

CONSULTATION QUESTIONS

Section 1

Q1) Do you think the Home Report is meeting its original objectives?

Yes No

Q1a) If yes, please explain why

Comments

Q1b) If no, please explain why

Due to the inherent conflict of interest in a surveyor owing a duty of care to both buyer and seller, there has been a dumbing down of the content of the single survey. This means they rarely tell a buyer much that is meaningful about the condition of the property. To find out more on that the buyer must commission further surveys from either or both of a separate surveyor (rarely) or other specialist such as roofing or timber specialists. Such surveys add to the multiple surveys issues that the Home Report has created. The previous issue of multiple survey was a myth as the practice had developed of offers subject to survey. Nowadays, many home reports need refreshing resulting in a second Home Report, some lenders will not accept Home Reports and require their own valuation and as above further surveys to ascertain the condition are required. Home Reports have in the main created a multiple survey situation rather than addressed it. Home reports do not do much to address the "issue of artificially low asking prices" which was, as the credit crunch and resultant fall in the property market, really an issue of inflated prices being paid in a buoyant market place. Home reports will have the effect of restraining prices in a recovering market for a period which is a good thing in itself. This is because a valuation is published before offer rather than after and, as a result of, offer. This has a naturally restraining effect.

Q2) Are the original Home Report objectives still appropriate?

Yes No

Q2a) If yes, please explain why

Comments

Q2b) If no, please explain why

The residential property world is a fundamentally different place now from where it was pre credit crunch and before Home Reports. The issues of multiple surveys and low asking prices I address above. The issue of the condition of property is a perennial one and one homeowners continue to ignore. Invariably property defects will be negotiated as discounts from price and then never addressed unless and until they have to be. In the case of flatted buildings, the barrier to repairs is the weakness in the law failing to provide effective mechanisms for co-owners to compel recalcitrant neighbours to pay their share. Until that is addressed, it is futile to assume

that Home Reports, via the market, can drive improvements in the condition of the housing stock.

Q3) Should the Home Report play a more central role in promoting energy efficiency and property condition improvements among home owners?

Yes No

Q3a) If yes, please explain why

Comments

Q3b) If no, please explain why

Most of the cost of carrying out energy efficiency measures highlighted in an EPC is grossly outweighed by the costs of implementing such measures. As regards property condition, the major barrier in relation to common ownership buildings renders home reports meaningless in this context. The bland and general nature of surveyors' comments in most Home Reports renders them worthless as a document to assess the real condition of a building

Q4) Should a national register of Home Reports be established?

Yes No

Q4a) If yes, please explain why including who should have responsibility for development and maintenance

Comments

Q4b) If no, please explain why

It is not apparent what purpose this would serve and it would seem an unnecessary cost and bureaucracy

Section 2

Q5) Do you think the upfront cost of Home Reports is preventing potential sellers from putting their property onto the market?

Yes No

Q5a) If yes, please provide details.

Undoubtedly those lower down the property ladder will find these costs a barrier and whilst cost with increases with value of the property it does not do so proportionally. There must be a significant number of cases where properties have been repossessed as the Home report costs have contributed to the owner being unable to reach agreement with a lender over a voluntary sale

Q6) Are you aware of any schemes available (e.g. deferred payment) to help potential sellers to pay for home reports?

Yes No

Q6a) If yes, please provide details

Comments

Q7) Are there any issues with the majority of Home Reports being commissioned through selling agents?

Yes No

Q7a) If yes, please explain why

Comments

Q7b) If no, please explain why

Agents have systems in place which ensure that everything gets done for the Home Report at the right time. They also know the issues which might influence instructing a Home Report eg using a surveyor who is likely to be on lender's panels or advising clients that they should not use a valuer who has done a pre-Home Report valuation as this will disqualify it for lending purposes

Q8) Should other organisations be allowed to carry out the Single Survey (including valuation) and/or the Energy Report?

Yes No

Q8a) If yes, what other organisations and why

Comments

Q8b) If no, please explain why

That will then raise issues of the integrity or quality of those carrying them

out and will diminish the value of the report and lead to an increase in purchasers commissioning their own survey

Q9) In your experience is the requirement for a home report before marketing a property leading to delays in properties coming onto the market?

Yes No

Q9a) If yes, please outline the implications of this.

The most important issue will arise as market confidence increases again and purchasers wish to buy before they sell. Previously they could come to market very quickly in some cases now they will be delayed a week or so. Clients who are selling are always keen to get to market as soon as possible and feel pressure to do so. Those who have just bought a property even more so. Initially sellers may be reluctant to accept offers from those who have still to sell as the time until the buyer can sell their own property will seem even longer than it would otherwise be.

Q10) Are home reports a useful marketing tool for sellers?

Yes No

Q10a) If yes, please explain why

In the housing market slump Home Reports have played a positive role. Buyers have not been confident in the market place and the existence of a Home Report giving some indications of the sellers expectations and a general understanding of the condition of the property without buyers having to incur cost has helped keep property selling. The effects in a recovering market remain to be seen particularly in the context of the pressure lenders bring to bear on surveyors and how they expect them to value. It is doubtful English based lenders will understand the concept of paying over value for property and already they have certain expectations and guidance rules for how surveyors must value at refresh in relation to prices already agreed between parties

Q10b) If no, please explain why

Comments

Q11) Is the 12 week deadline for marketing a property after completion of a home report appropriate and reasonable?

