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Glossary of Terms

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Jargon Buster

Use our guide to find your way through the words and phrases commonly used in conveyancing.

A. Agreement: records the terms of your bargain with the other party to your sale or purchase

Auction: a sale of a property at which intending buyers bid against one another and the property sells to the highest bidder

B. Bankruptcy Search: carried out to ensure that a prospective buyer or owner of a property is not or has not been made bankrupt or there are any pending actions

Beneficial Joint Tenants: see Joint Ownership

Bridging Finance: money borrowed temporarily especially a loan to finance the purchase of a property whilst waiting for another to be sold

Buildings Insurance: you will usually be responsible for buildings insurance from exchange of contracts. You should be satisfied that the amount of cover arranged represents the full reinstatement value of the property. If the property is leasehold the buildings insurance is usually arranged by the landlord under the terms of the lease. If you have a mortgage sometimes the insurance is arranged by the mortgage lender

Building Regulations: rules imposed by the local authority to ensure that building works and conversions are carried out to the correct standard

Buy to Let: the purchase of another property, not your main home or residence with a view to arranging for it to be rented out or lived in by somebody else

C. Chain: the series of transactions where each party relies on the sale of one property in order to purchase another

Completion: The final stage of the sale of land or property when ownership changes hands

Contents Insurance: your insurance cover for your own personal possessions

Contract: see Agreement

Covenants: a restriction or stipulation which is legally binding on the property and any subsequent owners

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Conveyance: a document that transfers legal ownership

Conveyancing: the name given to the process of transferring ownership from one party to another

Council of Mortgage Lenders: the regulatory body which oversees the providers of mortgage funds

- D. **Deeds:** another name for a document which transfers ownership from one party to another and sets out the terms of the agreement between the parties. A deed will usually need to be witnessed

Deeds Packet/Bundle: a collection of documents, plans, searches which have been amassed over a period of time and form a history of the transactions relating to a property. To your house it will include a photocopy of the electronic records held at the Land Registry and supporting papers such as guarantees, searches, planning documents and such like. The electronic records held at the Land Registry detail your ownership of the property and your mortgage if you have one

Deposit: a sum of money usually a part payment or down payment to show your intention to purchase

- E. **Energy Performance Certificate:** An EPC tells you how energy efficient a home is on a scale of A-G. It also tells you about the impact the home has on the environment. The Certificate also includes recommendations on ways to improve the homes efficiency to save money and help the environment

E-conveyancing: a proposed new central system to be managed by the Land Registry. Conveyancers will record on the system the stage reached in each transaction. This will enable conveyancers and the Land Registry to see the progress of all transactions linked in a chain

Environmental Search: a report into the history of the previous land use with particular reference to potential contamination if there has been previous industrial use

Estate Agent: a person or business that sells houses, buildings and land on behalf of the owners

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F. Finance: the money necessary to purchase the property. This will usually be obtained from a mortgage lender in part

Fixtures and Fittings: the smaller items which may or may not be included within the sale of a property

Freehold: the most common class or status of legal ownership of a property

G. Gazumping: an attempt to charge the prospective buyer of a property more than the original agreed price or where a seller accepts a higher offer for the property from another party before exchange of contracts and either abandons the transaction with the first buyer or attempts to use the higher offer to obtain more than the original agreed price from the original buyer

Gazundering: where the purchaser of a property at a very late stage lowers the amount of the money offered to the seller

Ground Rent: an annual charge paid by a person who leases land or property for a specified period. The money is paid to the owner of the land or property

Guarantees: a document setting out a promise of quality made by the manufacturer or provider of a service or product

H. Homebuyers Report: a structural investigation by a surveyor into the condition of a property

Housing Association: local organisation which will assist first time buyers onto the property ladder

Home Information Pack: please see our fact sheet on Home Information Packs

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- I. **Indemnity Insurance:** an insurance policy arranged to provide cover in relation to defects in a title or other documents relating to a property

Identity Check: to comply with certain regulations we will be required to obtain as part of our records proof of any client's identity. Proof will be in the form of a current passport or new style photo driving license and proof of residence

