating equipment (§ 23 BelWertV) 	3
6.7 Valuation in case of the extension of small loan to § 24 BelWertV <ul style="list-style-type: none"> Small loan limit Requirements for qualification and independence Property inspection and documentation Random examination by real estate valuer 	2
6.8 Lending abroad pursuant to § 25 BelWertV <ul style="list-style-type: none"> Derivation of the mortgage lending value on the basis of foreign market value appraisals 	3
6.9 Review of the basis for determining the mortgage lending value pursuant to § 26 BelWertV	3
6.10 Other methodological differences in mortgage lending valuation as opposed to determining the Verkehrswert / market value <ul style="list-style-type: none"> Treatment of superior and inferior rights in sec. II of the land register Treatment of over and under-rents and of other benefits or disadvantages in money's worth Regulatory requirements with respect to individual valuation parameters with the asset value, income value and comparative value method, with respect to capitalisation (present value), e.g. of real ground rent charges, etc. Annexes 1–3 BelWertV Treatment of vacancies, structural vacancy Statement of revitalisation costs, modernisation risk 	3

Content	DE
6.11 Further peculiarities in valuing and lending against different property types <ul style="list-style-type: none"> • Inheritable building rights (so-called "Munich Procedure") and land encumbered with such building rights • Land not built-on (agricultural and forestry land, building land, mining land, valuation of building land in general and for Pfandbrief banks) • Assessment of possible third use • Estimating the eligibility as cover fund 	3
7 Requirements to property valuation on the part of the finance industry	
7.1 Reasons triggering valuation	3
7.2 Securing loans by real estate liens <ul style="list-style-type: none"> • Notion of loan, content and importance of the loan agreement • Real estate liens and real estate lien types (mortgage, land charge, annuity charge) • Types of land charges (certificated, registered, individual, comprehensive, owner land charge) • Rights similar to land as subject for encumbrance • Execution of a land charge by compulsory execution 	3
7.3 Basel III - Valuation of property serving as security for mortgage <ul style="list-style-type: none"> • CRR (regulation (EU) No 575/2013) <ul style="list-style-type: none"> • article 4 – Definition of market / mortgage lending value • article 124 – Exposures secured by mortgages on immovable property • article 125 – Exposures fully and completely secured by mortgages on residential property • article 126 – Exposures fully and completely secured by mortgages on commercial immovable property • article 208 – Requirements for immovable property collateral <ul style="list-style-type: none"> • legal certainty of lien • monitoring of property values • value review • documentation, insurance • article 229 - Valuation principles • Solvability ordinance (SolvV) • criteria for the assessment of the mortgage lending value 	3
7.4 Market fluctuation concept of the german financial industry	3
7.5 Collateral loan and Pfandbrief serving as collateral	3
8 Knowledge of the valuer's profession	
8.1 Legal form of exercising the profession	1
8.2 Valuation organisations, valuers' associations	2
8.3 Valuer committees for determining land values and other valuations and their tasks	3
8.4 Principles for exercising the profession (see certification conditions)	3
8.5 Contractual rights for rendering valuations <ul style="list-style-type: none"> • Valuer's contract • Liability agreement 	2

Content		DE
8.6	Data privacy <ul style="list-style-type: none"> • Legal basis • Practical implementation in the valuer's office 	2
8.7	Copyright	2
9	International real estate valuation	
9.1	Basic principles of determination of market value <ul style="list-style-type: none"> • Reasons for valuations in the global real estate market • Cross-border property transactions • Auditing requirements and international accounting methods • Requirements in the area of insurance and credit business 	–
	Prevailing legal conditions and valuation standards <ul style="list-style-type: none"> • Scope of validity of German federal building code • National standards • International valuation standards 	–
	The different value terms <ul style="list-style-type: none"> • Verkehrswert according to legal definition (§ 194 BauGB) • EU definition of market value • Market value according to TEGoVA • Market value of RICS • Fair value • Market value derivatives and other terms • Overlapping areas and differences 	–
9.2	Valuation according to valuation method, taking into consideration the "European and International Valuation Standards (EVS, IVS)" as well as the "Red Book"	–
9.3	Plausibility test of appraisals and real estate in other countries	3
9.4	International real estate markets and their valuation methods (in particular in Great Britain, France, The Netherlands, Spain and the USA) <ul style="list-style-type: none"> • Appraisal theory • Characteristics of commercial real estate markets • Prevailing legal conditions • Value terms/definitions • Commercial rent agreements • Calculation of area • Important valuation methods 	–
10	Property and market rating	
10.1.	Real estate rating / property and market rating <ul style="list-style-type: none"> • Requirements placed on property and market rating • Peculiarities of real estate rating • Difference to "classical" creditworthiness rating • Real estate rating within the scope of valuation • Rating of portfolio properties • Rating of projects • Rating of open real estate funds • Property categories • Rating scale 	3

