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Effect Of Valuation Accuracy on Mortgage Valuation Performance in Kaduna Metropolis, Nigeria

Muhammad Hassan[1], Habu Mallam Baba[2] & Isa Abdullahi[3]
[1 & 3]Department of Estate Management and Valuation
Nuhu Bamalli Polytechnic, Zaria.
[2]Department of Estate Management and Valuation
Abubakar Tafawa Balewa University Bauchi
Hmuhammad608@Gmail.Com

Abstract: This study assessed the effect of valuation accuracy on mortgage valuation performance in Kaduna metropolis with a view to improving the quality of mortgage valuation practice. The study adopted a quantitative approach, where data was collected using questionnaires from 75 estate surveyors and valuers and 41 commercial Banks randomly selected from the study area. The instrument validity was established through scrutiny and evaluation by the research supervisor and experts in the study area, and reliability was determined via Cronbach's alpha coefficient reliability test. The data collected was subjected to descriptive and inferential statistics to examine the degree of agreement and significance of the various variables. The study revealed that valuers adopt inappropriate method of valuation, lack access to adequate and reliable market data and respond to client's influence. The study demonstrated that valuation accuracy has a positive and significant effect on mortgage valuation performance. It was recommended that emphasis should be placed on members' specialization in the valuation practice, latest edition of Nigerian Institution of Estate Surveyors and Valuers' valuations standards (2019) be widely distributed and enforced and Nigerian Institution of Estate Surveyors and Valuers should make it mandatory for all Estate Surveyors and valuers to submit relevant data (sales figures, rental values, outgoings, yield rates, etc) on all transactions with respect to property sales and lettings compulsorily for the purpose of building and regularly updating a data bank.

Keywords: Valuation, Accuracy, Mortgage, Performance

Introduction

Landed properties play essential roles in any economy. One of these roles is the use of landed properties as collateral for mortgage lending. Mortgage is a transaction whereby a borrower grants an interest in his property to a lender as collateral for a loan. The transaction is usually effected by a deed in which the borrower commits to paying the loan amount together with interest thereon (Chiwuzie, Mbagwu & Adeipukun, 2017). Studies in Nigeria have found that institutional lenders such as banks prefer landed properties as collateral for loan advancement (Bello & Adewusi, 2009, Effiong, 2015). The reason for this might not be unconnected to the inflation hedging ability of landed property. Where a landed property is presented by the borrower as collateral for a loan, the lending institution will usually seek for advice on the market value of the property. This is necessary so as to relate the value of the property to the amount of loan sought (Elekwachi, 1996, Bello & Okorie, 2012, Elekwachi, Udobi & Okoro, 2016). Consequent upon this, an estate surveyor and valuer is commissioned to carry out valuation for mortgage purpose in order to provide the lender with an accurate estimate of the open market value of the property and further advice on the maximum amount that can be safely advanced as loan (Effiong 2015). In this respect, the reliability of property valuation is essential to mortgage lending decision, as it promotes confidence in the collateral security.

The ability of a bank to sustain credit risk in its loan and advances depends on the performance of mortgage valuation. Thus, the original reason for providing a valuation for mortgage purpose was to prevent or at least restrict the misrepresentation of assets values as a means of perpetuating fraud, avoiding blame or concealing losses. Therefore, it is important in the loan underwritten to know the degree by which the asset value exceeds the loan in providing the margin of asset cover or the loan-to-value ratio (Aluko, 2000). The performance of mortgage valuation depends on the quality of the data input, assumptions, valuation methodology and the judgment exercise by valuers in the valuation (Chukuemaeka (2014). Clients generally

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depend on valuation opinions to make decisions on mortgage, insurance and other purposes. Such clients expect valuation opinions to provide an accurate basis for their investment decisions. Unfortunately, there is growing suspicion that the advice the valuers offer is driven by the need to increase or generate fees and that his assessment methods are shrouded with mystery and are indefensible (Chinaza, Fidelis & Chukwudi 2019). Nwosu (2019) similarly observes that "outside the property industry there is wide suspicion of the valuation process". In developed countries such as the UK and US, accuracy studies have been made to probe such allegations. (see Blundell & Ward 2008, Abrams, 2004). The need for accuracy studies is not restricted to developed countries: all countries require investigative studies which could suggest how its valuation profession can put its house in order (if inaccuracies are detected), so that its clients can confidently base their decisions on valuation estimates (Ogunba, 2004).

