



## Conveyancing Jargon Buster

**Agreement** - Another word for Contract

**Auctions** - An auction is a competition between bidders with the highest bidder winning. Once the gavel goes down contracts are exchanged (see Exchange of Contracts below).

**Bankruptcy Search** – A search made by the conveyancers to check whether a buyer or a borrower is bankrupt. A lender will insist on this as part of the credit checking procedure.

**Borrower** – The person taking out a loan or mortgage on a property that they own or are buying, also known as the Mortgagor.

**Boundaries** – The boundaries define the extent of the property and are usually marked out on the ground by fencing or hedging.

**Bridging Loan** – This is a loan taken out to “bridge” the gap while waiting for sale monies or the receipt of a mortgage loan.

**Building Insurance** – Insurance taken out by the owner of the property to insure the property against risks such as fire, a landslip etc. The responsibility to insure the property often passes to the buyer on exchange of contracts.

**Buyer** – The person buying a property, also called the Purchaser.

**Buy to Let** – This is where a buyer buys a property to let it out.

**Buy to Let mortgages** – Loans for people to buy for letting.

**Caveat Emptor** – Literally means let the buyer beware. The buyer is responsible for checking the condition of the property by survey and should use a conveyancer to check the title and carry out searches.

**Chain** – Linked sales and purchases are called a chain. Your sale or purchase can only continue at the same speed as everyone in the chain.

**Chaps payment** – This is a system of payment through the banks and is for same day payment.

**Client** – The person who has asked the conveyancer to act for them in legal matters.



**Coal Mining Search** – If the property is in a coal mining area Samble, Burton & Worth will search to see whether any issues currently affect the property.

**Commonhold.** This is a scheme of ownership set up for use in blocks of flats or apartments to regulate use and maintenance of shared and common areas such as the garden, halls', staircases lift's and roofs. It's not actually very common!

**Completion Date** – The date when the purchase becomes final and the buyer's conveyancer pays the purchase price and received by the seller's conveyancer. The seller must move out of the property on this date. The seller releases the keys to the buyer and they may move into the property.

**Completion Statement** – This is the final account that the conveyancer will send and it will detail his fees plus the VAT and all searches etc. Usually sent after exchange and before completion.

**Conditions of Sale** – The conditions of the sale are detailed in the Contract that the seller's conveyancer prepares and sends to the buyer's conveyancer. There are standard Law Society conditions to which the conveyancer adds any Special Conditions.

**Conservation Area** – This is an area protected by the Local Authority. Properties in a conservation area may be subject to planning restrictions particularly relating to the exterior of the property.

**Contract** – The legal document that commits the seller and buyer to the deal. This is drafted by the seller's conveyancer and sent to the buyer's conveyancer to approve. The seller and the buyer each sign their own identical copy. It comes into force only when the parties swap their copies or exchange it.

**Conveyancer/ Conveyancing** – Conveyancing is the process to transfer ownership of a property from one person to another. Conveyancer is the job description of the person doing the legal work.

**Conveyance** – This is the old name for the document that transfers a property from one person to another, now known as a Transfer.

**Council for Licensed Conveyancers (CLC)** – the organisation that governs Licensed Conveyancers in the same way that the Law Society governs solicitors.

**Deeds/Title Deeds** – These are the legal documents that prove ownership of the Property.

**Defective Title Insurance** – A defective title means that there is a problem with the deeds relating to the property. They may be missing, destroyed, lost or simply inadequate. A buyer will not usually buy a property with a defective title unless the seller provides him with an insurance policy to protect him and his lender against any financial loss which could result from the defective title.



**Deposit** – An estate agent may ask for a small deposit to secure the property. You should not pay this deposit without first consulting with Samble, Burton & Worth. Builders may ask for a reservation deposit. Again have a word with Samble, Burton & Worth.

At exchange of contracts a purchaser will pay a deposit. Traditionally this was 10% of the purchase price but often less than this is accepted.

**Disbursements** – payments to others on your behalf made by Samble, Burton & Worth. Examples are Stamp Duty, Land Registry Fees and search fees.

**Drainage/Water Search** – This is a search carried out by the conveyancer for the purchaser to check whether the property is connected to mains water and drainage and whether there are any other issues relating to drainage/water affecting the property.

**Easement** – This term means a right given to the Property Owner over adjoining property or land such as a right of way, a right of drainage or a right to a water supply.

