

# An Investigation of the Reliability of Mortgage Valuations in Onitsha Metropolis

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## Abstract

Mortgage valuation has become an integral element of societal growth which no society can ignore. A mortgage valuation is deemed to be reliable only if there is one on one correspondence between valuations and open market price. Hence, this research aimed at investigating the reliability of mortgage valuation in Onitsha, Anambra State, Nigeria. Data were analysed using frequency distribution, percentages and mean scores. Findings showed that the value determined by different valuers for the same property vary, the values determined by valuers are accurate, there is professional negligence but there is no professional misconduct in determination of values for money deposit banks. There is no significant difference between method of valuation and the accuracy of valuation opinion in Onitsha metropolis as the P-value 0.905 is greater than 0.05. This shows that the method of valuation is dependent on the accuracy of valuation opinion in the study area. The study concluded that Estate Surveyors and Valuers do not adopt the same methods of valuation and that problem of relevant data is the topmost factor influencing mortgage valuation inaccuracy in Onitsha Metropolis. It was recommended that Money Deposit Banks and other clients should provide necessary data for Estate Surveyors and Valuers when consulting them for mortgage valuation so as to minimize inaccuracy.

**Keywords:** Mortgage, Valuation, Reliability, accuracy, inaccuracy, Onitsha,

## 1.0 Introduction

Valuation is not a fact, it is an estimate of the most probable range of possible outcomes based on the assumptions made in the valuation process. Hence RICS (2005) describes valuation as a professional Valuers individual's view of the worth in form of capital or rental value of a property on a defined basis.

Mortgage valuation is a way for a lender to check that a property you are planning to purchase is worth what you are going to pay for it. The basis of mortgage valuation is usually the market value as the lender is primarily concerned with how much the security would sell in the open market when offered for sale.

Estate Surveyor and Valuer is commissioned to carry out mortgage valuation to provide the lender with an accurate estimate of the market value of the property and further advice on the maximum amount that can be safely advanced as loan (Effiong, 2015).

A mortgage valuation report must emphasize opinion of value, type of interest being valued, state of the economy as at the date of valuation and structural condition of collateral real property for it to meet demands of lending institutions (Aluko, 2007). It has long been one of the lines of defense in

helping commercial banks protect their assets, minimize losses, and make well-informed lending decisions (Obineme, Emoh and Igwenagu, 2019).

The reliability of any valuation depends on the adoption of appropriate pricing, bases and methodology. According to Aluko (2007), few firms adopt comparison and investment approaches to arrive at mortgage value and majority only rely on cost or contractor's approach. This has serious implication on the mortgage valuation accuracy as it tends to over value collateral property in the market, as only the supply side is taken into consideration. The lending institution may therefore be misled into taking wrong decision since the security may not be adequate to liquidate the loan in case of default. The cost approach is only good to value properties that seldom change hand in the market. Where a property has no demand in the market, it is reasonable to conclude that it cannot have mortgage value since it will not have investment value (Aluko, 2007).

There is need for better mortgage valuation and reporting practices. This is particularly important because authors such as Aluko (2007) submitted that when clients are not satisfied with the quality of service received, they might tend to look elsewhere to satisfy their demands.

Valuers sometimes over value or under value the worth of property pledged as collateral for loan, which result to dispute between the mortgagee (lender) and the mortgagor (borrower) in the case of default, bankruptcy, investment failure, and compels financial institutions to grant loan in excess of collateral value. Past authors have linked these errors to; lack of generally accepted method (Kuye, 2000), wrong method of valuation, inappropriate method of valuation, lack of access to adequate and reliable market data and response to client's influence (Muhammad, HabuMallam and Isa, 2021), wrong basis of valuation and wrong use of capitalization rate (Aluko, 2007).

## **2.0 Literature Review**

### **2.1 Concept of Mortgage Valuation.**

A mortgage valuation can arise from a consent given by a bank or a request from its customer to borrow money from the bank. The loan is usually backed up by a collateral security which the bank calls for its valuation to determine its market value. (Mfan and Akpan, 2014). A mortgage valuation is a specific type of assessment done by the mortgage lender to help them confirm the property's value. It is also used to see if the property will be a suitable security for the loan you have applied for. Your lender will usually arrange a mortgage valuation.