The effect of inaccuracy on property valuation cannot be over emphasized in any economy. According to Adekoge, Olaleye and Oloyede (2011) Figures obtained during valuation exercises are very crucial to the operations and business dealings of the clients. Wrong opinion of value can cause strain in business dealings. For example, various banks have suffered losses by granting loans in excess of actual value, and many company owners have been led to believe that they were making profits in assets while actually they were running at loss. In addition, many were being led into businesses that were perceived to be profitable while in fact they were not viable. Other envisaged consequences of continuous and unchecked valuation inaccuracy include constraints on property performance measurement, adverse influence on the relevance and credibility of the valuer and damage to confidence imposed on the property market (Chiwuzie, Dabara & Abdullahi, 2016). In Nigeria, several academic attempts have been made to investigate issues related to valuation reliability (see Igboko, 1992; Ogunba, 1997; Ogunba and Ajayi, 1998; Aluko, 2000; Ajibola, 2006; Babawale, 2008, Ayedun, 2009, Ajibola 2010, Ajibola 2011, Babawale and Omirin 2012, Adekoge, 2013, Babawale 2013, Olafa 2015, Effiong (2015) Oduyemi, Okoro and Fajana 2016 Bilkisu, 2017, Ayedun, Durodola, Oloyede, Akinjare and Oni 2018 Nwosu 2019, Atilola, Ismail, Achi and Bujang 2019). However, these studies focus on degree of valuation accuracy and factors influencing valuation accuracy. The few studies probing the effect of valuation accuracy in Nigeria addressed the issue in the context of southern Nigeria property market experience and empirical data (Effiong, 2013, Adegoke, 2016, Oyedeji and Sodiya, 2016). Additionally, none of these studies considered the effect on mortgage valuation performance. Hence, this gap in literature necessities the study in Kaduna state.

Empirical Valuation Accuracy Studies In Nigeria

Ogunba (1997) took the first major step to empirically address the question of accuracy and variance in investment valuations in Nigeria using Lagos metropolis as the study area. In the absence of a database of property valuations and sales, he resorted to the approach of requesting thirty Lagos based practicing estate surveying and valuation firms to carry out valuations of two residential properties earlier sold located at Victoria Island and Ikoyi respectively. The valuation estimates subsequently arrived at by the valuers was subjected to a number of statistical tests such as range, inter-quartile range, mean deviation and regression/correlation analysis. The result of the statistical tests showed that valuations were not good proxy for market prices, for three reasons. First, the average variance between valuations and prices was far in excess of his adopted margin of error of +/-5%; the intercept in the regression equation was statistically distinguishable from zero and the slope statistically distinguishable from 1; and third, the range and inter-quartile ranges were unacceptably wide. Based on these observations the results of the study must be interpreted with caution because only two (2) properties were considered (as in the Hager and Lord, 1985 study) and the sample of valuers (thirty firms) was small. In addition, the properties were never inspected nor were the valuers paid for their services. Aluko (2000) examined the appropriateness of mortgage Valuation for institutional lending in Nigeria. He collected data from estate surveyors and valuers and commercial banks in Lagos metropolis. In his study, Bank records of mortgage valuations conducted by fifty-nine (59) estate firms in Lagos metropolis were examined. The sale prices of the properties were compared with their earlier valuation estimates and analyzed by means of regression/ANOVA. He came to a conclusion that valuations in Nigeria are a good proxy for price and that despite the anecdotal evidence to the contrary the mortgage valuers are doing a very good job of price prediction. Although the study sample size is larger than that in Ogunba & Ajayi (op. cit.) study, and even though the study overcame the problem of valuers not inspecting properties

