

ONLY FOR USE BY MORTGAGE INTERMEDIARIES

Automated Valuations (AVM) and Desktop Valuations FAQ's

We have listened to your feedback that you wanted more clarity on our use of AVM's and Desktop's and listed below are some frequently asked questions

What is an AVM and when will you use them?

AVM's are an automated data driven valuation. We will look to utilise this approach on Re-Mortgage cases below 60% LTV and less than £500,000 lend on properties less than £1m in value

If we are unable to get a positive output from an AVM we will then pass the application to attempt a Desktop Valuation.

When will you attempt a Desktop Valuation and what exclusions do we have?

We have worked closely with our valuation partners to build new tools to enable valuation assessments without the ability to instruct physical valuations due to coronavirus restrictions.

We are able to attempt a Desktop Valuation up to 95% LTV across most applications but there are some specific areas where we do not at present have a Desktop Solution. These are:-

- New Build applications and including any property built, first occupied in its current state or significantly modernised, refurbished or altered within the last 2 years.
- Flats.
- Buy to Let.
- Leasehold Houses.
- Properties over £3m.
- Unencumbered properties

What is involved in a Desktop Valuation?

A Desktop Valuation is more than just an automated decision. A Desktop Valuation is carried out by a RICS Qualified Surveyor from the information they have available to them from their desks. Whilst there are many sources that a valuer can use to carry out a desk top, in some instances there is simply not enough data for them to be able to conclude whether the property is suitable security for a Mortgage. In this situation the only resolution will be for a Physical Valuation to take place once coronavirus restrictions are lifted.

Why could a Desktop Valuation be unsuccessful?

There are a number of contributing factors which may mean that the desktop valuation will not be successful. Valuers will also need to consider the Lenders own risk appetite guidance. These factors could be (but are not limited to) things like:-

- Flood risk areas.
- Unusual property types (such as Mundic Bloc).
- In area with high commercial usage.
- Previous adverse valuations.
- An area that is known for Subsidence.
- An area where there are issues with sea defences.
- Properties that have been extended but there are no recent photographic evidence of the work being completed.
- Shorter than normal leases.

What sources of information can Valuers use in assessing Desktop Valuations?

A Valuer will use a number of systems and resources available to them to determine if the above could be an issue. However they are reliant on these systems to give them assurances and if those assurances are not given or clear the only acceptable solution is a Physical valuation.

Again some of the systems that the valuers can use to assist them with a decision are (but not limited to) below:-

- Comparable Sales Data
- Land Registry
- Royal Mail Postcodes - for miss matched post codes
- JBA Data – flood data
- Insurers
- Google Street View & Maps
- Right Move Plus

Can you send me a copy of the Desktop Valuation?

No. A desktop valuation is for the Bank's purposes only to enable us to confirm that the property is acceptable security for the mortgage

What is the process if the desktop valuation is lower than the property value?

We would use the figure provided by the desktop valuation and there is no process to appeal this.

A re-mortgage desktop can be upgraded to a physical valuation (when they resume) but only if the customer advises that they have had an extension or significant internal improvements. Examples of

significant internal improvements would be anything that adds square footage to the property. (For example a loft or garage conversion.)

FAQs

Can a customer have a standard valuation when restrictions are lifted if they are unhappy with a desktop?

No. A purchase desktop cannot be upgraded. The desktop valuation is for our use only to make sure the property meets our lending criteria.

A re-mortgage desktop can be upgraded but only if the customer claims they have had an extension or significant internal improvements. Examples of significant internal improvements would be anything that adds square footage to the property. For example a loft or garage conversion

Does an AVM or Desktop valuation provide a re-instatement value for insurance purposes?

No. There are a number of online tools you can use to obtain this figure.

If we were unable to obtain a desktop valuation figure the next steps are

We will keep the case on hold pending the return of physical valuations.

Alternatively if you wish to cancel the case please advise us by emailing us at:

NatWestbrokerlapsedcases@rbs.co.uk