### **2.2 Mortgage Valuation Report.**

Valuation report is a way of passing the information to the client who commissioned the report. It must meet the needs of the client as well as uphold the standard set, for such valuation, in the profession (Aluko, 2000). The form of the mortgage valuation report should have been settled with the client, at the outset, at the time of instruction.

Valuation report can be seen as any communication whether written or oral opinion of an assessment that is conveyed to the client upon completion of an assignment which is expected to confirm to the professionally accepted standard.

### **2.3 Valuation Accuracy**

Valuation inaccuracy is a common phenomenon in developed and developing nations.

Hudclips (2007) mentioned that accuracy in valuation depends on the quality and adequacy of supporting data and the degree of proficiency with which the data items are analyzed. Valuation inaccuracy results from various sources such as: misconception of the objective and purpose for which

valuation estimation is made, lack of judgment and experience, incorrect method of valuation, faulty application of correct method, influence on appraiser (hudclips, 2007). The principle issue in valuation accuracy is standardizing the information set to ensure that all valuers are equally informed. Valuations are functional information and the better the information set the better the valuation.

The two forms of valuation inaccuracies are overvaluation and undervaluation (Mallinson and French, 2000).

Overvaluation implies that an appraised value is inflated and the collateral may not support the transaction, thereby creating a credit risk if relied upon (Freddie Mac, 2009).

Undervaluation implies an over protection of the provider of finance at the detriment of the user of fund (developer).

Babawale (2006) have noted that while inaccuracy in valuation may appear to be generally accepted, there is considerable difference as to what should be an acceptable level of inaccuracy, at what point does inaccuracy suggest incompetence or amount to professional negligence.

Hager and Lord (1985) whose work triggered much of the debate on this subject consider a range of  $\pm 5$  as permissible in UK. In Nigeria Ogunba and Iroham (2011) study shows that Valuers in Lagos suggested 11.1% while mortgage clients suggested 13.18% as acceptable margin of error.

Effiong (2013) study conducted in Calabar and Uyo suggests an acceptable margin of error of  $\pm 5$  to  $\pm 10\%$  among others.

#### **2.4 Causes of valuation variance in Nigeria.**

Wyatt (2013) noted that inaccuracy can enter the valuation process stage from the inception. He further noted that by investigating the causes and appreciating how Valuers are affected, it may be possible to identify contributing factors and ultimately reduced variance. Inaccuracy occurs when the parties do not achieve the same resulting valuation or where that resulting valuation does not match the market price. At some points, however, a valuation which is in-accurate will become unacceptable to the user. Factors identified as contributing to the disparity between valuations and subsequent transaction prices include;

- a. The nature of the property market.
- b. Problem of relevant data.
- c. Valuation assumptions.
- d. Integrity of the individual Valuer.
- e. Client pressure.
- f. Valuation methodology.
- g. Lack of valuation standard manual.
- h. Effectiveness of regulatory framework.
- i. Skill, experience and judgment of Valuer.

##### **A. The nature of the property market.**

The duty of the Valuer is to interpret the property market indices and on the basis of facts and underlying assumptions, draw up his expert opinion on value. The accuracy of his job is therefore affected to a great extent by the conditions of the property markets. Due to the heterogeneity of properties, infrequent sales, lack of central trading market etc, makes market values of real estate relatively much more difficult to ascertain. The inability of Valuers to predict or interpret accurately the value of property has therefore been described as a product of real estate market imperfection (Millington, 1985).

## **B. Problem of Relevant Data.**

In the property market, there is a problem of collecting sufficient and representative data that could give a clear indication of market activity even though data is the driving force that fuels valuation analysis. Valuers are thus confronted with an “poor information” market data dilemma, which in turn affects their level of judgment and accuracy of opinion of value expressed (Mason, 1978, Aluko, 1998)

## **C. Valuation Assumptions.**

Baum and Crosby (1998) opined that “appraisals can rarely be proved inaccurate for many reasons including the fact that all valuations are hedged by series of assumptions, special purchasers are excluded from consideration, a full exposure to the market, which is not the defined, is assumed, no price movement over the marketing period are contemplated, even though full exposure may require a lengthy market period in an area of changing price, and so on”.