ISSN NO: 2770-0003
Date of Publication:13-10-2021

and not being paid, the sample size of fifty-nine estate firms is still considered small for drawing generalizeable conclusions. In addition, the sale prices of collaterized property adopted for cross-checking the result of the prior valuations were forced sale values which do not meet the definition of open market value. What is more, auction sales of foreclosed properties by bidders do not satisfy the conditions stipulated by the open market transaction processes in that auctioneers, the selling authority may be impatient to allocate sufficient time for the sale or further negotiations necessary to get the best of the transaction. Finally, the study was conducted in Lagos and did not consider the time lags between the dates when the properties were valued and the dates such properties were eventually sold.

Ogunba (2003) expanded the coverage area of accuracy studies to a consideration of property valuation estimates and sale prices in the six States of Southwestern Nigeria. The approach adopted in the study was similar to the one adopted in his earlier work. A total of 171 estate surveying and valuation firms which constituted 75% of the sample frame of estate surveying and valuation firms in Southwestern Nigeria were employed for the study. Statistical tests such as range, inter-quartile range, mean deviation, regression analysis, and analysis of variance employed by the author confirmed his earlier work that valuation estimates were not good proxy for sale prices and also that valuation estimates of one firm were not good proxy of other firms. The study also extended to an examination of the causes of valuation inaccuracy under topics such as the conduct of valuations, and the educational and practice structure of the valuation industry. Though the study improved on earlier studies in terms of sample size, study area and scope of coverage, it is still open to the criticism of sample properties not being inspected by the valuers prior to their valuation and neither were the valuers paid for their services. Aluko (2004) examined the reliability of mortgage valuation for institutional lending in Nigeria. He Pooled data, involving 121 open market sales during the period 1994 to 2002, on property transactions in Lagos metropolis with their corresponding contemporaneous valuations gathered from estate surveying and valuation firms, lending institutions and Nigerian Deposit Insurance Corporation. The data were analysed with the aid of multiple regression models. The study revealed, amongst other things, that open market valuation for mortgage is a good proxy for their transaction price in the study area. However, study was limited to Lagos and the influence of valuation accuracy on mortgage valuation performance was not considered. Ogunba and Ojo (2007) examined the reliability, consistency and rationality problems of professionally prepared valuation in Nigeria. The study compares valuation estimates and sales price of some selected residential properties in Lagos metropolis. The study revealed that valuation estimates were neither good proxy for market prices of residential properties nor proxy for valuations of other firms. The study further revealed that factors such as: the reverse yield gap, use of different valuation methods, the absence of valuation standard manual. Valuation heuristic, client's influence and valuation rationality contribute to the problem of inaccuracy and consistency in Nigeria.

Ayedun (2009) studied the accuracy and consistency of investment method of valuation in Lagos metropolis. The study sampled 127 estate surveying and valuation firms, 25 mega banks and 132 property development companies in Lagos state. The findings showed that valuation estimates were neither good proxy for market prices of real properties nor proxy for valuations of other firms. Empirically, he came up with an acceptable margin of error (+/- 10.2%) as agreed by the sampled stakeholders (estate surveyors and valuers, banks, property companies and courts amongst others) and he confirmed that valuers in Lagos metropolis were not operating within the margin. A study by Adegoke et al. (2013) focused on the perception of valuation clients on mortgage valuation reliability. The study made use of 50 randomly sampled lending institutions in Lagos, Nigeria which represented 57.5% of the target population. The study used descriptive statistics to analyse the perception of the lending institutions (valuation clients). It was found from the study that clients are of the opinion that valuations produced by valuers were not reliable because of the large disparity between the opinion of value of those properties on default mortgage that were foreclosed and the final sales price. However, the study was limited to Lagos and the influence of valuation accuracy on mortgage valuation performance was not satisfactorily answered. Bello and Thomas (2015) investigates variance in valuation of commercial properties among Estate Surveyors and valuers in Lagos metropolis. They administered questionnaires to principal partners of estate surveying and valuation firms and asked them to inspect 15 commercial properties with a view to giving their opinion of value. The data collected were analyzed using frequency distribution and coefficient of variation for the description of population characteristics and analysis of variance in valuation opinion given by valuers. The study revealed that the coefficient of variation of

