

CHOOSING BETWEEN SURVEYS



1. Why do I need my own Survey?

The best way to reach an informed decision on such an important investment as a home is to have a professional survey and valuation of the property which interests you. Before you decide to go ahead and commit yourself legally, you can minimise the risks by asking a qualified surveyor to answer these questions for you:

- Is the agreed price reasonable?
- Are there drawbacks I don't know about?
- If so, what do I need to do about them?

Commissioning your own survey is the simple, economical way to avoid unpleasant – and perhaps costly – surprises after moving in. In some cases, the surveyor's report may enable you to renegotiate the price.

2. I already have a Mortgage Valuation report

- Even if you are seeking a mortgage – and may be paying for a Mortgage Valuation report (a Level 1 inspection) – it is still advisable and prudent to arrange a survey by your own surveyor. The Consumers' Association *Which?* Magazine and the Council of Mortgage Lenders both give this advice.

The reason for this is that the Mortgage Valuation report is prepared for the lender – not for you, the borrower. It answers only the lender's questions concerning the appropriate security for your loan. You cannot rely on it to answer the questions which concern your personal interests or to give you details on the condition of the property.

What choice of surveys do I have?

RICS members offer two forms of survey which are specifically designed to help homebuyers:

A BUILDING SURVEY (LEVEL 3 SURVEY)

(formerly called a structural survey) A Building Survey is suitable for all residential properties and provides a detailed picture of their construction and condition. It is likely to be needed if the property is, for example, of unusual construction, is dilapidated or has been extensively altered – or where a major conversion or renovation is planned. It is usually tailored to the client's individual requirements. The report includes extensive technical information on construction and materials as well as details of the whole range of defects. Generally if the property is older than about 1930 then a Building Survey is the right choice.

7. The HOMEBUYER Survey & Valuation

(usually called 'The HOMEBUYER Service' A Level 2 Survey)

By contrast, The HOMEBUYER Service is in a standard format and is designed specifically as an economy service. It therefore differs materially from a Building Survey in two major respects.

❖ It is intended only for particular types of home: houses, flats and bungalows which are:

- generally built after 1930
- conventional in type and construction
- apparently in "reasonable" condition.

❖ It focuses on essentials: defects and problems which are urgent or significant and thus have an effect on the value of the property – although it also includes much other valuable information.

8. The HOMEBUYER Service, unlike a Building Survey, provides not only a survey but also a valuation as an integral part of the Service. What else should I know about the HOMEBUYER Service?

The Service – the inspection, the report and the valuation are all explained in detail in the accompanying *Description of the HOMEBUYER Service*, but the highlights are:

❖ This is an economy package. Because of the practical limits on the type of property and on the scope of its coverage, the HOMEBUYER Service is priced mid-range – more expensive than a Mortgage Valuation, but less than a Building Survey.

❖ The surveyor's main objective in providing the Service is to assist the prospective homebuyer to:

- Make a reasoned and informed judgement on whether or not to proceed with the purchase
- Assess whether or not the property is a reasonable purchase at the agreed price
- Be clear what decisions and actions should be taken before contracts are exchanged.



CHOOSING BETWEEN SURVEYS contd.

Homebuyer Service – contd.

- 9 The surveyor also gives his or her professional opinion on the particular features of the property which affect its present value and may affect its future resale.
10. **The concise report** covers the building inside and outside, the services and the site. It focuses on the defects and other problems which in the judgement of the surveyor are urgent or significant, but it also covers:
- The general condition and particular features of the property
 - Particular points which should be referred to the client’s legal advisers
 - Other relevant considerations concerning, for example, safety, the location, the environment, or perhaps insurance.
11. Matters which are judged to be non urgent or not significant or are minor matters that do not affect the value of the property are as a general rule *not* included in the report. The surveyor will mention matters judged to be both helpful and constructive.
12. **Where the client should take some action –** Before deciding to proceed with the purchase, this is signalled clearly in the text of the report and included in the summary of action and other key considerations.

The main features of the HOMEBUYER SERVICE are compared below with those of a Building Survey:

	The LANDLES HOMEBUYER SURVEY & VALUATION [Level 2 Survey]	THE LANDLES BUILDING SURVEY [Level 3 Survey]
Type of Property	Generally not older than about 1930. Conventional houses, flats, bungalows, etc., in apparently reasonable condition.	Any residential or other property, in any condition. (Certainly for property older than 1930). The majority of Building Surveys we carry out are on “period” properties.
Type of Service	Economy package in standard form. Simple reporting under the various elements.	More expansive on detail. Custom-made to client’s individual needs. More in-depth.
Objects of Service	To assist client: (i) to make an informed judgement on whether or not to proceed; (ii) decide whether or not the property is a reasonable purchase at agreed price; and (iii) assess urgent and significant matters before exchanging contracts.	To provide client with: (i) assessment of construction/condition of property; and (ii) technical advice on problems and on remedial works.
Services	Visual assessment only – no testing of services are carried out.	Visual assessment only – no testing of services are carried out.
Special Features	Focus on <u>urgent</u> and <u>significant</u> matters.	Provides details of construction / materials / defects and need for future maintenance.
Valuation	Integral part of HOMEBUYER Service.	Provided as agreed extra.
Insurance Figure	Integral part of HOMEBUYER Service.	Provided as agreed extra.
Form of Report	Compact, fixed format.	Usually much longer, more detailed and technical.

