

ACKNOWLEDGEMENT - SCHEME 1

J & E SHEPHERD are instructed by:

Purpose of Valuation: Mortgage (Scheme 1)

Fax:

Your Reference:

DX:

Our Reference:

Client/Applicant Details:

Property:

We hereby acknowledge receipt of instructions to value the residential property noted above on behalf of the named Client or Applicant on the following Terms and Conditions.

The following are J & E Shepherd's Standard Conditions of Engagement. They set out the terms on which we will undertake the required valuation, unless there are any expressly agreed variations confirmed in writing. The valuation report will be prepared and presented by a duly authorised Valuer acting for and on behalf of J & E Shepherd.

1. The purpose of the valuation report is outlined above.
2. The relevant vacant possession interest in the subject property indicated above will be valued, including fixtures and fittings normally associated with the type of property but excluding personal effects and movable items.
3. Unless otherwise specifically agreed the value advised by the Valuer will be Market Value as defined and set out in our Guidance Notes for Clients overleaf.
4. Subject to paragraphs 6 and 7 below, the Valuer shall carry out such inspections 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. If the Client proposes to purchase the property, a more detailed inspection and report in the form of a House/Flat Buyers' Report and Valuation (Scheme 2) or (if the property is very old, unusual or very large) a Building Survey must be instructed prior to making a legal commitment to purchase the property - please refer to the information overleaf for further advice on the extent and scope of the various types of inspection and report. In all cases, where we detect timber defects including woodworm, dry rot or wet rot in any part of the property we recommend that a full timber specialist report and estimate be obtained by a prospective purchaser covering the whole property involved, before any Contract to Purchase is concluded.
7. In reporting the Valuer will meet the relevant requirements of the Royal Institution of Chartered Surveyors Valuation Standards, and will make the following assumptions, which he/she will be under no duty to verify: (a) that no deleterious or hazardous materials or techniques have been used in the construction or has since been incorporated and that there is no contamination in or from the ground, and it is not landfilled ground; (b) that all required, valid planning permissions and statutory approvals for the buildings and for their use, including any extensions or alterations, have been obtained and complied with; (c) that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing, and that outgoing are fair and reasonable and that good Title can be shown; (d) that the property and its value are unaffected by any matters which would be revealed by a Legal 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; (e) that inspection of those parts which have not been inspected would neither reveal material defects nor cause us to alter the valuation materially (f) that the property is connected to and there is the right to use the reported main services on normal terms; (g) that sewers, main services and the roads giving access to the property have been adopted; (h) that where the proposed security is part of a building comprising flats or maisonettes: the costs of repairs and maintenance to the building and grounds are shared equitably between the flats and maisonettes and that there are no onerous liabilities outstanding.
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. Where credit terms have been granted the Client will pay to J & E Shepherd the fee indicated above, or that fee based on J & E Shepherd's scale of fees. In addition, the Client will reimburse J & E Shepherd the cost of all reasonable out-of-pocket expenses which may be incurred (if so agreed). Our account is to be settled within 14 days of the invoice date. All major Credit/Debit Cards are accepted by us. Note that where the fee is issued directly to a Private Client (Applicant), the written report shall be withheld until payment is received. All main payment methods are acceptable. To comply with the regulations of The Royal Institution of Chartered Surveyors, this firm has a written complaints procedure.

CONDITIONS OF ENGAGEMENT AND GUIDANCE NOTES FOR CLIENTS - SCHEME 1 MORTGAGE VALUATION

In undertaking a Mortgage Valuation our Conditions of Engagement, based on the Royal Institution of Chartered Surveyors Valuation Standards, are as follows:-

1. We will carry out for our scale fee an inspection of the proposed security and report on its valuation for mortgage purposes on behalf of Building Societies, Banks and other Lenders, subject to any variations specified by the Lender in the issue of instructions.
2. The purpose of the report and valuation for mortgage is to enable the Lending Institutions to assess the security offered by the property for the proposed loan and, where applicable, to enable the Directors to fulfil the requirements of Section 13 of the Building Societies Act 1986.
3. The report and valuation will be presented on the Lender's prescribed form or other type of form as may be agreed.
4. Before we proceed, the Lender will take all reasonable steps to inform the Borrower as to the limitations of the inspection report and valuation, and will suggest that the Borrower commissions a more detailed inspection and Report before entering into a legal commitment.
5. All disputes arising out of this agreement shall be finally settled under Scottish Law and the parties irrevocably submit to the jurisdiction of the Scottish Courts.

