

# Terms and Conditions

## Valuation of Residential and Commercial Properties

The valuation will be undertaken in accordance with the RICS Appraisal and Valuation Standards.

The Valuation Report will be prepared and presented by a duly authorised Valuer acting for and on behalf of Your Local Surveyor Ltd Independent Surveyors.

- 1. The purpose of the Valuation Report is as agreed in writing between the parties.
- 2. The subject property is as set out on the booking form or agreed in writing. The interest outlined will be valued and includes fixtures and fittings normally associated with the type of property but excludes personal effects and chattels.
- 3. The value advised by the Valuer will be the Market Value as defined and set out in the Notes for Guidance to Clients. Where applicable, a Market Rent valuation will be provided.
- 4. Subject to paragraphs 6 and 7 below, the Valuer shall carry out such inspections and investigations as are, in the Valuer's professional judgement, appropriate and possible in the particular circumstances.
- 5. The Valuer shall rely upon information provided by the Client and/or Client's legal or other professional advisers relating to tenure, tenancies and other relevant matters.
- 6. The Valuer will have regard to the apparent state of repair and condition of the property but will not carry out a building survey nor inspect those parts of the property which are covered, unexposed or inaccessible. Such parts will be assumed to be in good repair and condition. The Valuer will not be under a duty to arrange for the testing of electrical, heating or other services.
- 7. In reporting the Valuer will make the following assumptions, which he/she will be under no duty to verify:
  - a. that no harmful or hazardous material has been used in the construction of the property or has since been incorporated, and that there is no contamination in or from the ground, and it is not land-filled ground;
  - b. that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings;
  - c. that the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries or by any statutory notice, and that neither the property, nor its condition, nor its use, nor its intended use, is or will be unlawful;
  - d. that inspection of those parts which have not been inspected would neither reveal material defects nor cause the Valuer to alter the valuation materially;
  - e. that no radon gas is present at the property;
  - f. no allowance will be made for any liability as to taxation and associated costs of acquisition or realisation;
  - g. that the property has all necessary statutory consents (planning, building regulation etc.) for the confirmed or assumed use;
  - h. compliance with all relevant codes of practice, by-laws, statutes and the like;
  - i. full disclosure by the client or instructing party of all material considerations which would affect value.
- 8. The Report will be provided for the stated purpose(s) and for the sole use of the named Client. It will be confidential to the Client and the Client's professional advisers. The Valuer accepts responsibility to the Client alone that the Report will be prepared

with the skill, care and diligence reasonably to be expected of a competent Valuer but accepts no responsibility whatsoever to any parties other than the Client. Any such parties rely upon the Report at their own risk. Neither the whole nor any part of the Report nor any reference to it may be included in any published document, circular or statement nor published in any way without the Valuer's written approval of the form and context in which it may appear.

- 9. The parties to this agreement do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it.
  - 10. Your Local Surveyor Ltd has a procedure for dealing with customer complaints and a copy of this is available on request.
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- 11. The Client will pay and submit the agreed fee and the cost of all reasonable out-of-pocket expenses (if so agreed) together with the amount of any Value Added Tax on the fee and the expenses. Valuation reports will not be released prior to receipt of cleared funds from the client.

## NOTES FOR GUIDANCE TO CLIENTS

### What are valuations and appraisals?

A valuation is an opinion of the capital or rental value of a property on a defined basis. It is founded upon relevant facts and defined assumptions. An appraisal provides opinion, advice and/or analysis relating to the suitability or profitability of a property for the Client's purpose, in addition to a valuation.

### Defining the service to provided

In order to ensure that Clients get valuations or appraisals which meet their needs, it is essential that the Valuer knows the purpose for which the service is required. This enables the most appropriate valuation basis to be adopted and the report to cover the matters which are important to the Client. For this reason, and to ensure that the Valuer has the appropriate knowledge, skills and understanding, Valuers are required to seek to establish the purpose of the particular valuation or appraisal. They are obliged also to disclose any conflict of interest of which they are aware and to agree or confirm their instructions in writing before issuing their valuations reports.

