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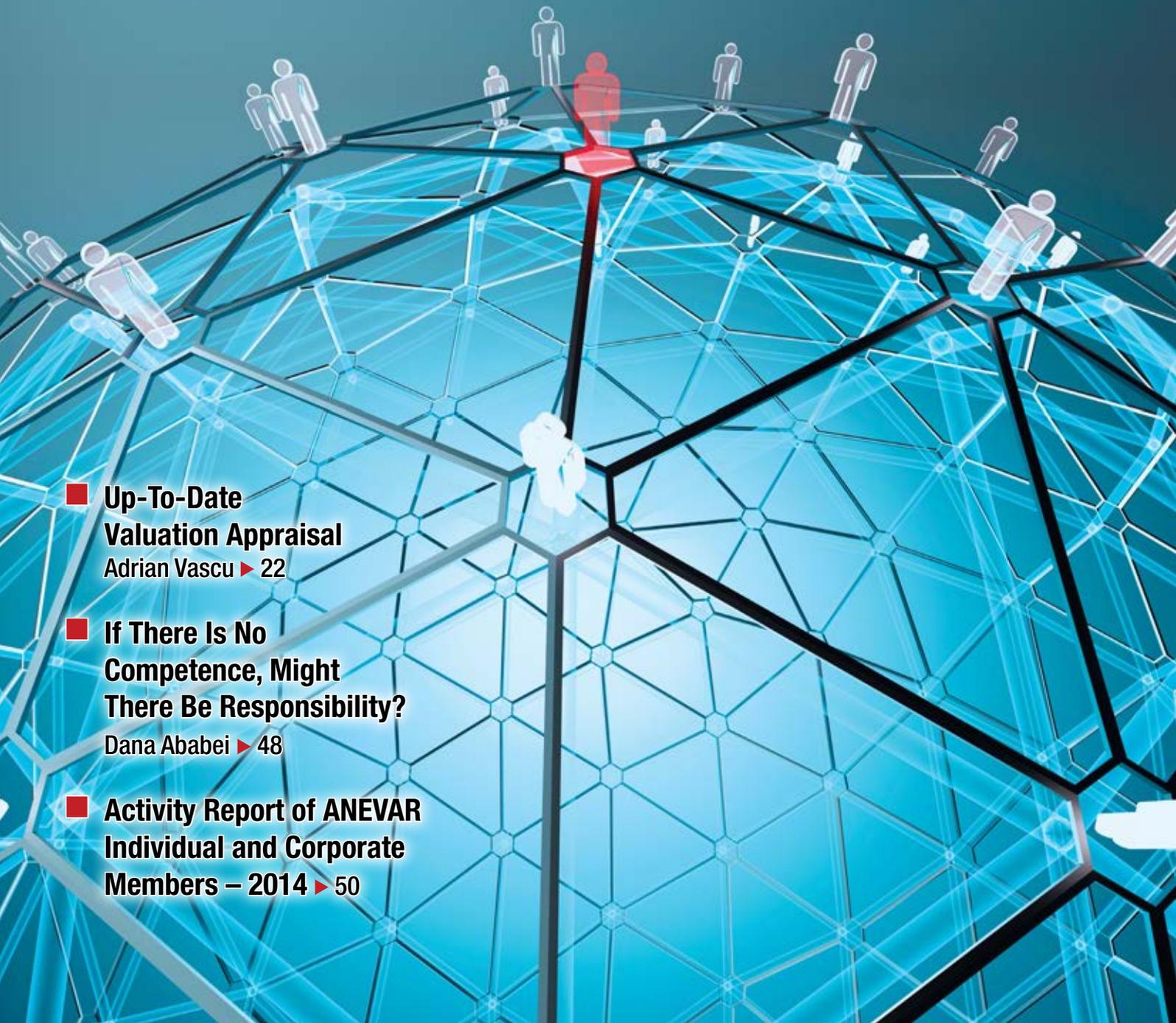
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# VALUE

WHEREVER IT IS

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› **RALUCA ȘLICARU,**  
Coordinating Editor

**W**hat a successful year 2015 was! We really made a go of all the Association's undertakings, which was positively mirrored in the issues dealt with in the Romanian version of the magazine "VALUE, WHEREVER IT IS." The English version of the magazine, now at its second edition, has taken up the most important of them. I kindly invite you to join us in looking through them in what follows.

Just have your pick of issues. I would recommend those related to the main projects started last year: the ANEVAR 2015 Valuation Standards (a volume published both in Romanian and in English), the data bases BIG (Real Estate Guarantee) and BIF (Taxable Value of Buildings), getting specialised in VE (Valuation Reviews) and others.

At the end of 2015, within the ANEVAR National Conference in Brasov on 11 December, there were elected the members of the new Board of Directors that will represent the Association during the period 2016-2017. You will find under the Event headings pictures taken during the National Conference works, as well as the names of the current members of ANEVAR Board of Directors. We have also made a note of all the other conferences and events organised by the Association throughout year 2015.

Our constant concern to collaborate and be permanently connected to the international bodies in the profession is also manifest in the series of events hosting guests worldwide. The TEGoVA Congress organised in Bucharest with ANEVAR support, entitled "Hot Topics in Valuation", brought together prominent personalities, members of the boards of the organizations similar to ours, or bank representatives: Krzysztof Grzesik, President of TEGoVA board, Michael MacBrien, Advisor with TEGoVA, Silvia Capelli, TEGoVA board member, Jim Amarin, Vice-President of the Appraisal Institute, Akos Fischl, President of the Valuation Committee for European Mortgage Federation, Jorg Quentin, Managing Director with Deutsche Pfandbriefbank AG and Miguel Angel Lopez, Senior Inspector - Bank of Spain. The conference on "Valuation for Loan Guarantee" and the celebration of the traditional Valuer's Day on 9 September were two further events having as guests M. Lance Coyle, current President of the Appraisal Institute and J. Scott Robinson, the President-elect of the Appraisal Institute (J. Scott Robinson being the current President with the Appraisal Institute at the time of the present issue publication).

In hope that you will take pleasure and interest in going through all the articles representative of year 2015, gathered in the present edition, let me just remind you that you can keep abreast of our activity by visiting our virtual sites as well, through the official social media accounts: [www.facebook.com/ANEVAR.oficial](http://www.facebook.com/ANEVAR.oficial), [twitter.com/AnevarRomania](https://twitter.com/AnevarRomania) and [www.linkedin.com/company/anevar](http://www.linkedin.com/company/anevar).

# Valuation Standards - Lights and Shadows

The National Association of Authorised Romanian Valuers (ANEVAR) aims to organise, co-ordinate and authorise the pursuit of valuation profession in Romania, to represent and protect its members' professional interests, ensuring the independent exercise of the profession of authorized valuer in compliance with the professional deontology and with a high level of professional qualification, as well as to promote the valuation standards, methods and techniques in the authorized valuers' activity. The association adopts the binding valuation standards with a view to conducting the valuation activity. The main standards adopted are the International Valuation Standards issued by the International Valuation Standards Council (IVSC). Starting from 2014, ANEVAR has its own standards – SEV including both the International Valuation Standards and the European Valuation Standards.

The mission statement of the International Valuation Standards Council (IVSC) is “let us build up confidence in valuation”, and its main objective is to strengthen the valuation profession at a global scale. In order to reach its objective, IVSC considers it of particular importance to serve public interest, and standardising principles, definitions and concepts is the right way to achieve it.



› DANIEL MANĂȚE,  
President of ANEVAR  
2016 – 2017, MAA, MRICS, REV

At the international scale, the World Association of Valuation Organizations (WAVO) aims to develop valuer practice with a view to permanently ensure the provision of valuation services of consistently high quality and uniformity in the public interest. This is the reason why WAVO promotes the best practices represented by “robust and consistent” professional standards.

The European Group of Valuers' Association (TEGoVA) aims to set professional standards and to provide a code of conduct for business to the benefit of both customers and its members. To this end in view, “the main goal of TEOoVA consists of the scientific and educational promotion of the profession of valuer in Europe and the harmonisation of the European Valuation Standards.”

As we can see, the valuation standards account for the main tool

used by all these organizations. These standards most certainly stand for the best practices, and compliance with them is essential both to the public interest and to the interest of the professional valuation associations members.

Well, as we have gone through the descriptions above, it is now crystal clear to everybody that standards are important. Standards are and will always be the best practices, as they have been written and developed in this respect by all the professional organizations have a say in the field.

In conclusion, relevant valuation standards and the national legislation applicable in the field set the profession framework. Everything that is undertaken in the profession is under their governance. If in personal life we sometimes may choose to change the environment we live, relate to each other or work in, this is not possible with the profession, as it strictly comes under this framework.

What would be the adequate behaviour of all those involved in a valuation assignment or in the effects of the decisions adopted pursuant to it: valuers / clients / users / authorities / the press or other categories of public involved?

Simple and equally clear. The only appropriate behaviour is to actually abide by the applicable standards and national legislation. And that goes for all the above mentioned.

At a cursory examination, some may consider that only valuers should be concerned.

May it really be so?

All the parties concerned, with no exception, should ground on standards any opinion they issue, any decision they adopt, or any concrete action they take, with consequences to follow, whatever they may be.

## Why?

Because, unless understanding the matter in its essence, form becomes inconsistent, likely to be conducive to random interests which may considerably drift away from the public interest or from the legitimate and fair interests of the parties or the professionals engaged in the undertaking.

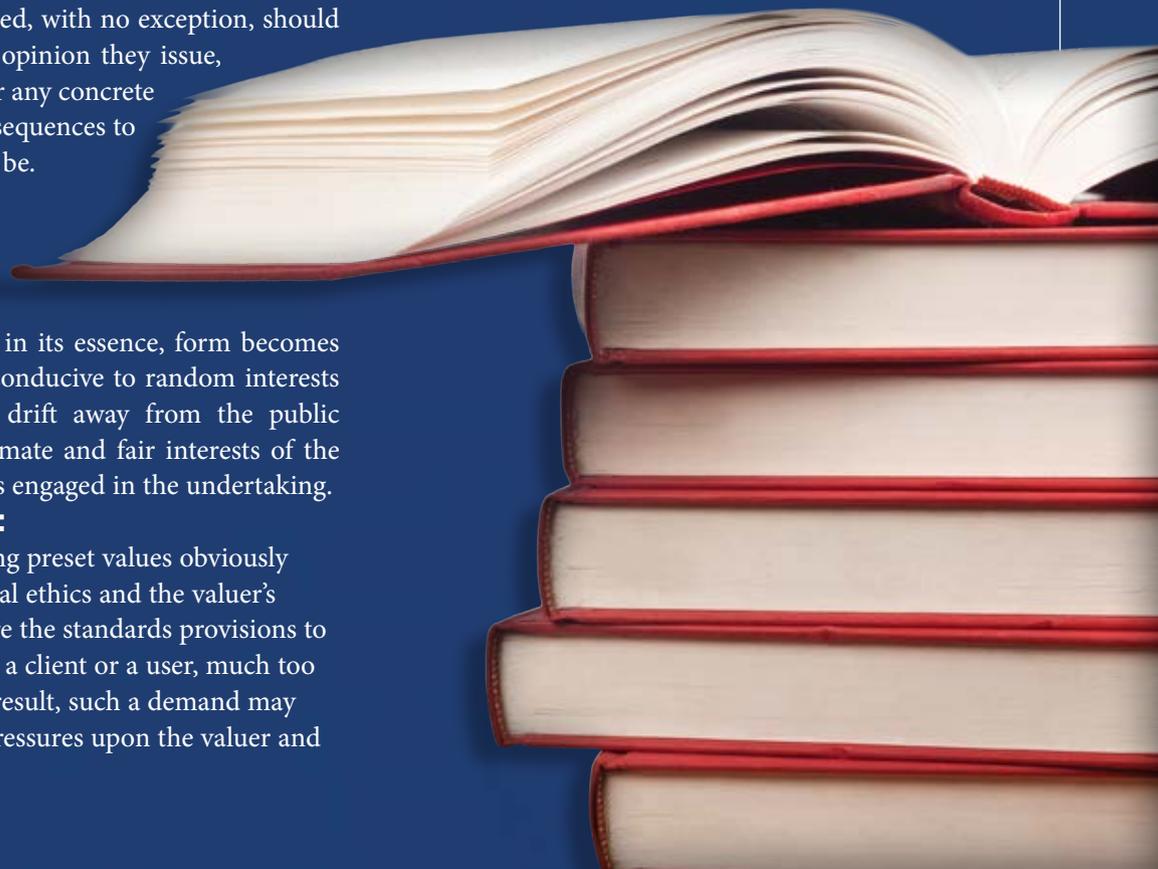
### Let us take an example:

- › The practice of requiring preset values obviously infringes on professional ethics and the valuer's independence, therefore the standards provisions to the core. Coming from a client or a user, much too interested in a certain result, such a demand may lead to either useless pressures upon the valuer and

› If in personal life we sometimes may choose to change the environment we live, relate to each other or work in, this is not possible with the profession, as it strictly comes under this framework.

even cause his or her withdrawal from the assignment proposed, or, sometimes, to enforcing a certain result. Irrespective of the goal (secured loans, financial reporting aimed at taxation value, compensation etc.) the "plasticine" value may injure either one party's legitimate interests, or even the public interest. However, the third parties' penal liability comes under the provisions of Art. 25, para (3) in Ordinance no. 24 / 2011 regarding certain measures governing asset valuation, approved with the respective amendments. I am referring to the provisions under articles 25 and 26 in the Penal Code regarding intentional instigation to committing a deed within the scope of penal law.

- › Whenever law courts address the parties for conducting specialty works (judicial expertises) by expert valuers, according to art. 5, para 1, letter c) in the Government Order no. 24 / 2011 regarding certain measures governing asset



valuation, approved as amended through Law no. 99 / 2013 - the “Association adopts the mandatory valuation standards for valuation activities” – it is absolutely necessary that all the expert appraisal reports should comply with ANEVAR valuation standards.

- › Circulation value is a concept which does not exist in any standard, whether international, European or national. Promoting it as a goal of an expert appraisal also including a valuation assignment exceeds the legal framework which imperatively demands compliance with the valuation standards relevant in any valuation activity. At the best, it makes standards look derisive to the public or the parties concerned.
- › Market value can be estimated based on offers as well, not only based on sure transactions. Practically, all the relevant valuation standards applicable in Romania throughout time included this aspect, sometimes unhappily speculated on by certain standpoints in the press. Further examples are:
  - › IVS (SIE) 2003, page 45, para 9.2.1.2. Approach by comparing sales: ... “In general, a property being valued (a subject property) is compared with sales of similar properties that have been transacted in the market. Listings and offerings may also be considered.”
  - › IVS (SIE) 2005, page 33, para 9.2.1.1. Approach by comparing sales: ... “In general, a property being valued (a subject property) is compared with sales of similar properties that have been transacted in the market. Listings and offerings may also be considered.”
  - › IVS (SIE) 2007, page 32, para 9.2.1.1, Approach by comparing sales: ... “In general, a property being valued (a subject property) is compared with sales of similar properties that have been transacted in the market. Listings and offerings may also be considered.”
  - › IVS (SIE) 2011, page 26, Approach through market, paragraph 58: ...If few recent transactions have occurred, it may also be appropriate to consider the prices of identical or similar assets that are listed or offered for sale provided the relevance of this information is clearly established and critically analysed.
  - › IVS 2013 (adopted within the body of ANEVAR 2014 Valuation Standards), pages 15-16, General, para 57, Approach through market: ... If few recent transactions have occurred, it may also be appropriate to consider the prices of identical or similar assets that are listed or offered for sale provided the relevance of this information is clearly established and critically analysed.
- › The spirit of the International Valuation Standards is in favour of the national legislations in the countries applying these standards; thus, in specific matters of enhanced national interest, the provisions under the international standards can be completed / restricted

or modified. Therefore, only to the specific purpose of certain valuations for setting and paying the compensations related to the real estate abusively taken over, Government Emergency Ordinance no. 209 / 2005 included provisions in completion to those in the relevant standards valid in the respective periods.

Practically, the knowledge of and compliance with the relevant valuation standards and applicable legal provisions is the right path to take in order to protect public interest, as well as the interest of clients, users and the profession itself.

Let us point out the importance of having all parties involved in the know of the multiple provisions of the standards corroborated with those of the applicable national legislation – see the case of Government Emergency Ordinance 209 / 2005 amending Law 247 / 2005. The law thus demanded, throughout the provision validity period, that the banks, the public notaries, the cadastral register offices, the real estate agencies etc. should make available information regarding the transactions which could have been useful to the valuation assignment, in spite of the special laws whose stipulations were different (e.g. the professional secret with notaries public or with banks). It would be interesting to see how many banks, real estate agencies or cadastral register offices complied, and respectively, what measures were taken against those who would not cooperate with the valuers, should the latter have required information.

It would be important for the interest of both the public and the profession, that the legislation should include, in completion, provisions to sanction those entities holding useful information for valuation activities, and yet will not make it available to the valuers. In completion to these measures, a new framework could be



clients or users, as well as with the public interest.

We could list in what follows some of the most important such values, namely: fair play, honesty, responsibility, flexibility or respect, but the list can go on according to each one's personality.

In conclusion, Fig. 1 below could be regarded as a suggestive mapping of the valuation activity complexity.

Individual values, which define each of us, are those that determine us to make efforts taking time, money, opportunity costs (sacrificing leisure alternatives), as well as to invest in gaining knowledge, abilities and information related to the valuation activity. Of course, both these efforts and the information gained are related to the status of each party involved in the valuation process: professional / client / user / public authority representative / press representative etc.

The mastery of the knowledge and skills best suited to each party's status allows us to adopt a fair behaviour in connection with any valuation process- related aspect (e.g. valuation proper, negotiation of the assignment and of the reference terms, report utilization, collaboration with third parties, criminal research of one or several valuation reports, a court order, a critical newspaper review on a valuation result etc.)

Finally, a behaviour deemed to be adequate will always reflect a fair image of the valuation activity environment or setting, namely the standards and the national applicable legislation.

It is a difficult challenge to take; yet, I am positive that the readers of this magazine will have the strength of character and the necessary resources to take in full honesty and responsibility the above described steps, to the benefit of all parties involved, from the public to ANEVAR professionals, authorities' representatives, or clients and users of valuation reports. ■

set up for valuation activity, a pool in which data bases related to real estate- or business transactions are systematically collected and fed with relevant data. The positive impact of creating and developing such data bases could be high both economically and socially.

The issue that faces us here is two-sided: on the one hand, the information necessary to all the parties involved, and, on the other hand, the appropriate competences and abilities to successfully undertake valuation contract concluding, conducting, decision making and output implementing.

Actual efforts aimed to gather information and permanently acquire competences and abilities appropriate for the profession, the tasks and the context in which we act are usually made only when the respective individuals have a solid set of values in accordance with the rightful interests of the parties, may they be valuers,

› Individual values, which define each of us, are those that determine us to make efforts taking time, money, opportunity costs (sacrificing leisure alternatives), as well as to invest in gaining knowledge, abilities and information related to the valuation undertaking.



# Rest

# Ensured of

# Commitments

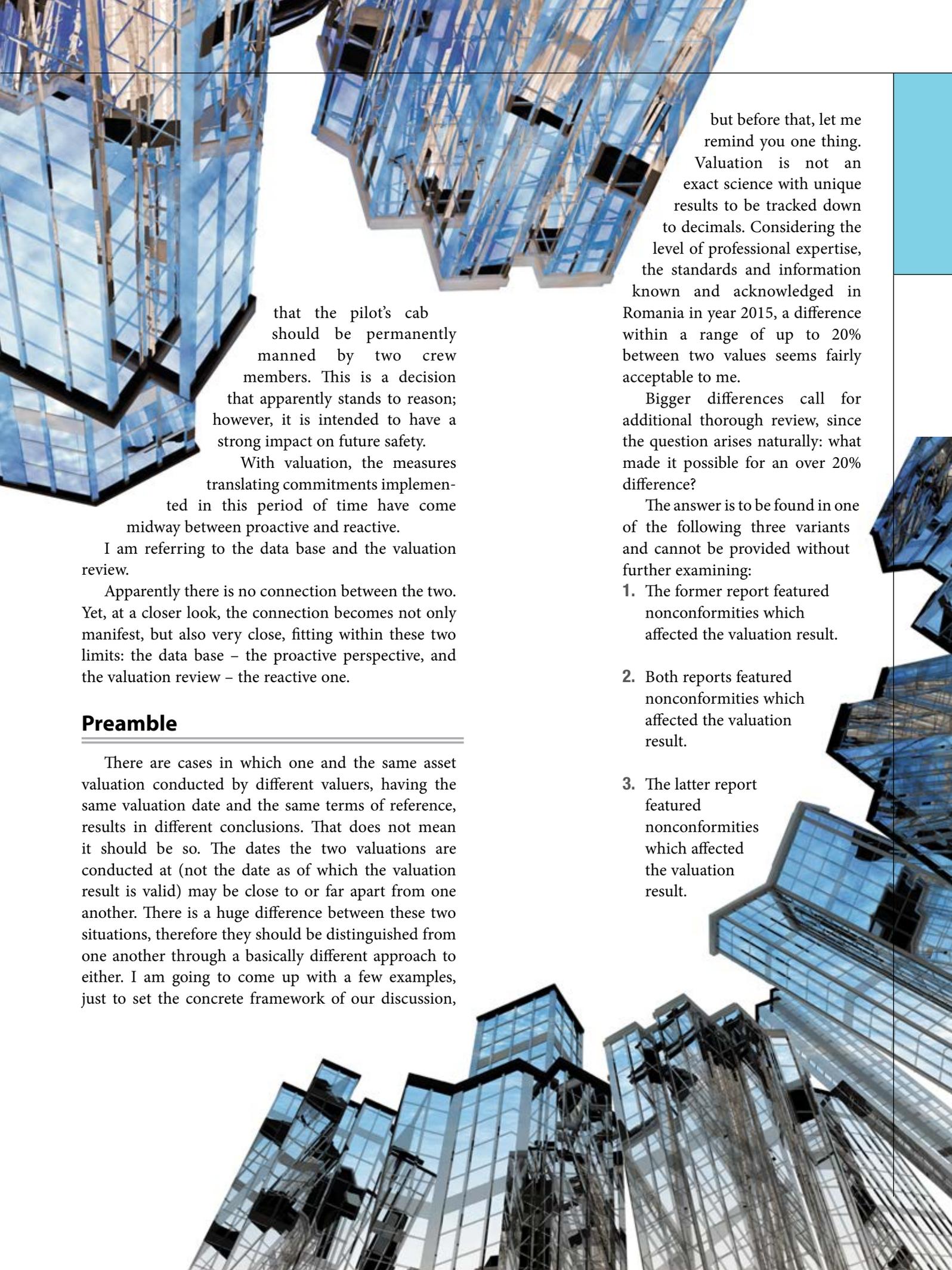
**T**here is more to it than a new meaning that the article heading lends the acronym title on the cover of this issue of the Value magazine. I will start by putting down a few things on the Real Estate Guarantee data base, to go on to tackle some further issues, having in view that commitments should be known and substantiated, so that they may go beyond their declarative status and, sooner or later, yield the expected outputs.



› **ADRIAN VASCU**,  
President of ANEVAR 2008-2009, 2014 – 2015;  
MAA, MRICS, REV; Senior Partner VERIDIO

So far, the major decisions having translated into progress have been made along two lines: either proactive or reactive.

These days we have been presented the reactive perspective. Accordingly, after the Alps tragedy of the Germanwings Air Company plane crash, measures were taken



that the pilot's cab should be permanently manned by two crew members. This is a decision that apparently stands to reason; however, it is intended to have a strong impact on future safety.

With valuation, the measures translating commitments implemented in this period of time have come midway between proactive and reactive.

I am referring to the data base and the valuation review.

Apparently there is no connection between the two. Yet, at a closer look, the connection becomes not only manifest, but also very close, fitting within these two limits: the data base – the proactive perspective, and the valuation review – the reactive one.

## Preamble

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There are cases in which one and the same asset valuation conducted by different valuers, having the same valuation date and the same terms of reference, results in different conclusions. That does not mean it should be so. The dates the two valuations are conducted at (not the date as of which the valuation result is valid) may be close to or far apart from one another. There is a huge difference between these two situations, therefore they should be distinguished from one another through a basically different approach to either. I am going to come up with a few examples, just to set the concrete framework of our discussion,

but before that, let me remind you one thing. Valuation is not an exact science with unique results to be tracked down to decimals. Considering the level of professional expertise, the standards and information known and acknowledged in Romania in year 2015, a difference within a range of up to 20% between two values seems fairly acceptable to me.

