

CHOOSING BETWEEN SURVEYS

BACKGROUND INFORMATION AND ADVICE

from The Royal Institution of Chartered Surveyors.

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 Chartered Surveyor to answer these questions for you:

- *What would be a reasonable price for the Property?*
- *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.

I already have a Mortgage Valuation report...

Even if you are seeking a mortgage - and may be paying for a Mortgage Valuation report - it is still advisable and prudent to arrange a survey by your own Surveyor. Both the Consumers' Association *Which?* magazine and the Council of Mortgage Lenders give this advice.

The reason is simple: the Mortgage Valuation report is prepared for the lender - *not for you, the borrower*. It answers only the lender's questions about the appropriate security for your loan. *You cannot rely on it to answer the questions which concern your personal interests.*

What choice of surveys do I have?

RICS Members offer two forms of survey which are specifically designed to help homebuyers, a Building Survey and The HOMEBUYER Survey & Valuation.

A Building Survey (formerly called a structural survey)

A Building Survey is a bespoke service *suitable for all residential properties and provides a full, 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.

Building Surveys are usually tailored to the Client's individual requirements. The Report includes extensive technical information on materials and construction as

well as details of the whole range of defects, major to minor.

In Scotland this type of survey is required only rarely - in part because of the speed at which house purchase normally takes place. The owner of the Property is unlikely to allow a Building Survey to be undertaken unless there is a limited market for the Property and a very strong interest has been expressed by a possible buyer. It is, however, likely to be needed where a major conversion of renovation is planned.

The HOMEBUYER Survey & Valuation (usually called "The HOMEBUYER Service")

In contrast to a Building Survey, The HOMEBUYER Service is *in a standard format and is designed specifically as an economical 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:
 - conventional in type and construction
 - apparently in reasonable condition
- ◆ **It focuses on essentials:** defects and problems which are urgent or significant which may have an effect on the value of the Property - although it also includes much other valuable information.

The HOMEBUYER, unlike a Building Survey, provides not only a Survey but also a Valuation and reinstatement cost assessment 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 economical service.** 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 purpose 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 what would be a reasonable purchase price for the Property;
 - be clear what decisions and actions should be taken before contracts are exchanged (or in Scotland, before concluding an offer to purchase).

The Surveyor also gives a professional opinion on the particular features of the Property which affect its present value and may affect its future resale.

- ◆ **The concise Report** covers the building both 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, the location, the environment, or perhaps insurance.

Matters which are judged to be not significant or not urgent are generally not included in the Report. The Surveyor may, however, comment on any other matters judged to be helpful or constructive.

- ◆ **Where the Client has a particular concern** – for example, whether the property is suitable for a disabled person - the Surveyor will, if asked, keep this in mind during the inspection. Or, Client and Surveyor may agree on a specific Addition to the Service.

In some situations the Client may ask the Surveyor to provide an extra service outside the scope of the standard package. For example, the Client may ask for a schedule of minor defects (for later discussion with a contractor), or the testing of mains services by suitably qualified specialists. The Surveyor may be prepared to arrange such extra services, but they cannot be undertaken as part of the HOMEBUYER Service: they require a separate contract.

- ◆ **Where the Client should take some action** before deciding whether or not to proceed with the purchase, this is clearly signalled in the text of the Report as 'ACTION'. Together with other key considerations, each such item is included in the *Summary*, with advice on how to take the action.

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

	HOMEBUYER Survey & Valuation	Building Survey
Type of property	Conventional houses, flats, bungalows, etc., in apparently reasonable condition	Any residential or other property, in any condition
Type of service	Economy package in standard form	A detailed and comprehensive report that can be tailored to suit your needs
Objects of service	To assist Client to: <ul style="list-style-type: none"> (i) make an informed judgement on whether or not to proceed; (ii) assess what would be a reasonable purchase price for the Property; (iii) assess all urgent and significant matters before exchanging contracts (in Scotland before concluding an offer) 	To provide Client with: <ul style="list-style-type: none"> (i) a detailed assessment of condition/construction of Property; and (ii) technical advice on problems and remedial works
Special features	Focus on urgent and significant matters	Comprehensive details of the Property's construction, materials, uses and defects
Valuation	Integral part of HOMEBUYER Service	Provided as agreed extra
Form of Report	Compact, fixed RICS format	In Surveyor's own format, usually much longer and much more technical