Usually the report is confidential to the Client and the Valuer's consent will be required before any part of the report can be published or referred to publicly, and the Valuer's liability does not extend to third parties. It would be misleading if a valuation were relied upon by a person who knows neither the basis on which, nor the purpose for which a valuation has been prepared. For instance, a valuation for a market purpose must never be confused with an assessment for insurance purposes. The latter is usually an estimate largely of the cost of rebuilding, the former a reflection of property transaction prices.

### Art or Science?

It should be borne in mind that valuation remains an "Art" despite the proliferation of modern tools and the availability of source data. Ultimately the Valuer must try to assess the value on a semi theoretical basis and there are many factors that will influence that view. It is the Valuer's opinion supported by comparable evidence that will determine the final figure.

For any given property, there will inevitably be a range of possible values and it is down to the skill of the Valuer to determine where a particular property sits within that range.

### Valuation or Survey

It is important to appreciate that a valuation is not a building survey. The Valuer will have regard to apparent defects and wants of repair and will take into account the use and nature of the property. The Valuer will not, however, carry out a detailed search for defects which is undertaken as part of a building survey, nor necessarily report the defects observed. Certain defects can only be discovered by detailed investigation. When only valuing a house, the Valuer will not normally enter the roof space, under-floor space, move furniture or lift carpets. So, the most common indications of dry rot and woodworm in concealed places cannot be seen. Nor will the possibility of ground contamination have been investigated.

Similarly, it is extremely difficult to check whether potentially harmful or hazardous materials or techniques have been used in the construction of a building, or have been incorporated subsequently, without an investigation, possibly including chemical analysis, by a specialist surveyor or structural engineer.

It is not possible in the course of an inspection to determine whether radon gas is present, as it is colourless and odourless.

Unless additional arrangements have been made Clients should expect their Valuer's Conditions of Engagement and reports to include caveats which record that these matters have not been investigated and have been assumed not to be material to the valuation. If the Client requires not just a valuation but also some form of survey, many Valuers will be prepared to provide this and/or arrange specialist investigations if the Client so wishes. Of course, such additional work and responsibility involves a higher fee.

Except when buying a new property which has the benefit of an NHBC or Zurich Municipal Mutual Certificate or equivalent, the Institution considers that prospective purchasers should never rely purely on a valuation, for mortgage purposes or otherwise.

### Special instructions or departures

The Valuer will agree if appropriate any special instructions or departures from the RICS Appraisal and Valuation Standards and this will be confirmed by reference to the letter under item 7 above.

### The valuation bases

Unless it is specified by law or prescribed by a legal agreement, a valuation basis must be agreed between the Client and the Valuer to reflect the purposes of the valuation. The RICS Appraisal and Valuation Standards (the Red Book) defines a number of valuation bases which the Valuer must use in defined circumstances unless there are justifiable reasons for departing from them or for making additional assumptions. It is important that all parties are aware of, and understand, what these respective valuation bases provide. (The Red Book provides substantial commentaries on each.)

Market Value (MV) is defined as:

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Market Rent (MR) is defined as:

The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

About the valuation service

The service provided and the Valuer's report will depend upon what has been agreed is to be provided, the extent of the inspection possible or permitted, the information provided or obtained and the time allowed in which to produce the report.

Generally, the Valuer will, subject to the qualifications referred to above, inspect the property and make appropriate enquiries or investigations. When valuing leasehold property or freehold property subject to tenancies, the Valuer will generally rely upon the information provided by the Client or the Client's solicitors. Detailed information on such matters as planning, highways and title deeds etc is usually obtained by the Client's solicitors as part of their local search and replies to usual enquiries.

Sometimes an oral report by the Valuer is all that is requested, but it is preferable for a written report to be provided. The RICS has laid down minimum standards of valuation reporting with which it's Members and IRRV Members, are required to comply.