Bigger differences call for additional thorough review, since the question arises naturally: what made it possible for an over 20% difference?

The answer is to be found in one of the following three variants and cannot be provided without further examining:

1. The former report featured nonconformities which affected the valuation result.
2. Both reports featured nonconformities which affected the valuation result.
3. The latter report featured nonconformities which affected the valuation result.

To put it in other words, the former report should not be allegedly labelled as incorrect just because the latter provided a different result. Proper rules to judge such a situation by should be applied – as soon as possible, too – in order to protect the valuers who do a good job of their assignments, which is the case with most of them, the valuation report users, and, last but not least, the public.

Here are some of the situations we have been recently faced with, and which have made it more imperative to take certain steps:

- › A customer, legal entity, a credit applicant, commissioned three valuation reports of an ongoing investment, by three different valuers, intended for three different banks, and was presented three valuation results ranging on a scale from simple to double.
- › A bank had a number of assets they had accepted as payment valued by an independent valuer, and the financial auditor, through the internal valuation department, came to the conclusion that the values should have been lower by much more than 20% for the highest valued properties. The situation was noted by the National Bank of Romania.
- › A piece of information has been publicly circulated, namely: between years 2006 and 2008, various real estate properties were valued to be returned to their rightful owners, and overvalued by tens of millions euros in the process. This statement is probably based on a recently conducted valuation having as its valuation date that at which the initial reports were drawn up.
- › Rumour has it that some local authorities would have capitalized undervalued patrimony elements, a statement which might be based on a recently conducted valuation having as its valuation date the date of the initial report.
- › Some local authorities stated that local taxes had been affected by certain undervaluations, with no consideration whatsoever of the particulars of the legal framework still in force which makes no provision of any direct connection between valuation result and taxable value of buildings.

All the cases presented above come down to the same “one-to-one” situation, that is X’s opinion versus Y’s opinion. That is to say that a certain valuer exercises judgment in considering the work of another valuer. The only way to sort it out is by having a set of rules applied by one or several arbitrators who should

necessarily be in the profession – I mean in the valuation profession, and tremendously good at their job, too.

So far, we have gone by the principle that rightness sides with the more powerful in terms of status in the relation between any two parties (auditor – client, prosecutor – defendant, municipality – tax payer), which is fundamentally wrong, beyond the strict professional reasoning framework.

The solution is a simple one. When a subsequent valuer is of another opinion, considerably different from the previous one’s, the latter should take note of this second opinion and agree to the nonconformities noted underlying the differences in values. If these nonconformities are not manifest and, although professionally sound grounded, not agreed to by the former valuer, then an arbitrator who should abide by the rules is called for. It is only based on this arbitrator’s judgment that a conclusion can be drawn as to which of the three situations above applies. Until then, the correctness of the latter valuation cannot but remain an insubstantial statement.

Related rules are to be found in SEV 400 Valuation Standard – Valuation Review – and the arbitrators should be authorized valuers specialised in Valuation Review.

## Proactive Measures

As I said earlier, I am going to take a proactive approach to data bases, that is to two of the concrete measures to be taken first thing in the very near future.

The necessity of data bases is a topic that has been long talked

› When a subsequent valuer is of another opinion, considerably different from the previous one’s, the latter should take note of this second opinion and agree to the nonconformities seized underlying the differences in values. If these nonconformities are not manifest and, although professionally sound grounded, not agreed to by the former valuer, then an arbitrator who should abide by the rules is called for.

over to the point of having worn off its meaning in the process. Yet, the need is still there and ever so bad, too. At a recent conference I attended, I made a parallel between real estate market and a farm products market, referring to the latter as a closed hall aimed as a meeting point for fruit and vegetables sellers and buyers. Similarly, I envisaged the real estate market as a huge hall hosting the whole Romania, with builders, housing- sellers and buyers, bankers, local authorities etc. meeting there – that is almost the whole country! However, with a difference: the food products market is very bright, with both natural and artificial light flooding in, as nobody will ever go to the market to buy their fruit and vegetables in the dark. As opposed to it, the “real estate hall” has neither natural or artificial light, but only a few candles on here and there, and, as strangely as it may seem, we have somehow grown accustomed to groping our way through these purchases. Having such a hall electrified is not an easy job, and yet, we should make a start on it. I am positive there is no unique problem-solving formula. Neither does it take a single person or a single institution. It shall take a well tuned in concerted action to be run as the necessary conditions are met for each and every case.

As far as ANEVAR is concerned, its current legal framework and its partnership with the National Bank of Romania and with the commercial banks, allow us to set up the data base Real Estate Guarantee (BIG).

Also, the partnership with the Ministry of Finance and the provisions under the new Fiscal Code regarding the tax on buildings, if they are kept in the form the Government submitted them to the Parliament, provide us the opportunity to set up a second data base of taxable values of the non-residential buildings in Romania, a data base I will tentatively refer to as the Taxable Value of Buildings (BIF).

## **Real Estate Guarantee Data Base (BIG)**

You will find technical details on this data base in other articles in this issue. What I want is to point out a few basic elements instrumental to both the data base and to the application of its outputs by all the parties involved. Here it goes:

- › The data base will include a synthesis of all the valuation reports to be drawn up for loan guarantee referring to all real estate types.
- › The information will be introduced into the data base by the valuers carrying out their activity in

connection with one or more credit institutions.

- › The data base will not include the trading prices of the valued assets, but the market values estimated by the authorised valuers against the same valuation benchmarks.
- › BIG shall include neither confidential details regarding the asset owner, nor their exact address. The entries will be identified by their postcode.
- › The data base, IT secured, will be managed by ANEVAR through IROVAL.
- › IROVAL will periodically issue reports and syntheses aimed both at the valuers and at the banks in order to keep them permanently informed. The type of information to be disclosed can refer to: the number of valuations by types of assets and geographical criterion, the average market values by types of assets, minimum and maximum values, price evolution indexes etc.
- › The information in the data base will be used for valuers’ monitoring, by carrying out a consistent prevention activity.
- › The banks will have access to all the information recorded on behalf of them, thus also checking their own recordings.
- › Based on the entries in the data base, monitoring will allow for any valuer’s activity to be analysed on demand of the National Bank of Romania or of the credit institutions.
- › The compulsory recording of the valuation results into the data base will enhance valuers’ independence while also reducing the pressure exerted by some of the credit

› The compulsory recording of the valuation results into the data base will enhance valuers’ independence while also reducing the pressure exerted by some of the credit institutions representatives so far.

institutions representatives so far.

- › BIG will result in some of the most accurate indices to show the evolution of the real estate market values which can be used by the credit institutions in periodically reviewing the collaterals portfolio.
- › On average - and long-term, the effects of the recordings in BIG will translate into collaterals value quality with direct effect on the level of provisions registered by the credit institutions.

## **BIF**

The data base including information on the non-residential buildings taxable value will feature as follows:

- › Will be released as of 1 January 2016 if the provisions known today (30 March 2015) regarding building taxation in the New Fiscal Code remain unchanged.
- › BIF will include the taxable values of all non-residential buildings in Romania which need valuating by authorised valuers every three years.
- › The estimated value type will be the taxable value, not the market value.
- › ANEVAR 2015 Valuation Standards include a valuation guide regarding the determination of taxable value of buildings: GEV 500.
- › BIF will include only entries regarding buildings (without land) considered in terms of: purpose and postcode- related location. Types of purpose: administrative buildings, offices, storage, production, thermal power stations, silos, hotels, restaurants etc.

- › The entries in the data base will be made by authorised valuers previous to the submission of the final valuation report to the customer.
- › The information in the data base will be intended for valuers' monitoring, thus carrying out a consistent prevention activity.
- › The entries in the data base will allow for any valuer's activity to be analysed through monitoring, on the demand of the local authorities.
- › A standard valuation report as foreseen by valuation guide GEV 500 will underlie the entries in the data base.
- › BIF will include neither confidential details regarding the building owners, nor their exact address. The entries will be referred to by their postcode.
- › The IT - secured data base will be managed by ANEVAR through the agency of IROVAL which will periodically submit reports and syntheses intended to valuers, local authorities, as well as to the Ministry of Finances for their permanent informing.
- › After minimum two three-year cycles, when at least two taxable values will be entered for each non-residential building in Romania, a synthesis can be made, and an algorithm can be developed to provide support for the Romanian state, through the Ministry of Finances, to properly ground a modern system for collecting taxes on building.
- › BIF will be of help in minimising bias in estimating building taxable values, as well as with a transparent tracking

of the taxable value of each building, so that to eliminate the risk of either under- or overvaluation, so harmful to all the parties involved.

## **Reactive Measures**

As specified at the very beginning, I will include valuation review into reactive measures. Such a review is increasingly imperative, as a trustworthy arbitrator under the ever more frequent circumstances in which the applications of the valuation reports entail most important consequences, with an impact on the state budget, the local budgets, as well as on the valuers and the intended users. Sticking to the same presentation manner as with the data bases above, I will point out several valuation review-related aspects of a novel character which are to be implemented in the following period. Here they are:

- › Valuation review shall be conducted only by authorised valuers well versed in this line, holders of ANEVAR - issued stamp on which the valuer's name, the membership number and the specialization in which they are entitled to undertake reviews are stamped.
- › The standard underlying the review activity is SEV 400, in the ANEVAR 2015 Standards collection.
- › The reviewers shall exercise impartial and independent judgment in expressing their opinion / conclusion, without influence by any of the parties involved.
- › The reviewers shall avoid "my opinion" versus "your opinion" - type positions
- › Review objectives can go along the following lines: exercise

impartial judgment on the valuation report compliance with the valuation standards and the legislation in force; in addition to it, the reviewer may also express his or her own conclusion on the value of the asset as valued within the valuation report. We call these basic and extended objectives, respectively. The circumstances in which either can be applied are foreseen in SEV 400.

- › The reviewer shall communicate with the valuer who drew up the valuation report, and, no matter whether the review objective is a basic or an extended one, the valuation report author should take note of the nonconformities pointed out and agree to them. Only then can the review be considered to have met its purpose.
- › The analysis of the same valuation report should result in the same judgments, whoever the reviewers may be.
- › If the valuation report author does not agree to the nonconformities spotted out by the reviewer in an extended review report, there follows the necessity of a new review report by an independent credible reviewer.
- › The farther back in time the valuation date, the more complicated the review mission. If, for example, an extended review of a valuation report dated 2006 was undertaken in 2014, the valuer who drew up the report in 2014 should have considered at least as follows:
  - › Shall not make use, in his or her valuation, of other information apart from that available at the valuation date.
  - › Shall apply the valuation standards and the methodologies available at that date
  - › Shall put aside the subsequent evolution of the market specific to the respective asset. If, at the respective date, nothing was foreseen referring to a boom or a crisis on the specific market, their occurrence cannot be counted as an argument in 2014 when a second valuation is undertaken.
  - › Retracing the accurate environment in which the valuation was initially undertaken is a complex and delicate process imposing special requirements on the person undertaking such a mission, as there may appear errors entailing particularly serious consequences.
- › The reviewer shall not take advantage of his or her apparently advantageous status in relation with the valuer, since the situation may be reversed any time. The reviewer must prove that his status is not accidental, but that he is fully entitled to it.

› These tools will help reduce bias in valuation and mitigate the hazards both the profession as a whole, on the one hand, particularly following the spreading of incomplete public information, and individual valuers as well as the institutions and the people having based their decisions on the valuation reports, on the other hand, are faced with.

The training courses attesting the right of undertaking review reports will start in term 2 of the current year, and envisage their future graduates as the elite corps of professionals who should transfer review assignments from the reactive measures category to the proactive measures one.

## Conclusion

The three activities above I have enlarged upon stand for actual projects well on their way to implementation, albeit at various stages. We will not talk big; we are believers in acting big. Facts are sure proof that valuable ideas, good intentions and commitment have been substantiated. The ultimate test vouching for the implementation of these good intentions will be to have the information in both data bases (BIG and BIF) as well as the professional valuation reviews applied in practice. These tools will help reduce bias in valuation and mitigate the hazards both the profession as a whole, on the one hand, particularly following the spreading of incomplete public information, and individual valuers as well as the institutions and the people having based their decisions on the valuation reports, on the other hand, are faced with. That does not mean there will no longer be valuation reports including nonconformities. There will be still some, but the valuers having drawn them up should come up with the necessary arguments and shoulder responsibilities. What I want to point out is that current rules are much stricter and they will quickly adjust to concrete realities to best enhance the safety of all those involved – either in a direct or in an indirect way – in asset valuation. ■

# THE FISCAL CODE AND BUILDING VALUATION FOR TAXATION PURPOSES

So far, we have been talking and talking about the “foreseen” measures under the Fiscal Code referring to a change in the building taxation system – measures which actually came into effect alongside the new Fiscal Code promulgation by the President of Romania.

Therefore, we – valuers, local authorities and particularly tax payers – are well on our way heading straight toward implementing the new system. I am calling it “the new system” because the provisions under the Fiscal Code to take effect as of 1 January 2016 include a great deal of novelty regarding building taxation. Although its provisions were talked over at length prior to its approval, not all the modifications proposed were subject to a thorough analysis, and the application norms were to subsequently provide answers to all the past, present and future questions over the matter.

In this article I, in my turn, will try to ask a few questions and try to find answers to them, as well as to others that have already been or are to be asked. Special mention should be made of the fact that the questions

you are going to read in what follows will refer only to those issues related to the taxation on buildings in the new Fiscal Code, not to the Fiscal Code as a whole.

Questions are not late to arise from valuers on the one hand, and from tax payers and local authorities on the other hand. I will develop this Q&A “self-session” in chapters “General Questions” (assignable to the three actors) as well as distinct chapters dedicated to valuers, local authorities and tax payers, respectively. There will also be questions to which my answer may be subject to some modifications if the authorities provide additional clarifications in the next period.

## General Questions

### 1 **What are the main building tax-related modifications foreseen in the new Fiscal Code as compared to its previous version?**

**The main modifications presented under Title IX can fall under two categories:**

- a. Building taxable value has no longer a direct connection with the book value. In other words, the taxable value will be made use of by tax payers only in relation with tax authorities, without its being recorded in the financial statements as it had been so far. Mention should be made that taxable value, up to



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the new Fiscal Code coming into force, stands for the buildings “inventory value” as recorded in the tax payers’ financial records.

- b. Tax treatment shall be uniformly applied, according to building utilization and not according to the building owner, as with the current practice. Consequently, the same tax shall be paid for non-residential buildings (offices, commercial areas, hotels etc.), irrespective of their owners being natural persons or legal entities. So far, tax used to be differentiated, that is much more reduced for natural persons owners of non-residential buildings.
- ### 2 **What is the tender spot when it comes to implementing the new provisions?**

I think the crux of the matter is time, having in view the date at which the new Fiscal Code was approved and the short time span of four

months at the most, left ahead until its becoming effective. It is during this time that the Ministry of Finance and the local authorities will have to take firm and quick steps to thoroughly brief – both internally and externally – the institutions involved so that the new provisions may be applied and understood in a unitary way. The successful implementation of the new measures will necessarily take well informed actors. Last but not least, ANEVAR, both by itself and alongside the state authorities, will have to get involved in this briefing.

### **3 Are there any unclear issues regarding the application of these provisions?**

There are some unclear issues to be worked out the soonest possible through the Fiscal Code Application Norms or even through the valuation standards. Among these unclear issues, let me mention: (1) the period in which the valuation reports will be undertaken after 1 January of the year for which the building tax is due; (2) the evaluation date in the case of non-residential buildings belonging to natural persons; (3) the taxable

value as declared by legal entities in 2016 for those buildings having been revaluated three years before and requiring – in keeping with the old system – a new valuation to avoid an increase in the taxation rate.

### **4 Any possible solutions to the successful implementation of the new provisions?**

I think the possible solution lies

in consistently uniform clearing up all the new system- related issues by all the actors involved: valuers, local authorities and tax payers. Unitary understanding and practice in the first place will make it very likely that the system should be successfully implemented. Joint discussions as well as joint informing in writing will provide significant support.

### **5 Are there any special provisions to be applied under the valuation standards?**

There certainly are. There is a standard specially dedicated to this topic, namely Valuation Guide GEV 500 – Determining the taxable value a Building. The standard is very new, therefore less known. It was also part of ANEVAR 2014 Standards collection and is to be found, naturally, in ANEVAR 2015 Standard collection including the standards in force at the date at which the new Fiscal Code becomes effective. GEV 500 can be

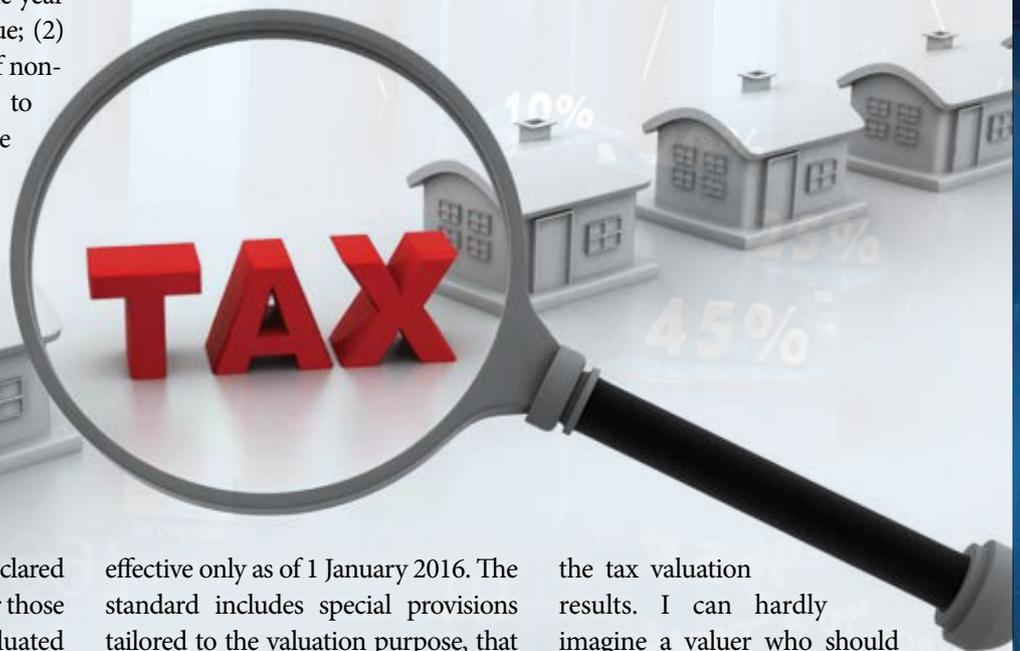
effective only as of 1 January 2016. The standard includes special provisions tailored to the valuation purpose, that is for taxation, and will lay taxable value estimate on a methodologically unitary basis. Therefore, I would like to specify in the first place that the standard refers to taxation of buildings, not of real state as a whole, having in view that the Fiscal Cole deals separately with land taxation, on the one hand,

and with building taxation on the other hand, through two different approaches, and that land taxable value has no connection with their market value. Consequently, in keeping with the new regulations, buildings- related real estate value is decisively influenced by the location of the land it is built on (which is not relevant in our case, since only buildings are taxed). Another underlying fact is that valuation is mainly cost-approached. The standard includes clear specifications regarding all valuation approaches, as well as the final value selection, so that a valuer's subjective approach may be avoided as much as possible.

### **6 Is the valuer's responsibility enhanced by the new regulations?**

Responsibility is dramatically enhanced. In the future, practically all the local budgets will include a component resulted from the tax on building which is directly related to

the tax valuation results. I can hardly imagine a valuer who should not be aware of the crucial importance of these values and of the fact that they can be subject to review any time, so that responsibility is practically unlimited. Under these circumstances, the valuer's independence is decisive and shall be respected primarily by the valuer,





then by the tax payers, and not least, by the local authorities. Tax payers and tax authorities are generally at opposed ends. The former will aim at not too high taxable values, while local authorities will aim at not too low ones. What everybody should understand is that taxable value is only one, and cannot be customised to “higher” or “lower” according to either party’s expectations. Valuers have (almost) all necessary levers ready at hand, so they are in control, free to exercise their own impartial judgment, with no influence whatsoever. Tackling this issue somehow meant treading on delicate ground. What we need now is to go our way by treading on solid ground, which takes a clear, transparent and unequivocal kit of tools, from regulations to information source, for valuers to be provided with. The tender spot is currently the “source for estimating the replacement cost”.

## **Questions Asked by Valuers**

**7 What is the valuation date with valuation aimed at taxation?**

For legal entities owners of non-residential buildings, the valuation date is foreseen in the Fiscal Code as 31 December of the previous year. For natural persons owners of non-residential buildings, the date of 31 December is not expressly specified. We expect this date to be mentioned in the application norms of the new Fiscal Code, so that valuation may be approached on a unitary basis for all types of non-residential buildings, irrespective of their owner (natural person or legal entity).

**8 Will the new valuation standards be applied as of 31 December 2015, or as of 31 December 2016?**

The new Standards are most likely to apply as of 31 December 2015 as valuation date, with the Fiscal Code becoming effective as of 1 January 2016 and stipulating that the taxable value reference date is the end of the year previous to that for which the tax is due. We shall keep track of whether special provisions will be stipulated to this effect.

**9 What type of valuation report will be used?**

A valuation-for-taxation- type valuation report will be used, which will be drawn up so as to comply with the general framework required by GEV 500. In this context, the uniform Report is aimed to provide all the local authorities access to and easy understanding of the same document type. It will also assist valuers to successfully undertake their mission regarding valuation for taxation.

**10 Are there the annexes foreseen under GEV 500 on [www.anevar.ro](http://www.anevar.ro) site?**

There are three annexes to the standard. The first includes the tax payer’s request for valuation to be undertaken for taxation, the second is a guidebook to calculating physical depreciation and to re-calculating useful life following modernization actions (if any), and the third consists of the unitary report. Upon the release of this magazine issue, all the annexes are in progress, so that they will be published on the site the soonest possible. We do hope the Fiscal Code application norms will come out until the annexes are completed, so that they may take into account all the clarifications foreseen by the respective norms.

**11 What is the valuation report completion date, referred to as the “report date”?**

I mentioned this issue among the unclarified aspects contained in the Fiscal Code as it is. Having in view the previous experience, the local authorities’ expectations, as well as the preliminary discussions we had with the representatives of the Ministry of Finance, the time interval in which the valuation report should be undertaken may be 1 January – 15 March. In order to apply the norms on a unitary base and to avoid the abnormalities existing with certain local authorities (Timisoara municipality stands for an indicative example), we do hope that the final time interval should be specified in the norms.

I kindly ask all the readers of this article to follow up our notifications regarding the provisions under the norms, after their publication, so that they may make use of the most topical information.

#### **12 Will ANEVAR analyse the results of valuation for taxation?**

Considering the importance of the effects of this valuation type on the public space in general and the local budgets in particular, ANEVAR will record all the results of valuation for taxation in a data base. This data base, called the Taxable Value of Buildings (BIF) will account for the main source for monitoring and will vouch for primary prevention of any types of slips. Subsequently, the data stored will be turned into reports to be periodically made available to all those concerned.

#### **13 Will all tax payers ask for valuations in 2016?**

Hardly. In those cases falling within three years since the last revaluation and whose current taxable values are comparable to or lower than the net replacement cost of the taxed building, it is very likely that tax payers should not call for a valuation. If the three-year rule applies starting from 2016 with no consideration of the previous situation, then only those tax payers whose taxable values would be, in the absence of valuation, higher than those resulted following the valuation process, are likely to call for valuation. However, if the three-year rule still applies, taking into consideration the last valuation conducted before 31 December 2015, then it is very likely that all those tax payers who would have anyway required to have a valuation undertaken, irrespective of the coming into force of the new provisions, will go for it. In any of the previous situations, valuations must not be undertaken to the purpose of reducing taxes. If correctly applied, standard GEV 500 allows only for fair valuation. Based on it, the tax resulted,

even if different from the previous one, will be also the appropriate one.

