

Outstanding Building Surveys

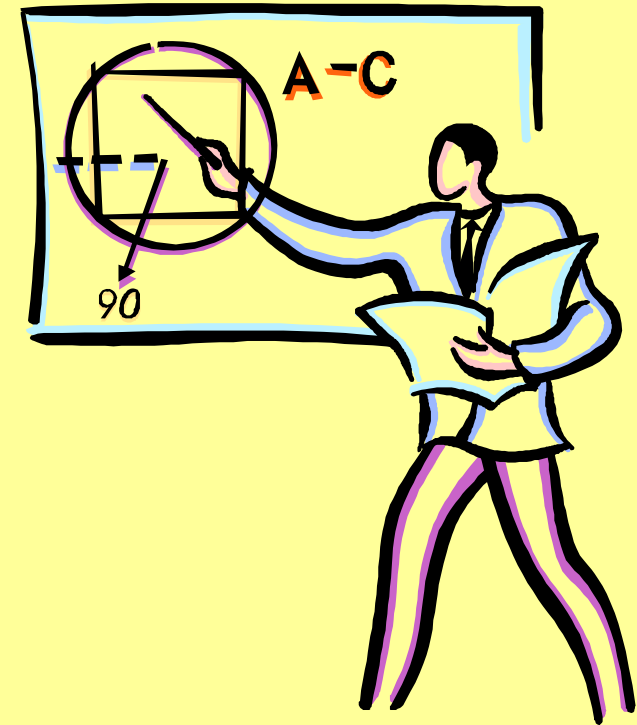
Framework Approach

Copyright of 1stAssociated.co.uk
not to be used in any format
without express written permission

Lecture Format

Every lecture will follow the same format:

- **Feedback & your Building Survey**
- **Group work**
- **Guest expert speakers.**
- **Last half hour Q & A**



What we are Learning Today



- **3 Different types of “survey”**
- **3 Key points & 3 more key points that make a Building Survey**
- **How you’re going to produce your Building Survey & 3 key resources**



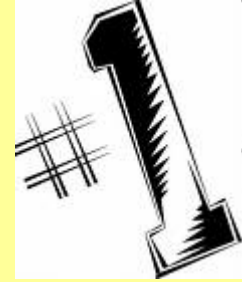
Different types of valuations & surveys

**3 “surveys”
generally
considered by
purchaser**



3 Different types of valuations & surveys

- **Valuation (Not a survey at all but**
- **Homebuyers reports (Points out problems and valuation)**
- **Building Survey (Rolls Royce tailor made survey can include valuation)**



Basic Mortgage Valuations

- The Basic mortgage Valuation is for the benefit of the mortgage lender alone, and merely confirms that the property is suitable for mortgage purposes
- **General description of the property and its condition**
- **An indication of the market valuation and insurance value.**
- Lenders will usually require the valuer to support their declared valuation by comparing recent transactions of similar types of property. Comps.
- **The Basic Valuation does not give any form of redress to the purchaser if subsequent problems arose.**
- **Lenders will require a minimum of a Basic Valuation to be undertaken when purchasing or remortgaging a property.**
- **Cost £200 to £700 (pound per thousand)**