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To illustrate our interpretation of the Guidance Notes we indicate hereunder what we do and what we do not do at the time of inspection.

PURPOSE: TO ESTABLISH A VALUE OF THE HOUSE OR FLAT FOR MORTGAGE PURPOSES

WHAT WE DO:

Inspect the exterior of the house from ground level only. Comment on major defects visible and apparent at the time.
Make an interior inspection, room by room and measure the overall area of the house. Inspect readily accessible parts of the walls, floors, ceilings and, roof spaces, to the extent visible from the access hatch only.
Roofs, chimneyheads etc. will be reported on, only in so far as clearly visible from ground level.

WHAT WE DO NOT DO:

Go up onto the roof or use a ladder, to examine roof coverings closely.
Test or report on all minor repairs, soft window-sills, loose mastic pointing, leaking gutters, loose or missing slates etc., normally occurring in older type property.
Floor coverings and heavy furniture will NOT be moved to gain access, and no underfloor inspection will be made.
Other items not tested include: boundary walls, fences, drains, electrical, gas, heating and water services, which are therefore assumed to be in satisfactory condition.
In the case of Tenemental or Flatted property no attempt will be made to gain access to communal roof spaces or other mutual parts within the common block. So for valuation purposes these parts will be assumed to be in good condition.
Where defects are listed the cost of which cannot be quantified without further investigation, we will value the property as though the defects did not exist and reserve the right to revise our valuation in light of detailed estimates as and when they become available. A prospective purchaser is advised therefore to seek accurate estimates and costings from appropriate Contractors or Specialists, before proceeding with the purchase.
It is emphasised that our Report is confined to answering questions raised by the Lender and may not cover all aspects of the property which may be of concern to prospective house purchasers. From their point of view an Scheme 2 or Scheme 3 Survey Survey should be instructed.

SCHEME 2 - HOUSE BUYER'S REPORT & VALUATION - PRIVATE REPORT

Our Conditions of Engagement for a Scheme 2 - House Buyer's Report & Valuation or a Private Clients Report are as follows:-

1. We will advise you of our opinion of the state of repair, the condition and the value of, the property specified.
2. Unless otherwise specifically agreed, we will advise you whether or not the price offered for the property reflects the current market value with vacant possession, taking into account its repair and condition and market conditions generally.
3. Save as hereinafter provided, we will carry out such work as is reasonable in our professional judgement, bearing in mind the limitations of the inspection.
4. We will inspect as much of the surface areas as is practicable and will lift trap doors where accessible, but we will be under no obligation to raise fixed floorboards or to inspect those areas of the property that are covered, unexposed or not readily accessible. We will carry out a sub floor inspection where access is readily available and there is a minimum clearance for inspection of 1 metre in height. Inspection will therefore exclude both the roof space, if there is no reasonably accessible roof hatch and the outer surfaces of the roof if they cannot be readily seen. Similarly, inaccessible flat roofs over 3 metres (10ft) above ground level will not be inspected.
5. We will not be responsible for arranging the testing of services, unless specifically instructed to do so. Specialist tests can be arranged at an additional fee.
6. Except where the contrary is stated, parts of the structure and of the woodwork which are covered, unexposed or inaccessible will not be inspected, and will be assumed to be sound and in good repair. In cases, where we detect timber defects including Woodworm, Dry Rot or Wet Rot in any part of the house we recommend that a full timber specialist's report and estimate be obtained by a prospective purchaser, covering the whole property involved before any Contract to purchase is concluded.
7. The Report will not purport to express an opinion about or to advise upon the condition of uninspected parts and should not be taken as making any implied representations or statement about such parts, nor will it list minor defects which do not materially affect the value of the property. Any such defects that may be referred to should not imply that the property is free from other such defects.

8. The Report is provided for the sole use of the named Client and is confidential to that Client and his professional advisers. We accept responsibility to you alone for your stated purposes and the report will be prepared with the skill, care and diligence reasonably to be expected of a competent Chartered Surveyor but we accept no responsibility whatsoever to any person other than you the Client. Any other person relies upon the Report at his own risk.

