

Minimum Educational Requirements

(MER)

For all persons elected to practice in each Member Association

With effect from

1 January 2011

1 Introduction

- 1.1 The European Group of Valuers Associations (TEGoVA) represents 40 leading professional bodies in Real Estate valuation from 24 European countries. Among its roles, TEGoVA seeks to ensure high standards of professional competence in valuation. In support of this, TEGoVA requires each Member Association to set educational standards for its members that are at least as demanding as these Minimum Educational Requirements (MER). MER were first introduced by TEGoVA in January 2003 as a basic requirement for every valuer elected to practice by a member association since then. Many member associations have more stringent educational requirements.
- 1.2 TEGoVA regularly reviews and updates the MER to support the development of professional standards among its members and so for those who require their services. This revision was adopted by the General Assembly of TEGoVA at its meeting in November, 2010.
- 1.3 This document sets out the requirements, which are equivalent to and consistent with the EU's Second Diploma Directive relating to the Mutual Recognition of Professional Qualifications (92/51/EEC). In applying MER, Member Associations in countries outside the EU must adopt the requirements of the Second Directive and develop a syllabus that matches the criteria of the Directive.
- 1.4 Professional services delivered by valuers across Europe vary considerably and many will be specialists in particular sectors. Some geographical areas will be affected by factors that do not apply elsewhere. Thus, the knowledge they require will vary. However, the essential disciplines of valuation will be fundamental to their work and so are central to the MER syllabus. Member Associations develop their educational requirements in line with the Directive and the MER syllabus, though national variations will take account of differing legislation, tax regimes and client requirements. Valuations in, for example, forestry or agriculture may be more prevalent in some countries or for some associations while different types of commercial activity may prevail in others. The Member Association is charged with the responsibility to interpret the MER in ways consistent with the professional demands on its members.
- 1.5 The globalisation of real estate markets, continuing European integration, together with an improved free flow of services across the EU and rising client expectations are the drivers for change in the breadth and depth of knowledge expected of real estate professionals. The industry is now not only focussed on transaction-orientated business but now also demands the delivery of added value with valuers asked for strategic consultancy with appropriate knowledge in all areas of business, the built environment, corporate governance and corporate social responsibility.

- 1.6 TEGoVA provides additional and separate guidance in respect of its Recognised European Valuer (REV) scheme. Valuers that have achieved this status are subject to additional requirements including continuing professional development.
- 1.7 The subject areas within the MER are grouped into three levels of knowledge that is expected of the valuer:
(a) understanding,
(b) general knowledge, and
(c) in-depth knowledge.

2 Outline Syllabus

2.1 Valuers require an **understanding** of:

- Principles of Economic Theory
- Practical Economics for Real Estate
- Business and Finance

2.2 Valuers require a **general knowledge** of:

- Marketing Real Estate
- Energy, Environmental and Resource Protection
- Buildings and construction

2.3 Valuers require an **in-depth knowledge** of:

- Law relevant to Property*
- Professional practice
- Valuation
- Government Policies and Land Use*
- Valuation under statute*
- Valuation standards *

* Denotes in-depth knowledge required relative to the country or sector of practice

3 Detailed Syllabus

Section A **Valuers to have an Understanding**

3.1 Principles of Economic Theory

PURPOSES

Having studied the subject, the valuer should have an understanding of relevant macro and micro economic concepts and the impact of general economic factors on the real estate market and related subject areas including business management, development and investment, agency and professional practice.

OBJECTIVES

Having studied this subject the valuer should be able to:

- a. Identify and comment on the principal economic factors determining the supply of and demand for real estate.
- b. Appreciate the competitive structure and operation of the real estate market and relevant financial markets and understand the impact of government economic policies, including fiscal and monetary instruments.

3.2 Practical Economics for Real Estate

PURPOSES

Building on the study of Principles of Economic Theory, study of this subject aims to demonstrate in practical terms how economic forces influence capital and rental values. It also shows the application of economics in the property investment market with the principles of portfolio theory, using asset combination to minimise investment risk. A basic knowledge of practical tools for the analysis of data is expected with an awareness of common errors.