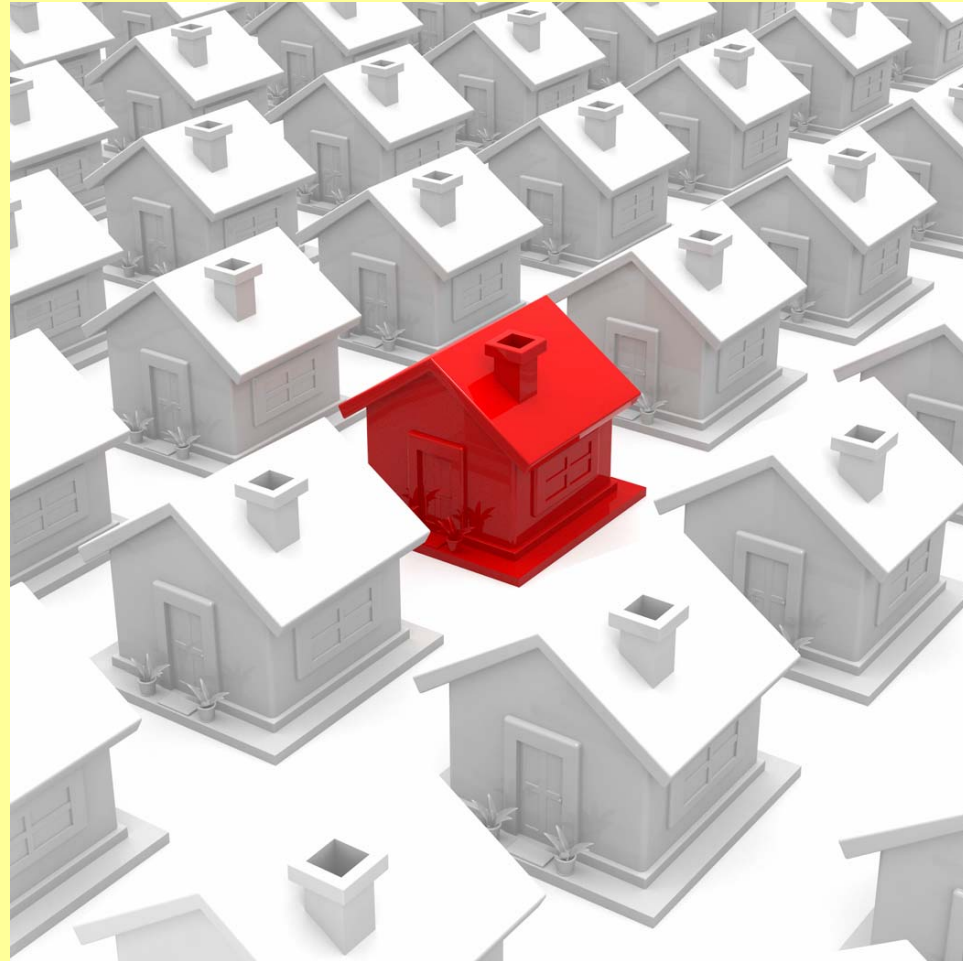
Copyright of 1stAssociated.co.uk
not to be used in any format
without express written permission

How do we Value a House?



Copyright of 1stAssociated.co.uk
not to be used in any format
without express written permission

We use a Comparable Method



Copyright of 1stAssociated.co.uk
not to be used in any format
without express written permission

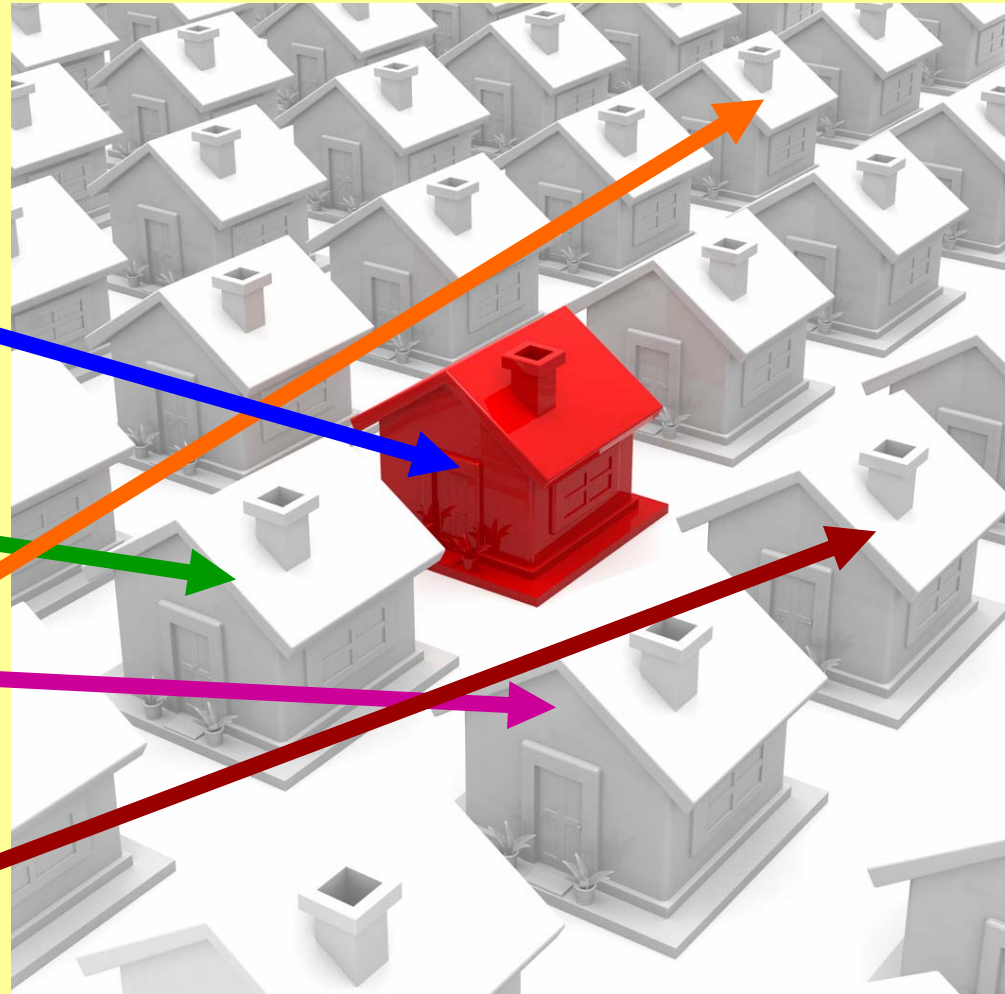
£100,000
- this is the
property we are
looking to value