**Environmental Search** – This is a search that the conveyancer carries out to check whether there are any environmental issues affecting a property. These may include matters such as flooding, coal mining and land fill.

**Equity** – The equity in your property is what you own after you take the current value and deduct any mortgage debt outstanding.

**Estate Agent** – The Estate Agent acts on behalf of the seller to sell the property. They will prepare a set of details which must be accurate by law. They will negotiate the sale between the buyer and seller and any specific terms. The Estate Agent will prepare a Memorandum of Sale giving details of the buyer, the seller, their conveyancers, the price and any specific terms which is sent to all parties to the transaction.

**Exchange of Contracts** – Each contract is in two identical copies and each of the parties (seller & buyer) signs a copy. When everyone is ready to commit, they are exchanged (swapped over). So that each side has a copy signed by the other showing that the deal has been struck. They are not binding until exchanged. The conveyancers exchange contracts on the telephone. If there is a chain the solicitors for everybody in the whole chain “exchange contracts” at the same time using a Law Society formula. Once contracts are exchanged the sale/purchase is legally binding.

**Financial Advisor** – The Financial Advisor is usually responsible for arranging the mortgage or finance to purchase the property and will often arrange any life insurance, mortgage protection insurance etc.

**Fixtures and Fittings List** – This is a list of items that will remain/be taken from the Property. This is completed by the Seller and a copy is attached to each part of the Contract and is legally binding.



**Freehold** – This is the legal term for the way that an owner holds the property. The other terms are Leasehold and Commonhold. With freehold land the owner owns the property/land outright subject only to any mortgages, charges, easements, covenants etc. shown by the deeds.

**Gazumping** – This is where the Seller takes a better offer part way through a transaction and sells to another buyer for a higher price. This can only happen before exchange of contracts.

**Gazundering** – This is where the Buyer lowers his offer on the property often at the last minute.

**Ground Rent** – This is small rent paid to the Landlord usually on a Leasehold property where there is a long lease. Ground Rents are payable on some freeholds.

**Indemnity Insurance** – The Solicitors Regulation Authority require that all Solicitors firms must take out insurance cover defective work or fraud by that firm of its client(s).

**Inland Revenue** – A government department that collects tax (including Stamp Duty Land Tax) on behalf of the government.

**Joint Tenants** – When two or more persons own a property together, they are either joint tenants or tenants in common. Where they hold property in a joint tenancy if one owner dies the property passes to the other(s) automatically and this overrides a Will. If they hold the property as Tenants in Common each owner's share passes under their will or to their next of kin when they die. The word tenancy means nothing here, all owners hold as tenants of the crown since William the Conqueror who owned England because he won it, not in a poker game but in a battle.

**Land Registry** – The Land Registry is a government department that holds the records of much of the property in the United Kingdom.

**Land Registry Fees** – The conveyancer will make searches at the Land Registry to check matters affecting the property and to get up to date copies of the Land Registry entries that relate to the property. On completion the conveyancer will send the deeds to the Land Registry who will register the new owner and any new lender. The Land Registry charges a fee for searches and for registration of property.

**Landlord** – A Landlord is the owner of the freehold of property which is subject to a lease or tenancy. Rent on a leasehold property is paid to the Landlord who has the right to enforce the terms in the Lease.

**Lease** – A lease is a complicated contract which allows a tenant to occupy property and details the terms which apply including the length of the lease, rent, service charges, rights of way, water, drainage and access.

**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.



**Lender** – The Bank or Building Society who lend money to buyers, is also known as the Mortgagee.

**Licensed Conveyancer** – A person who has a legal qualification allowing them to do conveyancing.

**Listed Buildings** – Listed Buildings are protected by the Local Authority. Properties that are listed are subject to planning restrictions.

**Local Search** – This is a search made by the conveyancer on behalf of the buyer or in the case of a re mortgage on behalf of the Lender. The Local Authority will provide information in their records concerning the property. Although it's called a local search it deals only with a specific property and not the locality.

**Local Search Indemnity Insurance** – This insurance is used on re-mortgages where there is no need to carry out a full local authority search and protects the Lender from financial loss. It is sometimes used on a purchase where there is insufficient time to make a full Local Search if the lender permits.

