

“ Plain speaking legal advice ”

Jargon Buster

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An explanation of words and phrases commonly used in conjunction with Conveyancing

A. Agreement: This is also known as a contract. It is a document which 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. Once the auctioneer's hammer falls the deal is binding on both buyer and seller.

B. Bankruptcy Search: carried out to ensure that a party to a transaction either has not been made bankrupt or that a bankruptcy order is not pending. This is important as a bankrupt person has limited or no capacity to buy or sell land.

Beneficial Joint Tenants: see Joint Ownership.

Bridging Finance: money borrowed (usually on a short term basis) to finance the purchase of a property whilst waiting for another to be sold. This is often an expensive means of financing a transaction.

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.

Building Regulations: rules enforced by the local authority to ensure that building works and conversions are carried out to an approved standard. Work carried out without the relevant approval may cause a delay in a conveyancing transaction.

Buy to Let: the purchase of property which is 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 linked transactions where each party relies on the sale of their property in order to purchase another.

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

Contents Insurance: your insurance cover for your own personal possessions.

Contract: see Agreement.

Contract Race: occurs when a seller issues a contract to more than one potential purchaser usually with the intention of selling to the first buyer who is in a position to buy the property.

Covenants: a restriction or stipulation requiring the owner of land to either do or not do something on the land. They are legally binding on the property and any subsequent owners.

Conveyance: a document that transfers legal ownership.

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“ Plain speaking legal advice ”

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. **Deed:** 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.

Deposit: a down payment paid by a buyer on exchange of contracts which will not generally be returned to you if you fail to complete the transaction.

- E. **Energy Performance Certificate (EPC):** An EPC is required when a property is marketed for sale it 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 home's efficiency to save money and help the environment.

E-conveyancing: a conveyancing system proposed by the Land Registry with the aim of using electronic rather than paper documents to transfer the ownership or to mortgage land.

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.

- F. **Fixtures and Fittings:** items which may or may not be included within the sale of a property. They will usually be set out in a list forming part of a Contract.

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

- G. **Gazumping:** This is 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.

“ Plain speaking legal advice ”

Ground Rent: an annual charge paid by a person who leases land. The money is paid to the freehold owner of the land.

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

H. Homebuyer's Report: an investigation by a surveyor into the structural condition of a property

Homebuy Agent: the regional regulator of affordable housing. All buyers of affordable housing must be registered with a Homebuy Agent.

Housing Association: an organisation which manages and sells affordable housing.

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 the Money Laundering Regulations we are required to obtain proof of any client's identity. Suitable proof is a current passport or new style photo driving license together with proof of residence.

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 property passes 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.

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 the 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. Most but not all land in England and Wales is registered.

Land Registry fees: fees paid to the Land Registry on making an application to register the ownership of property at the Land Registry.

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“ Plain speaking legal advice ”

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 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 property lawyer who is qualified to deal with property only. The rules of practice under which they operate are different to those regulating a solicitor.

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. Carrying out unauthorised work to a listed building can be a criminal offence.

Local Authority Search: a list of questions about the property and answered by the local authority. It covers items such as, whether the road serving the property is 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 the lender does not require a full local authority search and which protects the lender from financial loss.

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.

“ Plain speaking legal advice ”

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 you bank or building society that they will grant you a mortgage. 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 the 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.

- 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.

- 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.

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. These are known as overriding interests.

- 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 seller. 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

“ Plain speaking legal advice ”

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.

R. Redemption: the final payment of a mortgage loan.

Redemption Fee: penalty sometimes incurred if paying off a mortgage early.

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

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

Shared Ownership: This is also known as Homebuy and is where a percentage of a property is bought and the balance rented from a Housing Association. For more information refer to our fact sheets on Shared Ownership.

Stamp Duty Land Tax: this is a tax charged by the Government. The rate at which it is payable will depend on the price paid for the property.

Stamp Duty Exempt: certain properties in areas of the country are designated as being exempt from stamp duty. These areas are not in the locality of our offices.

Stamp Duty Land Tax Form: this is the lengthy form used to provide HMRC with details of a transaction and the tax payable.

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

Subject to contract: a term used to describe a provisional agreement between a buyer and a seller that is not legally binding.

T. Telegraphic Transfer Fee: this is a charge made 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 owns it, and secondly set out any rights or obligations that affect the property.

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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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