£90,000

£90,000

£90,000

£100,000



How Much is the house Worth?

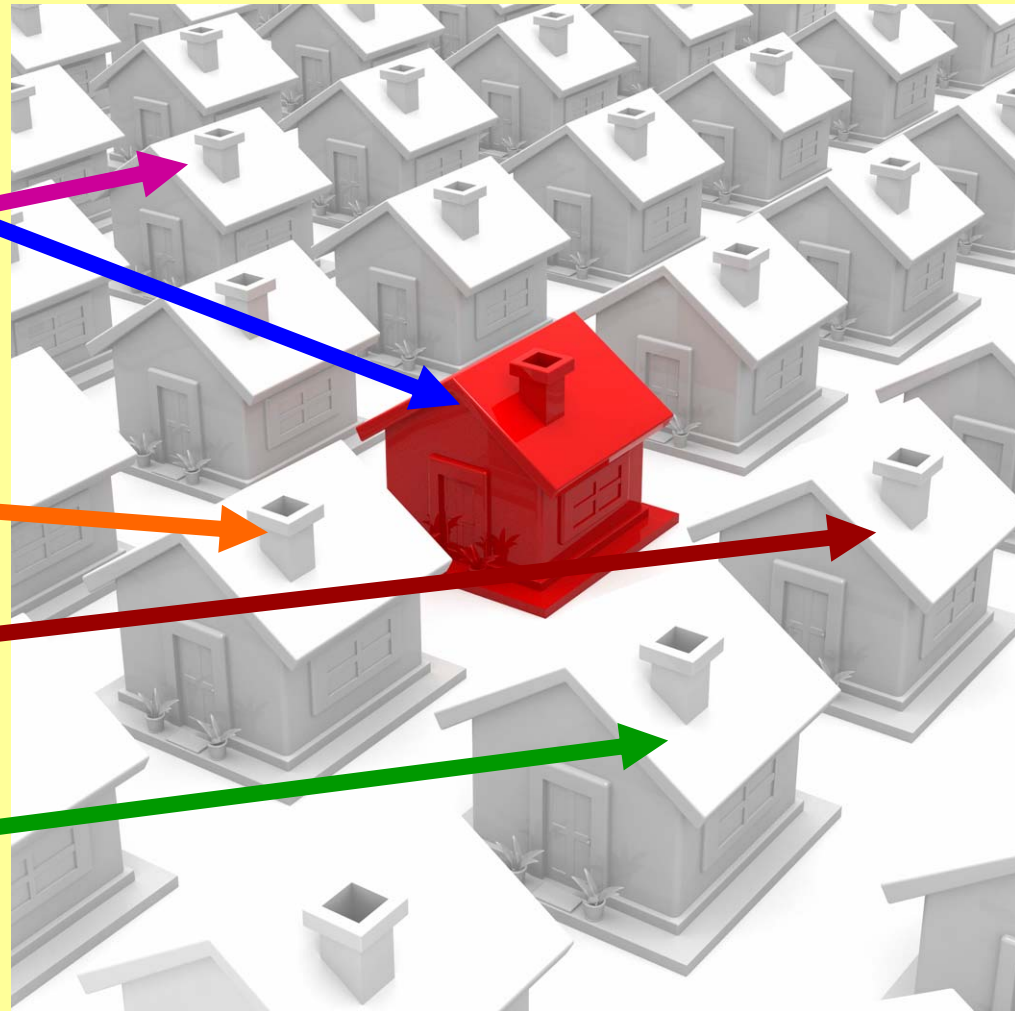
£100,000

£70,000

£80,000

£90,000

£100,000



Copyright of 1stAssociated.co.uk
not to be used in any format
without express written permission

Is this worth £100,000?

