

**[SEC MEMORANDUM CIRCULAR NO. 4 S. OF 2010,
July 27, 2010]**

GUIDELINES ON PROPERTY VALUATIONS

Recognizing the importance of reliable, competent and independent valuation of properties, the Commission adopted in its meeting on 15 July 2010 the following guidelines:

a. Definitions

i. Property valuer is an individual who possess the necessary qualifications, ability, and expertise to estimate property value for relevant purposes;

ii. Appraisal company is a corporation or partnership engaged in the appraisal business and employs a property valuer to conduct valuations of properties of its clients;

iii. Public Company is an entity with assets of at least P50 Million and have 200 or more shareholders who each own at least 100 shares of a class of its equity securities;

iv. Secondary Licensees are grantees of a license from the Commission, namely:

1. Issuers of registered securities to the public;
2. Investment houses;
3. Brokers and dealers of securities;
4. Investment companies or mutual funds;
5. Government securities eligible dealers;
6. Universal banks registered as underwriters of securities;
7. Investment company advisers;
8. Clearing agency and clearing agency as depository;
9. Stock and securities exchange/s;
10. Financing companies;
11. Transfer agents;
12. Such other corporations as may be required by law to secure a secondary license from the Commission to be able to engage in certain business activities.

b. Accreditation

i. The following corporations shall engage the services of an appraisal company accredited by the Commission:

1. Real state investment trust (REIT), as required under Rule 9 of the Implementing Rules and Regulations of the Real

Estate Investment Trust Act;

2. Public companies and secondary licensees of the Commission that propose to receive or transfer property in exchange for shares of stock, as provided for in Section 62 of the Corporation Code, which states that where the consideration is other than actual cash, or consists of intangible property, its valuation shall initially be determined by the incorporators or the board of directors, subject to the approval by the Commission. To support the request for approval of the said valuation, the appraisal report shall be issued by an appraisal company accredited by the Commission.

For entities that are not public companies or secondary licensees, the appraisal shall be conducted at least by the property valuer who is licensed by the Department of Trade and Industry or the Professional Regulatory Board of Real Estate Service pursuant to Republic Act No. 9646;

3. Public companies and secondary licenses that have adopted the fair value model in measuring their properties pursuant to the Philippine Financial Reporting Standards;

4. Such other entities that the Commission may determine as requiring the services of an appraisal company.

ii. The criteria of accreditation shall be the following:

1. The applicant shall be registered with the Commission either as a corporation or general professional partnership organized by individuals engaged in appraisal work;

2. The certifying property valuer employed or engaged by the applicant shall be a professional appraiser licensed by the Department of Trade and Industry or the Professional Regulatory Board of Real Estate Service pursuant to R.A. 9646 and its Implementing Rules and Regulations, and an officer/member in good standing of any registered association of property valuers and/or appraisal companies;

3. At the time of application, the applicant shall have a minimum experience of five (5) years in the appraisal business that:

- a. provides property valuation services on a regular basis;
- b. possesses the requisite licenses under relevant Philippine rules and regulations;
- c. has personnel who possess the requisite licenses and are qualified to perform property valuations;
- d. has sufficient financial resources to enable it to conduct its business effectively and meet its