**Lockout agreement** – An agreement where a seller agrees not to sell to anyone else for an agreed period and the buyer agrees to do searches and apply for a mortgage and do his best to prepare to buy. It does not commit either party to buy or sell. They are not common.

**Management Company** – If the property is leasehold and part of a block of flats there will often be a management company set up to deal with the day to day running of the shared or common areas of the property and repairs and renewals. The management company collect a service charge from the property owners to pay for their services and for the upkeep and maintenance of the building.

**Mortgage** – A loan that is secured over a property.

**Mortgage Deed** – This is the document the borrower signs to agree to the terms set out in the Mortgage Offer. This document is sent to the Land Registry who register the Mortgage as a Financial Charge on the property.

**Mortgage Offer** – 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 lent.

**Mortgage Valuation** – The Lender will have the property valued to decide whether to lend. The mortgage valuer will not necessarily inspect the physical condition of the property and is only interested in whether the Lender can get its loan back. There may be defects in the property not revealed by a such valuation or omissions in the report that does not concern the lender but would concern you.

**New Build** – Where a property is being purchased for the first time from the Builder or Developer.



**Off Plan** – Where a property is being bought at the planning stage and is yet to be built.

**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.

**Preliminary or Pre-Contract Enquiries** – This is a set of questions that is sent to the seller's conveyancer by the buyer's conveyancer relating to the property. Typically these questions will consist of enquiries relating to boundaries, easements, persons living at the property etc.

**Property Information Form** – This is a standard form that is completed by the seller giving information and details about the property. The form is legally binding on the seller.

**Redeeming Your Mortgage** – When a property owner pays back the mortgage on the property it is called redeeming the mortgage. You will first need to get a statement of what is owed which is called a Redemption Statement. If you are paying the loan back early you may be charged a Redemption Fee.

**Restrictive Covenants** – These are restrictions imposed on the property. For example a restriction on the type of building or the numbers of houses allowed on the land or preventing the owner running a business.

**Searches** – These are checks with various bodies about the property

Examples are:-

- Bankruptcy Search
- Brine Search (In Cheshire)
- Coal Mining Search
- Commons Registration Search
- Company Search
- Environmental Search
- HM Land Registry Search
- HM Land Charges Search
- Index Map Search
- Local Search
- Tin Mining Search (in Cornwall)
- Water Authority/Drainage Search

Which searches are needed for your property will be advised by your conveyancers at Samble Burton & Worth.

**Seller** – This is the person selling the property sometimes known as the Vendor.

**Shared Ownership Property** – This is where a property is owned jointly partly by an individual and partly with the Council or a Housing Association. It is a low cost, entry to home owning. Its usual leasehold and the buyer can normally insist on buying extra shares increasing his stake in the property.



**Stamp Duty Land Tax** – This is the tax payable on the purchase of a property and on some rents.

**Stamp Duty Exempt** – Some types of purchase or transfer of land are exempt from Stamp Duty tax, Stamp Duty. Samble Burton & Worth will be able to tell you whether your transaction is exempt.

**Stamp Duty Land Tax Form** – A tax return for Stamp Duty land tax.

**Solicitor** - a trained lawyer who has spent ,on average, five years studying the law to qualify.

**Subject to Contract** – Before Exchange of Contracts (see above) all negotiations relating to the property should be said to be subject to contract. This means they are not binding unless contracts are exchanged

**Surveyor** – A person who is qualified to survey property. Samble Burton & worth strongly recommend a buyer should have a survey. You should pick a fully qualified person such as a member of the Royal Institute of Chartered Surveyors RICS.

**Survey** – A physical inspection of the property by the surveyor to check the physical condition of the property and to advise the buyer upon the value of the property. There are different types of survey and your conveyancer at Samble Burton & Worth will advise you on the best type of survey for you. Do not confuse a survey with a Mortgage Valuation which a buyer should not rely on.

**Tenants in Common** – See Joint Tenants above.

**Transfer Deed** – This is the legal document that transfers the ownership of the property.

**Valuation** – See Mortgage valuation above.

**Vacant possession** When the sale is completed the seller must give vacant possession, this means not only have they moved out but the property is empty of goods and chattels and rubbish. Failure is a breach of contract.

**VAT** – Value Added Tax is a government tax charged on some sales and some rents.

**Will** – This is the legal document that sets out what you want to happen to your property after your death. Not nice to think about but a good idea . Samble Burton & Worth can help.