

Valuation and Conveyancing Guide



When purchasing a house, there are a range of surveys for you to invest in to ensure your property is valued correctly. We've created this guide to help you understand the different surveys that are available, and which one you might need.

Buying a home, especially if you're also taking out a mortgage, is one of the biggest financial investments you can make and we want to help you make the right decision on your new property. Your mortgage lender will always require a valuation of your new property to confirm that they are happy to lend against it, but a more in-depth form of valuation or survey can give you the peace of mind that you aren't being overcharged for the property and that there are no serious hidden defects. From the different types of survey and valuation available to you, to assessing which one you might need, this handy guide will give you all the information you need for your property valuation.

1. Types of Valuation

1.1 Basic Valuation

A basic valuation is a report that is created solely for the benefit of the mortgage lender, and can vary from lender to lender. The valuation will always include a process called the Automated Valuation Model (AVM) which compares prices of properties in the area to assess if the price of yours is suitable. Additionally, the mortgage lender may arrange for a specialist RICS (Royal Institution of Chartered Surveyors) Surveyor to visit the property to make a brief inspection – this inspection will establish whether the property provides reasonable security for the lender against the amount you are looking to borrow on your mortgage. The overall cost of this valuation will be decided by the lender, typically on a scale that reflects the value of the property. However, some mortgage deals can include a free valuation.

While the basic valuation will highlight any obvious defects, it is very unlikely to pick up all of them, and you may not even get to see this report. For this reason, you might also choose to invest in a homebuyer's report or a full building survey to ensure that the property does not contain any serious problems, and that the purchase price of the property is reasonable.

1.2 Homebuyer's Report

The primary function of a homebuyer's report is to demonstrate the soundness of a property and whether it is suitable for purchase at the agreed price. This survey, approved by RICS, is best suited to homes built within the last 80 years, and up to around



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2000 square metres in size. It will cover all accessible parts of the property, specify all major defects and, where possible, will include a roof inspection, but it will give no details of any remedial work. If you would like advice on any specific areas within the property, you can request this, and the report may also advise you on any areas where you might need further specialist investigation.

The report is concise but, although more detailed than a basic valuation (and more expensive), it still will not give the breadth and depth of information found in a building survey. You may also still gain some limited right of recourse to the surveyor should they be negligent, since they act on your behalf.

1.3 Building Survey

Formerly known as a full structural survey, the building survey is the most detailed type of survey available, and also the most expensive. As the building survey is so thorough, it can take hours to complete, but all aspects of the property will be covered in great detail and it can also detail any remedial works. Because of this, it is highly advisable to invest in this type of survey for much older pre-1900 properties, for any large or unusual structures, or for any properties which need substantial refurbishment or have had structural problems in the past.

The building survey is also RICS approved but, unlike the other two types of survey, if a defect within the property that would have been present at the time of the survey is found at a later date (for example, rising damp or woodworm), you will have full right of recourse to the surveyor. Even with this detailed survey, however, a surveyor may suggest you obtain additional specialist reports if they feel that certain areas of the property need further investigation.

2. Conveyancing

2.1 What is your solicitor searching for?

Aside from the valuations performed by your mortgage lender or yourself, solicitors will also perform their own searches as a part of the conveyancing process. In these searches your solicitor is trying to find any issues which you need to be aware of before you commit to the purchase of your new home, as well as ensure that there is nothing which could affect the value of the property in the eyes of the mortgage lender. These searches could take several weeks to complete, depending on the response times of local authorities, but after receiving the results of the searches your solicitor may choose to make further enquiries. Typical searches to be made by the solicitor include the following:

1. Local Authority Searches – your solicitor will contact the local authority to gain all information held by them in regards to the property. This can include any prospective plans for nearby developments or roads and who is responsible for maintaining any

roads and paths which adjoin the property. The time taken and cost of these searches depends on what authority your property is located in, and if for any reason more than one authority needs to be contacted in the event your property is situated on a boundary.

2. Land Registry Searches – first and foremost this search ensures that the property seller is actually the legal owner of the property that you are buying by checking the ‘title register’ and ‘title plan’ at the land register. This check is legally required before the sale can go ahead.
3. Environmental Searches – your mortgage lender will often insist on this type of search before they offer you a mortgage as it will establish whether the property you hope to buy is built on or near to contaminated land or water, or an old landfill site, or if it is at risk of flooding. If a property is built on contaminated land then the toxic substances can remain in the ground, meaning that your future home could either be impossible to sell in the future, or a serious health hazard.
4. Water Authority Searches – this search will establish the source of your water and whether there are any public drains on the property. This information is especially important if you are looking to do any future building work to the property, as it could affect whether or not such work is possible.
5. Location Specific Searches – your solicitor might suggest additional searches depending on where your property is located. For example, one of the most common additional searches is a search for old mine shafts to establish whether your home has been built on unstable ground and might be at risk of subsidence.
6. Chancel Repair Search – this type of search is necessary to work out whether you will be liable for any costs should a parish church require repairs. During the middle ages, property owners rather than monasteries became responsible for these repairs, and it wasn’t until a law change in October 2013 that churches were required to lodge liability with the Land Registry instead. However, in certain circumstances the parish church can still insist that home owners are liable for repairs, even if the liability hasn’t been registered. If you discover that you are liable, you are able to take out Chancel repair insurance, which typically costs no more than £20.

3. What Valuation Do I Need?

The valuation you choose should be dependent on many things, including your budget, the type of property you own, and also what the property will be used for. A basic valuation will always be a requirement for any mortgage. Most remortgage deals include a free valuation, which may be in the form of a desktop, drive by, automated valuation or a visit by a qualified surveyor.



Homebuyer's reports are more expensive than basic valuations and, although they offer greater detail on the property and could highlight any defects within the property, the choice to invest in one should depend on your own circumstances and the property itself.

Building surveys are often out of most people's budgets, and such an in-depth survey of a property is often unnecessary. However, if you are purchasing a particularly old property (pre-1900), or a large or unusually structured property, it might be worth considering trying to factor this into your budget, but again, the choice to do this will depend both on your own personal circumstances and the property itself.

If you are a landlord with a buy to let mortgage, there are also other forms of reports that you need to maintain as a part of your responsibility as landlord. You must ensure there are no issues with damp, condensation or mould. You will also be required to enlist a gas safe engineer and a qualified Part P electrician to carry out a survey on all electrical and gas supplies and installations, as well as obtain an annual gas safety certificate, and a domestic electrical installation certificate. Your Energy Performance Certificate (EPC) for the property is also essential. As of new legislation in 2016, if your EPC rating is F or below, you may not be able to let out the property, and if the property is already rented out, tenants can demand improvements to a rating of D or above (the UK average).

4. What Next?

We hope that this guide has been useful for understanding property valuations. Our priority at Derbyshire Mortgage Services is always to find the best deal on a mortgage that is suited to you and your circumstances, and our dedicated team of expert advisors will be with you every step of the way, from first meeting until the day you move in.

We will never charge you for our services, so if you're ready to begin the journey to your new home, or if you have any queries, or even if you're just considering your options for the future, why not give us a call on 01332 554098 and let us help you start planning today.