Content	DE
10.2 TEGoVA property and market rating <ul style="list-style-type: none">• Rating system, rating scale, measuring standards• Criteria groups and sub-criteria• Rating result (rating sheet)• Peculiarities of property and market rating	3
10.3 Special national real estate rating models <ul style="list-style-type: none">• Peculiarities of property and market rating of the Verband Deutscher Pfandbriefbanken e.V.• Peculiarities of real estate rating of the Bundesverband Öffentlicher Banken Deutschlands and the Deutsche Sparkassen- und Giroverband (VÖB real estate analysis)• Other	3
10.4 Background knowledge <ul style="list-style-type: none">• Requirements placed on rating agencies• National/international rating agencies and their rating standards	1

Appraisal requirements

Appraisals must be understandable, well founded and complete and depending on the type of property and purpose or subject matter of valuation the following points should be considered in full compliance with relevant local requirements:

CLV = Calculation of mortgage lending value

CMV = Calculation of market value

Table of contents	CLV	CMV
General requirements to appraisals		
1 Principles		
The valuer must	x	x
• work towards structuring and carrying out his task with due care	x	x
• establish the basic valuation requirements independently	x	x
• check the plausibility of documentation and information provided by third parties	x	x
• provide sources for the data used	x	x
• state any foreseeable change in the type of use or development potential and take this into account with a view to the prevailing legal and economic conditions	x	x
• provide a clear summary of the results of the valuation. This includes in particular:	x	x
• Total real estate value and value type		
• Valuation requirements (either statutory or from the client) which assume conditions that deviate from the actual situation in the valuation		
• Other conditions that have an effect on value		
2 Depending on the objective and the circumstances of the property the following points should be included in the appraisals:		
2.1 General information		
• Type of property, address (municipality, street, house number)	x	x
• Order and client, date of order, owner	x	x
• Objective of appraisal (content of order, purpose and/or order to take evidence)	x	x
• Type of value	x	x
• Land register and ground register data	x	x
• Land register district, page of the land register		
• Portfolio, section I and II, if applicable also section III (if it affects value)		
• Parcel, parcel number, plot size		
• Documentation and information relating to the property	x	x
• Date and participants in on-site inspection	x	x
• Support of assistants	x	x
• Quality reporting date	x	x
• Valuation date		x
• Number of copies of appraisal	x	x
• Table of contents with page numbers	x	x
• Table of annexes	x	x
• Bibliography	x	x
• Materials used	x	x
• Assumptions and exclusions	x	x
2.2 Description and assessment of location		
• Location of property (macro location, micro location)	x	x
• Details of location (image, access to transport, local supplies etc.)	x	x
• Residential and/or commercial location, neighbourhood situation, traffic situation etc.	x	x

Table of contents	CLV	CMV
2.3 Description and assessment of ground and land		
• Layout, topographical situation	x	x
• Land quality (subsoil, ground water etc.)	x	x
• Contamination	x	x
• Infrastructure (traffic, supply and disposal)	x	x
2.4 Legal situation, actual use		
• Actual/possible use	x	x
• Situation in terms of tax and charges laws	x	x
• Informal plans	x	x
• Degree of property development	x	x
• Situation in terms of construction planning	x	x
• Preparatory land use planning etc.		
• Land utilisation plan		
• Area development plan/landscape plan and other planning		
• Binding land use planning etc.		
• Development plan		
• Replacement planning provisions		
• Exceptions and exemptions		
• Type and extent of permissible use for construction		
• Special urban development law		
• Redevelopment bylaws, development bylaws		
• Preservation statutes and urban development orders		
• Other municipal statutes		
• Urban development agreements		
• Project and infrastructure plans		
• Land order procedure	x	x
• Urban renewal	x	x
• Dispossession and compensation	x	x
• Situation in terms of statutory building code	x	x
• Planning permission		
• Separation areas/protection of neighbouring properties		
• Obligations in terms of parking spaces		
• Building encumbrances		
• Apartments that can be sold as self-contained condominiums		
• Other regulations under public law, such as	x	x
• Emission protection, environmental protection, nature conservation		
• Protection of ancient monuments		
• Official approvals of plans (major roads, railways etc.)		
• Agreements under public law		
• Situation under private law	x	x
• Rights secured in land register (easements etc.)		
• Non-registered rights etc.		
• Agreements (rent and lease agreements, shared ownership deeds, management agreements etc.)		
• Laws concerning the interests of neighbours or occupiers of adjoining property		
• Agreements under law of obligation		
2.5 Description and assessment of buildings and exterior facilities		
• Building type, type of use	x	x
• Year of construction	x	x
• Construction method, construction concept (e.g. ground plan design, height of storeys, utilisation key)	x	x
• Description of construction	x	x