#### **14 The accuracy of estimating the building replacement cost**

This is a very delicate subject to be tackled with utmost care by valuers. The tender spot is the very absence of a unique source of estimating the replacement cost of a building to be acknowledged by all the users in Romania besides valuers. The architects, the designers, or even the public authorities into the acquisition of building works would be interested in the availability of a tool able to determine the replacement cost of any building. The existence of several such sources which may lead to various valuation results makes them most vulnerable in terms of credibility, since theoretically there may follow two values assigned to one and the same building, therefore two taxes. This is actually impossible, as the taxable value of a building can be only one. It is only a further review that will decide on either potential value as correct, namely valuers, in keeping with the valuation standards in force, are bound to check, from an additional independent source, which of the two presumably correct taxable values is the genuinely correct one. However, under no circumstances should it be inferred – be it at present or in the future – that the right value is the higher one only because the ensuing tax would be certainly higher. Estimating a taxable value is not aimed at reaching a certain tax level, but a correct tax base. And it is only one that can be correct – a fact only an authorised professional having complied with the valuation standards in force at the valuation date will be aware of.

#### **Questions (possibly) Asked by Local Authorities**

##### **15 May valuation reports be challenged?**

Valuation standard GEV 500

stipulates that valuations for taxation may be reviewed provided the review is undertaken by qualified staff, namely by an authorised valuer specialised also in Valuation Review. Consequently, local authorities may employ valuers holding this specialization, or they may externalise this review service so that they may exercise their right to challenge certain taxable values if there are professional arguments in support. Valuers shall be liable to account for whatever may be called in question, provided the calling in question comes from an authorised valuer specialised in Valuation Review. So far, there have been cases in which the valuation reports have been contested, mainly on grounds of the effect of their utilization, namely tax lowering, and the respective challenges were most often than not aimed exclusively at the valuation outcome, instead of at the valuation process. Under these circumstances, in order to reach the objective of having the right taxable values, the local authorities get the necessary levers engaged, necessarily meeting the valuation standards in force at the valuation date.

##### **16 Who will submit the valuation report to the local authorities?**

Tax payers will submit the valuation report to the local authorities.

##### **17 The date by which valuation reports may be submitted to the local authorities**

Considering that the valuation date is 31 December of the previous year, the valuation reports will be undertaken early in the year, therefore valuation reports will be undertaken and implicitly submitted to the tax authorities after 1 January. Until the norms under the new Fiscal Code are settled into final shape, so as to explicitly stipulate the time interval foreseen by the law, all the parties concerned will reasonably expect it to be between 1 January and 15 March.

##### **18 Are the valuation reports which foresee a taxable**

**value lower than the previous one non-compliant with the valuation standards?**

The taxable value level alone can by no means be a clue to valuation reports allegedly non-compliant with the valuation standards in force. Therefore the answer is definitely NO. A decrease in the taxable value does not necessarily entail a non-compliant valuation report. As previously mentioned, there is a legal leverage to check valuation accuracy. Only after this procedure is applied can professional judgment be passed on a report quality and compliance with valuation standards.

**19 Will there be any differences in building taxation on the assumption that identical buildings may be situated in different localities?**

It is the taxable value, not the actual tax due by the tax payer that will ensue following the valuation undertaken. The tax is the result of the tax rate multiplied by the taxable value. Therefore, the tax rates fall within a range foreseen in the Fiscal Code available to the local authorities. There follows that these rates may differ from locality to locality, thus being conducive to different taxes according to specific localities. However, as a general rule, the taxable value should be the same with identical buildings.

**Questions (possibly) Asked by Legal Entities Tax Payers**

**20 Will there be an increase or a drop in taxation on buildings?**

There is no telling at the moment. After the first valuation "exercise" has been completed, all the ensuing modifications will result from ANEVAR-managed data base Taxable Value of Buildings. I think there will be both increases and decreases, with neither trend possibly followed by the measures introduced into the Fiscal

Code. However, it is certain that there will result a uniform base to estimate taxable value and that, after the first valuation exercise, which may be 2016 or 2018, future local taxes estimations will be highly predictable.

**21 What will be the taxable value declared in year 2016 for the buildings having been part of the company's patrimony for several years now?**

The Fiscal Code stipulates 5 possible categories the taxable value falls into. With those buildings having been part of the company's patrimony for several years, taxable value may be either the current taxable value, or the value resulted from a valuation report undertaken by an authorised valuer in keeping with the valuation standards in force. It will be up to the tax payer to decide, and his or her decision will be decisively influenced by the provisions in the new Fiscal Code application norms which should clear up the issue of the three years status after which the taxation rate increases unless a new valuation is undertaken. When speaking of the three years status, I am referring to the continuity in counting them, that is starting back from the past, or starting counting them afresh alongside with the new Fiscal Code. In my opinion, either variant is possible. Starting counting afresh will be more convenient to tax payers who will have valuations undertaken only provided there is solid ground that taxable values, before valuation, are not the correct ones. The final modality of treating the starting period of the three years will result only following the publication of the Fiscal Code application norms. Having in view that year counting between two valuations starts on 31.12.2015 also for natural persons owning non-residential buildings, I think the same treatment should be applied as well to legal entities owning non-residential buildings. Of course, the three-year period and

its phasing will not prevent any tax payer from having their valuation undertaken annually.

**22 Is valuation compulsory?**

There is no incumbency regarding undertaking valuation with a view to taxation. However, there is a provision stipulating an increase in the taxation rate unless valuation is undertaken at the time intervals settled according to the law. This is how the idea of the compulsory character of valuation has been presumed.

**23 What information will be made available to valuers?**

Tax payers shall fill in Annex 1 foreseen under GEV 500, to be also found on [www.anevar.ro](http://www.anevar.ro), in which they will point out the buildings to undergo valuation. Valuers will rely on tax payers' statements, with no further referring to the accounting records of the latter. Following the annex filling in by the tax payer, the valuer will ask for concrete information referring to the buildings subject to valuation and that is to be needed in the valuation process.

**24 Will the valuation report for taxation be identical with the valuation report intended for financial reporting?**

The two valuation reports will not be necessarily identical, since they are elaborated based on valuation standards including different provisions which may influence valuation results and, consequently, the valuation reports structure. Thus, tax payers may be faced with the situation that one and the same building is assigned two different values, namely from the taxation perspective and from the accounting one, respectively. Of course, valuation reports will have quite a lot in common, but there may be also cases in which both the results and the reports differ on objective grounds.

**25 Will it be necessary for two valuation reports to be undertaken?**



There may be circumstances in which two valuation reports are needed. If undertaken by the same valuer, the reports will have common parts; therefore, the fees charged for the two valuations may not be double as for a single report.

**26 May valuations be also undertaken before the end of the year to avoid the “overcrowding” at the beginning of the following year?**

Valuation reports for taxation must be always completed at the beginning of the year following that of the valuation. Starting valuation work before the end of the year is not mistaken, provided the report date is after 1 January of the following year, the valuation date is 31 December of the year previous to that of the report and the report considers the building condition on 31 December, if it is different from that on the date previous to that of the inspection and of estimating a value following a simulation process, respectively.

**27 After how long time a new valuation for taxation must be undertaken?**

As previously specified, if the taxable value is not updated through a valuation report every three years, there is a considerable increase in the tax rate.

## **Questions (possibly) Asked by Natural Persons Tax Payers**

**28 What are the types of buildings to be subject to a tax approach different from that under the current Fiscal Code?**

Non-residential buildings owned by natural persons will be subject to a different approach. In the previous Fiscal Code, distinctions used to be made only in terms of building owners, not of building use. An area still rather unclear is the modality of valuating mixed-use buildings. It is through practice that concrete modalities to approach those buildings in terms of taxation will be settled.

**29 Will tax on buildings be modified for the headquarters declared as belonging to an Authorized Physical Person?**

Most often than not, these buildings will fall under the mixed-use category. There should be no modification as to the previous situation if the declared headquarters did not determine utility costs to be deducted by the Authorized Physical Person. If they still are in charge of the self-employed person the Authorized Physical Person, then

there may be an increase in the tax, and the Authorized Physical Person may refer to an authorised valuer to determine the taxable value.

**30 What will be the taxable value of non-residential buildings owned by natural persons as of 31 December 2015?**

In most cases (except for new buildings), the taxable value will result based on a valuation report undertaken by an authorised valuer.

**31 What is the valuation date with valuation reports undertaken for non-residential buildings owned by natural persons in the case of valuations for taxation?**

The Fiscal Code does not foresee a specific date. I do hope that, according to norms, this date may be identical to that related to legal entities, namely 31 December of the previous year.

**32 Will residential buildings undergo valuation as well?**

With residential buildings owned by natural persons, there is no modification in terms of the tax payer's declaration. As far as I can see, there has been an increase in the taxable value.

**33 After what time interval should a new valuation for taxation be undertaken?**

Just as with legal entities, if taxable value is not updated through a valuation report, there is a considerable increase in the tax rate. However, with a difference: with natural persons, valuation frequency shall be every 5 years, instead of every 3 years, as with legal entities.

Well, that would be all about the Q&A self-session. Of course, there may further questions as well, besides or derived from those asked above.

There will be answers to all of them. It takes patience, a good deal of information and good faith. Then things will naturally fall into place. ■

# Up-To-Date Valuation Appraisal

**A**s this year is drawing to a close – a year in which the Board of Directors’ 2014-2015 mandate runs out, too – I am going to draw your attention upon several topics I consider important and worth being part of an update on valuation “appraisal”. By no means do I expect to have exhausted all the possible topics in so doing; however, I have not left aside any topical issue or hot topic.



It is two years in a row since the valuation standards applicable in Romania have been gathered under the name of ANEVAR Standards. They are in compliance with the international and European Standards, while also including national standards which make the whole set best tailored to Romania's market realities. This modality of organizing and adopting these standards at ANEVAR National Conference vouches for our absolute autonomy in approving them while providing the modern mechanism able to turn them into a reference point in Romania and a benchmark for other European states. These strengths of the Romanian valuation standards are not fully known by all the authorities in our country. It takes time and further efforts to promote them.

**Data bases** – We are better informed because we have started to gather information related to our activity and which makes us, the authorities concerned and, last but not least, the business partners, better understand where we stand and where we are heading for. Mention should be made here of the activity reports made use of during the monitoring process. The figures in these reports were presented in the “Value” magazine. For instance, the bulk of valuation reports within a year, the valuation market structure according to the valuation target, as

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well as the global turnover, seemingly approximately by 10-15% higher in 2015 as compared to 2014, are all to be found there. Another data base is the already (hopefully) well-known BIG, whose first semester entries are enlarged upon in this issue of the “Value” magazine. Figures such as the total number of valuation reports conducted during the first term of BIG's coming into being (July – September 2015) for the bank system



(approx. 26.000), the total number of valuation reports regarding residential properties (over 70% of the overall number) and others, face us with a reality we were not fully aware of and which we may find very useful in the future. Out of this data base, there implicitly result the unitary average market values of the flats in all the county capital cities in Romania, which will allow us to soon release the “purest” evolution index on the real estate market in Romania, an index we will be able to name “ANEVAR Index”. Another data base to be released at the beginning of 2016 is named the Taxable Value of Buildings (BIF) which is to include information from all the valuation reports drawn up to determine buildings’ taxable value. All these data bases required investments to set up and especially to develop. The investments will continue, so that the data bases may be addressed also by the valuers interested in the data recorded in them.

**Valuers and criminal law** – Starting with the autumn of 2014, the first information appeared in the public space, namely on suspect valuers or valuers sued and charged with valuation reports considered as non-compliant with the International Valuation Standards. There may be also cases in which legal inquiries have started, without being made public yet. According to criminal law, these situations cannot infringe the benefit of the doubt, yet the application of remand on custody has shown that the valuation activity is by no means deprived of risks. Quite on the contrary. I think, or I’d rather say, I do hope that the warning signal is crystal clear with all valuers in terms of the risks incurred in exercising their profession, and that they understand that the main principle they should be guided by is that of independence. The data bases containing information related to the valuation reports and the estimated values therein, as well as valuation standards tailoring to the realities in Romania, and, of course, compliance with these standards will stand for tools meant to keep valuers away from the suspicion of “under-” or “over-valuation”.

**RASDAQ valuation and closing** – was quite a test of year 2015 under the circumstances in which the liabilities of the National Trade Register Office, of the valuers and of the Financial Supervisory Authority regulator were not accurately stipulated in the provisions under Law 151. A lot of dysfunctionalities were thus triggered by the very modality of applying the law and its norms. What I want to particularly point out is that, following the result of the monitoring conducted by ANEVAR, a large number of valuation reports were classified as unsatisfactory or even unacceptable, which led to their being remade. There were cases in which the new result after their remake was still unsatisfactory. I do hope that the valuers involved in those

› We are better informed because we have started to gather information related to our activity and which makes us, the authorities concerned and, last but not least, the business partners, better understand where we stand where we are heading for.



situations have learnt their lessons and will correctly match their expertise and experience with the future assignments they will undertake. As I have already pointed out, and am still going to do, public expectations from valuers’ activity are very high and it is up to us to protect ourselves while also protecting the public in so doing.

**The new Fiscal Code, valuation and taxation on buildings** – It is the hot topic of 2016 under discussion at the end of this year. The Fiscal Code will come in force as of 1 January 2016, while the application norms have not come out yet. Instead, quite a number of most unwary and scaremongering newly arisen questions and opinions have been infesting the public discourse. Valuers must know there is a special valuation standard, GEV 500, which was intended to be enough



restrictive and clear, so as to minimise the ambiguity and ensure that a similar result may be reached by any versed valuers valuating the same building any time. This is the key to the approach I have talked about, which can make it possible for valuers to keep their head up and deny all the current public fears, actually ungrounded most often. If certain aspects in standard GEV 500 need clearing up, it lies in the legal power of the profession to make the necessary adjustments, so that rules may be as clear as possible to everybody. One of the essential amendments to the new regulations comes as a consequence of the fact that the taxable value is derived straight from the valuation reports, without any longer passing through the companies' financial statements. Hence the valuers' direct responsibility for local budgets – a responsibility to be fully aware of, of course. I am positive the local budgets and, implicitly, the valuations underlying them will make the object of further reviews. It is in two-, five- or ten years' time that the level of the values obtained starting next year will be tested. As far as these reviews will be undertaken by competent authorized valuers, and as far as the current valuation standards are applied in a fair way, both currently

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and at the review date, it is expected that the respective valuations should lead to similar results, whenever reviewed.

**Valuation Review** – It came as one more novelty of the year 2015, born out of the valuation services users' necessity to be more comfortable with the valuation reports they use to various purposes. A review aspect currently laid stress upon has been the reviewer's possibility to express his or her own opinion regarding the value resulting from the valuation report subject to the review. Thus, the users have found this demarche in keeping with their expectations. The review plays a predominantly preventive role. This mechanism has the power to raise the valuers' awareness of the necessity of setting right their internal quality assurance systems, which may mitigate the risks they are exposed to. Another role of the review is to enhance the confidence of the clients and the intended users of the valuation reports in the valuation reports they use. An area in which this is beginning to yield fruitful results is that of secured loans, subsequently to banks use, upon the National Bank of Romania's demand, of review reports necessary to an additional control of the provisioning level. I am absolutely convinced that review will play its important role in the future Asset Quality Review (AQR) banks will undertake in 2016. The role played by the review will be also manifest in the application of GEV 500 and of the new Fiscal Code regarding taxation on buildings, case in which the local authorities can "call in question" valuation reports only provided the opinion is expressed by an authorized valuer specialised in Valuation Review – VR. Another domain I strongly believe to require valuation review is judicial expertise. Unfortunately, in my opinion, grounded on the correspondence with the specialty



department in the Ministry of Justice, the time when this expertise area will find its well established place in the judicial expertise schedule in Romania is still a long way off. This is what I think now, when 2015 is coming to an end. If something changes in the future, I will change my opinion accordingly, as I firmly believe that professional valuation review will be able to add significant value to the judicial process and, implicitly, to all the actors involved.

**Judicial expertise** – It is that wide-range domain well known to all those who are familiar with legal procedures. The topic was widely enlarged upon in issue 3 of the “Value” magazine. I will not revert to those elements, yet I would like to point out that no significant modification in the judicial expertise activity has been recorded for the last two years. I would like to make a point: I am referring first and foremost to the judicial expertise having involved the

› Another domain I strongly believe to require valuation review is judicial expertise.

authorized valuers holding also the quality of judicial experts; I am also referring to the judicial expertises undertaken by the judicial experts in this capacity, and which were based on the valuation standards in force. In both cases, the set of provisions to abide by when reviewing expertise reports quality is lacking from the judicial expertise legislation in Romania. Unfortunately, practice has proved that several valuation reports undertaken for the same asset, to the same purpose, at the same valuation date, have led to very different valuation results. While this

used to be a regular case, and it was up to judges to make justice, I do not find it natural that several valuation reports undertaken under the same scope of work for valuation may lead to considerably different results. In other judicial expertise domains, the experts' opinion may differ significantly, but this is not the case with valuation. I mean it is not normal that an asset value may differ with the expert undertaking the valuation, or that the experts under the respective case may get antagonistic to one another. The expert undertaking a valuation shall stand by the profession independence, not by the party he or she represents. This is what normality should mean a judicial expertise in the field of asset valuation. To this end in view, there should be created the appropriate valuation review mechanisms, and there should be enforced disciplinary measures to keep the judicial process away from wrong opinions which, although honest-minded, may cause real dramas. I am looking forward to a reform in justice that may influence judicial expertise in terms of the above. I do hope the subsequent generalized practice will be conducive to slightly or not at all different results between two or more valuations of the same asset.

**The difference (20%) between two valuations** – As the figure between the brackets shows, a 20% difference between two valuations undertaken under the same conditions has been publicly acceptable in the professional milieu for the last two years. I think that now, as 2015 winds down, this percentage needs adapting to a certain extent. The more sophisticated the techniques, the more educated and knowledgeable the public, and the higher the risks valuers run, the smaller the acceptable percentage between two valuations. It is absurd we should claim that all valuations should be accurate, down to the smallest decimal, just like it is equally absurd to generalize the 20% percentage, irrespective of how big the valuation result is. The delicate ground we tread on when it comes to the differences between two valuations results is the certainty that they have been undertaken equally fair. If there is a difference between the quality standard of the two, then any kind of comparison is out of the question and therefore erroneous; we actually compare “apples” to “pears”, which will lead to nowhere. Therefore, after it was agreed that there can be a tolerance between two results, it must be ensured that valuations are undertaken by the same valuation standards, equally correctly applied. It is only then that the acceptable margin can be discussed over. Thus, big margins may be of media interest and may entail most serious consequences over valuers and those who based their decisions on certain valuations. Consequently, it is not something impossible, but something we may tend to; we should also lower the public level of expectation of the difference between two valuations to a margin of even 10% that we should flexibly

› I only want to point out that the beginning of the year will be under the sign of taxation valuations in compliance with GEV 500, as soon as the new Fiscal Code comes in force. The modalities these valuations will be undertaken during the first term will be essential for the following periods and instrumental to accounting for the equidistance the new taxation system advocates.

analyze as required by each and every case. And, of course, we should take a look at what is going on as well on the international valuation market we rightfully pertain to.

## Thinking Ahead

The new Board of Directors (2016 – 2017), elected on 11th December 2015 and whose list of component members is to be found within this magazine, will soon set its priorities for the next two year's mandate.

Therefore, I will not make any statement beforehand; instead, I alongside ANEVAR President, Mr Daniel Manate and the new Board of Directors members, will analyze and then submit ANEVAR members the projects for the time period to come.

I only want to point out that the beginning of the year will be under the sign of taxation valuations in compliance with GEV 500, as soon as the new Fiscal Code comes in force. The modalities these valuations will be undertaken during the first term will be essential for the following periods and instrumental to accounting for the equidistance the new taxation system advocates. I am absolutely positive there will be various responses from the taxpayers, namely the local authorities and even the valuers, triggered by the changes whose complexity will be manifest once the new rules have been put into practice. Then, a fair, equitable and predictable taxation system will be available. However, the beginning will not lack the question marks inherent to the kick off of such a complex project. Yet, I am convinced there will be answers to all the questions and solutions to all the exceptions if there is patience, trust and good faith. It takes nothing more.

May good faith, trust, good will and, of course, sound health be with you throughout the forthcoming year! ■

# “VALUATION ACTIVITY IS A CORNERSTONE IN MARKET ECONOMY”

## **An interview with Gheorghe Bădescu, ANEVAR President** between 1992 and 2001

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**Here we are, almost a quarter of a century (more precisely 23 years) after the first steps you took along the groundbreaking path of establishing today's Association. How would you describe the context at that time and the opportunity to forge a new path for a profession actually non-existing in Romania back then?**

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Actually, the preoccupation for the valuation activity goes back to 1990, immediately after the revolution – therefore, it is more than 23 years. It all started after a discussion with a colleague of mine, Mr Fota, currently a professor at the University in Craiova. Discussing about the valuation activity, I suddenly realized it is a cornerstone in the market economy. That is because free market economy means exchange of goods and, before engaging in this exchange, both the seller and the buyer must know the respective asset value.

There can be no market economy – free exchange – unless one knows the value. And then, somebody has to do the job, namely to value. Well, yes, everybody has some opinion on value, yet there has to be a professional to undertake the actual valuation. This holds equally true today. Everybody knows the value of common assets referred to as personal property – vehicles, flats, perhaps even usual estates – as they read the newspapers and make comparisons. Things are different if it comes to a mall, or a hotel; it takes a professional to deliver a professional service. This is no longer a question of a piece of information off the shelf, but of paperwork in which information is analyzed, based on working techniques, yielding a reasonable result which may be agreed on by both sellers and buyers on the market. It was then that I started reading about it. I did not attend any specialized school or courses. I have only read books borrowed from the library of the Bucharest Academy of Economic Studies.

**Do you still remember what exactly you took over from the Statute of the Romanian Marketing Association? And from the Statute of the Romanian Communist Party? You said at the meeting “ANEVAR, Past and Future” at Sinaia in 2014, that you even drew on the way the party was structured.**

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In 1992, I together with the 27 founding members, set up the association we named ANEVAR. In order to elaborate its statute, there was much talking on where to take examples from. Of course we considered the communist party statute as well. We were interested in some aspects strictly related to organization. The communist party's endurance was the result of its good organization, because otherwise, it meant nothing in terms of ideology. It featured a core organization, a hierarchical system, meetings, general assemblies etc. We also took as models the statute of the Association for Electrothermics, a professional association set up prior to ANEVAR, and the professional associations in the field of medicine, as they existed

in the socialist era as well. The medical societies were actually the only ones to have professional organizations at that time. The Romanian Marketing Association also functioned before 1989, to be dissolved after 1990. Mr. Fota used to be the president of the Marketing Association, so he was in the know regarding the statute.

### **What about the Deontological Code of the American Valuers' Society? Did you take anything over from it then?**

We considered this deontological code as well, but we did not take too much over from it. It was the medical profession that was more of inspiration to us. The deontological code principles are mainly the same. As you know, there is an initiative at the international scale that there should be an international standard of ethics for the professions. The first draft is due to appear this November. That is because the principles are more or less the same everywhere – integrity, confidentiality, competence.

### **Are we going to get somewhat involved?**

Yes, there are several countries involved, and I have just talked with current President Adrian Vascu that ANEVAR should also join in, as we have the necessary expertise.

### **What other international relationships did you manage to develop in that period?**

At TEGoVA I met Philippe Malaquin, who was the president of the association at that time and who supported my election as ANEVAR representative in TEGoVA Steering Committee in 1998, and later on, ANEVAR admission as an IVSC member. I participated in

the Committee that elaborated the European Standards in 2000 and 2003.

The 1999 IVSC meeting was held in China. Philippe was to be elected as IVSC president. He proposed me to join in the Management Board. I submitted my application, and they admitted me into IVSC Managing Board. He was elected president. It was also then that China representative was elected in the Management Board. I and the Chinese representatives have been good friends ever since.

I was in the Board from 1999 to 2008, time during which they elected me three times. For the last three years I was IVSC vice-president. Since 2000 I have been in the International Valuation Standards Committee.

In 1998, in Stockholm, IVSC conducted a survey referring to the modalities of diversifying IVSC activities. I proposed business- and intangible assets valuation. I and Greg Gilbert, from the American Society of Appraisers (ASA), author of the US Business Valuation Standard, worked on the international standards on business valuation and on intangible assets valuation.

Around 1997, there came two Americans, representatives of East European Real Property Foundation (currently IFPF), 50% financed by the US government. They came to Romania to assist us with organization. They had already invested over 20 million Euros in Poland.