## **D. Integrity of the Individual Valuer.**

It is not right for client to ask Valuers to modify their reported value to a lower or higher figure. Wyatt (2003) identified individual behavioral characteristics of the Valuer as main cause of valuation variance and that even in countries like Britain where the profession tried to enforce more rigorous mandatory standards backed by detailed guidance notes, Valuers still fall below the required standard. Many cases of unethical behavior and gross professional misconduct against member firms were handled by the Nigerian Institution on Estate Surveyors and Valuers (NIESV).

## **E. Client Pressure.**

Levy and Schuck (1999) observed that although the Valuer has an obligation to provide independent and informed opinion of Value, they are often compelled by economic incentives to act contrary to professional ethics to satisfy their clients in order to avoid conflicts over fees and precipitate repeat business. Aluko (1998) remarked that this practice is particularly prevalent in compensation and mortgage valuations in Nigeria.

## **F. Valuation Methodology**

The Nigerian Institution of Estate Surveyors and Valuers in one of its editorial comments (NIESV, 1998) noted that “despite the training in the institution of higher learning in more dynamic methods of valuation which are able to take account of various market conditions, we continue to base our valuation on comparable evidence without taking into account local and national trends, demographic factors, consumer expenditure etc.

## **G. Lack of Valuation Standard Manual**

Valuation standard manual, such as the RICS Red Book and that of the International Valuation Standard Committee contains mandatory and non mandatory guidelines to be applied to valuations by members. The objectives of such documents include among others the promotion of consistent use of bases and assumptions on which valuations are provided and to help Valuers achieve high standards of professional competence. This is ultimately to reduce valuation inaccuracy among Valuers. The NIESV Green Book though early published is not well regulated as many Valuers do not carry out valuation based on the standards.

## H. Effectiveness of Regulatory Framework

In the absence of regulation for valuation matters by supervisors of the capital and financial markets and of the valuation profession itself, Valuers are sometimes subjected to undue or excessive pressure from the interested parties to value other than in accordance with generally accepted valuation principles (IVSC, 2001.312). It is therefore widely acknowledged that additional regulations are required to deter client pressure and encourage Valuer's independence (Wyatt, 2003).

### I. Skill, Experience and Judgment of the Valuer.

The problem of variation in value estimate among Valuers lie at the very heart of the set skills assembled by the Valuer as well as the Valuers experience and judgement (Aluko, 1998; Baum and Crosby, 1988). Ogunba and Ajayi (1998) noted that there is a degree of inadequate understanding and wrong application of methods on the part of some Valuers. The Nigerian professional body also identified that inadequate training and lack of professionalism among its members are responsible for increasing credibility problems (NIESV, 1998).

