

Mortgage Valuation or Survey?

When buying a property and obtaining a mortgage, the mortgage lender will want to protect their security and will require a mortgage valuation to establish the property's value. If there is a cost involved (some lenders will not make a charge) the borrower will need to meet this cost and any fee payable will be paid at the time of making your mortgage application.

Please be aware that the mortgage valuation is for the lender's purpose only and should not be relied upon by the borrower as a survey report – the lender may provide you with a copy of the report but is not obliged to do so. It is becoming more common for mortgage lenders to obtain a mortgage valuation without even entering the property. The property may be inspected by a 'drive by' valuation or a 'desk top' valuation may be undertaken whereby local property market data is used.

The cost for a mortgage valuation will increase in line with the property value.

Whilst a mortgage valuation is all that is required to satisfy the lender, at Barnden Financial Services we recommend that you consider a more in depth inspection of the property and there are 2 options available;

The RICS Homebuyer Report

The RICS Homebuyer Report includes an inspection, a report and a valuation, and these are all explained in detail in the 'Description of the RICS Homebuyer Service' the surveyor will give you. The RICS Homebuyer report is a 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. The report also includes other valuable information.

A RICS Homebuyer report will typically cost £250 - £300 more than a Mortgage Valuation. There will be options on how and by who this is carried out and we can discuss these with you.

A Building Survey (This used to be called a structural survey)

A building 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 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 detailed technical information on materials and construction, as well as details of the whole range of defects.

Should you feel it appropriate we can establish the cost of a building survey for you.

If you have any questions regarding the above information please ask and we will do all we can to assist.