Inland Revenue: this is the department of the Government responsible for the collection of tax. This department is now called H M Revenue & Customs. By law every purchaser of property must complete a Stamp Duty Land Transaction Form. This form must be sent to H M Revenue & Customs along with any stamp duty within 30 days of completion. Hefty fines are imposed if this is not done

Instructions: this means authorisation by the client to the conveyancer. The client must give the conveyancer written instructions to act on his behalf on a property transaction. After that the conveyancer will from time to time ask the client for instructions as to how the client wishes to proceed

- J. **Joint Ownership:** there are two ways in which a property can be owned jointly, as Beneficial Joint Tenants or Tenants in Common. Where property is held on a joint tenancy if one owner dies the to the other owner automatically. If the property is held as Tenants in Common each buyer owns their own share of the property, which can only be passed on by sale or by Will

Joint Tenants: see Joint Ownership

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L. Landlord: a landlord is the owner of the freehold of a leasehold property. Rent on a leasehold property is paid to the landlord who has the right to enforce the terms in the lease

Land Registry: this is a Government department that retains records of who owns the land, and under what conditions. It was set up in 1925 to simplify the conveyancing process. Not all land in England and Wales is registered today. This is partly due to the fact that land can only be registered following certain "triggering events"

Land Registry fees: fees paid to the Land Registry to register the ownership of property with the Land Registry

Lease: a lease is a document that details all matters affecting a leasehold property. Typically these will include the length of the lease, rent, service charges, rights of way, water, drainage and access and it will usually incorporate a plan

Leasehold: a leasehold property means that the owner does not own the property or land outright. There is a lease, which for a term of years grants the owner the right to occupy the property/land. There may be a rent or a ground rent to pay to the landlord

Legal Executive: a qualified legal professional who is governed by the Institute for Legal Executives

Licensed Conveyancer: a licensed conveyancer is a specialist property lawyer who is trained and qualified in all aspects of the law dealing with property. Licensed conveyancers are sufficiently regulated to ensure they are qualified enough to secure adequate protection for consumers and that the conveyancing services provided by them are provided both economically and efficiently

Listed Buildings: a listed building is one that is important either historically or architecturally and is protected by law. Listed buildings are subject to planning restrictions

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Local Authority Search: a list of questions about the property, which are sent to the local authority. It covers items such as, whether the road serving the property should be maintained by the council, whether there have been any planning applications on the property, and a number of other things. The search is against the property only and does not cover the surrounding area. A word of warning - the search will not show any planning permissions or matters affecting land or buildings outside the boundaries of the property. It is important that you let us know at the start of the transaction if you require information on any particular point or if you wish us to ask any particular questions of the local authority. We would not normally advise a buyer to exchange contracts without a satisfactory local authority search

Local Search Indemnity Insurance: this insurance is used on remortgages where there is no need to carry out a full local authority search and protects the lender from financial loss. If the lender permits it is sometimes used on a purchase where there is insufficient time to make a full local search

M. Management Company: if the property is leasehold there will often be a management company set up to deal with the day to day running of the property and repairs and renewals. The management company collects a service charge from the property owners to pay for their services and for the upkeep and maintenance of the building

Mortgage Deed: this is a document you will sign to mortgage the property to the mortgage lender until such time as the loan is repaid

Mortgage Fees: these fees are normally charged for acting on behalf of your bank or building society. We do not charge an additional fee for acting on behalf of your bank or building society

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Mortgage: this is a loan to help you buy the house. The mortgage is 'attached' to your title deeds, and means that you cannot sell the property without repaying it at the same time. Contracts should not be exchanged until an acceptable written mortgage offer has been received. It is not enough that you have had verbal confirmation from your bank or building society that they will grant you a mortgage. In many cases a mortgage may be supported by an endowment, pension or mortgage protection policy and in these circumstances we must confirm to the lender before exchange of contracts whether there are existing policies or arrangements have been made for new policies to be brought into effect immediately contracts are exchanged. If you are selling, we will contact your mortgage lender at an early stage to ask how much it will cost to pay off the mortgage - we will send you a copy of this figure. You may find that you will be charged a financial penalty if you pay the mortgage off early. This is a consideration to be taken into account when agreeing a completion date, and often applies when your existing mortgage was set up on a fixed rate, or you obtained a 'cashback' figure