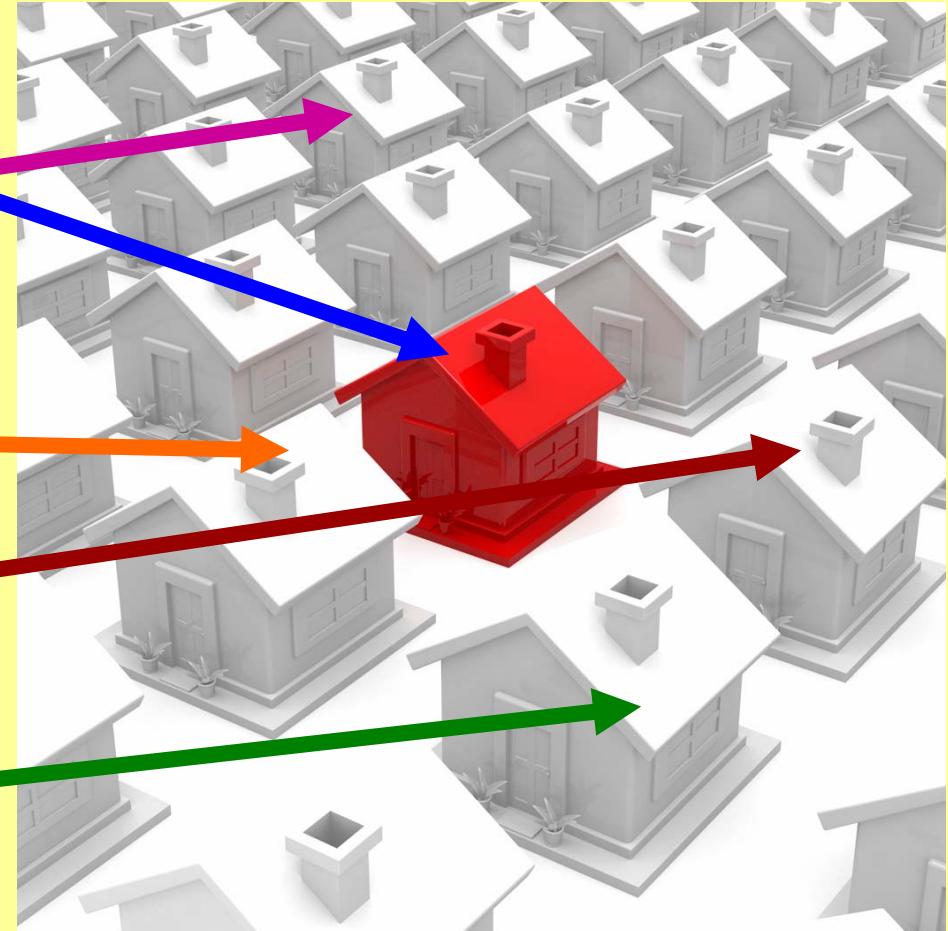
£100,000

£60,000

£70,000

£80,000

£90,000



Copyright of 1stAssociated.co.uk
not to be used in any format
without express written permission

Basic mortgage Valuations Key Points

Key points

- **It's basic!**
- **Description and comps and caveats!**
- **Valuer carries out 4 to 10 a day record 14 – Production line surveying**
- **It's a requirement for a mortgage**
- **Estates Agent don't want you to have anything else! As they want any problems to be found. The EA board says sold not great advice given free!**



Home Buyers Reports

- **The Home Buyers Report is considerably more comprehensive than the Basic Valuation. The valuer this time acts for you, and therefore it will provide the purchaser with some form of comeback in the event that the surveyor proved to be negligent in their reporting.**
- **However, the scope of the Home Buyers Report will generally be to point out major and urgent faults that may have a significant effect on the property so that the buyer has an opportunity to confront the vendor (seller) to either correct the fault, or to adjust the sale price to compensate for the works required.**
- **The valuer will also point out any other surveys that they may consider necessary, for example a timber and damp report. It must be remembered that the survey will relate usually only to visible areas of the property, and it will point out any major structural defects. It is important to check the extent of the aspects to be examined within the valuer's contractual remit, and ensure this will be sufficient for your purposes.**
- **Because the Home Buyers Report is more detailed than the Basic Valuation, the cost is correspondingly higher, and the cost for an average property would probably be in the region of £400 - £500 plus VAT.**

Why would I choose a Home Buyers Report instead of a Basic Valuation?

