

28 December 2012

For the attention of:

Your Ref:

Dear Sirs

**Property:**

1. Instructions.

1.1 I received instructions dated 18 December 2012 from .....to prepare an advisory report for ..... comprising a retrospective valuation of the above property as at 3 November 2006. I have been instructed to state my opinion as to the true market value a reasonably competent valuer would have attributed to the subject property at the time of the original valuation (November 2006). I have also been asked to provide an acceptable range of values within which a competent surveyor would have justifiably valued the property.

1.2 I have also been instructed to provide my opinion in respect of:

i. My opinion as to whether the comparables originally relied upon by .... (the original valuer), were suitable comparables that support his valuation of £295,000.

ii What effect, if any, the advised offers of £297,000 and £295,000 have on a reasonably competent surveyor when assessing the valuation of the property. I assume the offer of £295,000 was made by the applicant who subsequently purchased the property and completed the purchase at that price in December 2006.

iii. Whether the RICS definition of open market value would have influenced the impact a reasonably competent surveyor would have placed on these offers. *“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."*

iv. The market conditions and sales activity in the area in/around November 2006 and turnover of properties at the time.

v. The effect, if any, of the asking price or any previous sale prices of the subject property and how, if at all, this has been incorporated into my valuation.

vi. Comments on the tick box format instructed by ..... and the restrictions on the surveyor to provide any additional comments which may have assisted a lender in assessing the valuation provided.

## 2. Qualifications and experience.

2.1 My name is Paul David Raine. I hold a BSc degree in Land Management (1980) from Reading University and I am a Fellow of the Royal Institution of Chartered Surveyors (1989). I am a Director of Paul Raine and Associates Limited Chartered Surveyors 3 Trinity Court Stoke Road Bromsgrove Worcestershire B60 3EQ. My professional work predominately comprises providing residential mortgage valuation reports and private residential building survey/valuation reports in the West Midlands. I have carried out a substantial number of mortgage valuations and survey reports in ..... and surrounding areas since 1990. In addition, I have provided Expert Valuation Reports and given evidence in Court. I am fully conversant with the Civil Procedure Rules and have undertaken specialist training as an Expert.

## 3. Methodology.

3.1 I have inspected the subject property and the immediate locality and reviewed the documents provided at [4] below. I have taken site notes of the subject property during my inspection and then obtained details of comparable properties that were sold shortly prior to the date of the original valuation from my own database and other sources available to me.

3.2 Using the Comparable Method of valuation I have formed an opinion of the *Market Value* (defined at 3.3) of the subject property at the relevant valuation date and also formed an opinion as to an acceptable range of values within which a competent surveyor would have justifiably valued the property.

3.3 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.”*

3.4 In assessing my valuations, I have followed the Appraisal and Valuation Manual / Practice Statements and Guidance Notes of the Royal Institution of Chartered Surveyors (commonly referred to as The Red Book) that were in force at the time of the original valuation.

#### 4. Provision of Documents.

4.1 I have been provided with the following documents:

- a. Copy of the original valuation report dated 3 November 2006.
- b. Copy of the original valuer’s site notes.
- c. Print out of Land Registry property prices and a schedule of comparables, both documents I assume comprise part of the original valuation file.

#### 5. Inspection.

5.1 I inspected the property on Monday 24 December 2012. My inspection was limited to an external appraisal. The front elevation of the property is visible without obstruction.

#### 6. The Property.

6.1 Location: The property is located on a large modern private housing estate built 2003/4 approximately 1 mile due south of ..... town centre and

providing relatively easy access to local services, motorway/rail connections and centres of employment in Birmingham and the West Midlands. The neighbouring properties are typically 3 and 4 bedroom detached houses of varying styles and the street-scene is typical of a modern planned development. The M6 motorway is in close proximity and there is some background traffic noise but generally there are no adverse locational factors and the properties have shown good levels of demand since they were newly built subject to realistic market pricing.

6.2 Description: The property comprises a 2 storey detached house built in brick elevations and set under a pitched tiled roof, set on a regular sized garden plot and the accommodation more particularly comprises:

2 reception rooms

4 bedrooms

3 bathrooms

1 kitchen

Guest cloakroom with WC

Utility room

Integral single garage

Driveway parking

Front/rear gardens

A floor plan of the property is attached at **appendix A**. The property was built by George Wimpy and the house type was known as “The Henley”. The garage has now been converted into living accommodation; however by reference to archived marketing details from 2006 and the original valuation report this alteration has been carried out post December 2006.

The original mortgage valuation report dated 3 November 2006 advised the property had a gross external floor area of 154 square metres.

6.3 Services: I understand all mains services are connected and the property has gas central heating.

## 7. Tenure.

7.1 The original mortgage valuation report advises the property is freehold.

## 8. Valuation Assumptions.

### 8.1 Condition

I have assumed that the property was in good condition for its type and age. This assumption is based on reading the original mortgage valuation report. I have also been provided with a schedule of extras fitted by the builder at the time of first purchase in 2003 that has been costed at £15,937. A copy of this is attached at **appendix B**. In my opinion these “extras” have no significant impact on market value but are noteworthy as an indicator of the overall standard of the property. I am not aware of any significant structural defects that would impact on the Market Value or saleability of this property.

