

# **Silent but deadly valuers in the case of Doctor Sidhu**

Dr Sidhu lost \$500,000, what lessons have buyers learned?

In the case of *Luxford v Sidhu (2007)*.

## **Facts**

02 May 2005, Dr Sidhu was working at Hornsby Hospital. He got a call from the salesman saying that there is another offer on 10B Beechworth Ave, Ku-ring-gai.

(Later, it was discovered that the salesman lied).

Dr Sidhu and his wife fear of losing out hastily agreed to buy for \$2.13million.

The contracts then became unconditional.

Property valuation was then done by NAB valuer.

The property valuer came back with a valuation of \$1.7million, which is much lower than \$2.13 million.

You see the property valuer believe that at the back of the house, the council changed the zoning. Previously you can only build a single storey but now you can build multiple storeys.

Note that the change of zoning is not on the property itself but in the surrounding neighbourhood.

## **The opinion of the valuer is king**

### **Banks will never dispute their valuer's opinion**

In the opinion of the property valuer, he believes that the property prices in the area will plunge in the near future because there will be an oversupply of properties!

The loan was declined.

The Sidhus cannot settle and lost around \$500,000 (after court fees and loss of resale).

However, the property valuer got it so wrong because the property price went up at break-neck point, years after years without abating.

In this case, it is the valuer's opinion which determined whether the loan will be approved or not. However, nobody seems to think that the valuer is the "master" in the loan process.

## What have you learned from the above lesson?

People become so irrational because of fear. In this case, it was the fear of losing out.

The government cannot stop the agents from lying. In fact, they secretly hope that agents would lie, fear will facilitate the sale. The agents are in effect working for the government. The more sales, the more stamp duty for the government's coffer.

1. Everyone overlooked the valuer.
2. The opinion of the valuer is taken as the authority by the bank.
3. Most opinions by anybody, in fact, 80% of opinions will be proven wrong over time.
4. Valuers can be dangerous to home buyers.
5. You have no recourse against the bank or the valuers.
6. Nobody has ever sued the valuer.
7. Valuation is only an opinion; it does not mean it has to be accurate. It is only for the bank's internal assessment purpose.
8. Going unconditional without a formal approved is dangerous.
9. Changes in the neighbourhood such as zoning changes are the sole responsibility of the buyer to find out. Cases like this are remote, however, should always visit the local council to find out what council has in plan for the neighbourhood.
10. Act quickly and when buying, you must be careful always.
11. Learn to manage stress and learn to detect if the salesman is lying.
12. If it can happen to a Doctor, it can happen to anyone. Just be careful.

If you have been careful and have tried your best, however, you still lose, it means, there are better opportunities are coming. That property was not meant to be for you.



ERASE  
FEAR

A hand holding a red eraser, positioned as if about to erase the word 'FEAR'.