### **Is permanent training one of the factors contributing to enhancing both the valuation assignment quality and the end users' positive perception of the profession?**

Yes, this was one of ANEVAR strengths. Professional training and discipline – The Commission of Ethics and Discipline.

Doctors' permanent need to learn have taught us the necessity of permanent training.

As far as ethical conduct is concerned, we found inspiration from the English and from the Romanian



poet Toparceanu's poem "Why I never attend the Academy Award Gala". There is a verse there reading: "Because I have neither confidence nor whom to complain to". The public, since we are speaking about an institution of public interest, must have whom to complain to and be assured that measures will be taken following their complaint. Since the very beginning, we have been applying sanctions, going as far as expelling from the organization. We have made the sanctions public for everybody to know that a given well grounded complaint resulted in a sanction.

All the seminars ended with an exam, therefore mere passive attendance was not enough. The same went for conferences. This model was taken over from Ukraine.

### **Was it from the English that you took over the model of the Disciplinary and Ethics Commission?**

Yes, the prior analysis that is inviting the valuer to discussions, as well as all the meta-judicial procedures. We wanted to have the same procedures, yet without the legal power of the justice act, to avoid any abuse.

We have learnt about these disciplinary procedures from RICS (Royal Institute of Chartered Surveyors) from UK. They publish in their review a summary of all the test cases, the sanction and the infringement, what exactly was not complied with etc. They also enforce fines to be paid, unlike with our practice. There, the sanctioned valuers pay "law expenses" as well. Their commission does not operate on a volunteering base, and the expenses are incurred by the offender.

### **What can you tell us about the profession regulation?**

It is three years ago that Mr. Adrian Vascu came up with the idea of regulation. I said then I was not for, but that I would not be against, either. I stood aside, as I considered we were against the trend with that regulation approach. The UE had conducted a study in each country referring to professional deregulation. That was the trend back then, but after the economic crisis, they changed their standpoint, too. When they reached the second or the third draft of regulatory document, I saw that ANEVAR statute had been actually taken over and turned into law.

ANEVAR was acknowledged by the public, just like now. Besides, responsibility has been enhanced, which is not bad at all. Before, ANEVAR standards were not compulsory. If it was written in the report that ANEVAR standards had been complied with and it was not true, one could have said that the respective valuer had deceived his or her client – and that was about all there was to it. Now things have changed. For the Association, there is definitely more trouble, but the public confidence is on the rise. As long as ANEVAR make fair decisions to the benefit of the public, nobody will intervene. The advantage is higher quality, yet paired by higher responsibility to shoulder. Courses are also compulsory – and serious business, too.

### **What do you think about BIG (the Real Estate Guarantee data base)?**

It is a very good attempt to gather information on valuation activity. There are valuation results, not market data. Based on these data, there can be conducted analyses in support of valuers. Over years, we will be able to refer to the values valuers got in 2015. It is to our benefit on the long term, and the must of reporting enhances

valuation reports quality. It is to the banks advantage, even if some of them first opposed to this initiative. This also results in a higher safety degree. Now they are inquiring about the cost of an analysis from the BIG. At first, there could be heard some voices against, arguing that data are confidential, then they gave in to the order of the National Bank of Romania. Evolution in time is worth following up. A statistic can be made; and, taking out what falls out of the statistic average range, what is left is kind of a picture of how the market had been going, allowing for evolution to be traced. The idea is also very good because valuers, although having access only to their own statistic results, can derive valuation-based indices, as data are gathering.

### **Looking back, do you have any regret? Perhaps a project you set your mind to and never managed to carry through?**

I have a small discontentment. I had envisaged IROVAL Institute as a main budget coordinator, namely to get financed by ANEVAR or from elsewhere, from European funds, for instance, and use those funds by reallocating them to universities or research associations, with a view to their editing books, articles, magazines. That was the initial idea, but IROVAL's activity was sometimes limited to reviewing coursework or translations, or to elaborating ANEVAR Newsletters. The Valuation Magazine got off to a good start from the very beginning and has been keeping its firm ground ever since. There have been few cases in which the articles were at what I considered to be a lower standard. And the fact that professionals from abroad contribute to our magazine is also very important. We have not been as successful with



the research area, I mean genuine research, namely the academic milieu. Why? We did not have the right people to be able to coordinate such things. It goes the same with the European funds. Perhaps we should address consultants. This would be an unsuccessful project.

Our intention to set up another entity for valuers' independent certification may count as another failed project. That is when we did not have regulations and in order to be acknowledged. We wanted to have a certification system in compliance with ISO 17024 – personnel certification. We addressed RENAR (the Romanian Accreditation Association) – the body accrediting the institutions certifying personnel. At that time, ANEVAR presidency was held by Mr. Adrian Crivii, followed by Mihail Bojinca. He tried to do something to this end in

view, but did not manage to have this idea substantiated.

There are certain countries, for example Georgia, Russia, the Czech Republic, Poland, France, Germany, or the Scandinavian countries, whose valuers are ISO certified. The issue has not been discussed ever since. Regulation has been regarded as amounting to certification. However, if one wants to work abroad, then ISO 17024 certification would come in useful as well. The exam valuers have to take in order to be accredited is 80% taken over from that of ISO 17024. We thought we should sort of get prepared for ISO 17024, which is much more demanding. Therefore, what would be necessary now to get ISO? It is a bit complicated: RENAR is no longer authorized for personnel accreditation, therefore we should get accredited by another body from other EU

country. What would that imply? An entity, an independent organization, other than the Association, should develop a quality manual, with the required procedures. Then that entity is verified for correct implementation of procedures, and after two or three series of provisional certification, which may be withdrawn as well, is finally granted final accreditation.

### **What do you think about the exam following which one is granted the capacity of judicial expert?**

This is only natural that the Ministry of Justice should have decided that ANEVAR members pass a specific exam for being granted this capacity. It is a formula which was already attempted several years ago. As their number will increase, those who are no longer ANEVAR members will get out of the system.

### **Who used to conduct such expert appraisals?**

They used to address technical and accountant experts for valuating assets or businesses. However, they sometimes lacked the necessary expertise, which often showed. Meanwhile, another initiative was resorted to, namely inviting lawyers, representatives of the Ministry of Internal Affairs, or of the force services to the training courses.

### **What exactly was aimed at through this demarche?**

The idea was to give valuation activity as much visibility as possible. Those people did not come to the training courses in order to become association members. It was very good, because lawyers subsequently started to reject in court what was not correct, to be aware of what is correct and what

is not regarding different valuation assignments. Judges stand for the last redoubt. They understand that, if an expert appraisal is conducted, then it should provide an opinion one must be 100% sure of. They should rely on the expert appraisal, not judge it. Our legal system does not allow for competition. The lawyers and valuers representing the parties in the UK or in the States contend in court. The judges hear them all and decide whom are competent and whom they can rely on. I constantly receive from the Americans and the English judicial system- related cases, precedents, discussions, motivations from the Americans and the English. Their judges give the impression to be a valuation expert, as they have a specific language and is well versed. Whereas our judges say: this is the expert, he has been assigned, he said so, so do not expect me to value. We haven't assigned him for nothing, have we?

### **What should be done to have the judges instructed?**

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ANEVAR has already set about it by organizing and participating for the first time in a training course with the magistrates in Cluj, and perhaps the latter, too, will be willing to go on with this undertaking. We have always taken initiative, but sometimes it turned out to be useless. The same held true for the judicial experts. There was sheer opposition from the Ministry of Justice and from the Bureau of Expertises.

### **Was giving up presidency and imposing the troika "Former-Current-Elect President" a natural step for you to take, or rather sort of a sacrifice thought for the Association's good?**

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It was but natural. Because this was the pattern I already had in mind. And I realised that, in ten years' time, I had achieved the main things: the statute was in good order, membership was in large number, the territorial structure was very good, the Board procedures were appropriate, we were members of important international associations, we had the Institute of Valuation Research (IROVAL), a magazine, conferences. All the way through my presidency I neglected my own company. Looking now back, I consider I kind of had come to a standstill with my company. It was no longer good: for me, for the company, for the Association. It is true I could have continued. When I first came up with the idea of former – current and future president, people did not understand. Even in the Managing Board, Mr. Nic Popescu thought we wanted to make up sort of an off the reel managing team, namely to follow one another on and on. He did not understand that the currently elected president no longer comes back. I chose this modality because, if presidents had been replaced every 4 years, the former one could have been anytime accused of having made wrong decisions. Then I said No, this is not right, and went for the American system featuring the three presidents (the former, the current and the elected one) going side by side makes such accusing impossible: you cannot put the blame on the former one, since you yourself were part of the managing board throughout his mandate. This is, after all, both a protection and a responsibility. People did not understand then. They would ask me: "Are you angry with us? What have we done? We have been getting on well so far, why should you give up?" They protested in the branch offices, they did not want me to leave. Then, for two weeks, I went round the branch offices to explain myself. It took me

almost one week through Moldova: Buzău, Focșani, Vaslui, two per day – to one in the morning, to the other in the afternoon. That was followed by a similar tour in Ardeal. Then the General Assembly was held and I had one single veto against: Nic Popescu.

### **Would you tell me as well about the importance of Ethics in this profession?**

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Enhanced ethics is certainly one thing of major importance. That is to say that ethical conduct will be given a greater importance within the profession. It is the general trend. At RICS, if you do not do well in the ethics subjects, you fail. You may know everything, but if you do not work out an ethical case correctly, you are rejected. With ANEVAR too, almost all the complaints in the disciplinary commission reports are related to ethics. And I think this will be an increasingly important factor, as it comes down to public confidence. Regarding the profession future, as long as there is market economy, the profession will not disappear. On the contrary, it will get diversified. There are yet a lot of topics for us to approach, for instance artworks, or capital market assets, among others, for which we are rather behind the schedule. There was not much demand, either, so that undertaking valuations of shares or derivatives may be appealing to valuers. On the other hand, see what comes of markets: any major event is likely to bring about a convulsion. A reduction in price for routine works will entail an increase in the number of natural person as independent valuers. There is a risk to it, too, because they rather tend to no longer train. They may not have the necessary time or resources to further do it, and inevitably can no longer keep abreast and come to lose their competitive steak.

## **How do you envisage the profession future?**

In the future, I see ourselves more focused on delivering professional services. It is not for the first time that I am saying it; I have already said it and while addressing others as well. That is because there are valuers who will deliver series material (flats, small estates etc.), like in any profession. There will be low payment to match and they will not be difficult to undertake. There is also plenty of information, there is no bothering one's head over it either, not much judging to it; it is a technique working almost robot-like. Thus, you can undertake a great many assignments at a low price. On the other hand, there are professional services. They involve intricate issues, real estate with some complications to them. It takes much reading, documenting, subscribing to data bases from abroad, spending more money. These assignments are paid more. You must specialize, you cannot do them all.

## **Do you also include valuation review here?**

Yes, but not any kind of review. Flat valuation review may not even be necessary. The rest of the reviews will be rather problematic – say a valuation of whole factory or whatever else. Some valuers will stick to residential property. Those who are willing to learn, to study, to beat their brains will focus on professional services.

## **Consequently, shall we understand that profession future will bring about a differentiation between difficult, high quality assignments and easy ones?**

Yes. Our company has specialized in undertaking more complicated, larger scope works. We work little

for banks. The team includes six project coordinators, all accredited members, out of whom 5 are RICS, 2 FRICS and 5 valuers acknowledged at the European level. Their cross-disciplinary training (engineers, economists, accountants), the team stability and the experience they have gained allow us to find solutions for the complex assignments.

## **Do you get involved in your company's everyday activity?**

Almost. I do no longer undertake assignments. I work mainly as an adviser. Elena, my daughter, has taken over the company management.

## **What are your plans for the near future?**

On 17 September, at Sophia, I will deliver a completely new presentation on "Ethics in valuation assignments" starting from the Hippocratic Oath. It took me quite a while to write something completely new. I have also introduced six cases to be debated in the conference. We shall see what solutions will be found. I have the solutions and I am curious to see whether they will be the same.

## **How did you find the event organized on 9<sup>th</sup> September on the Valuer's Day?**

First and foremost, it came as a big surprise that stirred up a great deal of emotion within me. It made me relive, with the same satisfaction, the beautiful moments connected to ANEVAR's life, which, to the same extent, were equally important moments in my own life.

The team in charge of this event organization proved, besides professionalism, a wealth of fondness and warm-heartedness

matched by sensitivity and a great sense of humour. I was impressed by the messages of my colleagues from ANEVAR, as well as by those from China and Georgia. I enjoyed immensely the performance of Gyuri Pascu's band, I being a big fan of the artist's. As to the atmosphere created by my colleagues making up the audience, it was unforgettable and awesome.

I keep at home a painting I received in Kenya (photo 1). It is a symbol in Eastern Africa's culture, namely it depicts the modality knowledge comes down from generation to generation, as well as the way in which each generation contributes to enlarging it. I find this concept perfectly suited and up to date to ANEVAR development in the past, at present and in the future.

My thanks go to all whom I used to work with in the park, to those whom I am currently working with and to all whom I will have the opportunity to work in the future.

I know ANEVAR is in good hands and that those contributing to the profession's development are quite a lot. A big thank you to all. ■

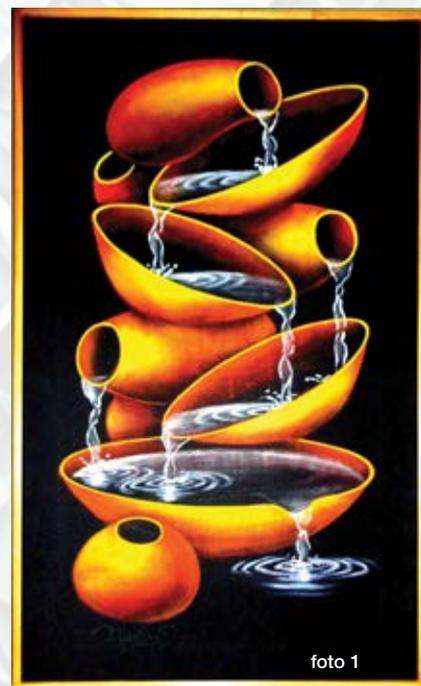


foto 1

# “TO REACH EXCELLENCE, PEOPLE SHOULD BE AWARE OF THEIR PERTAINING TO A GROUP”

An interview with Adrian Vascu, President of ANEVAR 2008-2009, 2014 – 2015

**I would like to start our interview with a couple of hot issues of utmost interest to valuers, namely the current challenges ANEVAR, the association you have been running for a year and a half now, is faced with. The first topic I kindly ask you to tackle here is the connection between the Association and the application of law no. 151/2014 on clearing up the legal status of the shares traded on RASDAQ market or on the unlisted market.**

It was one of the year 2015 challenges – a law in which ANEVAR, alongside the National Trade Office Register (ONRC) and ASF got somehow involved. Of course ANEVAR participated indirectly, namely by having to cooperate with ONRC in order to submit to the issuers to be delisted the names of the authorized valuers who may be assigned in this process. I can say that the regulatory document was rather unclear. From the very beginning, our main concern was the extremely high responsibility for both the valuer and for the profession. We have insisted on the application of the valuation standards and the legislation in force, and recommended the valuers to be aware of their responsibility and expertise, as the impact on the whole

› From the very beginning, our main concern was the extremely high responsibility for both the valuer and for the profession. We have insisted on the application of the valuation standards and the legislation in force, and recommended the valuers to be aware of their responsibility and expertise, as the impact on the whole capital market, on the minority and majority stakeholders is quite big.

capital market, on the minority and majority stakeholders is quite big. We have appealed to responsibility and, of course, in this context, as a preventive action, we have initiated a special monitoring procedure the details of which are certainly well known to all ANEVAR members involved.

**Did you get involved in the discussions previous to the adoption of the new Fiscal Code? Could you tell us what changes you proposed and what was the feedback from the authorities?**

The area we were consulted was title 9 in the Fiscal Code referring to the tax on building. This issue is rather old, dating back from 2014, so that last summer, when we approved ANEVAR Valuation Standards, we included the Guidance on Valuation Methodology (GEV 500) which would have come in force if the Fiscal Code had been approved. Nothing has changed so far and we are now in the same situation. To the best of my knowledge, title 9 is still at issue across the Commissions, before being up for debate in the plenum of the Chamber of Deputies. We are speaking of a significant change in the philosophy of taxation on buildings, with valuers playing a very important part. This part should be well understood in terms of both workload and responsibility. We are looking forward to the final form of the Fiscal Code, after which we are ready to put the finishing touches to the necessary training programmes so that the new provisions may be applied by valuers starting from 1st January 2016. I want to specify that, although GEV 500 is published in ANEVAR Valuation Standards, it will be applied only provided the Fiscal Code becomes effective. This is because I have come across several instances in which it was already applied last year, namely it was referred to in some valuation reports. Well, perhaps those having applied it did not get to read the last article as well, that one stipulating it becomes effective only provided certain conditions are met. Another aspect referring to which we have tried to make our point was the “notaries’ grid”. Of course, we have contacted our colleagues from UNNPR (the

National Union of Notaries Public from Romanian). The topics proposed by us were the replacement of circulation value notion, expertise renaming and limiting the possibility of using it in other purposes than the established one for the use of notaries public.

### **In what way was affiliation to UPLR (the Union of Liberal Professions from Romania) of any assistance to you?**

Affiliation to the UPLR is an important thing too little exploited so far both by ANEVAR and by the other liberal professions. The Presidency of Romania expressed their interest in discussing with the representatives of the liberal professions, inviting the ULPR to a discussion at Cotroceni Palace, on the assumption of a talk with the representative of all the independent professions – instead of each representative of a given liberal profession approaching the issues of specific interest. I think ULPR and its role have not been capitalized at their best. There is one more very important thing: ULPR is actually us. If the associations and their representatives do not get involved in ULPR activity, there is nothing the organization itself can do for us.

### **Last year, some of ANEVAR members passed the exam which entitled them to act as judicial experts. What is your advice for those carrying out this new activity type?**

Judicial expertise is a highly important area, particularly in the public space. ANEVAR members are not judicial experts from the very start. Therefore, we could say it is not a responsibility for us to take necessarily. On the other hand, the valuation reports undertaken in the Romanian



courts should be in compliance with the valuation standards that according to valuation profession law only ANEVAR approves. This is a first element of utmost importance common both to our Association and to judicial expertise. Not all ANEVAR members are entitled to conduct judicial expertise. However, all judicial experts shall comply with the valuation standards when it comes to asset valuation, as judicial expertise encompasses a wide range of domains in Romania.

We are referring only to the domains pertaining to the valuation part. And because law allowed for the organization of an interview, we required it to the Ministry of Justice. Following its actual organization, eight hundred ANEVAR members have become judicial experts. This has come with the right responsibility. ANEVAR is addressed quite a large number of notifications and of valuation reports submitted by people dissatisfied with the decisions and with the reports themselves. What we have found out is that, although the expertise reports undertaken by our members in their capacity as judicial experts, should have complied with the valuation standards, many of them include inadvertencies that could have influenced the valuation results. We are facing a rather difficult situation, as I cannot believe that an ANEVAR member who is also a judicial expert and while using the same standards, delivers such faulty reports as those we are notified of, and, on the other hand, the same person can deliver high quality valuation reports based on the same standards, in response to another type of commission this time. We are thus following up these valuations, through the Monitoring Department, keeping watch on their quality, although we are legally restrained from taking any disciplinary measures regarding the valuation activity as regulated by OG 24. In my opinion, judicial expertise in

Romania needs a fundamental reform to be started the soonest possible. Judicial expertise in Romania lacks, at least in this area of asset valuation, a mechanism of continuous renewal of the professionals' body, a transparent and strict mechanism of ethical rules and disciplinary regulations.

### **Have you got any feedback as a result of the course you have recently held with the magistrates of Court of Appeal?**

It was a very interesting and challenging course to me, among the first ANEVAR had ever organized alongside a Court of Appeal. It was actually an undertaking within the magistrates' continuous training, a partnership between the Appeal Court and ANEVAR in which we reviewed, in a non-technical language, the main aspects pertaining to the valuation profession specific character. From my point of view, it was an interesting course and the feedback I felt has been a positive one. I was among people whose job is to judge, and who do a really good job of it, therefore holding this course was quite a challenge to myself. I had the feeling that I managed to convey a minimum of asset valuation- related information to the trainees, information to be perceived in a different way than so far.

Related to judicial expertise, I think it is the profession's role to inform about their preoccupations and tools they dispose of, all the actors in the judicial area in Romania. And I am not referring only to experts. I am also referring to magistrates, lawyers, and attorneys. It is about all those meeting and making use of judicial expertise in their activity. The valuation profession should promote the valuation principles and the valuation standards, as one thing is certain: the standards are the same for all these categories and shall be

complied with by them all. Therefore, the challenge is not necessarily for the magistrates, but for the experts to apply the standards to a high degree of consistency. Think a little: what can be more difficult for a magistrate than be faced with two or several valuation reports referring to the same asset, undertaken at the same date, within the same scope of work, and yet with very different values. In order to avoid such situations, we should first be aware of the fact that an asset cannot have substantially different values at one and the same given date, and make it clear to all the valuation services users. These values should differ within a range of up to 20% - and this is something the experts should first know.

### **A project initiated during your mandate was the data base of Real Estate Guarantee (BIG). As of 1<sup>st</sup> July, it will become mandatory for all the valuers undertaking valuations for banks. How can be all the information gathered in the data base be made use of in the future?**

For ANEVAR, data bases have been kind of a "Fata Morgana" mirage. This data base, closely related to banks, resulted following a discussion with the National Bank at the beginning of last year. The National Bank stood firm referring to the compliance with the valuation rules, having in view its duties as to monitoring the provision level and the risk the banking system and the banks run. When decisions are to be made, it is essential to start from the information already gathered. Let me give an example: during that discussion, the National Bank of Romania told us they had a list of several valuers referred to by the banks as having infringed on the professional norms and demanded



we should take measures accordingly. We asked what professional norms were not complied with. The answer was: “We do not know, we do not have any further information. We expect you to take the proper measures, as we do not want those who created problems somewhere to do it somewhere else, too”. The requirement is, of course, rightful. Only that, if somebody made a mistake, or a report happened to be non-compliant, that does not necessarily mean that the respective valuer’s activity is wrong as a whole. Therefore we had

to know what was going on. It was then that, as a preventive measure, during the discussions with the National Bank of Romania and with the valuers, it was decided that all the valuation reports undertaken in relation with the banks should be traced in a data base monitored by ANEVAR through IROVAL. Thus, starting from 1st July, according to the valuation standards and the National Bank of Romania norms, recording in the data base becomes compulsory. The underlying procedure can be found on ANEVAR

site and is known both to the banks and to the valuers involved. What is sure is that, as of 1st July, we have been kind of sluicing the practice so far, and now we start to reap information. I am positive that the reports we are to submit every term will subsequently become a very useful instrument. We currently have several report proposals we submitted to the conference in Timisoara, to be further adjusted to date. Once the information is gathered, it can be made available to valuers, to the public, and to banks. What I want to point out is that the data base does not include information which could be selected as comparable transactions. It is a data base which will prove necessary in Romania, without solving out all the problems we have been facing for twenty years now. Yet, at a closer analysis, BIG (Real Estate Guarantee data base) reflects the valuers’ activity in the banking system and protects them against the possible unjustified “penalties”.

The information in this data base will be first of all capitalised on through the trimestrial reports we will issue. Secondly, the fairest evolution indices in Romania are likely to result, since they will have the same reporting base, namely the market value estimated by valuers. The recordings in BIG will be of assistance to the valuers themselves, as they will find there a clear record of the activity conducted in relation with the banks, having access to all the records introduced into BIG. And there is something more to it. At this point I would like you to give me a blank cheque: there is unperceived potential to the data base and its utilization. Let us get it started and then see what we can use it for. I am also aware of the fatalistic attitude according to which it will not be of much assistance, as there is not enough information. I propose we should start the project, see how it works, and subsequently develop the data base towards what it needs. BIG is conceived to be of assistance

to valuers, to the valuation market, for the protection of both valuers and intended users, having in view that we cannot but notice the importance valuation profession holds for the public space today.