### 8.2 Legal

I have assumed there are no adverse legal matters that would affect the market value or saleability of this property and that any consents required in respect of planning permission or building regulation approval for any alterations and/or extensions can be provided.

### 8.3 Environmental

I have assumed there are no adverse environmental factors that would impact on the Market Value or saleability of this property. I have not been supplied with a full environmental search report.

## 9. Valuation Comparables

In arriving at my opinion of value, I have considered the following comparable sales:

Property Address	
Sale price	£235,000
Completion date	2 August 2006
Source	Rightmove
Distance	Within 500 metres
Comparison	A modern 4 bedroom detached house with the integral garage converted to living space. This is a smaller property than the subject and it appears the lounge + dining room have been reconfigured to incorporate the integral garage thereby enlarging these rooms but removing the valuable integral garage. In my opinion these alterations were a matter of personal choice and did not alter the value of the property. The property has 1 house bathroom and a separate en-suite, the subject property has a house bathroom and 2 en-suites.

Property Address	
Sale price	£233,500
Completion date	5 October 2006
Source	Rightmove
Distance	Within 500 metres
Comparison	A smaller 4 bedroom detached house with a through living room and integral garage plus conservatory

	extension. The property is located on the same estate in a similar position to the subject. This comparable is less valuable than the subject property and the sale completed close to the valuation date, therefore provides good comparable evidence for the valuation of the subject property.
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Property Address	
Sale price	£240,000
Completion date	May 2006
Source	Rightmove
Distance	Within 500 metres
Comparison	A smaller 4 bedroom detached house with a separate lounge and dining room and an integral garage. The property is located on the same estate in a slightly better position being further away from the M6 but in my opinion this has no significant impact on market value. This comparable is less valuable than the subject property and the sale completed within six months of the valuation date, therefore provides good comparable evidence for the valuation of the subject property.

Property Address	
Sale price	£260,000
Completion date	22 August 2006
Source	Rightmove
Distance	Within 200 metres
Comparison	A similar style four-bedroom detached house but having the benefit of a larger corner plot and (according to archived sales particulars on right ove professional) a full width rear single-storey extension and refitted kitchen. My opinion, this is a more valuable properly than the subject, albeit there is evidence of increasing market values on this particular estate during the three-month period between August 2006 (the date of sale of this property) and the valuation date of the subject property in November 2006.

## 10.0 General marketing conditions at the valuation date

10.1 Good levels of demand for this type of property - prices rising.

## 11.0 Valuation, Reasoning and Justification.

11.1 In my professional opinion the value a reasonably competent surveyor would have attributed to the property at the time of the original valuation **(November 2006) is £250,000 (Two hundred and fifty thousand pounds).**

11.2 In my opinion, an acceptable range of values within which a competent surveyor would have justifiably valued the property is between **£237,500 (Two hundred and thirty seven thousand five hundred pounds)** and **£262,500 (Two hundred and sixty two thousand five hundred pounds).** This equates to a margin of +/- 5% than in my opinion is appropriate given



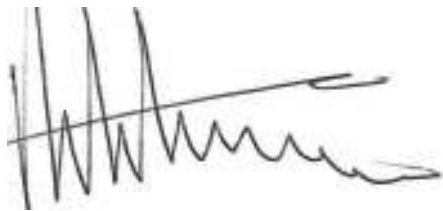
the availability of reliable comparable evidence of similar properties on the estate that sold within six months of the valuation date.

- 11.3 The original valuer cited the sale of ..... that was marketed at £269,950 between October 2005 and February 2006 (source: Rightmove). It subsequently sold in March 2007 at £249,950. The sale post-dated the valuation date and therefore is not relevant evidence. The asking price of £269,950 approximately 9 months before the valuation date in a rising market is relevant and broadly supportive of my retrospective valuation opinion. The original valuer also cited .....that was listed for sale by Dixons Estate Agents at £254,950 on 21 July 2006 but according to Rightmove archives was only on the market for 14 days and was not sold at that time, therefore it does not inform my opinion of market value in November 2006 for the subject.
- 11.4 In my opinion it would have been reasonable for the original valuer to take account of advice received (presumably from the selling agent) that an offer of £260,000 and another offer of £255,000 had been made on the subject property during the period of marketing and appropriate to take this into account in formulating an opinion of value of the subject property in November 2006.
- 11.5 The valuation was carried out at a time when the market was strong and prices were continuing to rise based on high levels of demand and readily available mortgage finance.
- 11.6 I have been asked to provide an opinion on the tick box format of the valuation report instructed by ..... and in particular if that imposes any restrictions on the surveyor to provide any additional comments that may have assisted the lender in assessing the valuation provided. In this particular case, I see no matters of substance that could not be reported within the ..... valuation report format for this property and the issue is limited to one of valuation and not a lack of relevant supplementary advice.

Declaration and Statement of Truth

I, Paul D Raine, DECLARE THAT:

1. I understand my duty to the court and I have complied with that duty; and
2. I am aware of the requirements of Part 35, the Practice Direction and the Protocol for instruction of experts to give evidence in civil claims; and
3. I confirm that I have made clear which facts and matters referred to in this report are within my knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

A handwritten signature in black ink, appearing to read 'PD Raine', with a horizontal line drawn across the middle of the signature.

**PD RAINE BSc FRICS**