Table of contents	CLV	CMV
• Condition of construction (incl. construction deficiencies, damage), note of non-tested building components or assumed damage, contamination	x	x
• Environmental friendliness	x	x
• Date and scope of modernisations and extensions	x	x
• Demolition required	x	x
• Possibilities for extension	x	x
• Special building components, special equipment	x	x
• Normal total period of use	x	x
• Technical/economic remaining period of use	x	x
• Ancillary buildings	x	x
• Exterior facilities	x	x

2.6 Details of area and dimensions including audit of documents used

• Calculation basis used	x	x
• Documents used (technical drawings, third-party calculations, on-site measurements etc.)	x	x
• Area developed	x	x
• Floor space	x	x
• Living space/useable floor area	x	x
• Rentable area (living/commercial area)	x	x
• Gross building area (GBA) <ul style="list-style-type: none"> • Verification of planning law • Calculation of production costs • Calculation of value-relevant floor-to-area ration 	x	x
• Cubage (gross volume, converted areas etc.)	x	x
• Ratio of cubage to living area and useable floor area	x	x
• Building area (land bank of developable sites, area nearest road frontage/back land, building land, garden land etc.)	x	x
• Ratios: <ul style="list-style-type: none"> • Site coverage index • Floor-to-area ratio • Cubic density 	x	x

2.7 Economic situation and property market

• Supply and demand	x	x
• Utilisation possibilities and possibilities for third-party use	x	x
• Reasons for the suitability of single and two-family homes and/or condominiums for owner-occupation	x	
• Eligibility as cover fund	x	
• Suitability as security provided by bank	x	x

3 Choice of valuation method and reason

3.1 Comparative value method

• Adjusted price comparison of actual sales (direct comparative value method)	x	x
• Standard land values with property-relevant adjustment (indirect comparative method)	x	x
• Details of reliability of data basis and of indices uses as well as conversion coefficients	x	x
• Condominiums and part ownership (including other developed properties)	x	x
• Adjusted price comparison of actual sales (direct comparative value method)	x	x
• Comparative factors method with property-relevant adjustment (indirect comparative value method)	x	x
• Details of reliability of data basis and of indices uses as well as conversion coefficients	x	x
• Determining the comparative value	x	x
• Explanation of the terms used and of the underlying data	x	x

Table of contents	CLV	CMV
3.2 Capitalised income value method		
• Selection of and reasons for the capitalised income value method: general or simplified capitalised income value method or based on different income sources		x
• Income typically achievable on the market		x
• Periodically varying income		x
• Sustainably achievable income	x	
• Actual rent income with definition of the term "rent" and assessment of long term achievability	x	x
• Overrent/underrent, reasons for the time spans chosen	x	x
• Details of rent agreement obligations	x	x
• Inclusion of non-rented or own-use rooms	x	x
• Management costs model: Model, source and derivation	x	x
• Calculation of net operating income	x	x
• Statement of property yield: reasons		x
• Statement of capitalisation rate: reasons	x	
• Land value/Annual return on land value (also statement of independently utilisable partial areas)	x	x
• Explanation of the income from the building	x	x
• Derivation of remaining period of use and the notional year of construction if necessary; model	x	x
• Capitalisation	x	x
• Discounting when income varies periodically		x
• Calculation of capitalised income value	x	x
• Explanation of terminology used and data basis	x	x
3.3 Asset value method		
• Calculation of normal production costs as per the valuation date/quality reporting date; model, source and derivation	x	x
• Statement of incidentals; model, source and derivation	x	x
• Calculation of production costs	x	x
• Statement of overall useful life	x	x
• Derivation of remaining period of use and the notional year of construction if necessary; model	x	x
• Determination of technical/economic decrease in value	x	x
• Calculation of value of building (including special building components and special equipment)	x	x
• Valuation of exterior facilities	x	x
• Statement of asset value factors	x	x
• Calculation of asset value of usable physical and other structures	x	x
• Explanation of terminology used and data basis	x	x
3.4 Other methods, with assessment of their validity		
• Other methods of land valuation (residual method etc.)		x
• Other methods of valuing developed properties (discounted cash flow method, residual method etc.)		x
• Other methods (e.g. control methods)		x

