

Basic Valuation Mortgage

When you apply for a mortgage, the lender will require you to carry out a Basic Mortgage Valuation on the property. This acts as a kind of collateral for the mortgage provider to make sure that the property is worth the value of which you are proposing to buy it for, i.e. the amount that the mortgage provider is lending you. The main aim of this type of survey is to assess whether the property represents a suitable security against the amount of the mortgage requested. Some providers will not charge for this to be done, as an incentive to try and persuade you to take out the mortgage with them, otherwise the cost of the survey will depend on the size and purchase price of the property.

This valuation is not an extensive survey and will not provide accurate details about the condition of the property; major structural problems which will cost you a great deal of money often are not picked up in these types of surveys. The valuation also does not guarantee that the property is worth the asking price. The Council of Mortgage Lenders strongly advises homebuyers to get a more extensive survey than this one done, when valuing the house.

Homebuyers Survey and Valuation (HSV)

This survey is done to a precise format set out by the Royal Institute of Chartered Surveyors. It is a nine-page form which includes all major sections of the property that are clearly visible to the surveyor. The aim of this survey is to provide a snapshot of what the overall condition of the property is, and to identify which areas are in need of further tests or more specific investigation, rather than detailing every aspect of the property. Wiring, drainage and gas are not included in the survey, so many people choose to have further reports done on these areas as well. This survey is most suitable for conventional properties that are in a reasonable condition, have been built within the last 150 years, and are under 2000 square feet. It is cheaper than a building survey, but is not suitable for unusual properties, ones that are particularly old, or if you are planning on renovating the house. It is recommended that all buyers have a HSV performed on the house which they want to buy

The main details of the HSV will include:

- Looking at the general condition of the property and assessing its major and minor faults.
- Assessing whether any of the major faults will need repairing, and the cost implications of these.
- Assessing and reporting damp in the walls and woodwork, and any woodworm also.
- Assessing the condition of damp-proofing, insulation and drainage (although drainage will not be tested).
- Providing an estimated cost for rebuilding should the property be destroyed. This is usually for building insurance purposes.
- Recommendations for any further surveys and investigations that may need to be performed on specialist areas before the contracts should be exchanged.

Providing a valuation, based on the surveyor's expertise and experience of the property on the open market

Building Survey

These surveys are much more detailed, and provide a comprehensive report about the current condition of the property. This type of survey is the most thorough one available, and each one can take several hours to complete. The survey will examine all accessible parts of the property and, if you wish to have any specific areas looked at, this type of survey is the right choice.

The Building Survey is suitable for all types of property, whether they are listed, unusual or old, whether you wish to perform renovation work on them or whether the property has already had extensions added to it. This means that this survey is preferred for all buildings which cannot be included in the HSV, largely because it is more expensive. The price of the survey will fluctuate according to the size of the property and its condition, the approximate value of the house, its location and which surveyor or company is used to carry out the inspection. Sometimes these surveys can be used instead of the Basic Mortgage Valuation (see below), but only if the surveyor you use is approved by the mortgage lender. The actual survey does not provide a valuation, but the surveyor will include one if you request it. However, it is more likely that the Building Survey will be done for other reasons, as it provides such an extensive survey compared to the HSV.

The main details of the Building Survey will include:

- All major and minor faults found within the property, and the implications that these will have.
- How much the repairs for these defects will cost.
- Testing for dampness of the walls, and results for these tests.
- Testing of all woodwork for damp and woodworm, and the results of these tests.
- Investigation into the condition of damp proofing, insulation and drainage, although the drains will not actually be tested.
- Technical information about how the property was constructed and all materials which were used in the process.
- Information about the location of the property.
- Proposals for any further specialist inspections and subsequent work which may need to be done on the property.

There are other types of survey which you may wish to have carried out before you buy the property, and sometimes the type you need to have performed will be dictated by your mortgage supplier. If you cannot decide which type of survey is right for you, talk to a RICS member and they will be able to advise you as to which one is most suitable. The surveys are completely objective and independent, and their aim is to help you make an informed decision about your purchase

How long do the surveys take?

If you ask for both the HSV and the Building Survey to be carried out there is often a preferential rate for combining the two, as some of the same features are covered in both. If you only want one of the surveys done, the HSV generally takes up to a day as the size of the building which this type of survey can inspect is limited, whereas the Building Survey can take between two days and a week to complete. The Basic Mortgage Valuation will take only a few hours.

How much do the surveys cost?

The cost of the survey will depend on a variety of factors, including the value of the property, its size and location, how easy the property is to access and, with the Building Survey, the level of problems the property has.

For a house that costs between £150,000 and £200,000, the average price for a HSV is between £300 and £420 and, for a Building Survey, it is between £560 and £730.

If the mortgage lender instructs you to use their surveyor to carry out the survey, an administration fee will often be included in the cost and therefore will be slightly more expensive than one carried out by an independent surveyor.