9. Unless otherwise expressly stated, in making the Report, the following assumptions will be made:

- (A) No formal environmental assessment or investigation of the site has been undertaken and the property is to be valued on the assumption that there is no land contamination.
 - (B) that no deleterious or hazardous materials or techniques have been used and that it is impracticable to comment on the state of any wall ties;
 - (C) that the house/flat is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown;
 - (D) that the house/flat and its value are unaffected by any matters which would be revealed by a Search and replies to the Usual Enquiries, or by a Statutory Notice, and that neither the property, nor its condition, nor its use, nor its intended use, is or will be unlawful;
 - (E) that inspection of those parts which have not been inspected would neither reveal material defects nor cause us to alter the valuation materially.
 - (F) that the common parts of blocks of flats are covered by The Asbestos at Work Regulations 2002 and your legal adviser should confirm with the Duty Holder the availability of an Asbestos Register and the existence of any asbestos containing material.
 - (G) that if it is the intention to let out the property further advice should be obtained prior to purchase regarding the Repairing Standards introduced by the Housing (Scotland) Act 2006 and if applicable, the terms of the Civic Government (Scotland) Act 1982 (Licensing of Houses in Multiple Occupancy) Order 2000.
 - (H) that we cannot be held liable for damage caused to properties affected by flash flooding, flooding caused by blocked/poorly maintained ditches/drains, ineffective flood/coastal defences or abnormal weather conditions. Further information is available on the SEPA website.
10. You will pay us the agreed fee for this Report and Valuation, and any expressly agreed disbursements.

It will be seen the purpose of this type of Valuation, Inspection and Report is to establish the general condition and value of the house/flat.

Our Report will be on our own pro-forma and will be completed in accordance with marginal notes printed therein and should be read in light of them. But, it must be emphasised that inaccessible parts of the building will NOT be inspected. Only a full Building or Structural Survey, formally arranged with the Vendor can be expected to address matters which can only be seen by cutting hatches in floors or ceilings, removing fittings, disturbing decoration etc.

WHAT WE DO FOR A SCHEME 2 REPORT

As for a Scheme 1, and inspect under floors when access is available with a minimum clearance of 1 metre.

Inspect roof coverings where visible from attic windows or skylights or readily opened hatches.

Comment on (but not test); drains, electric, gas, heating and water services.

Comment on essential repairs required, which are visible at time of inspection.

WHAT WE DO NOT DO:

Move fitted carpets or heavy furniture. Climb out onto sloping roofs or open locked hatches. Inspect or report on snow or frost covered roofs. Test drains, electrical, gas, heating or water services.

Where defects are listed the cost of which cannot be quantified without further investigation, we will value the property as though the defects did not exist and reserve the right to revise our valuation in light of detailed estimates as and when they become available. A prospective purchaser is advised therefore to seek accurate estimates and costing from appropriate Contractors or Specialists, before proceeding with the purchase.

SCHEME 3 - FULL STRUCTURAL OR BUILDING SURVEY

The purpose of a Report of this type is to establish the full physical condition and where required the value of the property. It will be carried out on express instructions of a proposed purchaser and by agreement with the vendor. Detailed access to the property will require to be arranged and the assistance of certain tradesmen may be required, (such as a plumber, slater or electrician). The employment of tradesmen or other assistants will be incorporated in our charges. (Including making good any damage to the vendor's property).

A full written report arising from this inspection will be made to the Client.

WHAT WE DO:

All as for Scheme 2 above and:-

Inspect all visible parts of the fabric of the house, inside and out.

At the Client's expense call in roof and drainage contractors, electricians, and other specialists where we have cause to be suspicious (all as far as possible and subject to consent of the owner). Comment on aspects which require further investigation by Timber Specialists, Building Contractors or Structural Engineers.

WHAT WE DO NOT DO:

Cut hatches into roof spaces or underfloors where none exist or make holes in ceilings or walls to inspect hidden parts of the structure, unless special arrangements have been made in advance by the Client with the property owner.

Please note that such a survey normally requires 7 to 10 days notice and is subject to a fee by arrangement.

DEFINITION - MARKET VALUE

The valuation of the property is prepared in accordance with the mandatory requirements of the Royal Institution of Chartered Surveyors Valuation Standards on the basis of Market Value.

Market Value 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.