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Date of Publication:13-10-2021

Valuers' opinion of value lies within + 5% to 11% in Lagos Metropolis. The study recommends the establishment of a property data bank by the Nigerian Institution of Estate Surveyors and Valuers in Lagos with a view to replicating same in other towns and cities across Nigeria. Effiong (2015) examined the reliability of the investment method of valuation in valuing income producing properties for mortgage in Nigeria. The study adopted questionnaire design to collect data from estate surveyors and valuers in Calaba metropolis. The findings from the study indicate that the investment method of valuation is the most reliable and applicable method in valuing income producing properties for mortgage purposes. The study further revealed that the investment method of valuation when fully embraced and adopted by valuers rather than the cost or comparison method, will help to reduce valuation variance and inaccuracy in Nigerian. However, the study was limited to Calaba metropolis and the influence of valuation accuracy on mortgage valuation performance was not satisfactorily answered.

Olafa (2015) conducted a study of Banks' perception on the accuracy of valuation opinion submitted by estate surveyors and valuers in Ibadan metropolis. The study employed descriptive and inferential statistics to analyse data collected from 148 commercial Banks. The result showed that there is high level of significance of inaccuracy in the preparation of valuation reports for banks. The study further revealed that dearth of market data and experience of the valuer are significant contributors to high level of valuation inaccuracy in the study area. However, the study was limited to Ibadan and the influence of valuation accuracy on mortgage valuation performance was not satisfactorily answered. Effiong (2015) adopted survey design methodology to compare and analyze valuation variance and accuracy between Nigeria and UK. He collected data from estate surveyors and valuers practicing in Calaba and Uyo metropolises and analyzed the data using descriptive statistics. The findings from the study showed that valuation variance and inaccuracy is high in Nigeria as compared to UK. The study further showed that the causes of the variance and inaccuracy include lack of standard, lack of market data, lack of regulatory framework, method/basis of valuation adopted, client influence, inadequate training of valuers, imperfect knowledge of property market, wrong assumption, lack of professional experience as well as failure to discipline valuers on cases of negligence. Adegoke (2016) examined the effect of valuation variance and inaccuracy on commercial property market. He collected data from 163 randomly selected estate surveying and valuation firms in Lagos metropolis, and made use of descriptive and inferential statistics to analyze the data. The finding showed that valuation variance and inaccuracy cause fluctuation in the price of property, send wrong signal to the market participants, jeopardize the future of commercial property market, expose valuers to negligence, loss of credibility, and reduction of valuers integrity. Oyedeji and Sodiya (2016) examined forms of valuation inaccuracies in Nigeria and their implications on real estate development finance. They pulled data from Estate Surveyors and Valuers, Property Development Companies and Commercial Banks in Lagos. The data were analysed using descriptive statistics. The study revealed that overvaluation is the most prevalent form of valuation inaccuracy in the study area and the implication of overvaluation is that it put lenders at risk and make lenders take different measures that consequently impede accessibility of loan for real estate development purpose. The study further reveals that undervaluation denies borrowers the required amount needed for property development.

Chinaza, Fidelis and Chukwudi (2019) examined the quality of Mortgage valuation reports in Nigeria. They administered questionnaires and interviewed five hundred and thirty-eight (538) estate surveying and valuation firms in Awka, Lagos, Abuja and Port-Harcourt. The data obtained were analysed using relative importance Indices (RII), and frequency distribution. The study revealed that some of the components of mortgage valuation reports in the study area do not fully fall in line with Nigerian Institution of Estate Surveyors and Valuers (NIESV) guidance notes or International Valuation Standards (IVS) and the reports lack uniformity. However, the influence of valuation accuracy on mortgage valuation performance were not satisfactorily answered. Effiong and Mendie (2019) adopted survey research design to compare and analyse valuation estimates and sale prices of seven residential properties in Calabar metropolis. They pulled data from seven estate surveying and valuation firms and analysed the data using descriptive statistics. The findings showed that out of the seven properties studied, two were within the acceptable margin of ±10% while three were above the acceptable margin. The study further revealed that the accuracy of the valuation depends on the knowledge of the valuer about the market, information on past transactions, his professional experience, avoiding undue pressure from clients and the appropriate basis and method of valuation to use. Nwoso (2019) investigated the implication of valuation inaccuracy on investment performance of commercial properties in

