



**Prospect Mortgage Services**  
expert advice - professional service

# *What you need to know...*

## **Surveys**



### *Offering Independent Mortgage Advice*

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## A valuation is not a survey

A survey should not be confused with a mortgage valuation report. The mortgage valuation will give your mortgage lender assurance for its loan. It will not give you an assessment of the condition of the property, or advice about repairs and maintenance.

According to a recent survey of home buyers, of the one in four who relied solely on a mortgage valuation report, **25% needed to undertake unplanned work in the first year, amounting to an average cost of over £1,100.** (RICS/GfK NOP Business research).

Even if you are looking for a mortgage and, as a result, may be paying for a mortgage valuation report, it is still recommended that you arrange a survey by your own surveyor. Both the Consumers' Association 'Which?' magazine and the Council of Mortgage Lenders also give this advice.

The reason for this is that the mortgage valuation report is prepared for your lender – not for you, the borrower. It answers only the lender's questions about whether the property offers suitable security for your loan. You cannot rely on it to answer the questions that concern

## Why do I need my own survey?

A survey will help you to make a reasoned and informed decision on whether to go ahead with buying a property. Before you decide to commit yourself legally, you can limit the risks by asking a chartered surveyor to answer the following questions for you.

RICS (Royal Institution of Chartered Surveyors) is an international professional body with over 100,000 members. They represent everything professional and ethical in land, property and construction. Their members are known as chartered surveyors. Having a survey conducted by a RICS member will give you:

- Peace of mind that you know the property and the risks it may carry
- Confidence that you can make an offer that reflects the true circumstances of the property (e.g. how an owner maintains its condition or how a vendor protects the sale)
- Reassurance that your surveyor is delivering a high quality, reliable and cost-effective service based on RICS standards of practice
- A clear understanding of your property thanks to a report written in plain English with simple colour-coding to illustrate the surveyor's findings

**By commissioning an RICS Home Survey you can feel assured that the service you receive is impartial and reliable.**

## What choice of surveys do I have?

**RICS surveyors offer three common forms of survey that are specifically designed to help home buyers:**

**A Building Survey** (*This used to be called a structural survey*) is a customised service suitable for all residential properties and gives full details of their construction and condition. You are likely to need this type of survey if, for example, the property is unusually built, older or run-down, if the property has been significantly altered, or if you are planning a major conversion or renovation.

Building surveys are usually tailored to your needs. The report includes:

- A thorough inspection and a detailed report.
- Detailed technical information on materials and construction.
- A description of visible defects and potential problems caused by hidden flaws.
- An outline of repair options and consequences of inactivity
- Advice for your legal advisers and details of serious risks and dangerous conditions.

A Building Survey does not include a valuation but this might be able to be provided as a separate extra service.



As a minimum, as responsible Mortgage Advisers we recommend that all home buyers arrange a **HomeBuyers Report** which includes an inspection, a report and a valuation.

The report is in standard format and is different to a building survey in three main ways.

1. It is designed for particular types of home. These are houses, bungalows and flats that:
  - are of a traditional type and construction; and
  - are apparently in reasonable condition.
2. It identifies what the surveyor considers to be the most important issues. By applying condition ratings to elements of the building, the services and any garages and permanent outbuildings, the surveyor will tell you whether defects are serious or urgent.
3. It also includes the surveyor's opinion of the market value and reinstatement cost (which you will need for insurance purposes). It focuses on matters that, in the surveyor's opinion, may affect the value of the property if they are not dealt with.

### What else should I know about the RICS HomeBuyer Report?

The RICS HomeBuyers Report is priced mid-range – more expensive than a mortgage valuation/condition report, but cheaper than a building survey.

The surveyor's main purpose in providing the service is to help you:

- make a reasoned and informed decision on whether or not to go ahead with buying the property;
- make an informed decision on what is a reasonable price to pay for the property;
- take account of any repairs or replacements the property needs; and
- consider what other advice to take before exchanging contracts.

Any defects that the surveyor considers do not need repairing or replacing, or any minor matters that do not affect the value of the property, are generally not included in the report.

### Prospect Mortgage Services in partnership with Gully Howard Chartered Surveyors.

As part of the bespoke arrangements that we have put into place with Gully Howard the Surveyor will organise a convenient time and date to walk around your prospective property with you to explain the key elements of the RICS HomeBuyers Report.

In addition, if you have a particular requirement that you would like the surveyor to consider prior to his inspection then you can request this before they provide you with the service.

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The **RICS Condition Report** is suitable if you are buying or selling a house, bungalow or flat that is of a traditional type and construction and is in reasonable condition. It focuses purely on the condition of the property by setting out the following:

- Clear traffic light ratings of the condition of different parts of the building, services, garage and outbuildings
- A summary of the risks to the condition of the building
- Other matters such as guarantees, planning and building control issues for your legal advisers

A RICS Condition Report does not include a valuation but your surveyor may be able to provide this as a separate extra service.

### How much should I expect to pay for these Surveys?

Prices are dependent on the value of the property a Homebuyer Report starts from around £350 with a Building Survey costing around £550 upwards, including VAT. **The main features of the HomeBuyer Report are compared below with the features of a building survey.**

	HomeBuyer Report	Building Survey
<b>Type of property</b>	Traditional houses, flats, bungalows and so on,	in apparently reasonable condition
<b>Type of service</b>	A shorter, less detailed report in a standard format	A detailed report that is tailored to suit your needs
<b>Aims of service</b>	<p><b>To help you:</b></p> <ul style="list-style-type: none"> <li>• Make a reasoned and informed decision on whether to go ahead with buying the property;</li> <li>• Make an informed decision on what is a reasonable price to pay for the property;</li> <li>• Take account of any repairs or replacements the property needs;</li> <li>• Consider what other advice you need to take before exchanging contracts</li> </ul>	<p><b>To give you:</b></p> <ul style="list-style-type: none"> <li>• A detailed assessment of the condition and construction of the property subject to access;</li> <li>• Technical advice on any problems and work needed to put them right</li> </ul>
<b>Special features</b>	Provides condition ratings for elements of the building, services and any garages and permanent outbuildings	Provides full details of the property's construction, materials, uses, defects, and need for future maintenance
<b>Valuation</b>	Included as part of the RICS HomeBuyer Service	May be provided as an agreed extra
<b>Form of report</b>	RICS HomeBuyer Report which is a compact, standard format	In the surveyor's own format and usually longer, more detailed and technical than the RICS HomeBuyer Report

**Want a Homebuyer Report or Building Survey?... please speak to your mortgage adviser.**

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