Table of contents	CLV	CMV
4 Market value		
• Derivation of the unencumbered and damage-free comparative, asset or income value from the result of the respective method, reasons for the choice of the method(s)		x
• Considering and explaining the influence of the general value situation on the property market (market adaptation)		x
• Considering and explaining the influence of special property-specific features (structural deficiencies and damages, deviations from market-typical/sustainably achievable income, rights section II)		x
• Derivation of Verkehrswert/market value from the results of procedure (reasons for any required additions or subtractions from capitalised income value, asset value or comparative value)		x
• Statement of Verkehrswert/market value and the relative Verkehrswert per square metre of living or useable space and the multiple of the annual net income and/or gross proceeds		x
• If applicable answer the court order to take evidence		x
• Description of assumptions made (in particular if they deviate from the actual situation)		x
5 Mortgage lending value		
5.1 Special requirements from the BelWertV (mortgage lending value method), in particular		
• Mortgage lending value method (§ 4 BelWertV) <ul style="list-style-type: none"> • Separate calculation of asset value and capitalised income value • Separate calculation of comparative value and capitalised income value • If difference between asset value/comparative value and capitalised income value is more than 20 percent, a special sustainability audit should be carried out • Examination of possibility for owner occupation, calculation of state-of-development values for properties under construction etc. 	x	
• Appraisal (§ 5 BelWertV), e.g. <ul style="list-style-type: none"> • Details of quality of property and location • Details of regional real estate market • Details of potential buyer and user groups etc. 	x	
• Management costs (§ 11 BelWertV), e.g. <ul style="list-style-type: none"> • Individual costs approach for management costs • Ranges • Minimum level for management costs approach • Modernisation risk etc. 	x	
• Capitalisation of net operating income (§ 12 BelWertV), <ul style="list-style-type: none"> • Minimum capitalisation rates, ranges • Below range in case of top-class real estate etc. 	x	
• Calculation of capitalised income value in special cases (§ 13 BelWertV) <ul style="list-style-type: none"> • where the net income of a building is negative • For remaining periods of use of less than 30 years • For land value of more than half of the capitalised income value 	x	
• Land value (§ 15 BelWertV), e.g. <ul style="list-style-type: none"> • Data required to calculate land value 	x	
• Value of physical structures (§ 16 BelWertV), e.g. <ul style="list-style-type: none"> • Safety factor reduction • Restriction of incidentals etc. 	x	
• Calculation of comparative value (§ 19 BelWertV) <ul style="list-style-type: none"> • Safety factor reduction 	x	
• Developable land (§ 20 BelWertV) <ul style="list-style-type: none"> • Exclusive inclusion of secured building rights 	x	

Table of contents	CLV	CMV
• Ground lease rights and similar property leasehold rights (§ 21 BelWertV)	x	
• Machines and operational facilities (§ 23 BelWertV), e.g. main components	x	
• Residentially used properties in case of granting of small loans (§ 24 BelWertV) <ul style="list-style-type: none"> • Limit of small loans • Simplified valuation • Possibility of not viewing site etc. 	x	
• Mortgage lending in other countries (§ 25 BelWertV), e.g. <ul style="list-style-type: none"> • Country-specific appraisal • Viewing requirements etc. 	x	
• Review of mortgage lending value calculation (§ 26 BelWertV), e.g. <ul style="list-style-type: none"> • Basis • Performance lag etc. 	x	
5.2 Assessment of property as bank security (e.g. possibility of use by third party)	x	x
5.3 Assessment of property in terms of eligibility as cover funds, enforceability	x	
5.4 Treatment of rights in section II from a financial perspective	x	
5.5 Derivation of the mortgage lending value	x	
6 Other real estate values		
• Fiscal and balance sheet values, insurance values as well as other values depending on objectives		x
7 Date, stamp, signature	x	x
• If applicable declaration of impartiality	x	x
8 Annexes (if required for better understanding)		
• Plans with suitable scale: <ul style="list-style-type: none"> • Site plans (1:100,000/macro location to 1:5,000/micro location) • Cadastral map • Standard ground value map 	x	x
• Building ground plans, sectional drawings and views	x	x
• Calculations, photos with overviews etc.	x	x
• Rentability/Usability	x	x



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