- It is designed to offer advice on significant and urgent repairs that could affect the value at purchase and on future re-sale
- It is designed to provide you with sufficient information for you to make an informed decision as to whether to proceed with the purchase of the property
- It will give a carefully assessed value (rubbish just repeats mortgage value)
- It will clearly indicate what actions and decisions you should make prior to you making an offer to buy, although the Report will not usually cover minor items of disrepair
- As the surveyor acts for you, you have the right to redress to sue for negligence in the event the surveyor has overlooked a fundamental property deficiency
- The additional cost of the Home Buyers Report can be quite easily recouped if the surveyor is able to highlight a defect where it enables you to negotiate a price reduction to compensate for the required remedial work

Home Buyers Reports

Key Points

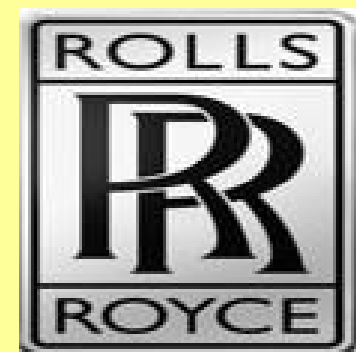
- Designed for valuers therefore lots of caveats
- Many surveyors argue not worth the paper its written on, refers you to other surveys
- Uses standard phrases
- It's better than nothing
- Sold as “middle” report by estate agents but is just above a valuation



New RICS Owned Version



- **The Homebuyer Survey and Valuation (HSV) is over 13 years old and well established in the market. Yet most home buyers still choose to rely solely on a simple Mortgage Valuation when making the biggest investment of their lives.**
- **The arrival of the Home Information Pack including the Energy Performance Certificate has impacted on the market for established survey products.**
- **Equally, the downturn in the housing market is having a sharp effect on the traditional income streams of residential surveying firms. Owned by RICS**
- **As a response, the new RICS HomeBuyer report (HBR) is proposed to be the first in a range of new quality consumer-friendly products designed to be flexible with the potential to generate new business.**
- **The current HSV will be replaced by the new HBR during 2009.**
- **The new HBR format and Practice Note will be unveiled to RICS Members early in 2009, prior to it being made available to the market following a period during which members can familiarize themselves with the product.**



Copyright of 1stAssociated.co.uk
not to be used in any format
without express written permission

Building Surveys - Why would you want anything else?

- If you're spending more money than you have ever spent, why would you want anything else but the best survey money can buy?
- Typically Building Surveys cost a few percent or less of the building cost and that's without mortgage interest!



Building Survey (formerly known as the Full Structural Survey)



- **The Building Survey, or the Full Structural Survey as it is still often referred to as, provides the purchaser with the most comprehensive property report of all.**
- **It will generally list all faults, both major and minor, and will therefore give the prospective purchaser a clear indication as to any of the potential pitfalls that they may be entering into.**
- **The purchaser has the protection of the right to redress against the surveyor.**
- **Double the cost of a HBR but worth ten times more**

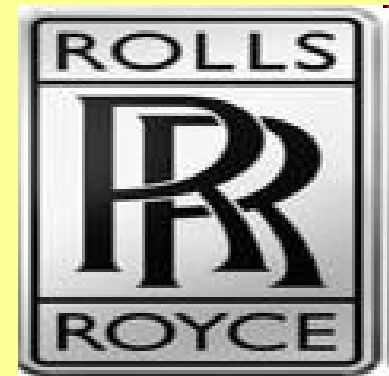
Building Survey Key Points



- **Tailor made**
- **Lists all faults but**
- **Identifies key concerns for that purchaser in Executive Summary / Conclusion**
- **Explains issues, offers solutions or solutions and approximate costs**

This is it!