ISSN NO: 2770-0003
Date of Publication:13-10-2021

Akure. He collected data from 19 registered and practicing Estate Surveyors and Valuers, and made use of descriptive and inferential analysis to analyse the data. The study revealed that the most common level of inaccuracy in Akure is ±11-15% which is above the acceptable range of ±5%. The study further revealed that the higher the level of inaccuracy of valuation, the lower the performance of the investment. The result, however, indicates that the effect of valuation inaccuracy on commercial property investment performance is statistically insignificant.

Literature has been reviewed on valuation accuracy and factors influencing valuation accuracy. However, the effect of valuation accuracy on mortgage valuation performance has not been satisfactory answered. The current research therefore considers valuation accuracy indicators and their effect on mortgage valuation performance in kaduna metropolis, Nigeria,

Methodology

The research addressed two study populations: Estate Surveyors and Valuers and Commercial Banks in Kaduna metropolis, Nigeria. The sample frame of the estate surveyors and valuers was secured from the most recent updated version of the directory (2020) of Nigerian Institution of Estate Surveyors and Valuers (NIESV), Kaduna state branch. The sample frame of the Financial institution was secured from the directory of the Central Bank of Nigeria. Structured questionnaires with close-ended questions were administered based on a cross sectional survey to 86 Estate Surveyors and Valuers and 52 officers of commercial Banks. Specifically, the questionnaires seek respondents' perception or opinion on the effect of valuation reliability indicators on mortgage valuation performance in the study area**.** The respondents were selected based on stratified random sampling technique. The data collected were analysed using frequency distribution, mean raking for the variables and regression analysis.

Data Analysis And Discussion

This section presents the results of the study based on analysis of the data collected

Response Rate

Table 4 shows the distribution and return rate. A total of 86 questionnaires were administered to the Principal Partners of estate surveying and valuation firms practicing within Kaduna metropolis and a response rate of 87% was achieved. With regard to the commercial banks, a total of 52 questionnaires were administered to key officers of the banks and a response rate of 67% was achieved.

Table 1: Response Rate

Study Population	Questionnaire distributed	Questionnaire retrieved	percentage (%)
Estate Surveyors and Valuers	86	75	87
Commercial Banks	52	41	82
Total	**138**	**116**	**84**

Level of Valuation Accuracy

Table 2 revealed the level of valuation of valuation accuracy in Kaduna metropolis. The findings revealed that valuers strongly agreed that they adopt cost approach to value when valuing investment properties, clients provide them with material and non-material rewards with a view to influencing the end result of valuation and clients request for high valuation figures to qualify for higher loan amounts with mean scores of 4.65, 4.64, and 4.50 ranked 1st, 2nd, and 3rd respectively. Valuers also agreed that they adopt outdated rule of thumb yields when using investment method of valuation, they have no access to adequate and reliable databanks, client don't provide them with information they perceived is detrimental to their preferred valuation outcome they encountered difficulties in accessing representative data, and rarely have access to comparable data with mean scores of 4.46, 4.31, 4.12, 4.08 and 4.04 ranked 4th, 5th, 6th,7th and 8th respectively, while the valuers disagreed that they clients provide them with material and nonmaterial punishments with a view to achieving a desired end result with mean score of 2.00 rank 9th.