Mortgage Offer: this is a written offer to lend money on a property. The mortgage offer will contain all the terms of the loan and the conditions upon which the money is to be lent

Mortgage Valuation Fee: the borrower generally pays a fee to the lender to have the property valued for mortgage purposes. This enables the lender to take a commercial view on whether the property is worth what the borrower says it is and whether it is suitable security for the Mortgage

N. NHBC: this is a warranty scheme for new properties providing cover against major structural defects for the period of 10 years after construction

New Build: where a property is being purchased for the first time from the builder or developer

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- O. Official copy entries:** these are up to date copies of the title showing mortgages, covenants, etc. It is essential to show a copy of these to the buyer's solicitors. These are obtained from the Land Registry by the seller's solicitor. If they have the latest software these can be downloaded direct in a few seconds

Overriding Interests: not all matters affecting property are registered or capable of being registered at the Land Registry. Nonetheless the property is still subject to such matters

- P. Permitted Development:** this is a development for which no formal planning application is required

Planning Permission: approval by the local authority to the building or change of use or extension to an existing property

Property Information Form: this is a questionnaire about the property completed by the sellers. It covers such items as guarantees, neighbour disputes and boundaries. If you are buying then time can be saved if you tell us at an early stage if there are any particular points about the property that concern you. We can then ask the seller's solicitors the relevant questions. If you are selling and the buyer's solicitor asks a question to which you do not wish to give an answer to, for whatever reason, it is essential that you discuss it with us. Failure to disclose information could give the buyer grounds for taking action against you

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R. Redemption: the final payment of a mortgage loan

Redemption Fee: penalty sometimes incurred if paying off a mortgage early. We do not charge and additional fee to redeem (pay off) your existing mortgage on a sale

S. Searches: a method of checking matters that may affect the status of the property. See also Local Authority Searches

Seller: this is the person selling the property - sometimes also known as the vendor

Service Charge: payment under a lease to the landlord or management company to cover the cost of maintenance, insurance and other services

Shared Ownership Property: This is where a property has been bought jointly with the council or a housing association. See also our fact sheet *What is Shared Ownership?*

Stamp Duty: this is a tax charged by the Government, and only affects you if you buy property for more than £125,000. It is paid by the buyer. If you buy for exactly £125,000 you pay nothing in stamp duty; if you pay from £125,001 to £250,000 stamp duty is charged at 1% on the whole of the purchase price. From £250,001 to £500,000 it is charged at 3%, and above £500,000 it is charged at 4%

Stamp Duty Exempt: some types of purchase or transfer of land are exempt from stamp duty tax. The Government has designated certain areas as exempt from stamp duty. Visit the website at www.hmrc.gov.uk/so/pcode_search.htm where you can check whether your property is exempt by entering the post code. Some transfers of land are exempt from stamp duty. Your conveyancer will be able to tell you whether your transaction is exempt

Stamp Duty Land Tax Form: this is a lengthy form that comes with an even lengthier set of guidance notes. See Inland Revenue

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Structural survey: a survey giving details about the property's structure

Subject to contract: a provisional agreement between the buyer and the seller that is not legally binding

Surveyor: the person who is responsible for examining the property to look for structural and they will usually be a member of the Royal Institute of Chartered Surveyors (RICS)

T. Telegraphic Transfer Fee: this is a bank charge for sending money from bank to bank

Tenants in Common: See Joint Ownership

Title Deeds: these documents firstly act as evidence that the person selling the property actually owns it, and secondly set out any rights or obligations that affect the property. If you are selling, then valuable time can be saved if we obtain your title deeds at an early stage. If you have a mortgage then your bank or building society may be holding your title deeds. We will need to know your mortgage account number and the name and address of the lender. Some lenders charge a fee to send out your deeds but this will normally be added to your mortgage account

Transfer Deed: this is the document that passes the ownership of the property from the seller to the buyer. It is dated with the completion date, and will be sent to the Land Registry after completion. The Land Registry needs this deed to change its records, and to record the buyer as the new owner of the property

V. Valuation Survey: an examination of a property to determine a value for mortgage purposes

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