**The focus of this lecture is
how to carry out a Building
Survey**



Copyright of 1stAssociated.co.uk
not to be used in any format
without express written permission

How to carry out a Building Survey



Information Overload

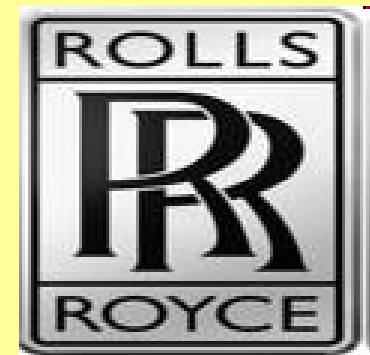
“When I first started to carry out Building Surveys one of the big problems was that I wasn’t sure how to process all the information that I was gathering –

‘how to see the wood for the trees’”

Quote Mark Hurst sometime last in the 1990s

Building Survey Overview

- **The Purpose of a Building Survey**
- **Types of Clients**
- **RICS Guidance Notes on Building Surveys**
- **Resources and Sources of Information**
- **The Systematic Approach**



Purpose of a Building Survey

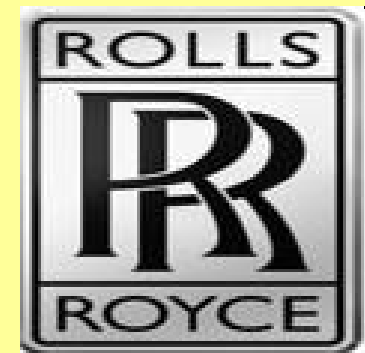


Copyright of 1stAssociated.co.uk
not to be used in any format
without express written permission

3 Key Points a Building Survey Must Have

Whilst the client is asking you to look at the property as a whole, they are asking you to:

- **Digestible** - identify the important areas and explain the issues in a manner he can understand;
- **Solve property problems** - offer a remedy, often various remedies, which can relate to the budget the client has or the proposed future use of the property;
- **Costs advice** - offer information on the costs of putting these various remedies into action



3 Key points a Building Survey must have

- Digestible
- Solve property problems
- Costs advice



3 more things a Building Survey must have

It may also be important to the client that you advise on the time that repairs will take to carry out.

You have to think of the repairs both singularly, i.e. chimney repairs and then as a group of repairs, i.e. high level repairs to the chimney, the flashings, the roof, the gutters etc, as it could be far more cost effective to carry out the work grouped together.

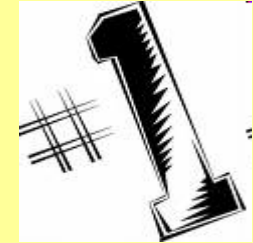
Or, indeed, when the work is grouped together you may think that the property is no longer suitable for your client.

Review, review and review as new information is found review it against what you already know about the property



3 More Key Points a Building Survey must have

- **Time**



- **Group work together**



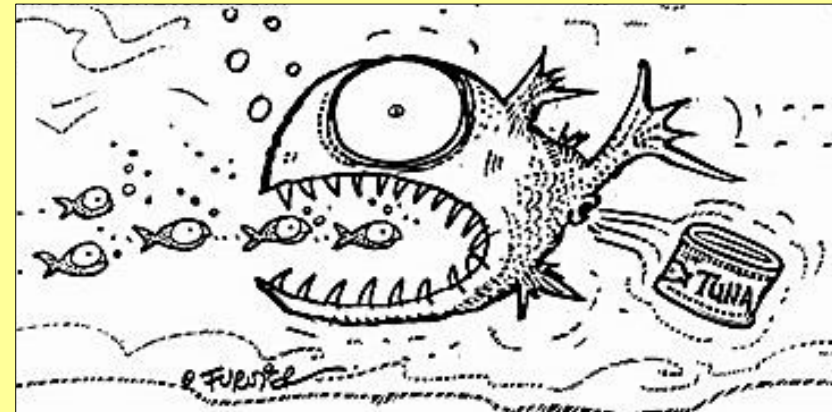
- **Review, Review, Review**



Digestible - we would reiterate that this all should be presented to your client in a Digestible form

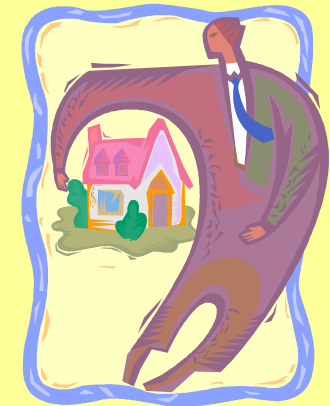
This can mean in:

- **Words (aimed at correct level of client's knowledge)**
- **Pictures**
- **Sketches**
- **a Phone Call - talk to your client**



Level of Client's Understanding

1. No property knowledge at all
2. Little / limited property knowledge
3. Basic property knowledge
4. Keen DIY'er
5. Involved in property industry / profession
6. Regular property purchaser



RICS Guidance Notes

Downloadable read them



not to be used in any format
without express written permission

How to do your Building Survey and 3 Key references



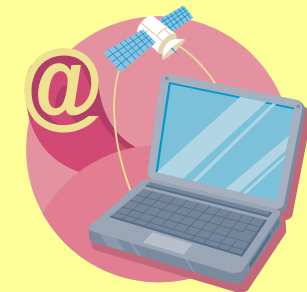
Copyright of 1stAssociated.co.uk
not to be used in any format
without express written permission

3 key Sources of Information



Whilst you have all the usual sources

Internet



Books



Magazines

My 3 Key Resources



- *The House Builder's Bible (usually you can get old copies of this cheap on Ebay)*
- *The Repair and Maintenance of Houses, by Ian A Melville FRICS and Ian A Gordan FRICS - Surveyors Bible a reference book*
- **The internet web sites SPAB.org**

Plus 3 More Specialist Sources



- *The Victorian House Manual and The 1930s Manual by Ian Alistair Rock MRICS and Ian R MacMillan FRICS from Haynes (yes the same people that produce the car manuals)*
- *Georgian House Style Handbook by Ingrid Cranfield*
- *Regency Style by Steven Parissien*



Your Building Surveyor file

External

Internal

Services

Your client brief

Executive Summary

We will then sub-divide each section

External

- **Chimney Stacks, Flues, Parapet Walls, Dormer Windows and Roof Windows**
 - **Roof Coverings and Underlayers**
 - **Roof Structure and Loft**
 - **Gutters and Downpipes**
 - **External Walls**
 - **Foundations**
 - **Trees**
 - **Damp Proof Course**
 - **Airbricks**
 - **External Joinery**
 - **External Decorations**

Internal

- **Ceilings, Walls, Partitions and Finishes**
- **Chimneybreasts, Flues and Fireplaces**
 - **Floors**
 - **Dampness**
 - **Internal Joinery**
 - **Timber Defects**
- **Internal Decorations**
- **Thermal Efficiency**
 - **Other Matters**

Executive Summary

1. **Problems that mean you shouldn't buy the property.**
2. **Problems that need carrying out either immediately or within the next year that could be expensive. Expense very much relates to the cost of the building, if the building costs a million pounds then it may be quite acceptable to have £50,000 worth of repairs.**
3. **Defining work that needs carrying out within the next five years.**
4. **Anything else you want to tell them about. It could be that the combination of the items in 2 and 3 mean that the property would move into area 1 – go off and buy something else.**

3 Problems to Avoid - Systematic Approach



Information overloaded



**Not understanding
what the client wants**

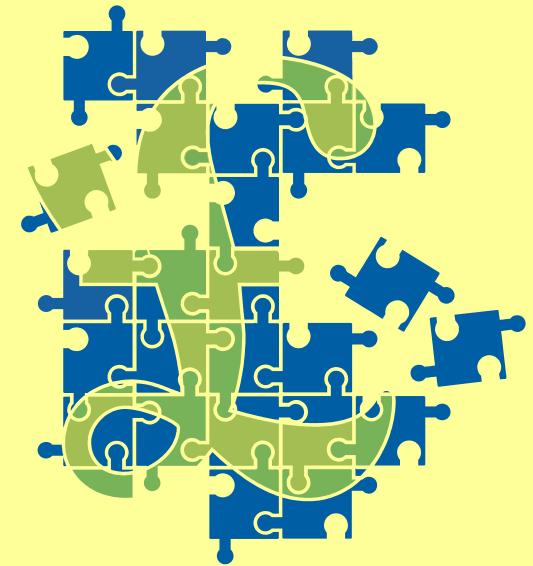
Not being conclusive

FAQ - How do we Estimate the Building Costs?