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Description of the

LANDLES

HOMEBUYER SURVEY & VALUATION – THE SERVICE

The Service

1. The Landles Homebuyer Survey & Valuation comprises:-
 - an inspection of the property
 - a concise report based on the inspection
 - a valuation
 2. The Surveyors main objectives are to provide you with professional advice to assist you to;
 - make a reasoned and informed decision on whether or not to go ahead and buy the property
 - make an informed decision on what is a reasonable price to pay for the property
 - take account of any urgent and / or significant repairs or replacements the property needs and;
 - consider what further advice (e.g. specialist reports) you should take before exchanging Contracts.
 3. The Homebuyer Survey therefore covers the general condition of the property and particular features that may affect its present value and future resale.
 4. The report focuses on matters, which the surveyor judges to be urgent and / or significant.
 5. It does not highlight minor defects or matters that would be dealt with under normal regular maintenance, nor will the report go into detail on the method of construction or its performance characteristics.
 6. If an element as inspected is considered “satisfactory”, then a simple “satisfactory” will be reported.
 7. Significant matters are defined as matters which could reasonably be expected in negotiations over price to be reflected in the amount finally agreed.
- ### The Inspection
8. The Inspection is a general surface examination of those parts of the property that are accessible. Accessible is defined as visible and readily available for examination from ground and floor levels, without risk of causing damage to the property or injury to the surveyor.
 9. Due care is therefore exercised throughout the inspection regarding safety, practicality and the constraints of being a visitor to the property (which may be occupied).
10. Temporary outbuildings are not inspected or commented on.
 11. Permanent outbuildings are briefly inspected for signs of serious problems, and briefly reported on.
 12. The surveyor does not remove the contents of cupboards, remove secured panels or undo electrical fittings. Furniture, floor coverings and other contents are not moved or lifted. No part is forced or laid open to make it accessible.
 13. If necessary, the surveyor will carry out parts of the inspection when standing at ground level on adjoining public land. No adjoining private land / property will be entered onto.
 14. Equipment such as a damp-meter, binoculars and torch may be used. A ladder will be used for flat roofs and roof hatches not more than 3 m above ground / floor level – IF IT IS SAFE TO DO SO.
 15. Leisure facilities (e.g. pools, etc.) are not inspected or commented on.
- ### Services
16. Services are often hidden within the construction of the property and as a result, only the visible parts of the available services can be inspected.
 17. The surveyor will not carry out specialist tests, or test or assess the efficiency of electrical, gas, plumbing, heating or drainage installations (or whether they meet current regulations) or the inside condition of any chimney, boiler or other flue.
- ### Flats
18. In the case of flats, the surveyor will assess the general condition of the outside surfaces of the building, as well as its access areas, (shared hallways, staircases, etc.). Roof spaces are inspected only if access can be gained from a hatch in the subject property. The surveyor will not inspect drains, lifts, fire alarms and security systems.
- ### Dangerous Materials, Contamination & Environmental Issues
19. The surveyor will not make any enquiries about contamination or other environmental dangers. However, if they suspect a problem they will recommend further investigations.

20. The surveyor may assume that no harmful or dangerous materials have been used in the construction, and does not have a duty to justify this assumption. However, if the inspection shows that these materials have been used, the surveyor will report and call for further investigations.
21. The surveyor will not carry out an asbestos inspection and will not act as an asbestos inspector when inspecting properties that may fall within the "Control of Asbestos Regulations 2012". With flats the surveyor will assume that there is a duty holder (as defined in the regulations), and that an asbestos register and an effective management plan is in place, which does not need any immediate payment or present a significant risk to health. The surveyor will not consult the duty holder.
22. The surveyor will produce a concise report of their inspection for you to use but cannot accept any liability if it is used by anyone else. If you decide not to act on the advice in the report you do this at your own risk. The report focuses on matters that, in the surveyor's opinion, may affect the value of the property if they are not dealt with.
23. The report provides the surveyor's opinion of those matters which are urgent and / or significant and need action or evaluation by you before contracts are exchanged or an offer to purchase is made.
24. The report includes the following:-
- Urgent repairs:-
- for which you should take the action advised where appropriate.
 - Significant (but not urgent) repairs and renewals
e.g. new covering of flat roof before long.
 - Other significant considerations
e.g. a potential source of inconvenience that the surveyor wishes to draw to your attention.
 - Issues for Legal Advisors
e.g. matters identified that you should instruct legal advisers to include in their enquiries.
25. The surveyor will not report on the cost of any work to put right defects or make recommendations on how these repairs should be carried out. THIS IS OUTSIDE THE SCOPE OF THIS LEVEL 2 SURVEY.
26. Matters assessed as not urgent, or not significant or are matters that can be dealt with under normal maintenance, are not generally reported.
27. If a part or area normally examined is found to be inaccessible during the inspection, this is reported; if a problem is suspected then advice is given on what action should be taken.
28. The surveyor will not refer to or comment on an EPC or any other legal documents.
29. The report is arranged under the following sections:-
- 1.0 GENERAL
 - 2.0 OVERALL OPINION
 - 3.0 THE PROPERTY & LOCATION
 - 4.0 DAMP, TIMBER DEFECTS, MOVEMENT
 - 5.0 THE VARIOUS PARTS OF THE BUILDING
 - 6.0 THE SERVICES
 - 7.0 INSULATION & VENTILATION
 - 8.0 THE SITE
 - 9.0 LEGAL & OTHER MATTERS
 - 10.0 RISKS
 - 11.0 SUMMARY
 - 12.0 VALUATION
 - 13.0 BUILDINGS INSURANCE COVER
 - 14.0 DECLARATION & SIGNATURE

