

HIPs: Lenders becoming positive.

The Association of Home Information Pack Providers (AHIPP) certainly think so. They argue that mortgage lenders should be looking at opportunities to combine Home Condition Reports (HCRs) and Automated Valuation Models (AVMs) to deliver faster services for the consumer.

For too long, consumers have been faced with numerous delays when purchasing a new property, often having to wait for surveys and valuations before mortgage offers can be issued and conditions met, say AHIPP.

HCRs that form part of the HIP - mandatory on 1st June 2007 - and AVMs (desktop valuations) stand to dramatically reduce the time taken for mortgage offers to be made - making it possible for lenders to pre-score buyer's credit risks and process offers much more quickly.

A mortgage offer can currently take fourteen days or more to process, using an AVM could bring this down to fourteen minutes or less as decisions could be made in real time.

Paul Broadhead, Deputy Director General of the Association of Home Information Pack Providers (AHIPP) said: "The combining of HCRs and AVMs pose a fantastic opportunity for mortgage lenders to vastly improve the lending process. Those ready to work with pack providers will be at a distinct advantage.

"While current HIP legislation doesn't explicitly demand lenders take any action, there are implications that they will need to change, particularly in terms of their attitude towards property valuation and surveys.

"Lenders are currently stating that following the introduction of HIPs they will still require buyers to pay for a separate survey. However, I am confident that this will change, if HCRs can be fed into AVMs they will address all of the elements currently satisfied by an on-site valuation, enabling lenders to make an offer instantaneously.

"It is encouraging to hear that some lenders such as Nationwide are predicting that 60% of their valuations will be done using AVMs by this time next year – resulting in a much faster, more cost effective and stress-free experience for the consumer."