**How would you describe the relationship between valuers and the Romanian banks? Are there any abusive clauses valuers have come across in their relationship with the banks? I am asking because I know there have been such complaints.**

Referring particularly to the past, I could describe this relationship as similar to that between somebody and their father confessor: valuers on their knees, and the banks standing. This state of things, rooted back in history, has been undergoing a significant change, as many of the partners in the banking field have begun to understand the situation. Valuers, too, should understand it. Half of the valuation market is (still) related to banks. Banks are our partners. On the other hand, banks have specific requirements regarding cost keeping to the lowest. A balance should be finally reached, harmonizing the valuation reports quality, the rate at which they should be drawn up and the price to be paid for them. I think right now there is a misunderstanding. The fees cannot be very high as they are in relation with the banks competitiveness on this market. This is the way it generally goes worldwide when it comes to loan guarantee, particularly with residential estate. However, the standard is too low in our country. The current fees put at risk the minimum quality standard for this kind of services. Therefore, I could say the relation between the two parties has reached a point in which it

calls for reconsidering, and we, valuers are to be the change by taking the first step and offering something new. Our partners should be aware of that. This reconciliation or passing through another stage is not a smoothly even process, as there are still various clauses valuers are bound to sign in various contracts with the banks, some of which being impossible to sign, too. The evidence of the pressure the contracts put justifies, more or less in jest, my opinion regarding valuers' position in relation to banks.

**The second edition of the Real Estate Guidelines for Cluj, a premiere in Romania under your coordination, including the information for year 2014, has recently come out. What can you tell us about its usefulness?**

What I can say is that definitely one swallow does not make spring. It is an example of what and how can be done, starting from information that has been available in every city hall in Romania for many years. We will be going on with this project until someone becomes aware of this practice replicability. There is not much philosophy to it. It merely comes down to taking over the information recorded at the Head Office of Taxes and Local Rates. The Guidelines developed in Cluj so far are public, therefore they can be visualized and analysed and, just like with BIG, there are multiple ways of using them. It is a project we are fond of and that we intend to continue. Even after I have completed my mandate as ANEVAR President, we - I mean I and my colleagues who have volunteered in developing them - will go on publishing these guidelines.

The raw spot is information preparing by local authorities. We

will assist other municipalities as well, if they require our support. And, what is very important, I consider these guidelines an alternative to the notaries' fee grid. We have long given up criticizing notary public expertise. As long as you do not come up with an alternative, you accept it as a necessary evil. The notaries' grid has been misused, serving other purposes than the taxation of real estate transactions. And then, overbidding its utilization, it was made inappropriate use of. But, if you dare criticize something, then you must provide an alternative; otherwise, everything will come down to pure demagoguery.

**It is also as of 1 July that ANEVAR 2015 Valuation Standards will become effective. What is new in the updated version, as compared to the 2014 edition?**

We are used to updating standards yearly. It is only those outside the profession who can think that standards are just like the Bible, a collection of universally binding dogma which has been going unchanged for years. Being a young and dynamic profession, since 1997, when we had the first Valuation Standards edition published, up to date, in 2015, they have been undergoing significant modifications. We made use of the International Valuation Standards (IVS), as translated by IROVAL for a long time. Then profession regulation came up as a must. Up to 2011, standards were compulsory only for our members. Since then, they have been compulsory for the whole valuation market in Romania, being called "ANEVAR Valuation Standards." They take into account the European- and the International Valuation Standards, and generally the best practice worldwide. They are in a permanent dynamic, as

they are adapting to the realities. The 2015 Standards, to the difference of the 2014 ones, include two types of modifications. The former referred to the standards names and structure, while the latter aimed at adding some standards (or rewriting the existing ones, for instance the standard related to valuation review) and at adjusting the valuation guidelines. There are no basic modifications; we have only adopted several more European Valuation Standards, so that our collection may be in accordance with the European valuation requirements, just as the European bodies demand as well. At the same time, ANEVAR Standards are in compliance with the International Valuation Standards and have included, since last year, the valuation guidelines part, which actually means tailoring standards application to the particular realities in Romania. We have got a Committee in charge of the standards, permanently analysing what is to be introduced in the next edition. We aim at getting them a certain stability and trustworthiness, and that is why we do not want the modifications to be major ones.

### **How do you prepare coming into force of the Valuation Review Standard**

### **as of 1 January 2016? And what does specializing in Valuation Review imply?**

Valuation Review has got quite an important role of late. Basically, when there are two different opinions, issued by two experts, regarding the same asset, it generally goes like in the saying: “Two dogs strive for a bone and a third runs away with it”. It is not a question of the third gaining something, but only of a third valuer lending confidence both to the former two valuers involved, and to the clients and users of the valuation reports. It takes experience and special review rules. It is not always simple to get into the shoes of the valuers who worked at the date the respective valuation report was drawn up. For this reason, we aimed at creating an elite body, meaning by that a number of review valuers who will get this specialization and whom I expect to reach the same result if they are to undertake a certain valuation review assignment. I would like the bias we still happen to detect in valuation to be much more restricted in reviewing. The pilot course was held. We have standardised the coursework materials and announced on the site the date at which the first course on valuation review is to take place. The course is not only to provide

a specialization and the right to use a stamp; it will also include information extremely useful to the valuers.

### **Was the idea of publishing the volume “On Valuation and Valuation Review” born alongside the preparation of the course for getting the specialization as Valuation Reviewers?**

That’s right. I already had in mind the structure of the Valuation Review course, but there was still something missing, as one of the requirements was that those performing the review be experienced valuers and know what this profession is all about. And then it seemed quite normal that I should start the coursework by mentioning a few things related to valuation in general. And, while doing so, to make some sense, it seemed to me that it is not complete unless I speak of fees, of the valuation methods and so on, until, little by little, there has resulted a meaningful material. I further shaped it into this book: “On Valuation and Valuation Review”. It includes the theoretical information we are going to use in the course on Valuation Review. The book stands for the coursework support structure, but there is more than that to it!



**Is the moment of the release of a book on valuation – a not necessarily very technical book, but one which makes a radiography of this profession – a coincidence, or did you envisage it to be addressed to a larger audience, making it easier to them to understand the valuation profession?**

The book is not written in a technical language. It is rather a spoken book, just like telling a story, as Mr Sorin Stan (from IROVAL) said, in his capacity as one of its first readers. I have tried to make a written audiobook that is exactly the other way round than customary. Others first write their books and then read it. I first told it and then wrote it. That is exactly what makes me think it is useful to those who are not valuers, but who are somehow related to the valuation profession. I think their reading it is of use to us. They can thus understand things we have to do and do not manage to explain to them, so that it should clearly follow what both the client and the user should understand. I am looking forward to the feedback from the review readers, those who will read this book.

**I have noticed the particular attention you pay enhancing ANEVAR image. Hence the idea of the association with excellence as awarded within the UNITER Gala?**

Excellence was one of the objectives we set ourselves last year, at the beginning of the mandate of the current Managing Board. We said that, unless there is a tendency to be an elite body, highly thought of and respected, there is no reaching there, and, if not reaching

there, there is no due respect. It is not something easy to achieve, but, of course, the first step to be taken is to set your mind to it. And we set our minds on it that is reaching excellence. We defined it as our desire to take pride in our belonging to this organization, just as the organization should take pride in having us as members. This was an objective we set ourselves at the beginning of last year and we took steps alongside various lines: from changing our image, starting with ANEVAR logo, to the consistent substance of ANEVAR activity. The review “Value, wherever it is” is getting more and more serious and well known, and our colleagues read it and make good use of the information it includes. We have focused on the website, on the mechanisms through which we announce the conferences, on the quality of what we are trying to achieve through the courses and the presentations at conferences, on the public message we address, on the meetings we had with the authorities, the conferences organized with the Financial Gazette, aimed at audience training. Under these circumstances, we team up with whoever fosters genuine value. We considered that the gala UNITER regales us with is actually a valuation and an awarding of artistic performance throughout a year. We got to UNITER after having initially revaluated the Latin dictum Mens sana in corpore sano. A valuer needs both his or her mind and body equally healthy. Fitness halls solve out the physical health side. Spirit should be also alert, and where else could its keenness be preserved if not in the area of art?! We want the partnership with UNITER to be conducive to their permanently informing us regarding drama events. Not for a moment did we forget that we stand for the Association at the scale of the whole country, consequently our colleagues countrywide need to keep abreast of the regional events in the line as well.

**Has the communication between ANEVAR and its members, as well as with those outside the Association always been handy and easy to manage? Is ANEVAR official Facebook page a modern tool helping you get faster to all those interested in the valuation activity?**

Communication with the members is of paramount importance. Actually, communication with everybody is important. ANEVAR, as the profession umbrella, should communicate equally well both ways: with the authorities, advising them about what the members do, and with the members, advising them about what the authorities do. It should bridge the gap between the valuation service and the intended users. It does not make sense to do certain things throughout the mandate you have been assigned for if the members do not know about them. You do not do it for yourself, but for the benefit of the members. So far, communication was direct, within the National Conferences where, between you and me, turnout was very low. This spring we have wondered: if we do not meet at the general assemblies, then how should you know what is going on? Last year we organized an event by means of which we tried to somehow chart the history of our profession, and made a film called “ANEVAR, past and future”. The main actors are the outstanding representatives of the Association, those having made a particular effort so far in building up this organization. We are well on our way, although it is a long one. The film was viewed in all our branch offices by approximately eight hundred colleagues of ours. I consider that this material has laid one more brick to the organization culture. To reach excellence, people should be aware of their pertaining to a group- an awareness

that comes as a result of a strong bond. These meetings stand for a form of communication. The other form of communication is in writing. I am thinking of the site and the reviews we edit. However, the most up to date and prospective form is that provided by the social media. It is with a single mind that we have created the official ANEVAR Facebook page. I, for one, am not a big fan of Facebook accounts. I have had my own page for a very short time, as I did not consider it an opportunity. However, being aware of today's information tendency, when the main communiqués are conveyed through this medium, it has been clear to us that ANEVAR must get in line with the modern communication trends. After we had made the decision and given the go ahead, we appointed the person in charge of this page administration – she is to select the information and give it an attractive form to further send it to our colleagues. I expect the communication created in this space to become very important. I personally, use the social media for professional communication and see it is a positive informational environment, particularly that the message gets instantaneously to those directly interested in the respective piece of information. It is a direct communication manner, you can rapidly react to modifications that can arise any time within the dynamics of this profession. I am a strong believer in the valuers' community on the rise in the social media. There are already three hundred and thirty subscribers to the ANEVAR page on the Facebook. I am a fervent supporter of this community. They stand for the step ahead taken along the path of tomorrow's events, as it is a reversible matter: on the one hand, you can find out what is going on, and on the other hand, you can make things happen, by making known a requirement to everybody at the same time.

### **What can you tell us about the challenge you launched on the Facebook and on ANEVAR site, to all members to address you questions for this interview?**

It is part of the new things I want to be easy to implement. This interview stands for my input to the current issue of the magazine, only that I am not contributing to it by writing, but by talking. I have thought that, besides the questions you wanted to ask anyway, there may be other topics our colleagues would like to tackle as well. I cannot be upset that no questions were addressed. It is kind of novelty in terms of practice, perhaps not everybody knew, some may have not known what to ask, others may shy away from asking as long as they assumed their questions. I would not have answered anonymous questions. It is a very good approach to be further continued with those who will hold important positions, perhaps to be also applied to the Ethics Commission or to other peers. We feared lest our interview should be boring,

hence the idea of asking for questions from other ANEVAR members.

### **Are there any differences in terms of management requirements between running an association and a business?**

Oh yes! Both leadership areas are equally interesting and challenging. The difference between a non-governmental organization and a company is related to profit. Of course, both aim at a profit. However, the non-governmental organization aims at a gain in terms of image, a profit for its members, while with entrepreneurship, the output of one's work is the financial yield or the profit. In valuation, there is a question of what you do, of the way the public perceives you, and of the degree of confidence the clients put in you, rather than of profit. I suppose you have asked this as you know of my entrepreneurial undertaking this year, alongside a group of colleagues with whom I have been working for some time now. It is a challenge and we want to add both value and quality to the valuation market in Romania. Our intention is not to take something out of the valuation market, but to add value to it. It would be really interesting to add to the review a rubric in which our peers' experiences of this type should be shared, having in view that in order to do business out of valuation, one needs to be knowledgeable about valuation. And yet, being versed only in valuation is not enough. While valuation is taught at courses, as far as the business in this line is concerned, some have the necessary skills, others acquire them. What really matters is to share the experiences we live and further hand them down. I think that learning from the experience of others and thus avoiding hitting the upper threshold is an objective worth reaching by valuers who are basically wise people.

> I personally, use the social media for professional communication and see it is a positive informational environment, particularly that the message gets instantaneously to those directly interested in the respective piece of information.

## **How does function affect relationships with people?**

This challenge often arises in the associative environment. What counts more, the function or the man? Within companies, the function plays its well established role in terms of responsibility, yet it will never command the due respect unless paired by expertise. Generally people take people, not functions as role models. As I see it, with the associative area things seem to go the other way round. I, for one, has never been comfortable with those attitudes of the third parties inclined to deal with the function, not with the person behind it. But that's it, it is part of the game. However, with a difference: those who took interest only in the function you stood for at a given moment will simply forget you the moment you no longer hold it. Perhaps there is nothing new and even not natural to it. People tend to progress and look forward. This comes with a real challenge. Those who are elected to a certain function should realize they will keep it for only a limited period of time. My advice is that no one in such a position should change their style, attitude, behaviour or opinion about themselves, as they will soon go back to their initial status. And if, during that limited span of time, they indulge in the false illusion that they are somebody else, they will be in for harsh disappointment when returning back to where they started from. The power a function temporarily provides you is not easy to keep under control unless you are well aware of how things work. If you understand that you have come to do something, then you try to do it as well as you can, after which it is up to people to judge. Some will praise him, some will not. The system adopted by us, to elect a new president every two years, allows for a certain exposure and entails a post- presidency period in which the former president still enjoys his or her

status of a "former". It is the "heavy legacy" syndrome overwhelming our people. Now, coming back to ANEVAR, the idea of a function over a limited period of time and the existing "troika" are two of the key trump cards of the profession. I am a fervent advocate of this idea that must be maintained. Such taking turns is of much assistance to permanently refreshing the atmosphere and to avoiding the awkward situation when one is no longer willing to let go of a function after getting to like the status that goes with it. Another strength is that the profession applies fixed fees and does not intervene in the percentage business side in the turnover the profession members achieve.

## **Is it generally difficult to let go of the president function?**

No, if you know that this is the natural course of things, and you know it in the first place. Secondly, it is not difficult, as it is extremely strenuous work. There is an absolutely infernal rhythm to it. You must be continuously alert to what happens every day, to the responsibility you have, to no missing any profession- related opportunity. Besides the members, there is also the staff part, which is more and more specialized, has a certain background and has understood the profession requirements. The president should delegate some of his tasks to the staff. However, management should run smooth in spite of the high dynamic. It is not possible that each one should impose their style. The association has a certain image in front of the authorities, a certain discourse, a certain public behaviour, and all that will have to be preserved. It is the staff that shapes the course of conduct and impresses the general atmosphere. It is a challenge for them, too, to keep having presidents changed every two years. My appeal to presidents is that they adjust to the

current course of things rather than try to bring about some significant change, having in view how fast time passes. The organization taken over at moment T and brought to moment T+2 should come out richer than at the moment it was taken over. It is an interesting experience which, if properly prepared, gets to be a natural passage.

## **How do you see the evolution of the valuation profession? How many years do you think it will take for the projects started to yield the expected results?**

The profession evolution is taking a better and better course. Once the profession has been regulated, a large number of ANEVAR members have understood which the main projects are. The relationship with the Ministry of Justice is a long-term project. The relationship with the Ministry of Finance, related to the Fiscal Code, is also a long- term project. The relationship with the banks is yet another long-term project. The profession should train better and better professionals. Therefore, the coursework part will take some reconsidering and consolidating. Those who are already members should be more and more present and well versed in the activity fields above. And that takes unceasing assiduous training. The course of action is known in broad lines. What is not already known at present, and this is very well, is what the next president is to do. He will have to do whatever will be best suited for the organization at that time. It would be wrong to have a line of action already prepared for him in advance. That is out of the question. He should have the freedom and the responsibility to decide on what he deems best he has to do. He can always lean on the former presidents and the Managing Board should a major change in the trend be called for, as a result of some dramatic

change in the market. Setting a certain pace, be it faster or slower, will be tailored to each and every domain. Laying stress on one or another trend will depend on each case. This profession has created quite a number of personalities and changed quite a number of destinies, therefore I do believe in its power to defend itself and take further steps along the path chosen to follow it to the better. It has been keeping pace all the way these 23 years, and furthermore, it has gone beyond, adjusting to the times. I am both optimistic and proud of being part of the relay team having reached as far. Consequently, I see a bright future to the valuation profession. Mentalities need also changing, which will prolong the period in which we will see concrete results. Not everything we have initiated now is known to everybody, not everybody has agreed to them, perhaps not everybody has understood them. I doubt we will ever be able to be much better than the society as a whole. The Romanian society, too, should evolve. ANEVAR is one step ahead of it as its structure backed on highly trained professionals is over the society average structure. It will be a rather lengthy process. It takes patience. The final test will be when all valuers have to assess one and the same asset with a result varying within a range of 20%. It is only then that we will have the proof that things have been understood, and that the public and the valuers have finally reached the longed for consensus. I am optimistic. I am confident in the already existing rules and in those that can be further developed since the necessary leverage exists. I am confident in the people we back on, in the staff who is already by us, making up a whole. Any possible syncope along any of these directions will translate stagnation. And that will call for urgent remedy.

I cannot wind up without pointing out the instrumental role played by the Managing Board. My thanks go to my colleagues in the current Managing

Board who have been working hard and keeping a brisk pace, making most of the times consensus-based decisions. Our colleagues had the opportunity to read about the Managing Board's activity in every minutes of their meeting, published in our monthly Newsletter.



**Now, in the end, please tell us a few things about the two major events on ANEVAR agenda, to be held in the next period: TEGoVA Congress and the Valuer's Day.**

TEGoVA Congress, on the 9th July, is the first such event held by this professional organization and aims at presenting the valuers across Europe

some high interest information from the joint activity area. ANEVAR is a host to this first event and I do hope that all the participants on behalf of ANEVAR should appreciate the issues to be tackled. The speakers will be high-profile figures in the valuation area both from Europe

and the United States of America. I recommend that as many as possible of our colleagues attend the event, and invite them to join in. It will benefit themselves, ANEVAR, and, not least, Romania.

As far as the Valuer's Day is concerned, on 9 September we will go on with the tradition we started eight years ago. We hope that this year, too, this event will take us one step closer to the level of excellence we have been all wishing for! ■

# “ANEVAR in twenty years’ time: I envisage the Association as a European valuation leader”



**An interview with Daniel Manăţ,  
First Vice President of ANEVAR**

**It was your mother who came up with the idea of your enrolling in the Business Valuation training course in Arad, in 1992, as we have all read in the article “The future of a profession” you contributed to the first issue of the Value magazine. Was that your first coming into contact with the valuer profession?**

Of course, very little was known about the valuer profession back then, but my mother was a visionary, as she always understood what the trends were. And she seems to have been right, as she used to work in a bank. Her intuition was that a market economy cannot develop in the absence of property- or business valuation, so she insisted I should take it up and venture into uncharted areas, as she regarded it as a prospective and interesting job, since it had not existed until then.

**How have things been evolving? What is the professional path you have pursued so far like?**

I and the Association have forged ahead side by side charting a new path. I started as a business valuer in August 1992, the first training course

being in the spring of the same year. I went on with business valuations and with report reviews, preparing the arguments with a view to facilitating negotiations. That happened for a long time, until the Association decided to set up a section to deal with real estate, as a response to the market demand. This demand was triggered first by the banks, which, in the loan lending process, needed real estate collateral valuation. Up to then, real estate valuation was just a part of what was taught at the BV course, without benefiting of an exhaustive approach. The Real Estate Valuation course was very well organised as it got off to a good start: they bought the copyright for one of the best valuation books worldwide, the Canadian edition of "Real Estate Valuation". ANEVAR thus set off along a path that has been on the rise all the way through.

There followed the Personal Property Valuation specialization, which got off on the right foot as well, the Association getting the support of the American Society of Appraisers (ASA) in running the training course. Namely, ASA sent two of their best lecturers in plant and equipment valuation. They trained a pilot group that further became the core lecturers who made it possible for that precious knowledge to be conveyed to our members. ANEVAR has always collaborated with the best. Later on, there was also a market demand for what used to be called Financial Asset Valuation. A lot of transactions were made, people were interested in investments. That was before the 2007 crisis. This new section was set up in order to meet that growing interest. I had the honour to coordinate the elaboration of an ANEVAR course for the Financial Asset Valuation specialty, by collaborating with a team of experts including, among others: Ion Anghel, Doru Puiu Tiberiu, Adina Ababei, Mihai Căruntu, Anamaria Ciobanu, Dan Cecilia and Victor Dragotă. The first version of the course came out in

2007, followed by an improved one, in 2009. After the financial crisis, people were taking less and less interest in this specialization, and the number of members qualified in this domain was actually rather small. Currently, the course on Financial Asset Valuation is held only on demand. Most requests are for the course on Real Estate Valuation, followed by those for Business Valuation and Personal Property Valuation.

**Allow me to quote from the same above mentioned article: "I am aware that what is valuable is not within easy reach, but I am ready to experiment". Are you open to new experiments or are you rather a conservatory by nature?**

I will always be open to new experiments, as long as they allow us to preserve whatever we want to in terms of strategy and policy. I mean organizational policy, of course; or related to the Association's short-term objectives. Well, yes, why not experiment if it benefits the Association members, the profession, the public.

**What most appeals to you professionally: pedagogy or the valuation activity?**

First and foremost, it is the valuation activity – and particularly, the more complex one, that dealing with business valuation. I'd rather say that the fact I have been teaching at the University since 1995, and have been a lecturer with other institutions as well, not only within ANEVAR, is my calling, my way of expressing the pleasure to teach. I have come to realise very quickly that, if I teach and work in the same line, it is easy to make myself understood and I am extremely efficient in conveying the information. I can always give examples from my own experience.

**Now, as it has fallen upon you to prepare the next generations of valuers, would you tell me, please, whether today's students are different from those in your generation, and in what sense?**

Life and society have been evolving, therefore it is but natural they should be different, too, considering these aspects as well as others, for instance the internet impact and the access to information. Now, referring to the average: it may be as well that the exigencies in some education settlements have somehow disappeared here and there. As far as I can remember, the standard was higher 20 years ago, to say nothing of the fact that it was at its highest 30 years ago. Yet, I am always glad to meet those who have been brilliant at subjects related to valuation. They are ambitious and eager to perfect, by learning as much as possible. They are those whose follow-up I take most interest in, as they could have the makings of very good valuers, good managers or influential managers of public organizations, and therefore benefit the country through their professional activity.

**What are your plans for the two-year mandate as ANEVAR President?**

Exactly those I put forward when I put my name down for this position. Things have not changed. First, I want to further consolidate our already very good current position that we owe not only the excellent presidents the Association had, but its members as well. One single man cannot change the result of a battle. It takes soldiers, lieutenants, generals, and they all together raise that victory song charming the audience. Well, of course, there may be some tone deaf intruder to spoil the harmony. Yet, the profession must go on, honoured by those who are honest and dedicated to it. Broadly, that

would be the main idea.

Of course, I am following some specific objectives, for example to re-organise the specialty Real Estate Valuation in Residential Property Valuation, which will probably be the appanage of most of our members, and Commercial Property Valuation, involving a rather more demanding qualification referring to complex properties, like office buildings, commercial centres, industrial sites etc. Once more, this reorganization is required by the market, and mainly promoted by TEGoVA (The European Group of Valuers' Associations) within which ANEVAR is an extremely active member.

In another train of thoughts, I have set myself the objective to enhance communication with the fellow members. I want to improve the involvement of the branch offices councils, as they are the direct interface with our members. That will be another line I will be trying to act along together with the branch offices members and councils.