30. If the property is leasehold the surveyor will give you general advice and details of questions you should ask your legal advisors.

The Opinion of Value

31. The surveyor will give their opinion of Market Value of the property.
32. Market Value is defined as;
"the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller, in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".
33. In arriving at the opinion of Market Value the surveyor will make the following assumptions in respect of the materials, construction, services, fixtures & fittings, etc. that:-
- an inspection of those parts which have not yet been inspected would not identify significant defects or cause the surveyor to alter the valuation.
 - no dangerous or damaging materials or building techniques have been used in the property.
 - there is no contamination in or from the ground and the ground has not been used as landfill
 - the property is connected to, and has the right to use the main services mentioned in the report; and
 - the valuation does not take account of any furnishings, removable fittings and sales incentives of any description
 - the property is sold with vacant possession;
 - the condition of the property or the purpose that the property is, or will be, used for does not break any laws;

- no particular troublesome or unusual restrictions apply to the property, that the property is not affected by problems that would be revealed by the usual legal enquiries, and that you have applied for and acted in line with all necessary planning permissions and building regulation permissions (including permission to make alterations) and;
- the property has the right to use the mains services on normal terms, and that the sewers, mains services and roads giving access to the property have been “adopted” (that is they are under Local Authority not private control).

34. The surveyor will report any more assumptions they have made.

35. If the property is leasehold the general advice referred to above will explain what other assumptions the surveyor has made (SEE: “Leasehold Properties” information sheet).

Insurance Reinstatement Cost Assessment

36. “Reinstatement Cost” is the estimated cost of rebuilding an average home of the type and style inspected to its existing standard using modern materials and techniques and in line with current building regulations and other legal requirements.

37. This includes the cost of rebuilding any garage, boundary or retaining walls and permanent outbuildings, and clearing the site. It also includes professional fees, but excludes VAT, except on fees.

38. The assessment of Listed buildings differs in that the assessment is calculated on a like for like replacement basis.

TWL: 01/14

PTO: Standard Terms of Engagement

LANDLES

Homebuyer Survey & Valuation

STANDARD TERMS OF ENGAGEMENT

1. **The Service;** the surveyor will provide the service as described above unless any “additions” are agreed in writing before the inspection.
2. **The Surveyor;** will be a full Member or Fellow of the Royal Institution of Chartered Surveyors, who has the skills, knowledge and experience to survey, value and report on the property.
3. **Before the Inspection;** the Client will inform the surveyor if there is an agreed purchase price for the property; and if there are any particular concerns (such as plans for extension) about the property that the Client may have.
4. **Terms of Payment;** the Client agrees to pay the fee and any other charges agreed in writing.
5. **Cancelling the Contract;** you the Client are entitled to cancel this Contract by giving notice to the surveyor’s office at anytime before the day of inspection. The surveyor will not provide the service (and will report promptly to the Client) if after arriving at the property they decide that this Level 2 Survey is not suitable for the type of property and it would be in the Client’s best interests to have a Building Survey (Level 3 Survey) and valuation carried out. If you cancel this contract the surveyor will refund any money you have paid for the service, less any reasonable out of pocket expenses for travel and time. If the surveyor cancels the contract, the reason will be explained to the Client.
6. **Liability;** the report is provided solely for the use of the named Client and no liability is accepted to any other person / third party.
7. **Disclosure;** the report may be disclosed to your legal advisers assisting in respect of your purchase of the property, but no liability is accepted to them. The report may not be copied or passed to any third party without the prior written consent of the surveyor.
8. **Complaints Handling Procedure;** a copy of the surveyors complaints handling procedure is available on request.
9. **These Terms;** form part of the contract between the surveyor and the Client (you).
10. **Privacy Statement;** Please see the LANDLES **Privacy Statement** which sets out how we deal with personal information that we may collect in carrying out our contractual instructions to you and other legal duties. This is available on-line at www.landles.co.uk or upon request from our offices.