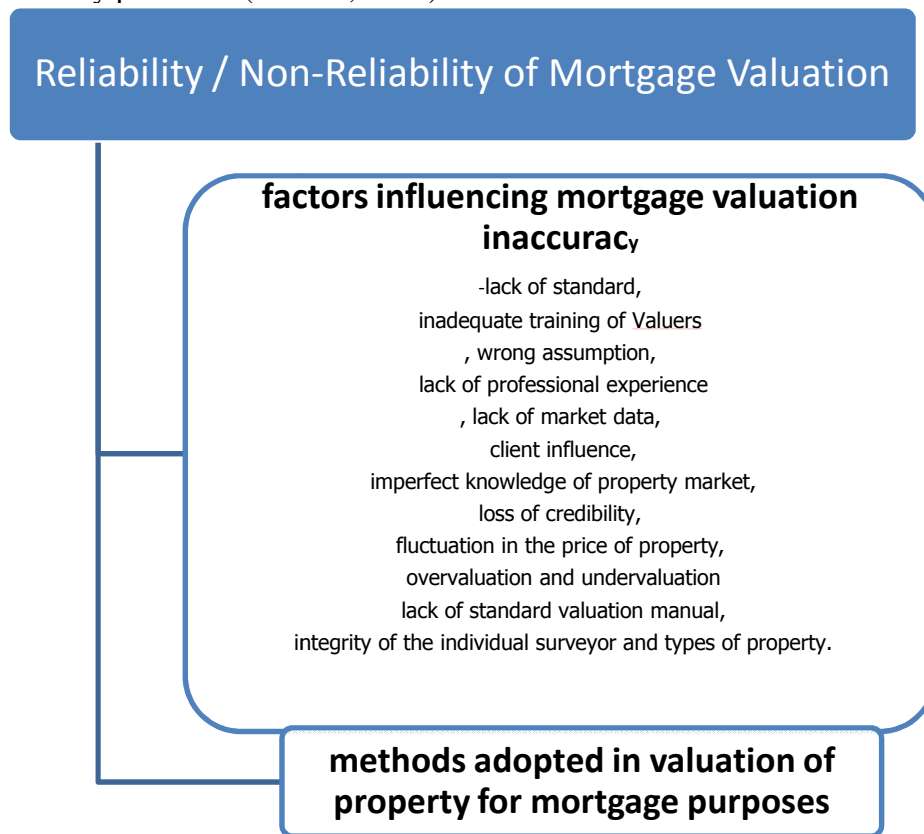


Fig 2: Conceptual Framework of the Reliability or Non - Reliability of Mortgage Valuation.

## 3.0 RESEARCH METHODOLOGY

The research instrument that were used to obtain relevant data from respondents were structured questionnaires, oral interviews and any documented records of data related to the study.

The research addressed two study populations. The first were the registered Estate Surveyors and Valuers in Onitsha, this is because they are the real property consultants professionally recognized in Nigeria to conduct valuation of properties and other assets in the Federal Republic of Nigeria under the Estate Surveyors and Valuers Act (otherwise known as Decree No 24 of 1975) now cap E13 LFN 2007. The second study population were the lending institutions that are in Onitsha, Anambra State. A baseline of MIS 2.5 was used to determine the significance of the effect of the factors. Factors having  $MIS \geq 2.5$  were considered as significant while factors with  $MIS < 2.3$  as insignificant.

#### **4.0 DATA PRESENTATION AND ANALYSIS.**

##### **4.1 Questionnaire administration**

The total number of questionnaires administered to the Respondents' were 51 while 42 questionnaires were successfully filled and returned. Table 1 shows how the questionnaires were proportionately administered to the respondents' and their percentage returned.

**Table 1: Questionnaire Distribution in the Study Area**

Profession	No. distributed	No. Returned	Percentage returned (%)	No. not Returned	Percentage not returned (%)
Estate Surveyors and Valuer	35	30	85.71%	5	14.29%
Mortgage Banker	16	12	75.00%	4	25.00%
Total	51	42	82.35%	9	17.65%

From the Table 1, the percentage of the questionnaire returned by Respondents is 82.35%. However, Mugenda and Mugenda (2003) explained that response rate of 50% is adequate for analysis and reporting. Therefore, the respond rate of this study is adequate as they exceed the average percentage in accordance to Mugenda and Mugenda (2003) postulation.

##### **4.2 Responses from Estate Surveyors and Valuers.**

In this section, respondents provided information on how often they do valuation for mortgage purposes and the level of satisfaction or reliability in valuation for mortgage purposes.

**Table 2: Responses from Estate Surveyors and Valuers.**

Variable		Frequency	Percent	Cumulative Percent
How often do you do valuation for mortgage purposes	Very often	9	30.0	30.0
	Often	9	30.0	60.0
	fairly often	6	20.0	80.0
	Rarely	6	20.0	100.0
	Total	30	100.0	
What is the level of satisfaction or reliability in valuation for mortgage purposes	Satisfied	21	70.0	70.0
	Fairly satisfied	9	30.0	100.0
	Total	30	100.0	

- i. Frequency of valuation for mortgage purposes: Table 2 shows responses of the respondents on how often they do valuation for mortgage purposes. Data gotten shows that (9) respondents indicated Very Often with percentage of 30.0%, (9) respondents indicated Often with the percentage 30.0%, Fairly Often (6) respondents with percentage of 20.0%, and Rarely (6) respondents with a percentage of 20.0% as summarized in Table 2.
- ii. Level of satisfaction or reliability in valuation for mortgage purposes: (21) respondents representing 70.0% were satisfied while (9) respondents representing 30.3% were fairly satisfied. This clearly indicates that majority of the respondents were satisfied with the level of satisfaction or reliability in valuation for mortgage purposes.

### 4.3 Responses from Money Deposit Banks.

This section provides information on respondents frequency of granting loan, level of satisfaction or reliability in mortgage valuation purposes, inaccuracy in mortgage valuation, accuracy of the values determined by Valuers, any form of professional negligence and misconduct and if all loans were granted.