Yes No

Q11a) If yes, please explain why

There has to be a time period and 3 months is as reasonable as any other. Certainly 6 months would seem too long

Q11b) If no, please explain why

Comments

Q12) Is the 28 day provision for removing a property from the market without requiring a new home report appropriate and reasonable?

Yes No

Q12a) If yes, please explain why

Again there is no obviously and intrinsically correct time period. 2 months might not appear unreasonable in certain circumstances. In the modern world it is easy to keep a property "live" but low key on a website anyway to stop the clock ticking

Q12b) If no, please explain why

Comments

Q13) Are there any issues with potential buyers accessing home reports?

Yes No

Q13a) If yes, please provide an overview and outline the implications of this

Uncommon but for those with no access to a computer, obtaining and being provided with a paper copy of a document generally running to 50 pages is inefficient and environmentally unfriendly.

In Edinburgh, it is common for non-solicitor estate agents not to have the Home Report finalised before marketing property despite what the law says! Often only a draft single survey is available and often again the client questionnaire follows only after much prompting

Q14) Is this the most appropriate way to enforce home report legislation?

Yes No

Q14a) If no, please explain why and how this could be improved

It is not apparent that the Home report legislation is enforced. If it is that is only in a reactive way. Trading standards seem to take no role in checking the law is being complied with unless anyone chooses to complain. This results in market unfairness with agents prepared to flout the law able to win instructions over law-abiding agents because they can bring property to market quicker

Q15) What are your views on mortgage lenders' acceptance of home report valuations?

The whole position is very unclear and fluid. In many cases it is impossible to find out quickly or clearly whether a lender will accept a transcript of a Home Report or not. This is never requested until the end of the underwriting process, some 3 or 4 weeks after an offer to buy has been agreed and a mortgage application submitted. This results in properties being subject to survey and not yet able to go under offer for weeks until a lender makes their position known. Partly this is an aspect of where lenders

are now at in the mortgage process. However pre Home report, the purchaser's survey would generally be accepted by the lender so the survey could be done early in the certainty of what issues it raised and whether the lender would accept it and solicitors could move things forward on the strength of that. As a consequence of the introduction of the Home Report lenders no longer allow the buyer to commission a report so everything has to go on hold until the lender is ready to decide on whether to accept the Home Report or instruct a further survey which, weeks on, may have material differences to the Home report survey report.

Q16) Are the re-dress options available to buyers reasonable and appropriate?

Yes No

Q16a) If no, please explain why and how these could be improved

The information provided by surveyors to meet the minimum requirements of the Home Report is such that the prospect of most buyers being able to establish a negligence claim are remote in the extreme unless the surveyor has been negligent in the extreme.

Redress against the seller is also well nigh impossible. There is no legal requirement for the seller to provide the information in the questionnaire nor to sign it. The seller can answer not known or such like. The questionnaire forms no part of the contract between the parties. Except in the rare occasion where the information provided is very precise and materially misleading there is unlikely to be any effective redress.

Q17) Do these exceptions need to be amended?

Yes No

Q17a) If yes, please explain what amendments are required and why

Consideration should be given to including newly converted and portfolio properties where it is intended that they be purchased by private buyers

Section 3

Q18) Does the single survey element of the home report provide an appropriate and useful level of information?

Yes No

Q18a) If no, please explain why and what information should be removed and/or added

The report is so generic and the basis on which surveyors are required to report in light of their dual duties of care to both parties is such that little meaningful information is contained in them. For some properties that is fine eg more modern properties and those which clearly require extensive upgrading but for those which are older the Home report provides little useful information as to its real condition without further survey

Q19) Should the repairs categories in the single survey be amended to make them consistent with the categories used in the Scottish House Conditions Survey?

Yes No

Q19a) If yes, please explain why

Comments

Q19b) If no, please explain why

Either set is arbitrary to the extent that they are open to interpretation which may differ between seller, surveyor, buyer and their advisors

Q20) Is the valuation element of the single survey a useful element of the home report? Yes No

Q20a) If yes, please explain why

It does act as some sort of benchmark or starting point

Q20b) If no, please explain why

Comments

Q21) Is the information provided in the energy report appropriate and useful?

Yes No

Q21a) If yes, please explain why

These are broadly ignored by buyers and agents. The cost savings reported for energy efficiency measures are generally greatly outweighed by the capital cost of implementing them with no realistic payback for the typical buyer.

Q21b) If no, please explain why

Comments

Q22) Is the information provided in the property questionnaire appropriate and useful? Yes No

Q22a) If yes, please explain why

Comments

Q22b) If no, please explain why

Usually, perhaps due to the format, it is sketchily filled in or sometimes not at all. If any of the issues are relevant they generally need to be explored in more depth anyway. For example solicitors will always ask about the existence of guarantees and will want to see the documentation so it is quite superfluous to ask the question on the questionnaire. Little attention is paid to them and in many cases some agents are not even having them completed. The law does not provide for the seller to answer the questions, only to have a questionnaire!

Q23) Should an additional question on land maintenance fees be added to the Property Questionnaire?

Yes No

Q23a) If yes, please explain why

Comments

Q23b) If no, please explain why

Unnecessary cost and effort given the comments above