

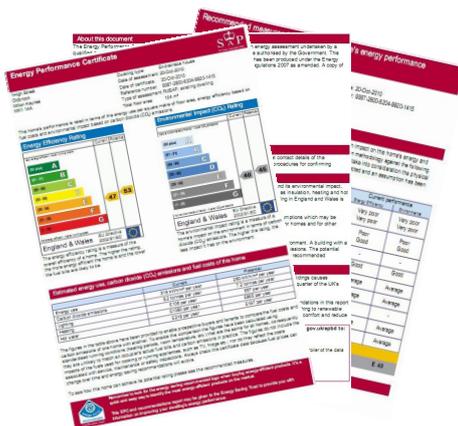
# When you buy a new home

This fact sheet sets out to explain the different options available to buyers to assist them in deciding whether or not to purchase a new home.

## The EPC

All properties being offered for sale or for rent should have an EPC. This is not always the case, compliance with the law is not consistent and is not always effectively policed.

Even if there is an EPC for the property you hope to buy, an Estate Agent will not always offer you a copy because they think consumers are either not interested or they mistakenly believe that the A-G graph on their particulars is the EPC.



In most cases you will have to ask to see the full EPC. When you do, you should also ask if the seller has carried out any of the improvements recommended in the EPC. If they have, then ask your solicitor or conveyancer to obtain evidence to this effect (an EPC does not have to be updated when it becomes out of date following energy improvement measures).

Where the recommendations have not been carried out you may be able to obtain subsidised works via your utility company.

## Surveys

### Lender Valuations

If you are taking out a mortgage on the property you will usually be asked to pay for a valuation report, sometimes erroneously called a lender or valuation survey. Financial advisors and lenders themselves often refer to the valuation as a 'survey' and so the confusion is understandable.

The lender valuation is for the benefit of the lender to ensure that the value of the property is not less than the proposed loan. It will usually involve a quick inspection of the property and will provide a simple valuation report which actually tells you very little about the property in question. It is carried out by a valuer appointed by the lender. Very rarely you can appoint your own valuer who will be acceptable to the lender. Most lenders will show the borrower a copy of the valuation report, though this is not always the case despite the fact that the borrower pays for the valuation.

The fact that most lenders will give the borrower a copy of the valuation report adds to the confusion around what it is. However, it is not a condition survey and you cannot rely on it to give you information on the structural condition of the property.

A cash buyer does not need a valuation, though some may commission one separately for peace of mind.

### Condition Reports



We strongly suggest that you should consider an independent survey to give you information on the condition of the property you hope to buy, particularly if the house is older than 20 years (although of course modern houses can also have problems). When you consider how much a house is going to cost it is certainly well worth while having an expert look at it just to check whether there might be any major problems that you are not aware of.

In May 2008, the consumers association Which? established that whilst 80% of buyers said they wanted a survey on their proposed new home, less than 20% actually get one. The reason the majority do not get a survey is that they mistakenly believe that the lenders valuation is a survey (see above).

Which? found that for those people that did not get a survey, on average one in four had to spend over £2,500 to put serious defects right which would have been uncovered in a condition report. For one in ten people it was over £10,000. By contrast, those that did get a proper survey were able to negotiate a reduction in the asking price of the property that averaged £2,000.

There are different types of survey offered by a people with a range of professional qualifications. These are briefly summarised here.

**A Building Survey or Structural Survey** may be offered by a Building Surveyor, a Structural Engineer or a Building Engineer etc. A structural or building survey is a very detailed inspection and investigates and reports in depth on condition and future maintenance. Such a report is ideal for an older property, a property which has an evident history of alteration or a property which obviously needs substantial refurbishment.



**A Home Condition Survey (HCS)** is a survey and report with standard terms of engagement, which means that it is undertaken in a consistent way, and presented in a standard format. An HCS is only carried out by a surveyor who holds the Diploma in Home Inspection and is a member of an accreditation scheme operated either by SAVA or the BRE. Surveyors with the Dip HI can provide domestic Energy Performance Certificates (EPC). The surveyor will undertake a comprehensive inspection of the property you hope to buy and will provide a plain English, jargon-free report which uses a numerical condition rating to summarise the condition of the various building elements. The HCS will

- Cover any major problems with the home
- Cover any hidden areas of possible concern that need further investigation (surveyors acting for buyers do have a difficult job in that the property they are inspecting does not belong to their client)
- Help you plan for future expenditure
- Provide a summary of any structural movement, damp, rot and woodworm
- Cover the heating, drainage and electrical services
- Deal with any alterations
- Highlight any matters which your conveyancer or solicitor should check

## Specialist surveys

If you already have some idea of what is wrong with the property you can also commission a specialist survey which looks in detail at one specific issue.

Examples of specialist surveys include;-

- Specific defect reports
- Drainage inspections (using underground CCTV cameras)
- Tree surveys
- Asbestos surveys

Sometimes a condition survey recommends a specialist survey be undertaken prior to exchange of contracts.

## Choosing a surveyor

If you decide to instruct a surveyor then you need to make sure that they are competent. Many people assume that only a Chartered Surveyor can provide a condition report for them, but this is not the case, and indeed not all Chartered Surveyors are able to provide this service. People with the following qualifications may be able to help:-



- ARICS, MRICS or FRICS (members of the Royal Institution of Chartered Surveyors but not necessarily home condition surveyors e.g they could be a Quantity Surveyor) Drainage inspections (using underground CCTV cameras)
- MCIQB, ICIQB (members of Chartered Institute of Building but again they may not necessarily be home condition surveyors)
- DipHI (may be also RICS, CIOB, ABE etc. They will all be qualified to provide condition surveys. This is what the DipHI qualification denotes)

The key questions to ask any surveyor you may instruct are:-

- Do they carry out surveys on domestic properties?
- Do they carry public liability insurance?
- Do they carry professional indemnity insurance?
- Do they belong to an accreditation scheme or are they regulated in any way?
- Do they have a complaints process?
- Are they required to maintain their professional competence?

In addition, if the house you propose to buy has a specific feature, such as a thatch roof, then you should tell them this and check that they have experience with this type of construction.

## Buying a brand new home

If you are buying a newly-built or newly converted home you will need warranty cover to help you secure a mortgage. One of the best known examples is 'Buildmark', the name of NHBC's 10-year warranty and insurance cover for newly-built or newly-converted residential homes.

Mortgage lenders prefer to lend on homes that have this type of cover because it gives them confidence that the home has been built to specified standards of construction.

Cover does vary slightly but as a general rule these warranties provide cover against specified risks which could be very expensive to put right. However, they are not a complete guarantee against all defects.



Buildmark, for instance, does not provide cover for general wear and tear, condensation, normal shrinkage, damage arising from failure to maintain the property, or minor faults which first appear after the second year.

The cover usually runs for 10 years. If a home is sold while Buildmark is still in force, the benefit of the balance of the cover automatically transfers to the new owners.

## Book a Home Condition Survey



The aim of the HCS is to make the home survey process quicker, easier and more cost effective for homebuyers-something that is now more important than ever.

If you would like to order a Home Condition Survey or find out more, please contact the SAVA Business Exchange

Tel: 01908 442188  
Email: info@savabx.co.uk

## Useful websites

<http://www.nhbc.co.uk/Homeowners/>

<http://www.energy-saving-trust.org.uk/>

<http://www.nesltd.co.uk/find-an-assessor>

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