

# 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 both 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 other 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 material 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 or renovation is planned.

### The HOMEBUYER SURVEY & VALUATION (usually called 'The HOMEBUYER Service')

In contrast to the 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 judgment 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 of purchase).

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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 judgment 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 in general not included in the Report.

The Surveyor may, however, comment on any other matters judged to be helpful and 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 clearly 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:*

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

## A1 The Service

A1 The HOMEBUYER Service comprises:

- ❖ an **Inspection** of the Property (Section B below)
- ❖ a concise **Report** based on the Inspection (Section C)
- ❖ the **Valuation**, which is part of the Report (Section D)

A2 The Surveyor's main objectives in the HOMEBUYER Service are to give Clients considering buying a particular Property the professional advice which will assist them:

- ❖ to make a reasoned and informed judgment on whether or not to proceed with the purchase;
- ❖ to assess at what price it would be reasonable to purchase the Property;
- ❖ to be clear what decisions and actions should be taken before contracts are exchanged; in Scotland to be clear about what decisions and actions should be taken before an offer is concluded.

A3 The HOMEBUYER Service therefore covers the general condition of the Property and particular features which affect its present value and may affect its future resale. The Report focuses on matters which the Surveyor judges to be urgent and/or significant.

*Significant matters are defined as matters which could reasonably be expected in negotiations over price to be reflected in the amount finally agreed.*

## B The Inspection

B1 The Inspection is a general surface examination of those parts of the Property which 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.*

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). So furniture, floor coverings and other contents are not moved or lifted; and no part is forced or laid open to make it accessible.

B2 The services are inspected (except, in the case of flats, for drainage, lifts and security systems), but the Surveyor does not test or assess the efficiency of electrical, gas, plumbing, heating or drainage installations, or compliance with current regulations, or the internal condition of any chimney, boiler or other flue. Also, the Surveyor does not research the presence (or possible consequences) of contamination by any harmful substance. However, if a problem is suspected in any of these areas, advice is given on what action should be taken.

B3 Where necessary, parts of the Inspection are made from adjoining public property. Equipment such as a damp-meter, binoculars and torch may be used. A ladder is used for hatches and also for flat roofs not more than three metres above ground level. Leisure facilities and non-permanent outbuildings (e.g. pools and timber sheds) are noted but not examined.

FLATS: In the case of flats, exterior surfaces of the building containing the Property, as well as its access areas, are

examined in order to assess their general condition; roof spaces are inspected if there is a hatch within the flat. In Scotland, communal areas within the building are examined and accessible roof spaces are inspected.

B4 The Surveyor will not carry out an asbestos inspection, and will not be acting as an asbestos inspector in completing an inspection of properties that may fall within the *Control of Asbestos in the Workplace Regulations 2002*. In the case of flats it will be assumed that there is a dutyholder, as defined in the Regulations, and that a Register of Asbestos and effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health. No enquiry of the dutyholder will be made.

## C The Report

C1 The Report provides the Surveyor's opinion of those matters which are urgent and/or significant and need action or evaluation by the Client before contracts are exchanged or an offer to purchase is made. The Report includes the following:

- ❖ *urgent repairs* (e.g. gas leak; defective chimney stacks) – for which the Client should take the action advised where appropriate.
- ❖ *significant matters requiring further investigation* (e.g. suspected subsidence) – for which the Client should obtain (and may have to pay for) reports and quotations from suitable contractors
- ❖ *significant (but not urgent) repairs and renewals* (e.g. new covering for flat roof before long)
- ❖ *other significant considerations* (e.g. a potential source of inconvenience) which the Surveyor wishes to draw to the attention of the Client;
- ❖ *matters identified by Inspection* (e.g. a possible right of way) which the Client should instruct the Legal Advisers to include in their inquiries.

C2 Matters assessed as not urgent or not significant are outside the scope of the HOMEBUYER Service and are generally not reported. However, other matters which may be of concern are reported where the Surveyor judges this to be helpful and constructive. If a part or area normally examined is found to be not accessible during the Inspection, this is reported; if a problem is suspected, advice is given on what action should be taken.

C3 The Report is in a standard format arranged in the following sequence: *Introduction & Overall Opinion; The Property & Location; The Building; The Services & Site; Legal & Other Matters; Summary; Valuation*. In the case of leaseholds, the Report is accompanied by a standard Annex called *Leasehold Properties*.

## D The Valuation and Reinstatement Cost

D1 The last section of the Report contains the Surveyor's opinion both of the Market Value of the Property and of the Reinstatement Cost, as defined below.

D2 'Market Value' is the estimated amount for which a

*continued overleaf*

**Description of the Homebuyer Service - continued**

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.

In arriving at the opinion of the Market Value, the Surveyor also makes various assumptions covering, for example: vacant possession; tenure and other legal considerations; contamination and hazardous materials; the condition of uninspected parts; the right to use mains services; and the exclusion of curtains, carpets, etc., from the valuation. (If needed, the Surveyor can provide details.) Any additional assumption, or any found not to apply, is reported.

FLATS: In the case of flats, the following further assumptions are made:

- that there are rights of access and exit over all communal roadways, corridors, stairways, etc. and to use the communal grounds, parking areas and other facilities.
- That there are no particularly troublesome or unusual legal restrictions;
- That there is no current dispute between the occupiers of the flats, or any outstanding claims or lawsuits; and
- That the costs of repairs to the building are shared among the tenants (in Scotland the co-proprietors) on an equitable basis.

D3 'Reinstatement Cost' is an estimate for insurance purposes of the current cost of rebuilding the Property in its present form, unless otherwise stated. This includes the cost of rebuilding the garage, boundary/retaining wall and permanent outbuildings, site clearance and professional fees, but excludes VAT (except on fees).

**Standard Terms of Engagement**

- 1 **The Service.** The standard HOMEBUYER Survey & Valuation Service ('the Service') laid out in the preceding *Description of the Homebuyer Service* ('the Description') applies unless an Addition to the Service is agreed in writing before the Inspection. (An example of such an Addition is reporting upon parts which are not ordinarily inspected, such as the opening of all windows.)
- 2 **The Surveyor** who provides the Service will be a Member of the Royal Institution of Chartered Surveyors, who is competent to survey, value and report upon the Property which is the subject of these Terms.
- 3 **Before the Inspection.** The Client will inform the Surveyor if there is already an agreed, or proposed, price for the Property; and if there are any particular concerns (such as plans for extension) which the Client may have about the Property.

4 **Terms of payment.** The Client agrees to pay the fee and any other charges agreed in writing.

5 **Cancellation.** The Client will be entitled to cancel this contract by notifying the Surveyor's office at any time before the day of the Inspection. The Surveyor will not proceed with the provision of the Service (and will so report promptly to the Client) if, after arriving at the Property, he or she concludes:

- a) that it is of a type of construction of which he or she has insufficient specialist knowledge to be able to provide the Service satisfactorily; or
- b) that it would be in the typical Client's best interests to be provided with a Building Survey, plus Valuation, rather than the Homebuyer Service.

In case of cancellation, the Surveyor will refund any money paid by the Client for the Service, except for expenses reasonably incurred. In the case of cancellation by the Surveyor, the reason will be explained to the Client.

6 **Liability.** The Report provided is solely for the use of the Client and the Client's professional advisers, and no liability to anyone else is accepted. It may not be provided to anyone else.

7 **Complaints Handling Procedure.** A copy of the Surveyor's complaints handling procedure is available on request.

**PLEASE NOTE: These Standard Terms of Engagement form part of the contract between the Surveyor and the Client.**