ISSN NO: 2770-0003
Date of Publication:13-10-2021

On the other hand, commercial banks strongly agreed that clients provide valuers with material and non-material rewards in a bid to influence the end result of valuation with mean score of 4.73 ranked 1st. Commercial banks also agreed that valuers adopt cost approach to value when valuing investment properties, adopt outdated rule of thumb yields when using investment method of valuation, clients request for high valuation figures to qualify for higher loan amounts, valuers have no access to adequate and reliable databanks and client don't provide valuers with information they perceived is detrimental to their preferred valuation outcome, valuers encountered difficulties in accessing representative data, valuers rarely have access to comparable data with mean scores of 4.31, 4.24, 4.00, 3.71, 3.71, 3.49 and 3.39 ranked 2nd, 3rd, 4th, 5th, 6th, 7th and 8th respectively, while they disagreed that clients provide valuers with material and nonmaterial punishments in a bid to achieve a desired end result with mean score of 2.15 ranked 9th.

The overall results in table 2 showed that the respondents strongly agreed that clients influence the end result of valuation through material and non-material rewards (4.69) and valuers adopt cost approach to value when valuing investment properties (4.50) in the study area ranked 1st and 2nd respectively. The respondents also agreed that valuers adopt outdated rule of thumb yields (4.35) when using investment method of valuation, they have no access to adequate and reliable databanks (4.01), clients request for high valuation figures to qualify for higher loan amounts (3.94), and client don't provide valuers with information they perceived is detrimental to their preferred valuation outcome (3.92), valuers encountered difficulties in accessing representative data (3.78) and valuers rarely have access to comparable data (3.71), ranked 3rd to 8th in that order.. The result further showed that the respondents disagreed that clients provide them with material and nonmaterial punishments with a view to achieving a desired end result (2.08).

Table 2: Descriptive statistics on valuation accuracy

		Mean	Std. Deviation	Ranking	Remark
valuers	Adoption of cost approach to value for investment properties.	4.65	0.51	1st	Very High
	Client influencing the end result of valuation through reward	4.64	0.58	2nd	Very High
	Clients requesting high valuation figures to qualify for higher loan amounts	4.50	0.21	3rd	Very High
	Adoption of outdated rules of thumb yields	4.46	0.66	4th	Very High
	No adequate and reliable databanks	4.31	0.84	5th	Very High
	Client withholding information detrimental to their valuation outcome.	4.12	1.08	6th	Very High
	No representative data.	4.08	0.94	7th	Very High
	Comparable data are not readily available	4.04	1.22	8th	High
	Client influencing the end result of valuation through punishments	2.00	0.96	9th	Low
Banks					
	Client influencing the end result of valuation through reward	4.73	0.50	1st	Very High
	Adoption of cost approach to value when valuing investment properties.	4.31	1.02	2nd	Very High
	Adoption of outdated rules of thumb yields.	4.24	0.76	3rd	Very High
	Clients requesting high valuation figures to qualify for higher loan amounts	4.00	1.05	4th	Very High
	No adequate and reliable databanks	3.71	1.21	5th	High

ISSN NO: 2770-0003
Date of Publication:13-10-2021

	Client withholding information detrimental to their valuation outcome.	3.71	1.23	6th	High
	No representative data.	3.49	1.29	7th	High
	Comparable data are not readily available	3.39	1.22	8th	High
	Client achieving a desired end result through material and nonmaterial punishments	2.15	0.93	9th	Low
pooled					
	Client influencing the end result of valuation through reward	4.69	0.64	1st	Very High
	Adoption of cost approach to value when valuing investment properties.	4.50	0.21	2nd	Very High
	Adoption of outdated rules of thumb yields.	4.35	0.16	3rd	Very High
	No adequate and reliable databanks	4.01	0.42	4th	Very High
	Clients requesting high valuation figures to qualify for higher loan amounts	3.94	0.09	5th	High
	Client withholding information detrimental to their valuation outcome.	3.92	1.16	6th	High
	No representative data.	3.78	0.66	7th	High
	Comparable data are not readily available.	3.71	0.35	8th	High
	Client achieving a desired end result through material and nonmaterial punishments.	2.08	0.95	9th	Low

