

Your Ref:

Our Ref: CPS/spb

30 May 2006

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Dear Dr Stoate

My colleague Harry Hill has passed me a copy of your letter to him dated 17th May 2006.

The subject matter that you raise provides no easy solutions. I am sure that you are already in correspondence with the Council of Mortgage Lenders.

It is almost impossible for us to give you a definitive amount by which houses located close to power lines are priced below normal market value. Valuation is both complex and dynamic. Much depends on the type of property, market conditions, general locations and how close the power lines are to the subject property.

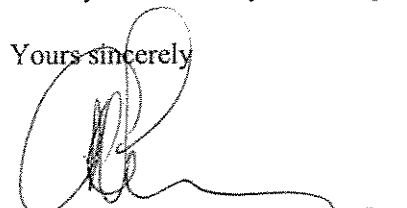
The problem from a pricing and valuation perspective is that there are no definitive scientific answers to how overhead power lines affect health and what is a safe distance. As such therefore, much of this is about market perception of risk.

What we can say is that properties located very close to, or under overhead power lines do suffer from reduced marketability. This is more particularly the case with properties directly under the main power lines. Valuers need to confirm whether the likely impact on future saleability is so great as to make the property unmortgageable.

It is important to note that if a moratorium were imposed on house building near to overhead power lines and if this became widely known, it could well be the case that this would significantly adversely affect peoples' perception of the health risk, which in turn would feed through into saleability, mortgageability, price and value reductions.

Much of this you will already know and I am sorry if this letter adds little to the debate. Might I suggest that the view of lenders is of significant importance and as I indicated earlier in my letter, no doubt you are already in correspondence with the CML.

Yours sincerely



Mr C P Shaw FRICS
Managing Director
for COUNTRYWIDE SURVEYORS