And now, in the end, something I hold very dear: I would like, together with the next Board of Directors to be partially elected in December and which will join those who are holding their ground, together with the former presidents and with whoever may still take an interest and have a big say, to elaborate a long-term strategy starting from the topic "ANEVAR in twenty years' time". I envisage the Association as a regional valuation leader. An organization to rightfully take the lead for the associations in the Balkan area, in the first place, to follow in an orderly line. I want ANEVAR to play a more important role at the international scale. I want ANEVAR successful organizational model, with the leadership pattern of taking turns – former president, current president and elected president – as well as other ANEVAR key organizational aspects, such as monitoring, the

Ethics Commission and, why not, the professional power having the capacity to elaborate training courses and develop lifelong training seminars, to be successfully replicated by other countries. We can become a regional- or even a European leader by exporting our know-how in the field of standards, our skill with which we manage to add to the unsubstantial support provided by the International Valuation Standards Council (IVSC). My warm congratulations go to ANEVAR experts who have elaborated those purely Romanian guidelines, which are not copied from anywhere. This is a model to follow by Serbia, the Republic of Moldova or Bulgaria as well. This is the vision. We have long-term objectives to start from and then go backwards towards setting the middle- and short-term ones. We proceed to allocating resources and setting responsibilities. We should complete all that in two years' time, then submit the Strategy project and have it approved in the last National Conference of the mandate I will start in January 2016.

### **What is the Association president's role, in your opinion?**

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ANEVAR staff is a homogenous team whose members perfectly know their attributions, are loyal to the organization and dedicated, never thinking of calling it a day unless every single day's task is completed. Relying on the staff value and already having a strategy well-rounded, all that is left to the president is the role of representing the Association. However, we are still some way off. Let us first take these steps, consolidate the staff part, know for sure where we want to get and what the objectives are, and then it will be easier and easier to be ANEVAR president. I remember how difficult it was for the presidents of the early years, and yet Mr Bădescu, as well as

those who followed him came through with flying colours. We want to turn this task into a routine one.

### **What kind of a leader will you be: will you tailor your strategies to the feedback from the team you coordinate, or will you let yourself guided by your own intuition?**

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It depends on the circumstances. Perhaps a combination of the two. Feedback is valuable. I will always have it in view, but that does not mean I will consider it exclusively. It is important to find the right path between the objectives you set yourself, what you consider it should be done, and the opinion of the others who join you in the leadership assignment.

### **How important do you think the Association image is to its own members as well to the public?**

---

It is important from both standpoints. If the public fails to trust ANEVAR, the result can be extremely painful for the profession. By public I mean all the categories: from authorities to the physical persons who take an interest in the valuation activity only for a short time. On the other hand, in my opinion, the image we have of ourselves is equally important. The more powerful and beautiful this image is in our minds and hearts, what we will all join in developing will undoubtedly benefit the society. If our image of ourselves were poor, that would be not only sad, but also detrimental. Our innermost feelings should be of pride and responsibility. Then, it would generate a mirror image accordingly, namely the one we wish for.

### **How are you considering contributing to its consolidation?**

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That document I have told you about, intended to guide us in the future, will leave those to come with nothing more to do than make certain adjustments according to the particular conditions at that time. We can develop a proactive self-regulation mechanism. For the Association to be proactive, let us breathe new life into it, let us make it a living being. That will be achieved through the joint support of the staff and of the temporary structures: the presidents (the former, the current and the future one), all the Board of Directors, the members of the Commissions the vice-presidents in the Board of Directors work with. The commitment of the Commission members should match that of the members in the Board of Directors. Let us not forget that all these activities

are not paid. It is only those who really want to serve ANEVAR, the profession and the members' interest that should aspire to these functions. I want to make it clear from the very beginning that a certain position in a commission or the membership in the Board of Directors does not come with extra money. It is just the opportunity to put one's hand to enhance the Association's image and progress.

### **Have you got any strategy with a view to developing the professional training side?**

I consider everything is going just well from this point of view. However, I think we could do with some fresh blood in the board of lecturers. That is

not to say that those we currently have are not good, but we can freshen up the atmosphere by drawing valuable young people. According to the communicating vessels principle, it is by undertaking valuations that one gains experience, can pass information on, and is better understood. On the other hand, while doing your best to teach others, you develop an organised thinking that otherwise, as a practitioner, you may miss. In other words, it is a win-win situation. Therefore, by teaching, young practitioners will become better valuers.

ANEVAR permanently reviews the training materials and has relevant texts in the field translated. The conferences are an excellent means to enhance our members' professional training standard.

### **Have you got any message for those who have elected you to represent them throughout the next two years?**

I expect an honest communication between ANEVAR members and management structures; involvement in the organization life, participation in the actions the branch offices will organise; and last but not least, raising awareness of responsibility. Those who are willing to get involved should inform us, so that we may know whom to nominate in the Commissions. Perhaps sometimes, one does not hold a certain position in a Commission just because they did not express their availability and did not apply for it. Paraphrasing, I will say that once you submitted the valuation report, it is just like you have let go of a pigeon you were holding in your hand. Submitting a report must set your heart at ease. That means it must be valid irrespective of who reads it, of the context in which it is analysed, in relation with the valuation standards. Communication, commitment and a deeper sense of responsibility. These are the key words I pray you all to consider in the future. ■

# If There Is No Competence, Might There Be Responsibility?

Some years ago I read an article I still cannot get out of my mind. It went like that: a personal property valuer undertook the assignment of valuing several paintings owned by a certain company, by making use of the costs method. To this end in view, he added the market value of the painting, to the market value of the oils used, to the estimated number of hours (however he may have estimated them) it took to achieve the painting, multiplied by the average salary per hour of a painter (without specifying whether it was a train car painter or Picasso), and guess what it all added up to: well, of course, the market value. I was simply horrified. Actually, I still find it difficult to believe that was possible. And yet, for the last two years, we have been witness to an unprecedented situation: people who have probably forgotten the basics of the valuation profession have taken upon themselves to undertake various assignments on one of the most contentious markets: that on which Law 151 / 2014 on clearing up the legal status of the shares traded on RASDAQ market or on the unquoted securities market (1), is applicable. Considering the large number of complaints received by the Association, and of the warning signals sounded by the media, ANEVAR decided that all the reports undertaken to this end in view should be collected and reviewed.

## Following this demarche, guess what?

- › Reports aimed at dealing with law 151/2014 application, yet issued under ignorance of the said law. That is to say, what does it matter that the report is overtly intended in support of this law application, while nobody took notice that the law requires the estimation of a special value of an administrative nature?
- › Reports based only on the information received from the companies' managing boards (naturally, employed by the majority shareholders taking particular interest in the estimated value, while not at all concerned

with the activity completion at the deadline foreseen under the law).

- › Reports based on valuation reports issued by other valuers, while the actually assigned person (having unconditionally agreed to the responsibility of undertaking the assignment) took everything for granted, without making even a minimum check.
- › Mention should be made that the reports reviewed fall under the whole range of categories in which reports may be classified, namely:
  - Complete** – the valuation report contains all the information required in order to substantiate the opinion expressed, and features a high credibility level.
  - Acceptable** – the valuation report



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Vice-President of ANEVAR, President  
of the Judicial Commission, CEO  
with CMF CONSULTING S.A.

does not contain all the information required in a complete one, but the inadequacies are minor and have had no influence on the valuation results and on the opinion expressed. The credibility level is good.

**Satisfactory** – the valuation report is incomplete and contains inadequacies that have affected the opinion expressed. The credibility level is at the lowest admissible limit.

**Unsatisfactory** – the valuation report is not complete and contains inadequacies that have affected the valuation results. The inadequacies can be removed by the report author making the necessary completions. The credibility level is below the lowest admissible limit and the report must be remade.

**Inacceptable** – the valuation report contains various inadequacies, and therefore it can no longer be remade by its author. It is recommended that the report should be undertaken by another valuer. It is ranked with zero credibility level.

Of course, I have not chosen to deal with the reports classified as “complete”, as I find it quite natural that we should all

issue reports to fall under this category. This is our calling, isn't it?

It is the reports ranked as "inacceptable" and "unsatisfactory" that have drawn my attention.

**What did our fellow valuers having issued such reports forget, and what did they draw on in applying their knowledge (or, better said, their lack of it)?**

They drew on a paragraph in the code of ethics of the authorized valuation profession. It reads as follows:

"The authorized valuer shall undertake those valuation assignments he or she has the required skills and competence for, in compliance with the Table of authorized valuers, gained through specific professional training".

All the reports complained of met this rule, apart from some small exceptions, because, irrespective of how much the Association strove to collaborate with and inform the institutions involved on the modality in which the valuation activity is organized and conducted in our country, Law 151/2014 started to be applied by having an unauthorized person appointed by the National Trade Register Office to undertake the valuation of one of the biggest companies quoted at the stock exchange. The respective appointment caused a wave of discontent with minor shareholders and ended up having somebody else, an authorized valuer, appointed to undertake the assignment.

**What did valuers forget when conducting the assignments undertaken?**

They forgot other very important paragraphs in the code of ethical principles for professional valuers, paragraphs dealing with professional competence, namely:

**The principle of professional competence involves the following liabilities of the authorized valuer:**

› Maintain professional knowledge and skills at the required standard so that the employer or the clients may receive competent professional services;

› Provide professional services in accordance with the applicable valuation professional standards compulsory for the Association members.

**Professional competence supposes use a judgment by applying professional knowledge and skills in order to provide valuation services and involves:**

› gain adequate professional knowledge;

› maintain the professional knowledge standard through the continuing professional development programmes.

Therefore, issuing a valuation report takes more than having obtained the authorization for a specialization specified by Government Order no. 24/2011; it needs maintaining the standard of professional knowledge. Let us not forget that our profession is new in the national framework, it continuously develops and adapts to the economic environment evolution. It is a profession the knowledge of which needs permanent updating, not only through ANEVAR programmes, but also through other programmes and, last but not least, through individual study. How can the reports we issue comply with the national legislation unless we adjust to its changes and of European legislation too? It is not enough we graduated a training course on valuation some ten or fifteen years ago unless we permanently update our knowledge. How can clients possibly be satisfied with reports issued based on first versions of methodologies valid fifteen years ago, although these methodologies have been constantly improved?

**I also consider it important to mention one more paragraph in the area of professional competence, apparently forgotten by some fellow valuers. I am referring to the following:**

The authorized valuer shall take any reasonable measure to make sure that those undertaking their valuation assignments under his or her coordination will act in compliance with the valuation standards compulsory for

the Association members.

In other words, even if one collaborates with people they rely on in issuing the report, the responsibility lies entirely with the contractor of the assignment, and therefore, it is the respective contractor that dissatisfied clients will refer to in the first place. Consequently, the person who contracts the assignment, that is the person who assumes responsibility (I insist on this aspect, since apparently, many of our fellow valuers forget to consider it when undertaking assignments and setting fees) shall be satisfied with the quality of subcontracted works, check if they meet the legal conditions and whether the subcontractors have the adequate professional standard. No client shall agree to exonerate the contracting valuer and accuse only the subcontractor.

Another aspect refers to the obligatory character of undertaking assignments for which we lack the required knowledge and experience.

**May we, valuers, be obliged to do what we do not know how to?**

Absolutely NOT. Of course, nobody likes turning down an offer and tries to find a way to work it out. However, one should think twice before saying "YES, I can do it!" Why? Because the consequences of an unsatisfactory report delivered on the market can be beyond imagination. Even if we may not like to include clauses into the report, our responsibility does not lie only within the range of the fee charged. How much should a fee be for a faulty report? At least the amount estimated for the valuer's daily living throughout his or her lifetime left ahead, because sooner or later he or she will find it difficult to find some other job to live by, having in view that the valuer authorization is lost when the valuer is subject to a final sentence for deliberate crime. ■

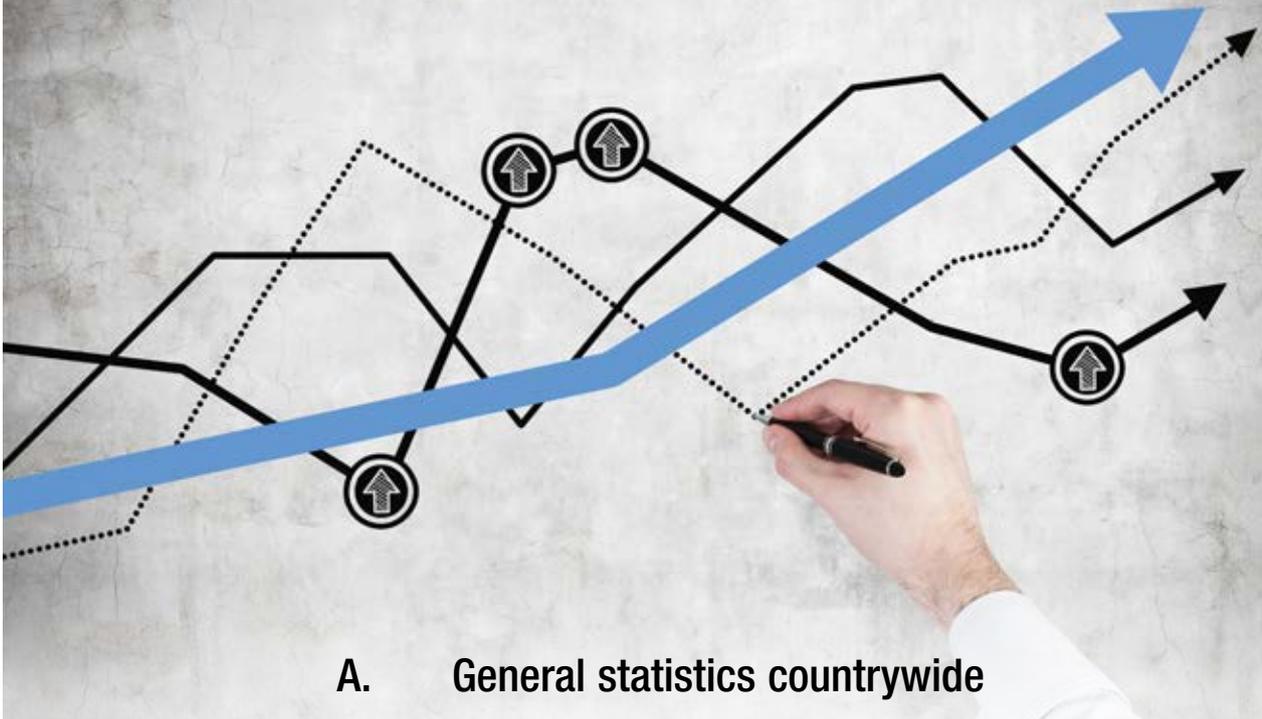
(1) Why do I think it is one of the most contentious markets? Because it is only those companies featuring a tense atmosphere between majority - and minority shareholders, the companies at bay, or those whose majority shareholders consider that the minority ones deserve nothing and consequently will go all length to reach their aim, that have been in the situation of applying the respective law.

# Activity Report of ANEVAR Individual and Corporate Members - 2014

The turnover achieved in 2014 out of the valuation activity undertaken in Romania is of approximately Euro 35 million.

Starting with this magazine issue, we will publish annually the report on the valuation activity carried out by ANEVAR members, both natural persons and legal entities. It includes

information on: the turnover achieved throughout 2014, the turnover share of valuation undertakings versus specialization and valuation purpose, as well as turnover versus specialization.



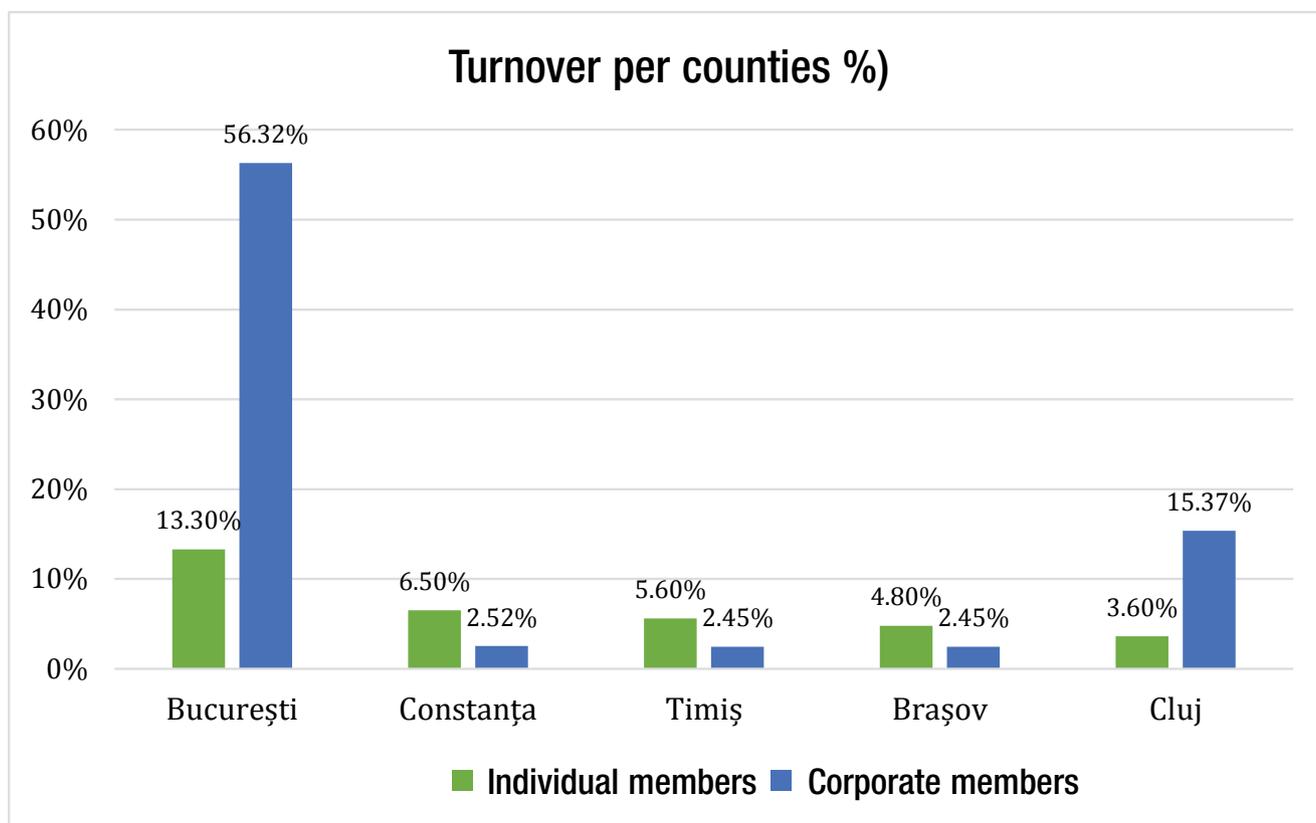
## A. General statistics countrywide

Indicators	Individual members	Corporate members
Total number of reporting individual/corporate members	1.424	327
Total number of valuation undertakings	42.936	119.104
Turnover (RON)	33.629.188	99.679.473
Turnover (EURO*)	7.642.997	22.654.425
Total Turnover (EURO*)	30.297.422	

## B. General statistics versus counties

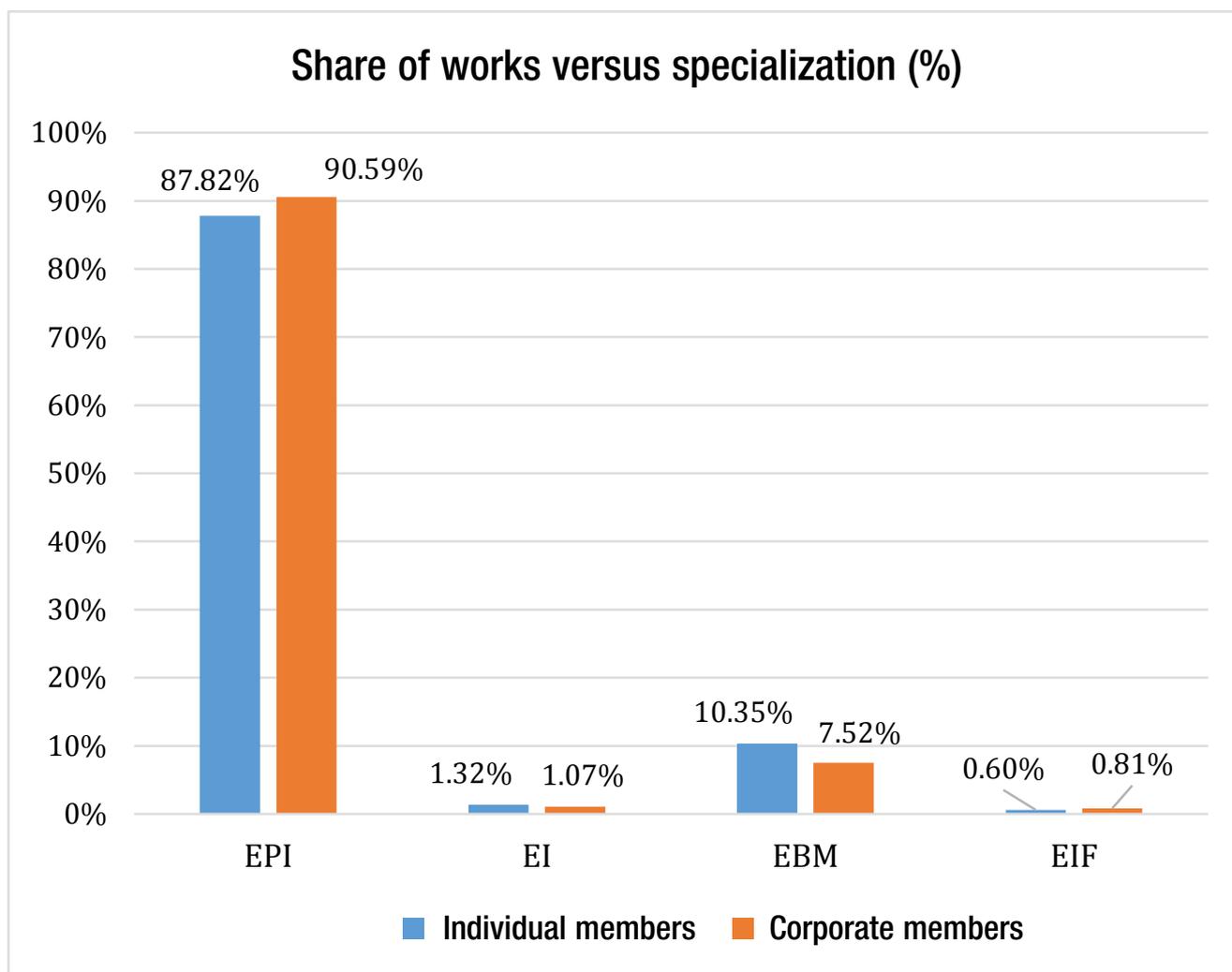
County	No. of reporting Individual/Corporate members	Number of valuation undertakings	Share of works (%)	Turnover (RON)	Turnover (EURO*)	Turnover (%)
<b>INDIVIDUAL MEMEBERS</b>						
București	176	5.650	13,2	4.479.474	1.018.062	13,3
Constanța	65	2.730	6,4	2.185.677	496.745	6,5
Timiș	63	1.973	4,6	1.889.669	429.470	5,6
Brașov	70	2.621	6,1	1.627.789	369.952	4,8
Cluj	66	2.126	5,0	1.203.240	273.464	3,6
<b>Total</b>			35,3	11.385.849	2.587.693	33,8
<b>CORPORATE MEMBERS</b>						
București	98	56.420	47,4	56.135.508	12.758.070	56,32
Cluj	13	14.139	11,9	15.321.280	34.82.109	15,37
Constanța	13	3.232	2,7	2.509.617	570.368	2,52
Brașov	11	2.060	1,7	2.438.706	554.251	2,45
Timiș	20	3.188	2,7	2.442.018	555.004	2,45
<b>Total</b>			66,4	78.847.129	17.919.802	79,11