OBJECTIVES

Having studied the subject, the valuer should be able to:

- a. Demonstrate an understanding of how economics determine property rental and capital values.

- b. Show the relationship between real property markets and other investment markets and demonstrate an understanding of the principles that affect the pricing of investments.
- c. Understand the economic factors affecting the use of real estate by its occupiers.
- d. Make a practical appraisal of relevant data to support valuations.

3.3 Business and Finance

PURPOSES

The valuer should have an appreciation of business and management structures together with financial accounting principles and analysis of accounts.

OBJECTIVES

Having studied the subject, the valuer should be able to:

- a. Demonstrate an understanding of the different ownership and management structures used by businesses.
- b. Interpret simple balance sheets and profit and loss accounts.
- c. Demonstrate an understanding of accounting ratios and measures of performance.

Section B

Valuers to have a General Knowledge

3.4 Marketing Real Estate

PURPOSES

Study of this subject provides an introduction to the law and practice of real estate agency as these apply in the country of the member association. It covers the legal framework of control, from the basic laws of agency to the wider statutory framework, and it places these controls in the context of agency practice in the relevant country.

OBJECTIVES

Having studied the subject, the valuer should be able to:

- a. Understand the role and types of agency.
- b. Appreciate the legal authority, rights and duties of an agent with regard to the client and others.

- c. Understand the relevant legislation governing agency.
- d. Describe the nature, construction, location and relevant features of property for marketing.
- e. Appreciate the different methods of disposal available for real estate.

3.5 Buildings and Construction

PURPOSES

The valuer should have the knowledge and skills to understand the key elements in the design and construction of buildings and then to report on the condition of buildings for the purpose of valuation and understand how an assessment of insurable value is calculated.

OBJECTIVES

Having studied this subject, the valuer should be able to:

- a. Understand the functional requirements and construction of buildings.
- b. Appreciate the sustainability and environmental aspects of construction and buildings.
- c. Demonstrate knowledge of the building process from site preparation to building completion.
- d. Identify building defects in buildings and suggest how they can be remedied.
- e. Carry out inspections and prepare reports for survey and valuation purposes.
- f. Acknowledge the importance of health and safety regulations and the situations in which they apply.

3.6 Energy, Environmental and Resource Protection

PURPOSES

Study of this subject provides an appreciation of the national and European legislation governing energy, environmental and resource protection issues as they affect real estate and an understanding of sustainable development, regeneration, corporate social responsibility and carbon reducing legislation.

This will include:

- sustainable development, efficient land uses and regeneration
- energy sources, use, efficiency, management and carbon reducing legislation
- water management
- environmental factors relevant to buildings and their use
- waste management and disposal
- contaminated land and buildings and remediation

OBJECTIVES

Having studied the subject, the valuer should be able to:

- a. Understand the effect of energy, environmental and resource protection legislation on real property.
- b. Interpret the impact of energy, environmental and resource protection legislation in valuation issues.
- c. Demonstrate an understanding of the issues relating to land with previous uses, including contamination.

Section C

Valuers to Have an In-Depth Knowledge

3.7 Law Relevant to Property

PURPOSES

The valuer should have an understanding of legal topics essential to the valuer with an explanation of the legal system in the country of study and covers the fundamentals of contract law, tort, where relevant the Civil Code, and a knowledge of title, land tenure and interests in land including the rights of others over land.

OBJECTIVES

Having studied the subject, the valuer should be able to:

- a. Understand the principles of the legal system in the country of study.
- b. Read legal documents with an understanding of their content.
- c. Understand the nature of contract, tort and, where relevant, the Civil Code as well as the duties and relationships created between parties.
- d. Understand land tenure and appreciate the way in which it and incidents of title can affect the valuation of real property.
- e. Understand contracts for the sale and tenancy of property, legal documents, land registration certificates and other documents of title and how title can affect the valuation of real property.
- f. Understand the various mechanisms available for disputes resolution.
- g. Understand the relevant code for the licensing of buildings in the locality of the building being valued.