Level of Mortgage Valuation Performance

The result of in table 3 revealed the level of performance of mortgage valuation in the study area. Valuers agreed that Mortgage valuation creates credit risk, exposes lenders to financial loss, over protects lenders fund at the detriment of borrowers need and discourages the advancement of loan with mean scores of 3.59, 3.45, 3.37 and 3.28 ranked 1st to 4th respectively, while they disagreed that lender gives loan base on FSV regardless of knowledge of overvaluation or undervaluation, mortgage valuation reduces access of borrower to adequate loan and encourages lending institution to grant loan beyond FSV with mean scores of 2.41, 2.39, 2.34 ranked 5th to 7th respectively.

From the findings commercial banks strongly agreed that mortgage valuation creates credit risk with mean score of 4.61 ranked 1st. commercial banks also agreed that Mortgage valuation exposes lenders to financial loss, discourages the advancement of loan and over protects lenders fund at the detriment of borrowers need with mean scores of 3.63, 3.51 and 3.43 ranked 2nd to 4th respectively. The findings further showed that commercial banks were neutral to Mortgage valuation reduces access of borrower to adequate loan with mean score of 2.97 ranked 5th, while they disagreed that mortgage valuation encourages lending institution to grant loan beyond FSV and lender gives loan base on FSV regardless of knowledge of overvaluation or undervaluation with mean scores of 2.21 and 2.00 ranked 6th and 7th respectively.

The overall result showed that the respondents strongly agreed that mortgage valuation creates credit risk (4.28) ranked 1st. the results also showed that the respondents agreed that Mortgage valuation exposes lenders to financial loss (3.54) discourages the advancement of loan (3.40) and over protects lenders fund at the detriment of borrowers need (3.15) ranked 2nd to 4th respectively. The findings further showed that the respondents were neutral to Mortgage valuation reduces access of borrower to adequate loan (2.95) ranked 5th, while they disagreed that mortgage valuation encourages lending institution to grant loan beyond FSV (2.28) and lender gives loan base on FSV regardless of knowledge of overvaluation or undervaluation (2.21) ranked 6th and 7th respectively. The above result revealed the level of performance of mortgage valuation is very high, high, moderate and low respectively.

ISSN NO: 2770-0003
Date of Publication:13-10-2021

Table 3: Descriptive statistics on Mortgage Valuation Performance

		Mean	Std. Deviation	Ranking	Remark
Valuers					
	Creating credit risk	3.59	1.21	1st	High
	Exposing lenders to financial loss	3.45	1.35	2nd	High
	Over protecting lenders fund at the detriment o borrowers need	3.37	1.17	3rd	High
	Discouraging the advancement of loan	3.28	1.25	4th	High
	Lender gives loan base on FSV regardless o knowledge of overvaluation or undervaluation	2.41	1.28	5th	Low
	Reducing access of borrower to adequate loan	2.39	1.22	6th	Low
	Encouraging lending institution to grant loan beyond FSV	2.34	0.18	7th	Low
Banks					
	Creating credit risk	4.61	0.70	1st	Very High
	Exposing lenders to financial loss	3.63	1.20	2nd	High
	Discouraging the advancement of loan	3.51	1.15	3rd	High
	Over protecting lenders fund at the detriment o borrowers need	3.43	1.16	4th	High
	Reducing access of borrower to adequate loan	2.97	1.36	5th	Moderate
	Encouraging lending institution to grant loan beyond FSV	2.21	1.13	6th	Low
	lender gives loan base on FSV regardless o knowledge of overvaluation or undervaluation	2.00	0.96	7th	Low
Pooled	Creating credit risk	4.28	0.47	1st	Very High
	Exposing lenders to financial loss	3.54	0.13	2nd	High
	Discouraging the advancement of loan	3.40	0.16	3rd	High
	Over protecting lenders fund at the detriment o borrowers need	3.15	0.23	4th	Moderate
	Reducing access of borrower to adequate loan	2.95	1.29	5rd	Moderate
	Encouraging lending institution to grant loan beyond FSV	2.28	0.09	6th	Low
	lender gives loan base on FSV regardless o knowledge of overvaluation or undervaluation	2.21	1.12	7th	Low