\* 1 Euro = 4,4 lei



## C. Share of valuation undertakings versus specialization

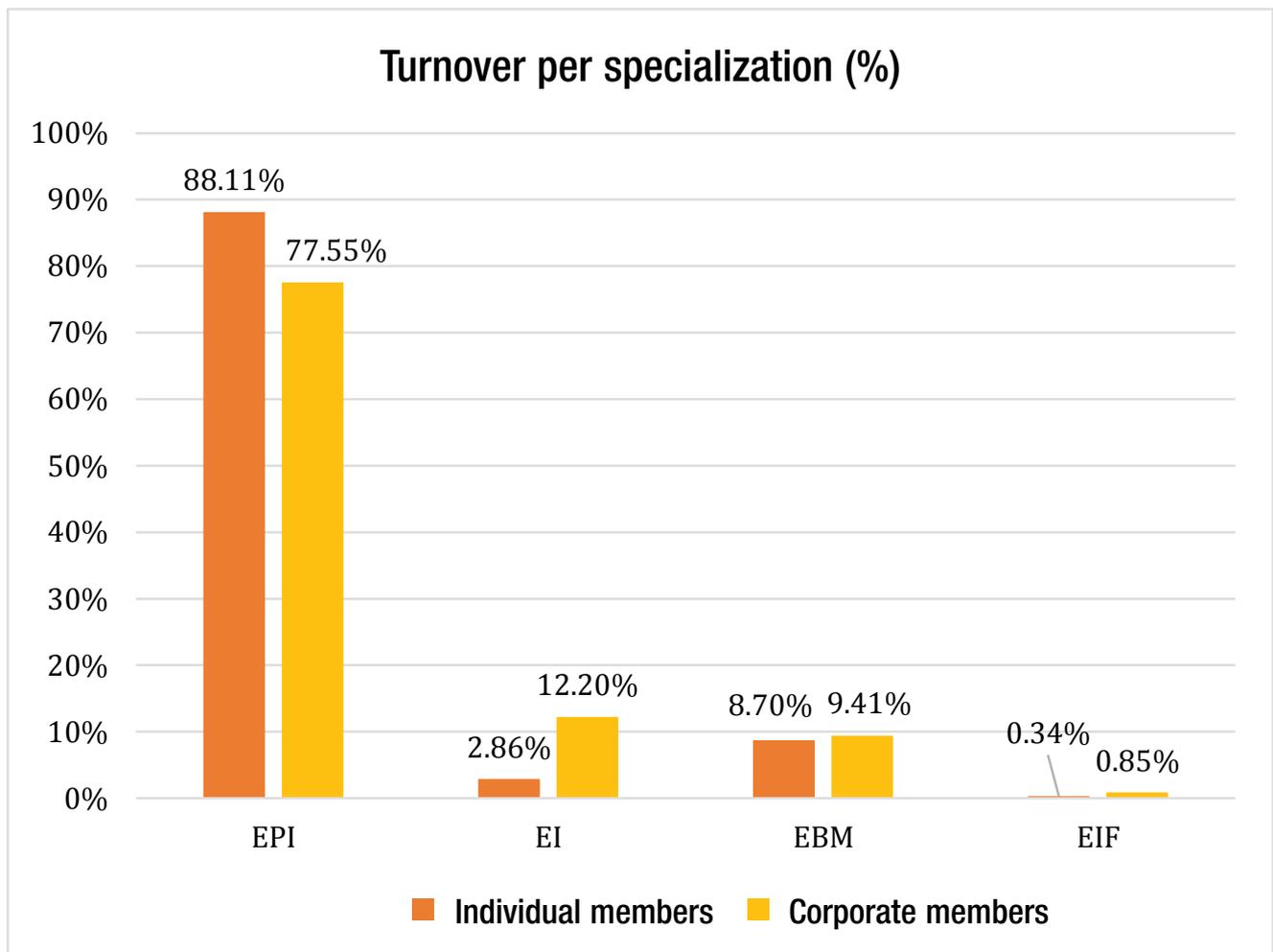
Specialization	Share of works (%)		Number of valuation undertakings	
	INDIVIDUAL MEMBERS	CORPORATE MEMBERS	INDIVIDUAL MEMBERS	CORPORATE MEMBERS
EPI	87,82	90,59	37.709	107.901
EI	1,32	1,07	566	1.271
EBM	10,35	7,52	4.403	8.961
EIF	0,60	0,81	259	969
<b>TOTAL</b>	100,00	100,00	42.936	119.104



## D. Turnover versus specialization

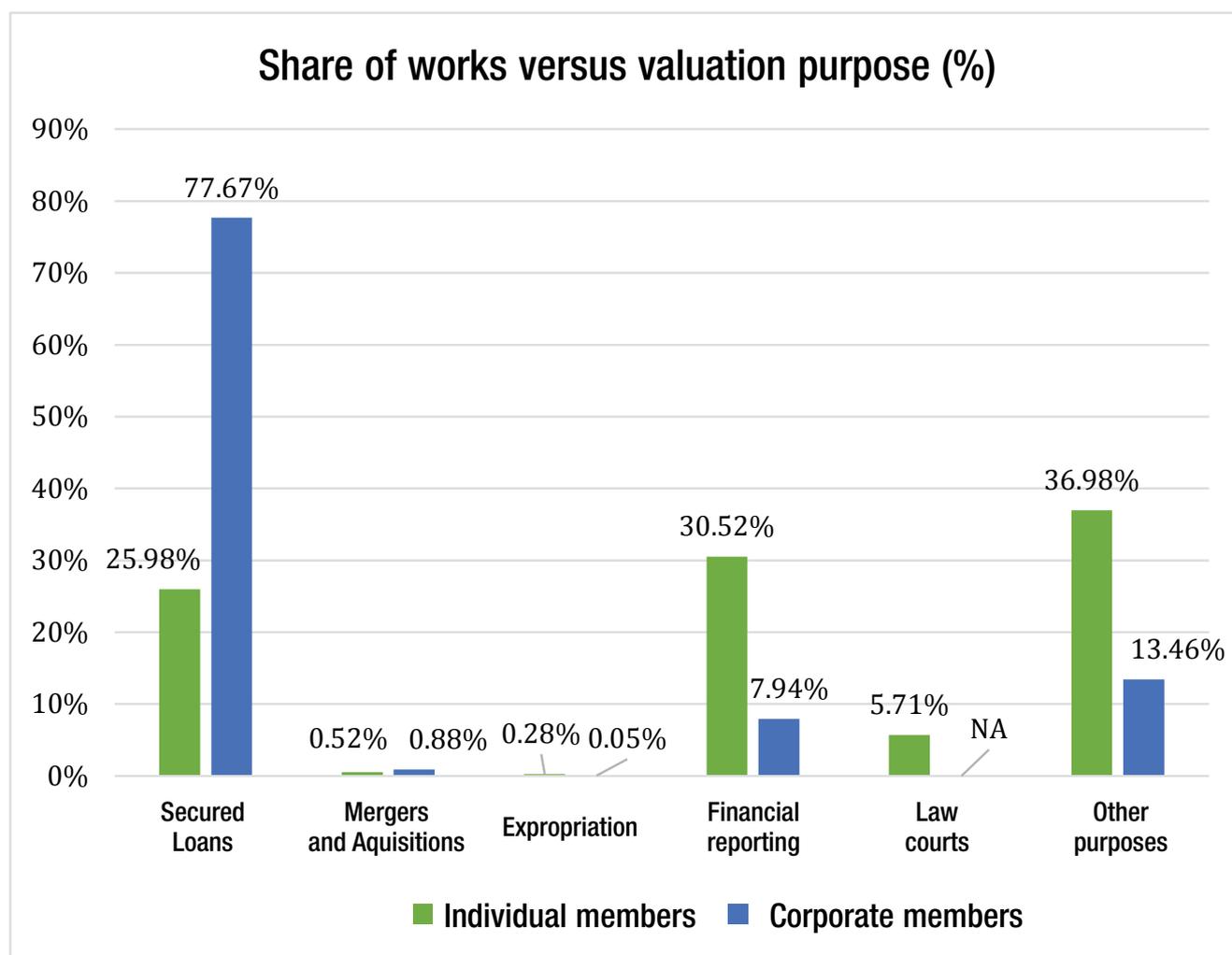
Specialization	Turnover (%)		Turnover (EURO*)	
	INDIVIDUAL MEMBERS	CORPORATE MEMBERS	INDIVIDUAL MEMBERS	CORPORATE MEMBERS
EPI	88,11	77,55	6.734.286	17.568.078
EI	2,86	12,20	218.434	2.763.098
EBM	8,70	9,41	664.609	2.130.846
EIF	0,34	0,85	25.669	192.404
<b>TOTAL</b>	100,00	100,00	7.642.997	22.654.425

\* 1 Euro = 4,4 lei



## E. Share of valuation undertakings versus valuation purpose

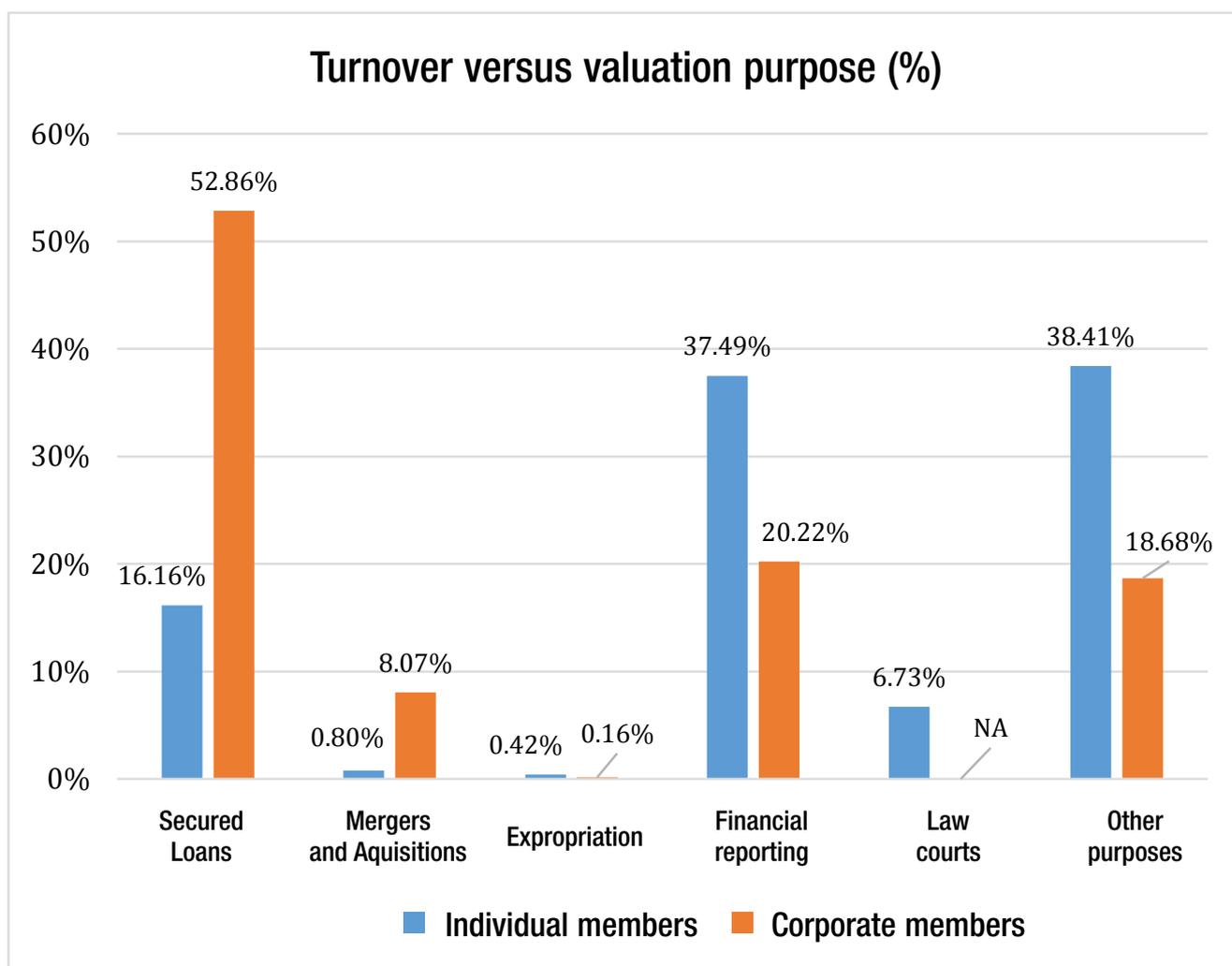
Valuation purpose	Share of works (%)		Number of valuation undertakings	
	INDIVIDUAL MEMBERS	CORPORATE MEMBERS	INDIVIDUAL MEMBERS	CORPORATE MEMBERS
Secured loans	25,98	77,67	11.156	92.513
Fusions, acquisitions, unlisting	0,52	0,88	224	1.044
Expropriation	0,28	0,05	122	60
Financial reporting	30,52	7,94	13.104	9.458
Law courts	5,71	NA	2.450	NA
Other purposes	36,98	13,46	15.880	16.026
<b>TOTAL</b>	100,00	100,00	42.936	119.104



## F. Turnover versus valuation purpose

Valuation purpose	Turnover (%)		Turnover (EURO*)	
	INDIVIDUAL MEMBERS	CORPORATE MEMBERS	INDIVIDUAL MEMBERS	CORPORATE MEMBERS
Secured loans	16,16	52,86	1.235.111	11.976.200
Mergers and Acquisitions, Delisting	0,80	8,07	60.911	1.828.271
Expropriation	0,42	0,16	31.886	36.285
Financial reporting	37,49	20,22	2.865.172	4.581.178
Law courts	6,73	NA	514.345	NA
Other purposes	38,41	18,68	2.935.572	4.232.490
<b>TOTAL</b>	<b>100,00</b>	<b>100,00</b>	<b>7.642.997</b>	<b>22.654.425</b>

\* 1 Euro = 4,4 lei



# Determining Taxable Value of Non-Residential Buildings

After so many years in which stress was laid particularly on market- and income approaches, respectively, here we are, back to our first love, cost approach. The "more experienced" of us, to put it more delicately and not to say we, "the elderly ones" remember those times when cost approach used to be given priority, and know how important it is to find a trustworthy source to start from.

I started the "story" of determining the replacement cost, leaving the determining of physical deterioration at the end, because, if things are quite well settled for determining physical deterioration, it is becoming more and more important what we start from, so that, if two valuers estimate the taxable value of the same building, they should reach identical or very similar results.

Related to cost, let me remind you that in GEV 500 – Determining the Taxable Value of Buildings - it is specified as follows:

- › The valuer must choose between the two types of replacement cost – the replacement cost or the reconstruction one.
- › Replacement cost application is recommended, and if it is not possible, reconstruction cost shall be applied, by providing the arguments underlying the decision in favor of the later one.

Under paragraph 17 it is also specified as follows: "the input data used for estimating the replacement cost must be taken over from credible sources which are to be presented in the valuation report. Whenever possible, the input data used to estimate the replacement cost shall be checked from two different credible data sources before being made use of in the report."

Therefore, if until several years back we used a single source in order to determine

the replacement cost, after ANEVAR Standards 2015 came in force, in GEV 630 – Real estate property valuation – under paragraph 70 it is specified that this source shall be checked against information obtained from a second one.

## It should be no sooner said than done. Yet, where are we to find these sources?

We have got the catalogues edited by IROVAL, "Reconstruction costs – replacement costs for residential-, industrial-, commercial- and agricultural buildings" (special buildings do not fall under the scope of these valuations, having in view that the object is to determine buildings' taxable value). Other possible sources available are Matrix Rom catalogues, the "Rapid Building Valuation" collection with the price level set at 01.01.1965, and, also from Matrix Rom publishing house, the "Technical Guidelines for immediate valuation at the updated day's price, of the costs of building elements and buildings – in terms of percentage and value", the latest of which being edited in September 2015.

Further possible sources are customized estimates. Of course, they should be drawn up by a company in the line of civil engineering or cost estimates.

Practically, it is recommended that,



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› **GHEORGHE BĂDESCU,**  
President of ANEVAR between 1992 and 2001, FRICS, REV, MAA, Founder of CMF Consulting S.A.

regardless the source you decide to make use of, you should check the result obtained against another source.

For relatively recent buildings (after 1990), you will certainly find a source for determining the replacement cost in IROVAL catalogues, or in the "Guidelines for immediate valuation at the updated day's price" from Matrix Rom. We can check this source by means of an estimate obtained from a civil engineering company.

I say certainly because these catalogues contain technical sheets of buildings made of materials and using technologies similar to those used today, too.

However, if, for a certain property

type you cannot identify a technical sheet to match the building to be valued, in terms of characteristics – which is very likely to happen with older buildings (completed before 1990), built of materials and with technologies no longer in use today – a reason why you cannot apply the replacement cost and you need the reconstruction one (you may probably start from the Matrix Rom Catalogues with the 1965 prices), then you must take particular care of the update indices for these prices.

With these buildings, too, a second source can be an estimate made by a civil engineering company. The decision regarding the source you will use to base your opinion on value is up to you.

Logically, after checking against a second source of cost, the differences between the two results should be small, otherwise the “check” criterion is no longer met. That is why it is preferable to work independently with either source and analyze the results only at the end.

Physical deterioration is a loss of value occurring throughout the building utilization as a result of time lapse as well as of the maintenance works, the current and capital repairs. Physical deterioration also depends on a series of other factors, namely: building materials used, construction solutions, activities carried out inside the building. The method of determining the physical deterioration is the relationship between the effective age of the structure and its useful life.

The effective age is the same with actual age if the maintenance works, the current and capital repairs were performed in due time, and no activities engendering an environment aggressive to the building were carried out inside it. Actual age is that declared by the owner and available in the building’s final acceptance certificate, the related energy performance certificate, or the excerpt from the land registry.

When, after the building had gone into use, there were carried out various modernization and / or extension works, the effective age is reduced. However,



these works will be considered only provided they lead to an increase in the building useful life or in the operation capacity. Maintenance works, as well as current- and capital repairs will not be considered, because their effect is dealt with when determining the building technical condition.

If there are modernization / extension works, the effective age is calculated as a weighted average of the component elements of the building. The weighing key is generally the replacement cost at the valuation date, or the gross building areas if the extension is of the same building type.

In describing the building technical condition, the state of the maintenance works and of the current and capital repairs falls under the following categories:

- › **Very good** – when various maintenance works and current- and capital repairs were carried out in due time and under proper conditions.
- › **Good** – when various maintenance works and current repairs were carried out in due time and under fairly acceptable conditions, but no capital repairs were performed.
- › **Satisfactory** – when some maintenance works were carried out at the most, while current- and capital repairs were completely neglected.

In case of accidental physical depreciations as a result of vandalism, calamities (earthquakes, catastrophic floods, explosions, fires, storms, landslips etc.) and / or serious structure damages, these depreciations are determined through the cost of works to be

immediately carried out in order to bring the building to a level which would allow for its classification under one of the technical conditions above.

A building normal useful life under the circumstances of having maintenance works, current and capital repairs carried out in due time, depends on the environment engendered by the activities performed inside the building. The environment is classified as follows:

- › **normal environment**
- › **aggressive environment** (characterized by humidity, high temperatures, regular corrosiveness)
- › **highly aggressive mixed environment** (humidity and high temperatures, humidity and corrosive environment, high temperatures and corrosive environment, highly corrosive environment).

Knowing the building effective age, use, type, technical condition and the environment, physical deterioration is determined by using the tables in Annex 2 to the Valuation Guidelines GEV 500. When determining depreciation for ages ranging outside the scope of the tables, interpolation will be resorted to. ■



# The Secret of Success: *Responsibility*

It is over two decades now since ANEVAR, the professional association having successfully charted valuation in Romania, was set up, and here we are, faced with new challenges I am positive we will manage to rise to, as we have always done.

The discussions from the public space, the bank- or the legal system refer to valuations with an impact on the public budget and call for responses, decisions of the association aimed at enhancing the valuation process transparency, ensuring compliance with the valuation standards in a continuous updating process, and, last but not least, reviewing.

The prolonged crisis Romania has been subject to since the latter half of 2008 has not only left deep traces in the real estate industry, but it has also brought about important changes in our profession. Ever since its appearance, it has developed under the umbrella of the professional and ethic standards in compliance with the international ones – thanks to ANEVAR's relating, as early as its setting up, to the experience of the long-standing tradition professional associations in the developed economies.

Evaluation, as a market economy profession serving both investors and the public interest to the same extent, has been developing in Romania alongside the specific evolution of the local market economy, successfully rising to the challenges all the way through – and they were quite a lot, too. It is by coping with them all that the profession has been increasingly earning the trust of the public institutions and of the public in general. The peak of this evolution is the status of valuation as a regulated profession with an increasingly important role in society making it imperative for its perfecting and adapting to the ever so challenging economic evolution at a fast pace. I think the “lonely wolves” time has long gone, and the non-stop working system characteristic of the real estate boom

› Evaluation, as a market economy profession serving both investors and the public interest to the same extent, has been developing in Romania alongside the specific evolution of the local market economy, successfully rising to the challenges all the way through – and they were quite a lot, too.

during the period 2004 – 2008 is a thing of the past. To date, the clients' and the valuation target groups' claims have been consistently getting higher and higher, with beneficial effects on the profession.

If we are referring to valuers as individuals, stress should be laid on continuous professional training aimed at reaching a higher professional standard and on adjusting to the new regulations. If we have associate companies in mind, then developing quality assurance- and valuation review processes, respectively, should be emphasized.

These two parameters, which should be solid pillars of evolution, will not have the expected effect without an enhanced transparency of the information made



› ADRIAN CRIVII,  
PhD, FRICS, REV, MAA  
CEO with Darian DRS SA



use of in the valuation reports. The ongoing initiatives regarding the data bases are welcome to this effect. It is a well-known fact that the accuracy of the information underlying a valuation report, alongside compliance with standards vouch for the valuation report quality.

ANEVAR, the effort made by each and every valuer and by the associate companies, the place where experience was put together and the know-how was best transferred and fathomed, as well as standard implementation have been all instrumental to raising professional standard.

As far as the ever higher responsibilities to be taken both by individual valuers and by associate companies are concerned, we could epitomize as follows: the companies shall provide the adequate means and an efficient framework for quality assurance, knowledge and data bases, while valuers' input shall be the necessary qualification, motivation and expertise to undertake the valuation mission. We could further sum it up by picturing companies as providing a high quality vehicle for the valuer to pilot safely. No quality

› ANEVAR, the effort made by each and every valuer and by the associate companies, the place where experience was put together and the know-how was best transferred and fathomed, as well as standard implementation have been all instrumental to raising professional standard.

report can be conducted unless there is a perfect interlacing between pilot and vehicle. However, responsibilities should be reasonably assigned as well. Accidents may be caused either by the poor technical condition of the vehicle, or by the pilot's error or incompetence.

Consequently, responsibilities and actions go between the quality of the activity framework (the vehicle technical review – ISO system) and the valuer's competence in undertaking the mission (professional training, which would correspond to the pilot's driving licence category). Errors can be avoided upon the completion of the mission through a thorough check of the final report, according to the standards. ■

# RBA REQUIRES THAT THE MORTGAGE CREDIT DIRECTIVE, AS CONCEIVED BY ITS ISSUING ENTITY, SHOULD BE FOLLOWED TO THE LETTER



› **FLORIN DĂNESCU**,  
Executive President with the Romanian  
Banking Association

**T**he Romanian Banking community demands that European directives, as initially conceived, should be transposed into the national legislation in keeping with the provisions approved by the European regulators, and followed to the letter. We should make sure that directives are transposed in compliance with their provisions – we are referring particularly to Directive 17/ 2014 on credit agreements for consumers relating to residential immovable property – in order to avoid the 2010 experience regarding the implementation of Directive 48/2008.

The Romanian Banking Association submitted to the National Authority for Consumers' Protection the banking community's comments and proposals regarding the bill of law on real estate property- secured credit agreements for consumers, as initiated by the National Authority for Consumer Protection (ANPC). The proposals are aimed at a comprehensive and correct transposing of the compulsory provisions under Directive no. 17/ 2014 regarding the credit agreements for consumers relating to residential immovable property, through which the interests of all parties involved, inclusively of the lenders, should be considered.

We consider that restrictive regulation as ensued from the stipulations of the bill on the Directive implementation regarding those aspects left up to the Member States, should be based on a thorough analysis of the impact and on public consultations focusing on each such aspect, conducted over a reasonable period of time.

The European legislation, through Directive 17/ 2014, is grounded on a series of clear action principles, the most important of which being related to its application only to future contracts. We propose that compliance with article 43 under Directive 17/2014 specifying that "it does not apply to credit agreements dating before 21 March 2016" should be very clearly expressed. There should be no ambiguity whatsoever to the idea that the law transposing the Directive shall apply exclusively to those credit

agreements concluded subsequent to this date, not to the whole bundle of contracts, considering that the Directive provisions forbid application to the contracts existing prior to 21 March 2016.