**Table 3: Responses from Money Deposit Banks.**

Variable		Frequency	Percent	Cumulative Percent
Frequency of granting loan for mortgage purposes	Very often	4	33.3	33.3
	Often	3	25.0	58.3
	Fairly often	2	16.7	75.0
	Rarely	3	25.0	100.0
	Total	12	100.0	
level of satisfaction or reliability in mortgage valuations	Excellently	7	58.3	58.3
	Satisfied	5	41.7	100.0
	Total	12	100.0	

Inaccuracy (undervaluation and overvaluation) in mortgage valuation	Often	2	16.7	16.7
	Fairly Often	3	25.0	41.7
	Rarely	7	58.3	100.0
	Total	12	100.0	
Bank (Client) on reliability of the mortgage valuation	Absolutely Reliable	7	58.3	58.3
	Fairly Reliable	5	41.7	100.0
	Total	12	100.0	
How accurate are the values determined by Valuers	Accurate Valuation	9	75.0	75.0
	Not accurate Valuation	3	25.0	100.0
	Total	12	100.0	
Does the value determined by different Valuers for the same property vary	Yes	8	66.7	66.7
	No	4	33.3	100.0
	Total	12	100.0	
Is there any form of professional negligence in determination of values for banks	Yes	8	66.7	66.7
	No	4	33.3	100.0
	Total	12	100.0	
Is there any form of professional misconduct in the determination of values for Banks	Yes	4	33.3	33.3
	No	8	66.7	100.0
	Total	12	100.0	
Were all the loan granted	Yes	3	25.0	25.0
	No	9	75.0	100.0
	Total	12	100.0	

- i. Frequency of granting loan for mortgage purposes: 4 respondents indicated Very Often with the percentage of 33.3%, Often (3) with a frequency of 25.0%, Fairly Often (2) with frequency of 16.7% and Rarely (3) with the percentage 25.0% for the frequency of granting



- loan for mortgage purposes as summarized in Table 3. It shows that majority of the money deposit banks grant loan very often.
- ii. Level of satisfaction or reliability in mortgage valuations: On level of satisfaction or reliability in mortgage valuations (7) respondents indicated Excellently Satisfied with the percentage of 58.3%, and Fairly Satisfied (5) with the percentage 41.7%. This shows that majority of them were excellently satisfied with the level of satisfaction or reliability in mortgage valuations.
  - iii. Frequency of Inaccuracy in mortgage valuation: Infrequency of inaccuracy (undervaluation and overvaluation) in mortgage valuation, the respondents agreed in the following ways; Often (2) with the frequency of 16.7%, Fairly Often (3) with a frequency of 25.0%, and Rarely (7) with frequency of 58.3%. This shows that majority of the respondents rarely suspect frequency of inaccuracy in mortgage valuation.
  - iv. Perception of Bank (Client) on reliability of the mortgage valuation: Respondents on perception of Bank (Client) on reliability of the mortgage valuation that participated in the questionnaire exercise were Absolutely Reliable (7) with the percentage of 58.3%, and Fairly Reliable (5) with the percentage 41.7%. This shows that majority of the respondents agreed that mortgage valuation is absolutely reliable.
  - v. Accuracy of the values determined by Valuers: On how accurate the values determined by Valuers, (9) respondents indicated Accurate Valuation with a percentage of 95.0% while (3) respondents indicated Not Accurate Valuation with a percentage of 25.0% as summarized in the table.
  - vi. Variation by different Valuers for the same property: 8 respondents with a percentage of 66.7% indicated that the value determined by different Valuers for the same property vary while (4) respondents with a percentage of 33.3% indicated otherwise. This means that the values determined by Valuers for the same property actually vary.
  - vii. Forms of professional negligence: On if there is any form of professional negligence in determination of values for banks, (8) respondents with a frequency of 66.7% indicated Yes while (4) respondents indicated No with a frequency of 33.3%. This means that there is professional negligence in the determination of values.
  - viii. Forms of professional misconduct: On if there is any form of professional misconduct in determination of values for banks, (4) respondents that participated in the questionnaire exercise indicated Yes with a frequency of 33.3%, and (8) respondents indicated No with a frequency of 66.7%. This shows that majority of the respondents do not agree that there is a professional misconduct in determination of values.
  - ix. Loan grant: The table revealed that (3) respondents with a percentage of 25.5% indicated that the loans were granted while (9) respondents with a percentage of 75.0% indicated that the loans were not granted.

