REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

PHILIPPINE CENTENNIAL
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KALAYAAN

SEC Memorandum Circular No. 3
Series of 2003

RE: Guidelines for the Accreditation of Appraisal Companies

To ensure that consideration for the issuance of stock in the form of property, or the appraised value of property infused for any other purpose, is duly evaluated by competent appraisers, the Commission shall accredit appraisers of companies requiring secondary license from the SEC as well as public companies (as defined in Securities Regulation Code) in accordance with the following guidelines:

Sec. 1. Only institutional appraisers accredited by the Commission shall be engaged by companies accepting property as consideration for the issuance of their stocks, and for other purposes where appraisal of property is considered/required.

Sec. 2. The following are the criteria for the accreditation:

a.) The appraisal company must be registered with the Commission and a licensed appraiser by the Department of Trade and Industry.

b.) The certifying officer of the appraisal company must be a professional appraiser duly licensed by the Department of Trade and Industry and an officer/member of good standing of any registered association of appraisal companies;

c.) At the time of application the company or its certifying appraiser must have a minimum experience of 5 years in the appraisal business;

d.) The company must have rendered professional services to at least one (1) commercial bank and two (2) public companies.

e.) The appraisal company or any of its directors/partners/officers must have no adverse judgment on any administrative, civil or criminal case involving its appraisal business;

f.) The appraisal company must be solvent and in sound financial condition such that current and solvency ratios shall be at least 1:1 while debt-equity ratio is a maximum of 3:1.

Sec. 3. The applicant appraiser shall submit to the Commission, the following:

a.) Notarized application for accreditation;

b.) Company profile indicating the history, scope of services of the appraiser company, and the bio-data of executive/certifying officers;

c.) Copy of license issued by DTI;

d.) Certificate of good standing issued by any registered association of appraisal companies;

e.) List of past and present clientele;

f.) Certifications from at least one (1) commercial bank and two (2) public companies that they have engaged the services of the appraisal company;

g.) Notarized certification of the appraisal company signed by its President that the company meets all the qualification requirements under Sec. 2; that it has not been declared liable by the Commission or by any competent court for violation of the Corporation Code or the Securities Regulation Code and that the company or any of its directors/executive officers has no adverse judgment on any administrative, civil or criminal case involving its appraisal business;

h.) Latest audited financial statements.

Sec. 4. The fee for the application for initial or renewal accreditation shall be Five Thousand (P5,000.00) Pesos.

Sec. 5. The accreditation of an appraisal company shall expire or it shall be automatically delisted after a period of two (2) years unless renewed before said date.

Sec. 6. This accreditation shall be withdrawn after due notice on reasonable grounds as determined by the Commission.

Signed this 25 th day of March, 2003.

Mandaluyong City.

Lilia R. Bautista

LILIA R. BAUTISTA
Chairperson