3.8 Professional Practice

PURPOSES

Study of this subject considers the practices that are needed to deliver the valuer's services in an ethical, efficient and professional manner, from discussion of instructions to the rendering of the final fee account, as well as providing an appreciation of the liability for and limitations of professional advice in any particular instance.

OBJECTIVES

Having studied the subject, the valuer should be able to:

- a. Appreciate the ethical responsibilities of professional status, codes of conduct, conflicts of interest, and complaints handling.
- b. Demonstrate an understanding of the procedures required for the conduct of various types of professional work and the management of a professional practice with an awareness of liability for negligence and professional indemnity insurance.
- c. Prepare professional reports, understanding the requirement for accuracy and attention to detail.
- d. Understand company and partnership law, sound office practice, employment law and health and safety at work for the management of a professional practice.
- e. Differentiate between illegality, mistake and negligence.

3.9 Valuation

PURPOSES

This subject considers the basic principles for valuations, considering the essential theory, framework and application of valuation methods and then develops that knowledge in relation to the area of the valuer's practice.

OBJECTIVES

Having studied the subject, the valuer should be able to:

- a. Collate all necessary information and set out detailed calculations to establish value, analyse transactions and carry out valuations of interests in property either with vacant possession or subject to leases, with or without rent reviews and in respect of any associated compensation or dilapidations.
- b. Recognise and understand the suitability of the main valuation methods for capital, rental, taxation and other statutory or instructed purposes and set out a framework in which to

calculate valuations based on comparability, cost of replacement, profitability, development potential and investment.

- c. Recognise the perspectives of different parties to the same issues.

3.10 Valuation under Statute

PURPOSES

Study of this subject will offer a working knowledge of the statutory occasions for undertaking a valuation in the relevant country. In particular, this will require knowledge of the valuation provisions for property of national and local taxation law, with its assessment, collection, exemptions and reliefs and its effects on the occupation and ownership of property, compulsory purchase and compensation law.

OBJECTIVES

Having studied the subject, the valuer should be able, in the circumstances of his country or field of practice, to:

Taxation

- a. Describe the assessment and liability to local and national taxation.
- b. Prepare advice concerning a client's liability to any form of taxation arising from a property transaction, or ownership or occupation of property, including those matters on which the client should take further specialist advice.
- c. Recognise and detail instances where tax is either not payable or capable of being abated
- d. Demonstrate how tax issues can affect the bids offered and price achieved for a property.

Compulsory Purchase and Compensation

- a. Understand the framework of law and procedure for the compulsory acquisition of land and rights in land under statutory powers and undertake the necessary valuations relating to compensation.

3.11 Valuation Standards

PURPOSES

The valuer should have an appreciation of the importance, relevance and requirements of:

- the role of valuation standards and practice statements

- the core concepts established by those standards, including the European Valuation Standards, as to valuation bases, processes and reporting for the preparation in accordance with those standards and practice statements of valuations of real estate in general and those for secured lending and accounting purposes in particular.

OBJECTIVES

Having studied the subject, the valuer should be able to:

- a. Understand the requirements of relevant Valuation Standards and undertake valuations in accordance with them.
- b. Demonstrate an understanding of asset valuation for accounting purposes.

3.12 Government Policy and Land Use

PURPOSES

The valuer should have an understanding of the relevant policies of all levels of government regarding the management and development of land, including development control, conservation regulations and subsidy or grant systems relating to the use and development of real estate.

OBJECTIVES

Having studied the subject, the valuer should be able to:

- a. Understand the framework of the systems regulating land use and development.
- b. Understand the relevant subsidy and grant systems that may affect the use, re-use and management of real estate.
- c. Prepare and submit applications under those systems.
- d. Understand special planning constraints and appeal procedures relevant to his country and field of practice.