#### **4.4 To determine the quality and reliability of mortgage valuation report in Onitsha, Anambra State.**

This section reveals the professional's perception on the quality and reliability of mortgage valuation report in Onitsha. It presents the Relative Important Index of the professionals, which represent their knowledge of the 16-item test (variables) and also the group RII of the 2 professionals that is the Estate Surveyors and Valuers and the bankers which are the bases for decision making.

**Table 4: Quality and Reliability of Mortgage Valuation Report in Onitsha**

Variables	RII for Estates Surveyor/Valuer	RII for Mortgage Bank	Group RII	Order of Importance
Client address	0.96	0.88	0.92	1
Property address	0.89	0.83	0.86	5
Date of inspection	0.89	0.90	0.90	2
Date of valuation	0.90	0.88	0.89	3
Type of asset	0.90	0.90	0.90	2
Opinion of value	0.90	0.85	0.88	4
Zoning of the property	0.73	0.80	0.77	14
Accessibility of the property	0.87	0.73	0.80	9
Description of the property	0.89	0.70	0.80	9
Topography of the property	0.84	0.72	0.78	12
Title	0.91	0.67	0.79	11
Method of valuation	0.82	0.80	0.81	8
Condition of the property	0.85	0.72	0.79	10
Assumptions	0.80	0.75	0.78	13
Basis of valuation	0.90	0.75	0.83	7
Certification	0.89	0.75	0.82	6

Table 4 reveals that the respondent’s perception on the quality and reliability of mortgage valuation report in Onitsha indicates that Client address was rated 1<sup>st</sup> with RII of 0.92. Date of Implementation was 2<sup>nd</sup> with RII of 0.90 while Date of valuation was 3<sup>rd</sup> with RII of 0.89. Opinion of value and property address were rated 4<sup>th</sup> and 5<sup>th</sup> with RII of 0.88 and 0.86 respectively. Certification, basis of valuation and method of valuation were rated 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> with RII of 0.82, 0.83 and 0.81 respectively. Accessibility of property and description of the property were rated 9<sup>th</sup> with RII of 0.80. Similarly, condition of the property, title, topography of the property and assumptions were rated 10<sup>th</sup>, 11<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> with RII of 0.79, 0.79, 0.78 and 0.78 respectively. Finally, zoning of the property was rated 14<sup>th</sup> with RII of 0.77.

**4.5 To examine the factors influencing mortgage valuation inaccuracy in Onitsha, Anambra state.**

Table 5 reveals the factors influencing mortgage valuation inaccuracy in Onitsha, Anambra state. It presents the Mean Item Score of the professionals, which represent their knowledge of the 16-item test (variables) and also the group mean of the 2 professionals which is the bases for decision making.

**Table 5: Factors influencing mortgage valuation inaccuracy in Onitsha, Anambra state**

Variables	Estate Valuers Mean	Mortgage Bank mean	Group mean	Ranking
<b>Problem of relevant data</b>	4.37	3.92	4.14	1
<b>Integrity of the individual surveyor</b>	4.33	3.25	3.79	2
<b>Client pressure (influence)</b>	4.30	3.42	3.86	3
<b>Overvaluation and undervaluation</b>	4.23	3.58	3.91	4
<b>Skill, experience, and judgment of Valuer</b>	4.20	3.50	3.85	6
<b>Lack of professional experience</b>	4.20	3.50	3.85	7
<b>Valuation assumptions</b>	4.00	3.67	3.84	8
<b>Fluctuation in the price of property</b>	4.00	3.50	3.75	9
<b>The nature of property market</b>	3.90	3.83	3.87	5
<b>Valuation methodology</b>	3.80	3.58	3.69	10
<b>Type of property</b>	3.73	3.50	3.62	11
<b>Effectiveness of regulatory framework</b>	3.70	3.33	3.52	12
<b>Loss of credibility</b>	3.70	3.25	3.45	13
<b>Inadequate training of valuers</b>	3.57	3.58	3.57	14
<b>Lack of standard valuation manual</b>	2.77	3.58	3.17	15

From Table 5, the factors influencing Mortgage valuation inaccuracy in Onitsha ranges from Problem of relevant data which ranked 1<sup>st</sup> among other factors with an MIS of 4.14. Integrity of the individual surveyor and client pressure (influence) were ranked 2<sup>nd</sup> and 3<sup>rd</sup> with MIS of 3.79 and 3.86 respectively. Overvaluation and undervaluation, and the nature of property market were ranked 4<sup>th</sup> and 5<sup>th</sup> with MIS of 3.91 and 3.87 respectively.