It's an estimate of cost relevant to the work being undertaken, so it does not need to be exact. So, you say in the report:

**'Approximate cost £??????.
We recommend you obtain quotations'.**

Aim - Gives client a better understanding of options



Estimate of costs with Recommendations



- Where we have offered an estimate of building costs please remember we are not experts in this area.
- We always recommend you obtain quotations for the large jobs before purchasing the property (preferably three quotes).



Labour Costs

- For unskilled labour we currently use between £75 and £100 per day (the higher costs in the city areas) £25 minimum
- For tradesmen we use between £100 and £200 per day for an accredited, qualified, skilled tradesman. £50 minimum

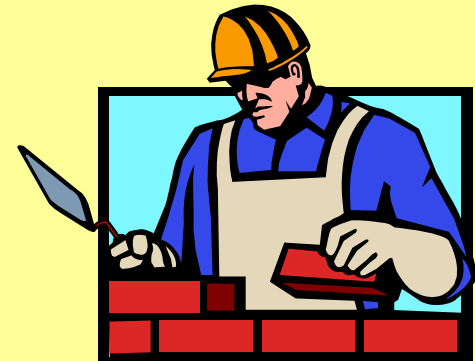




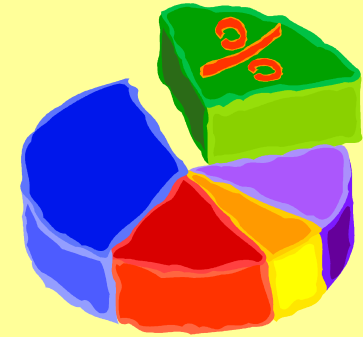
Materials

Other variations include the quality and quantity of materials used:

- **For Dilaps we would use a percentage addition for each trade**
- **Paints Labour plus 10% to 20%**
- **Bricklayer plus 50%**



% Adjustment



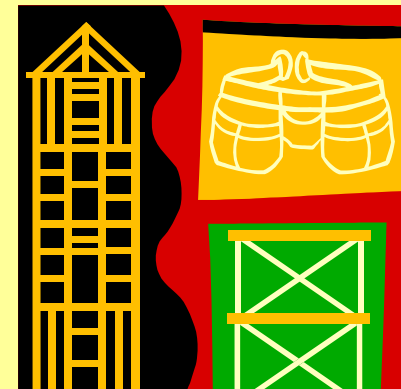
Will change:

- 1. As you get more experienced**
- 2. Type of work**
- 3. Material cost changes and labour changes**



Access and Buildability

- How the work is carried out, for example off ladders or from scaffold.
- Use a lump sum say £1000



Systematic Approach 3 Things



1. You need to have your building, identifying its age, type and style

2. You need to identify 3 core reference books and 3 specific resources books/ web site etc

3. Build up your own resource library in your folder to be viewed before Building Survey handed in



Systematic Approach and 3 More Things

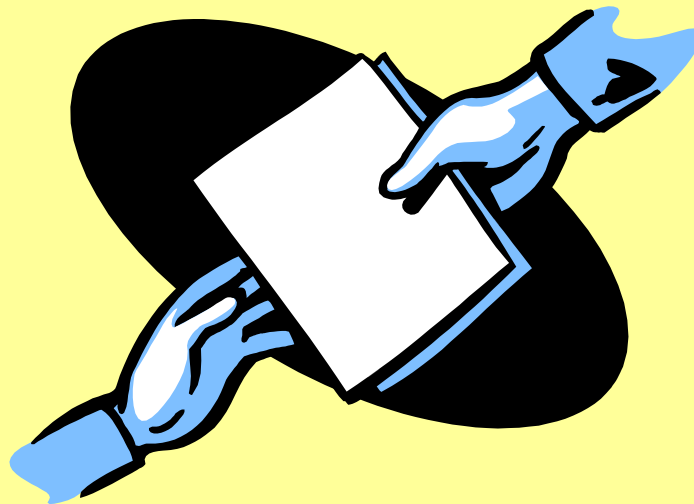


1. Understand and document your client's requirements
2. Focus on Executive Summary built from the folder - 1000 words plus 2000 appendix
3. Group working together on each section (and there will be an opportunity, like X Factor, to vote people out of the group that aren't pulling their weight after two weeks, and don't think I'm joking!) Take Minutes.



23rd February 2009

Hand in date



Copyright of 1stAssociated.co.uk
not to be used in any format
without express written permission