Effect of Valuation Accuracy on Mortgage Valuation Performance

Effects of Valuation Reliability Indicators on Mortgage Valuation performance were determined using Multiple Regression Analysis (MRA). The enter method was used with mortgage valuation as the dependent variable while valuation accuracy, valuation consistency and valuation standard were entered as the independent variables. The regression model was specified to produce the model summary and analysis of

ISSN NO: 2770-0003
Date of Publication:13-10-2021

variance (ANOVA) to determine the individual influences of each of the independent variables or predictors on the dependent variable as presented in table 4 below.

Table 4: Model Summary and ANOVA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.996[a]	.993	.986	.09251	138.064	.000[b]

Table 4 shows the regression model summary and the ANOVA result. The model produced overall R value of 0.996 and R square value of 0.993 with F-statistics of 138.064 which are significant as indicated by p value of 0.000 far below the recommended maximum of 0.05 (Pallant, 2011). This shows that the model predicts about 99.3 percent of the variation in mortgage valuation performance. In other words, about 99.3 percent of the mortgage valuation performance is influenced by valuation accuracy, valuation consistency and adherence to valuation standard. The model is fitted well and good as it produced a strong R square and F statistics values.

Table 5: Coefficients

Coefficients[a]

	Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
Model	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
(Constant)	.233	.118		15.069	.000	-.047	.462
VA	.954	.092	.905	18.046	.000	.597	1.589

a. Dependent Variable: Mortgage Valuation

The regression results point to a positive effect of valuation accuracy on mortgage valuation performance. This is evidenced from the standardized beta coefficients of 0.905. The finding in respect of the effect is therefore that the higher the accuracy of valuation the higher the performance of mortgage valuation. The p value of 0.000 indicates that the relationship between dependent and independent variables is significant at the 5% significance level.

Summary And Concluding Remark

The study assessed the effects of valuation accuracy on mortgage valuation performance. Findings from the study have shown that valuers adopt inappropriate method of valuation, lack access to adequate and reliable market data and respond to client influence. This finding is consistence with the findings of Aluko (2007), Ayedun (2009) and Oyedeji and Sodiya (2016) which revealed that valuers blindly adopt cost method of valuation when valuing investment properties. This has serious implication on valuation accuracy as it tends to over values property in the market as only the supply side is taken into consideration. The finding is also consistent with the findings of Aluko (2000) and Ogunba and Ojo (2007) which revealed that data is the driving force that fuels valuation accuracy, but a problem faced in Nigerian is the adoption of rule of thumb in determining valuation variables which is compounded by lack of adequate and reliable data bank. The implication of this is that the investment method of valuation will not produce valuation estimate that serve as good proxy for market price since it thrives on market evidence

The study also showed that mortgage valuation creates credit risk, expose lenders to financial loss, discourage the advancement of loan and over protect lenders fund at the detriment of borrowers need. The finding is consistent with the study of Oyedeji and Sodiya (2016) which revealed that banks are expose to financial loss as a result of overvaluation which in effect make the banks to discount forced sale value to afford them extra cover against loss. This has serious implications on the credibility and the role of the valuer in the loan underwritten process since if mortgage valuations are not meeting the need of the lenders, they may look elsewhere to satisfy their demand. The study demonstrated that 99.3 percent of mortgage valuation

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Date of Publication:13-10-2021

performance is influenced by valuation accuracy and there is a positive and significant effect of valuation accuracy on mortgage valuation performance.

In conclusion, we recommend that emphasis should be placed on members' specialization in the valuation practice, the latest edition of NIESV valuations standards (2019) be widely distributed and enforced and NIESV should make it mandatory for all Estate Surveyors and valuers to submit relevant data (sales figures, rental values, outgoings, yield rates, etc) on all transactions with respect to property sales and lettings compulsorily for the purpose of building and regularly updating a data bank.

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