Furthermore, skill, experience and judgment of valuer, lack of professional experience and valuation assumptions were ranked 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> with MIS of 3.85, 3.85 and 3.84 respectively which is considered valid as a factor influencing mortgage valuation inaccuracy in Onitsha. Other factors ranked from 9<sup>th</sup> to 15<sup>th</sup> are valid and accepted as one of the factors influencing mortgage valuation and it all agrees to the existing theories of mortgage which is effective at Onitsha, Metropolis.

**4.6 Test of Hypotheses**

**Ho<sub>1</sub>:** There is no significant difference between method of valuation and the accuracy of valuation opinion in Onitsha, Anambra State.

Independent T-Test was used to determine if the 1st hypothesis of this study (there is no significant difference between method of valuation and the accuracy of valuation opinion in Onitsha, Anambra State) is to be accepted or rejected. Table 11 shows the result of the test.

**Table 6: Independent Samples Test for there is no significant difference between method of valuation and the accuracy of valuation opinion in Onitsha, Anambra State.**

Group of respondents		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Method of valuation	Estate Surveyor/Valuer	2.408	.219	.434	3	.693	.35553	.81850	-2.24928	2.96035
	Mortgage Bank			.382	1.506	.749	.35553	.92999	-5.20899	5.92005
Accuracy of valuation opinion	Estate Surveyor/Valuer	3.629	.079	.129	13	.899	.02858	.22149	-.44991	.50707
	Mortgage Bank			.123	7.919	.905	.02858	.23275	-.50910	.56626

Table 6 shows the mean difference of professionals as 0.35553 and .35553 for method of valuation and 0.02858 and 0.02858. The table further shows that there is no significant difference between method of valuation and the accuracy of valuation opinion in Onitsha, Anambra State. As the P-value is 0.905 and it is greater than the critical value 0.05. Thus, the null (H<sub>03</sub>) hypothesis is accepted.

## 5.0 Summary of Findings and Corrections

### 5.1 Summary of Findings

This research centered on investigating the reliability of mortgage valuation in Onitsha Metropolis, it highlights the major findings obtained from the result of the analysis as follows;

- a. The study shows that a great percentage of the all respondents were satisfied with the level of satisfaction or reliability in valuation for mortgage purposes.
- b. The study shows that majority of the money deposit banks agreed that the value determined by different Valuers for the same property vary, the values determined by Valuers are accurate, there is professional negligence but there is no professional misconduct in determination of values for money deposit banks.
- c. In the quality and reliability of mortgage valuation report in Onitsha Metropolis, client's address was rated 1<sup>st</sup> with RII of 0.92, date of implementation, date of valuation, opinion of value and property address were rated 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> with RII of 0.90, 0.89, 0.88 and 0.86 respectively. This is because they all have a lot to do with the value of the property.
- d. The study revealed that problem of relevant data ranked 1<sup>st</sup> among other factors influencing mortgage valuation inaccuracy in Onitsha Metropolis with MIS of 4.14 while integrity of the individual surveyors and client pressure (influence) ranked 2<sup>nd</sup>, and 3<sup>rd</sup> with MIS of 3.79 and 3.86 respectively.

### 5.2 Conclusion

Mortgage valuation is a specific type of assessment done by the mortgage lender to help them confirm the property's value and it is also used to check if the property will be a suitable security for the loan applied for. This study which is based on the investigation of the reliability of mortgage valuation in Onitsha Metropolis, highlights the methods adopted in valuation of property for mortgage purposes, whether market values determined in mortgage valuation are realizable in the event of sale, quality and reliability of mortgage valuation report and the factors influencing mortgage valuation accuracy and inaccuracy in Onitsha Metropolis.

### 5.3 Recommendations

- a. In other to minimize valuation inaccuracy, Money Deposit Banks and other clients should provide necessary data for Estate Surveyors and Valuers when consulting them for mortgage valuation.
- b. Estate Surveyors and Valuers should always be updated about the valuation standard so as to enhance the reliability of their valuation report.

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