A further amendment brought by the banking community refers to eliminating from the text of the bill the article stipulating that, when the exchange rate fluctuation is equal to or higher than 20%, the lender offers the consumer the possibility to reduce costs, namely a cut down by at least 10% in the cost of the interest or of the commission. This liability exceeds the provisions under the Directive and, besides, it is rather unclear as far as the modality and the time duration it applies. Setting up the lender's liability to reduce costs whenever the exchange rate features fluctuations equal to or higher than 20% is excessive. This mechanism stands for unjustified limitation to the contractual freedom principle stipulated through the provisions under art. 1169 of the Civil Code and to the lenders' freedom of setting prices in keeping with the market economy principles. Lenders shall adapt to the conditions on the financial market, the fluctuations in the exchange rate resulting from circumstances beyond their control.

The text of the bill stipulating that the return or the transfer of the security or of the returns resulted from selling it, back to the lender, is sufficient for the total refund of the loan, also

exceeds the Directive scope. European Directive 17/ 2014 stipulates only that the Member States do not prevent the parties to a credit agreement from explicitly agreeing that the return or transfer to the lender of the security or of the returns resulted from selling is sufficient for refunding the loan.

We consider it a measure discriminating upon those borrowers fully carrying out their contract duties and liable to generate abuse from ill-willed borrowers to the disadvantage of honest-minded ones. The fact that the remaining outstanding debt which could not be covered following the asset selling is considered extinct according to the law, is equivalent to a lender's non-compensated or ungrounded expropriation.

The current legislation in force already includes terms for asset taking over on the account of the debt, namely art. 2460 in the Civil Code, which grants sufficient protection to the constituent party.

This provision transfers to the lender the liquidity risk the immovable property, although the respective lender is a financial intermediary, not a real estate agency. Such an approach runs against prudence regulations which restricts the lender's acquiring of the immovable property and can endanger the lender's financial position under unfavourable circumstances on the real estate market. This aspect could lead to the practice of very low LTV (loan to value) ratios, so that the economic operator may recover the sum of money lent at an optimum level, which entails his or her granting loans to lower values.

We also consider excessive the provision stipulating that, if it impossible for consumers to admit an increase in the interest, the lender has no right to unilaterally terminate or cancel the contract; instead, the lender shall propose reconsidering spacing out or refinancing the credit, in keeping

with the consumer's actual incomes.

Under all circumstances, as stipulated in the bill, the interest rate to be annually applied to the sum of money taken from the credit must not exceed 15%. We appreciate that this article is arbitrarily limiting the lender's freedom of setting up the price policy, against the rules of a competitive market.

According to the financial market evolution, and particularly of the refinance interest rates, this limiting could prevent granting loans to consumers, provided the lender couldn't get financed below the randomly imposed limit.

The banking community requires that the Directive provisions should be complied with regarding the exchange rate allowed for the conversion. The Directive stipulates that a consumer is entitled to convert a credit agreement in an alternative currency, the exchange rate at which the conversion is performed being the market exchange rate applicable on the day the conversion is actually applied, not the official exchange rate put up by the National Bank of Romania, as foreseen in the bill transposing the Directive. Also, the credit conversion-generated costs which are not related to the bank shall be incurred by the client. It should be also considered that a possible credit conversion into another currency calls for both addendum of the real estate mortgage contract and re-registering the real estate mortgage-type collaterals at the Electronic Archive for Security Interests in Movable Property (AEGRM) according to the new value and currency of the loan, which means costs which will not go to banks, but which the client is due to pay to the notary, the record operator and the valuer.

The provisions under the bill of law forbidding the transfer of the mortgage agreement having residential real estate as their object, to a financial bank or

non-bank operator whose registered office or subsidiary is not based in Romania, as well as the transfer of debts to persons who are not credit institutions or non-banking financial institutions may affect market competitiveness and limit the foreign operators' access, which runs contrary to the spirit of the Directive.

This provision contradicts Law no. 93/ 2009 which foresees that the transfer of the credit portfolio falling under the category of loss does not stand for lending activity. It also contradicts articles 35 and 37 T UEF (Treaty on the Functioning of the European Union) on the free circulation of goods, by restricting acquisition for foreign citizens.

The banking community also proposed the initiator to eliminate the provision according to which the consumer is entitled to choose whether the valuation is undertaken by an external independent valuer, or by a lender's internal independent valuer. The valuation activity is practically externalised and is subject to the provisions of the National Bank of Romania regarding externalised activities. Under these circumstances, additional operational risks may be incurred.

Unreasonably enlarging the European legislation application area would entail Romania's worrying lag behind in terms of banking practices as compared to the other European states where the authorities strictly comply with the provisions under the directives approved by the European law, inclusively in terms of banking system-incurred costs. It would be a threat to the credit institutions' capacity to grant loans to the population for housing purchase, loans acting as drivers of the economic development for that matter. It could affect the perception on the country risk, the financing cost of the local private entities, as well as the state's financing cost as a whole. ■

# National Conference

## Braşov, 11th December 2015

ANEVAR National Conference was held in Braşov, on 11th December 2015.  
On the agenda - the election of the new Board of Directors made up of the following members:

ANEVAR Board of Directors 2016 - 2017



President	Daniel MANAŢE
First Vice-President	Dana ABABEI
Former President	Adrian VASCU
Treasurer	Adrian Ioan POPA-BOCHIŞ
Vice-President, Chairman of the Professional Qualification and Certification Commission	Laurenţiu Adrian STAN
Vice-President, Chairwoman of the Scientific and Standards Commission	Elena APOSTOLESCU
Vice-President, Chairwoman of the Membership Record Commission	Delia Voichiţa BRATU
Vice-President, Chairwoman of the Verification and Monitoring Commission	Ileana GUŢU
Vice-President, Chairman of the Domestic and International Relations Commission	Laurenţiu Aurelian LAZĂR
Vice-President, Chairwoman of the Judicial Commission	Cristina GRIGORESCU
General Secretary	Marian Ilie SIMINICĂ



Adrian Vascu, Daniel Manate



Daniel Manate



Adrian Vascu



Gheorghe Bădescu. President of Honor of ANEVAR



# ANEVAR Corporate Members' Annual Meeting

The corporate members' meeting held in Brasov, on 12 December, included the following topics and activities on its agenda:

*The role and competences of NOPCML (the National Office for Prevention and Control of Money Laundering)* – Mihaela Drăgoi, Director of the Head Office for NOPCML Monitoring and Control

*A debate on the legal framework in the field of prevention and control of money laundering* – Laurențiu ROBU, Financial Analyst with NOPCML Legal Department

*Overview of money laundering typologies / schemes* – Carmen BABICIU, Financial Analyst with the Head Office for NOPCML Information Analysis and Uptake

*The impact of the new Fiscal Code provisions on the liberal professions activity* – Irina Nistor, Senior Manager PricewaterhouseCoopers

*ANEVAR Activity Report. Structure of the Records for Buildings Taxable Value data base. Latest news from the Fiscal Code* – Adrian VASCU, ANEVAR President 2014-2015 / Senior Partner VERIDIO S.R.L.

*Valuation activity monitoring. Selection of the companies to be monitored in 2016* – Sorin PETRE, Director Valuation & Strategy PricewaterhouseCoopers

*Results of the accreditation session. Handing in of the MAA insignia* – Adrian VASCU, ANEVAR President 2014-2015/ Senior Partner VERIDIO S.R.L.





Daniel Manate



Adrian Vascu



Irina Nistor



Laurentiu Robu



Mihaela DRAGOI, Carmen BABICIU



Radu Dimitriu



Sorin Petre



MAA

# Press Conference: RELEASE OF THE FIRST STATISTICAL ANALYSIS REPORT BASED ON THE REAL ESTATE GUARANTEE DATA BASE (Q3 2015)

**O**n 8th December 2015, a press conference with the representatives of the leading publications in the domain was held at the Association central headquarters. President Adrian Vascu and Prime Vice-President Daniel Manăţe presented the first information from the Statistical Analysis Report of the Real Estate Guarantee data base (BIG) for Q3 2015.

Therefore, the real estate collaterals for the secured loans approved during July – September 2015 amount to over 4 billion Euros.

The Real Estate Guarantee data base (BIG), managed by the National Association of Romanian Authorized Valuers (ANEVAR) through the agency of the Romanian Institute for Research on Valuation (IROVAL) gathered over 25,000 valuation reports in Q3 2015.

The collaterals estimated by valuers in this period amount to 4.116 billion Euros. Most of the real estate valued for the credits issued are residential, namely 18,905 units, accounting for 73.05% of the total number, followed a long way off by the 2,745 lands accounting for 10.61% of their total number. However, the most valuable real estates valued pertain to the commercial area. The 2,283 commercial properties valued for credit lending amounted to



over 1.2 billion Euros over the 3 months under analysis.

Out of the residential estate valued, most were block flats (14,152), accounting for approximately 75% of the overall total number and approximately 54% of their total value. Their overall value added

up to approximately 633 million Euros. The valued real estate, housing and lands (4,257 units) accounted for 22.5% of the overall total number and 36.77% of the overall value.

According to the data in BIG, most valuation reports were issued for the real estate

in Bucharest (2,278 reports), followed by those for the real estate in Cluj (1,652 reports), in Constanta (1,561 reports), Timis (1,185 reports) and Brasov (1,011 reports). As far as the capital city is concerned, the most active district in terms of real estate crediting was, over the period under analysis, District 3, namely with 1,021 reports.

It is also Bucharest that ranks first in the top of the most expensive estates per square meter, followed by Cluj, Timisoara, Constanta, Iasi, Brasov, Craiova, Ploiesti, Sibiu and Tulcea. At the opposite end, the cheapest block flats are to be found in Giurgiu, where the average market value per square meter amounts to 459 Euros.

In Bucharest, the most expensive estates are to be found in District 1, with average values per square meter amounting to 1,226 Euros for block flats, and to 1,107 Euros for houses with land. The cheapest district for the Bucharest inhabitants willing to live in houses is apparently District 6, where the average value per square meter amounts to 822 Euros, while for those who prefer block flats, District 5, with an average square meter of 871 Euros.

“We already have the first real estate indices extracted from the BIG data base, monthly for the time being, namely for August vs July and for September vs August”, ANEVAR President Adrian Vascu stated. “The values did not feature big variations during this period – however, is a rather short period to be considered very relevant. It will be interesting when we can make comparisons between terms and then years, and we are going to periodically publish ANEVAR real estate index, as we are gradually getting the data.



# Club Business Magazin

## BUILDINGS TAXABLE VALUE AGAINST THE BACKGROUND OF THE NEW FISCAL CODE

**ANEVAR** joined as an official partner of Club Business Magazin on the topic “Buildings taxation and the new Fiscal Code” on 3rd November. The event venue was the Intercontinental Hotel.

The debate organized by **ANEVAR** and Business Magazin on building taxation, as regulated in the new Fiscal Code which comes in force as of 1st January 2016

was held in the following context: Law no 227/2015 regarding the Fiscal Code was published in the Official Journal on 10th September 2015, the application norms are under work at the fiscal authority, and Government Emergency Order OUG 50/2015 amending certain provisions from the initial version of the new Fiscal Code was published in

the Official Journal right on 3rd November, date at which the discussions of the participants in Club Business Magazin were in full swing. Last but not least, the guidelines dedicated to setting the building taxable value (as published in **ANEVAR** Valuation Standards – the 2014 edition and re-published in the 2015 edition under the name GEV 500, to

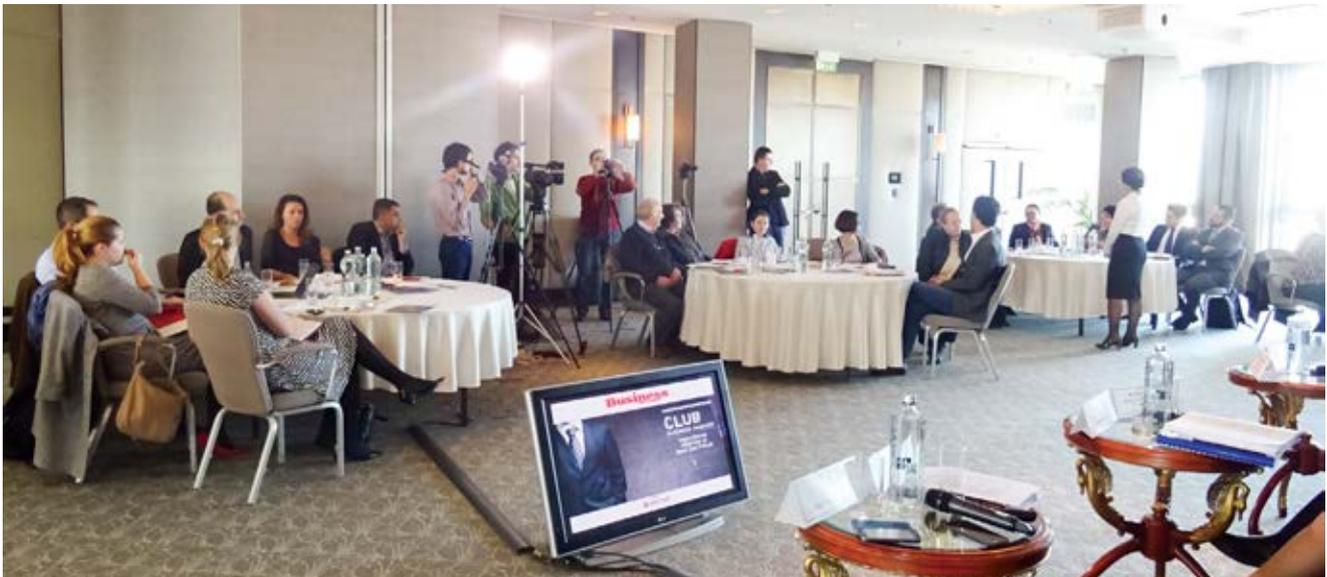




Ramona Jurubiță



Mihaela Mitroi, Ruxandra Grinzeanu



**be applied as soon as the new Fiscal Code comes in force) are underway to be amended with completions also including the 4 annexes to be considered in determining buildings' taxable value.**

The event was attended by: two fiscal advisers representatives: Ramona Jurubiță – Partner, Head of

Taxation, KPMG Romania and Mihaela Mitroi – Partner, Leader of Fiscal and Legal Consultancy Services, PwC Romania and South-Eastern Europe; one tax payers representative: Ruxandra Grinzeanu – CEO with Sky Tower Building, Raiffeisen Property International; and, on behalf of ANEVAR, by President Adrian Vascu and Prime Vice-

President Daniel Manațe.

The discussions were aimed mainly to inform all those involved in applying the new regulations, as well as to come up with certain solutions to clear up the still outstanding situations and submit them to the authorities in charge of elaborating the new Fiscal Code norms. ■

## “VALUATION OF REAL ESTATE PROPERTY IN AGRICULTURE, FORESTRY AND FOOD INDUSTRY“

### Craiova – 24<sup>th</sup> October

On 24<sup>th</sup> October, the National Association of Authorized Romanian Valuers organized the fifth edition of the Conference on “Valuation of real estate property in agriculture, forestry and food industry”. The event was focused on the valuation of all types of land. The venue was the University of Craiova.

#### Among the topics dealt with:

- Land valuation and GEV 500;
- Frequent errors with land valuation;
- Land valuation through the market extraction method;
- Qualitative analysis. Land valuation through the relative comparison method;
- Land valuation through the land-plotting and –development method. Practical aspects and application principles;
- Case Study on agricultural land valuation;
- Agricultural market in Romania;
- Vine plantations valuation in the Republic of Moldova.



Revetchi VEACESLAV



Andrei BOTIȘ



Adrian VASCU, Anuța STAN



Adrian VASCU



Cristian DEMETRESCU



Adrian NICOLESCU



Eugen DUMITRESCU



Laurențiu STAN



Radu TIMBUȘ

#### The speakers to this event:

- **Adrian VASCU** – ANEVAR President / Senior Partner VERIDIO S.R.L.
- **Radu TIMBUȘ** – ANEVAR Vice-President / CEO with EUROEVAL S.R.L.
- **Cristian DEMETRESCU** – CEO with ROMNIVAL S.R.L.
- **Laurențiu STAN** – Senior Executive with FAIRVALUE CONSULTING S.R.L.
- **Adrian NICOLESCU** – ANEVAR Free lance Valuer
- **Eugen DUMITRESCU** – Manager with DARIAN DRS S.A.
- **Andrei BOTIȘ** – Founding Partner NAI Romania
- **Revetchi VEACESLAV** – Associate Actimob Consulting SRL – Republic of Moldova

# ANEVAR National Conference

## March 20, 2015



Nicolae CİNTEZĂ



Georgeta PETRE



Lenuța MARTINIUC



Cornel FLOREA



Speranța MUNTEANU



Emilian RADU



Vasile IUGA



Gheorghe BĂDESCU



Gabriel RADU



Florin DĂNESCU



Florentina ȘUȘNEA



Virgil PUTICIU

# Conference “Valuation for Secured Loans”



Adrian Vascu

**ANEVAR** organised on **Wednesday, 9<sup>th</sup> September**, the Conference “**Valuation for Secured Loans**”. The event took place at the **Intercontinental Hotel in Bucharest** and was structured on two sessions, having as topics of interest: **Valuation Review** and the data base of **Real Estate Guarantee**. The speakers were:



- **M. Lance COYLE** – President of APPRAISAL INSTITUTE
- **J. Scott ROBINSON** – President elect of APPRAISAL INSTITUTE
- **Adrian VASCU** – ANEVAR President / Senior Partner VERIDIO S.R.L.
- **Dana Ababei** – ANEVAR Vice-President / CEO with CMF CONSULTING S.A.
- **Cristina GRIGORESCU** – Member of ANEVAR-BIG Working Group / Manager of Collaterals Dept. – Risk Division of RAIFFEISEN BANK
- **Irina BENE** – IROVAL Researcher
- **Laurențiu STAN** – Member of ANEVAR BIG Working Group / CEO with FAIRVALUE CONSULTING S.R.L.



Cristina Grigorescu



Dana Ababei



Daniel Manate, M. Lance Coyle



Irina Bene



J. Scott Robinson



Laurentiu Stan



M. Lance Coyle



Nino Beraia, Gheorghe Bădescu, M. Lance Coyle



Adrian Vasco, President of ANEVAR

# VALUER'S DAY

## 9<sup>th</sup> September 2015

On 9<sup>th</sup> September, in the evening, Mr Gheorghe Bădescu, ANEVAR Founding President, was awarded for his whole activity dedicated to the cause of the birth and development of the valuation profession in Romania.



The trophee presented to the Association Founding President, Gheorghe Bădescu, by ANEVAR current President Adrian Vascu



Special edition of "VALUE" – Personalities" review - Issue no. 1



Daniel Manăte, J. Scott Robinson, M. Lance Coyle, Adrian Vascu





Anniversary booklet – ANEVAR, 9<sup>th</sup> September 2015



Ioan Gyuri Pascu and Gheorghe Bădescu



Elena Apostolescu, Gheorghe Bădescu



J. Scott Robinson, M. Lance Coyle, Elena Apostolescu



Dana Ababei, Lasha Lezhava Nino Beraia



M. Lance Coyle, Adrian Vascu, J. Scott Robinson



Adrian Vascu, Dana Ababei, Radu Dimitriu

# Conference “HOT TOPICS IN VALUATION”



Adrian Vascu

The European Group of Valuers' Associations (TEGoVA) joined ANEVAR in organising its first Congress on 9 July 2015 in Bucharest.

The event on Hot Topics in Valuation dealt with issues of particular importance with a major impact on the European real estate valuation markets in the bank sector and in the field of specific regulations, such as Asset Quality Review, Secured mortgage loan value, Sustainable buildings valuation and Valuation review.



Akos Fischl

## The speakers to the event:

- › **Krzysztof Grzesik** – Chairman of TEGoVA Board
- › **Silvia Cappelli** – TEGoVA Board member
- › **Michael MacBrien** – Adviser with TEGoVA
- › **Jim Amorin** – Vice-President of the Appraisal Institute
- › **Jörg Quentin** - Managing Director with Deutsche Pfandbriefbank AG
- › **Akos Fischl** – Chairman of the Valuation Committee for European Mortgage Federation
- › **Miguel Angel Lopez** – Senior Inspector – Bank of Spain.

The conference was held in English (with simultaneous translation into Romanian) at the Intercontinental Hotel in Bucharest. The Congress was broadcast live and can be watched by accessing the link: [www.privesc.eu/Arhiva/62336/First-TEGoVA-Congress](http://www.privesc.eu/Arhiva/62336/First-TEGoVA-Congress).





Jim Amarin



Jörg Quentin



Krzysztof Grzesik



Michael MacBrien



Miguel Angel Lopez

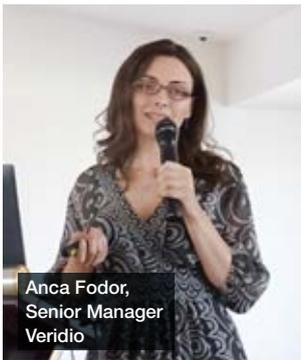


Silvia Cappelli

# Conference “STATISTICS IN REAL ESTATE VALUATION” Timișoara, 13<sup>th</sup> June 2015, Boavista Hotel



Adrian Vascu, President of ANEVAR,  
Senior Partner Veridio



Anca Fodor,  
Senior Manager  
Veridio



Dorel Niță – Project Manager,  
[www.Analizemobiliare.ro](http://www.Analizemobiliare.ro)



Daniel Manate, ANEVAR Prime-Vice-President, presented  
the book "On Valuation and Valuation Review" by Adrian Vascu



Anamaria Ciobanu, ANEVAR  
Vice-President, Professor PhD at  
the Academy of Economics, Bucharest



Andrei Botiș, Vice-President ROGBC,  
Founding Partner NAI Romania



Sorin Udrea – Supplier with Flexmls Europe



Laurențiu Stan, CEO with FairValue Consulting,  
Member of ANEVAR BIG working group



Irina Bene, IROVAL Researcher



# Conference “Valuation for the Capital Market in Romania” – The Academy of Economics, 4<sup>th</sup> June 2015

One of the longest tradition conferences organised by ANEVAR and hosted by the Bucharest Academy of Economic Studies, had the following agenda: Relevance of transactions on own shares in business valuation – Gheorghe BĂDESCU, ANEVAR President 1992-2001, FRICS, REV / CMF Consulting S.A.; Analysis of the factors with an impact on cash flow forecast – Anamaria CIOBANU, ANEVAR Vice-President, Professor PhD at the Bucharest Academy of Economic Studies; Rasdaq valuation and closing down – Adrian VASCU, ANEVAR President / Senior Partner VERIDIO SRL; Uncertainty in valuation – Ion ANGHEL, ANEVAR President 2006-2007, Professor PhD at the Bucharest Academy of Economic Studies, Director of Economic – Financial Analysis and Valuation Dept.; Consistency and correlations in applying business valuation methods – Sorin PETRE, ANEVAR Vice-President, Director - Valuation & Strategy Pricewaterhouse-Coopers; Valuation of non-performant companies and valuation results reconciling – Cristian Vețeanu, Manager of the Valuation and Financial Modelling Dept, Ernst & Young and Horiana Istodor, Senior Manager, Manager of the Valuation and Financial Modelling Dept., Ernst & Young.

The conference also provided the framework for the release of the book “On Valuation and Valuation Review” by Adrian Vascu, edited by Hamanglu Publishing House in collaboration with Iroval.



Adrian Vascu



Anamaria Ciobanu



Gheorghe Bădescu



Ion Anghel



Sorin Petre



Cristian Vețeanu



# TOPICS TO DAY IN VALUATION



The conference “Topics to Day in Valuation” was held in Murighiol on 16 May 2015. The event ended with a tour of the Danube Delta.





Filip Stoica



Pavel Șuşară



# 2015 UNITER Award Gala



ANEVAR President Adrian Vascu presented Mr Doru Mares with the award for Drama Critique





Adrian Vascu, Andreea Bibiri

UNITER President Ion Caramitru was the host of the 23rd edition of Uniter Awards Gala, just like he has been every year so far. The nomination jury was made up of drama critics Monica Andronescu, Mircea Morariu and Maria Zărnescu, and the gala jury that decided on the winners was made up of scenographer Ștefania Cenean, literary critic and commenter Dan. C. Mihăilescu, actress Valeria Seciu, drama critic Oana Stoica and director Alexa Visarion.

ANEVAR played an important part alongside UNITER partners, as it was the first year in which the Association supported award winners and handed in an award. The Association representative, Adrian Vascu, accompanied by actress Andreea Bibiri on stage, handed in Mr Doru Mareș the award for Drama Critique.



Ion Caramitru



ANEVAR Team



# Business Mark

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