



## Sales Made Easy!

We have compiled a glossary of property related terms to help make the buying / selling process that bit easier...

### **APR**

Annual Percentage Rate, the total cost of a loan, including all costs, interest charges and arrangement fees, shown as a percentage rate and easily comparable with mortgage interest rates.

### **Bridging Loan**

A temporary loan advanced to help buy a new property before the existing one has been sold.

### **Buildings Insurance**

Insurance against the cost of repair or rebuilding a property from scratch following structural damage, for example by flood, fire or storm.

### **Chain**

A number of linked property sales where exchange of contracts must take place simultaneously.

### **Chain Free**

When the owner of the property does not need to sell the property in order to buy another; therefore it is offered as chain free.

### **Closing Date**

The date set for submission of offers when more than one party show interest in the property.

### **Completion Date**

Completion of the legal transaction with all monies and documents having been distributed. This is also when the seller's solicitor will instruct the estate agent to release the keys.

### **Conditions of Sale**

The terms by which the buyer and seller agree to sell/buy the property. The Law Society sets standard conditions. The lawyer sets special conditions.

### **Contract**

A formal agreement between the buyer and the seller, usually prepared by a solicitor or licensed conveyancer, detailing the terms and conditions of the sale.

### **Conveyancer**

The property lawyer who manages all of the matters arising from the sale of a house or the purchase of a house. Can be a solicitor or a licensed conveyancer.



### **Covenant**

A condition, contained within the Title Deeds or lease, that the buyer must comply with, which is usually applied to all future owners of the property. A restrictive covenant is one that prohibits the owner from doing something.

### **Deeds**

Legal documents assigning ownership of a property and/or land.

### **Deposit**

Sum of money that represents the personal capital that the buyer is putting toward the purchase of the property.

### **Disbursements**

Fees, such as Stamp Duty, Land Registry and search fees on top of conveyancing which you normally pay via your solicitor.

### **Draft Contract**

Unconfirmed version of the contract.

### **Early Repayment Charge**

A charge made by the lender if the borrower terminates a mortgage in advance of the terms of the particular mortgage. Normally occurs when the borrower has benefited from reduced payments or cash back in the early period of a mortgage.

### **Easement**

A right given to the house owner over an adjoining property (e.g. right of way).

### **EPC**

Energy Performance Certificate

### **Equity**

The difference between the value of a property and the amount of mortgage owed.

### **Exchange of Contracts**

The point at which the sale becomes legally binding from which neither party can withdraw without financial penalties - In Scotland see 'Missives Concluded'.

### **Fixtures and Fittings**

All non-structural items included in the purchase of a property.

### **Freehold**

Ownership of the property and land upon which the property is situated.

### **FSA**

The Financial Services Authority (FSA) is an independent body concerned with consumer protection in the financial market.



### **Full Structural Survey**

A full structural survey looks at all the main features of the property, including walls, roof, foundations, plumbing, joinery, electrical wiring, drains, and garden.

### **Gazumping**

The practice by a seller accepting a higher price than that previously agreed with someone else.

### **Gazundering**

The practice by a buyer lowering his offer just before exchange of contracts.

### **Ground Rent**

The annual fee which a leaseholder pays to a freeholder.

### **IFA**

Independent Financial Advisor

### **Instruction**

When a seller instructs an estate agent to market a property.

### **Joint Mortgage**

A mortgage where there is more than one individual named responsible for the mortgage.

### **Land Certificate**

A Land Registry certificate proving ownership of property.

### **Land Registry**

The Government organisation that holds records of all registered properties in England and Wales.

### **Leasehold**

To be given ownership of a property but not the land it is built on. This normally requires payment of ground rent to the landlord. A leasehold is normally offered for either 999 years, 99 years or shorter terms.

### **Local Authority Search**

An application made to the appropriate Local Authority requesting details of any planning or other matters which might affect the property being sold.

### **Maintenance Charge**

A charge made towards the upkeep of a leasehold property.

### **Higher lending charge**

Required by some lenders if your loan is for more than a required percentage of the value of the house. Although the borrower pays the premium, the policy protects the lender not the borrower.



### **Mortgage deed**

A legal document relating to the mortgage lenders interest in the property.

### **Mortgage offer**

A formal written offer made by a bank or building society to lend an approved amount to purchase a property.

### **Negative Equity**

When the value of a property is less than the outstanding sum owed on a mortgage.

### **Offer**

A bid made by a prospective buyer, this is not legally binding.

### **Offers Over**

Offers are invited above the price shown.

### **Ombudsman**

Independent professional bodies who investigate complaints on behalf of customers against estate agents, solicitors and insurance companies.

### **Part-possession**

The term used when a property is being sold, where a tenant has legal right of occupation.

### **Private Treaty**

The way in which most house sales are completed in England and Wales.

### **Property**

Your home or the property you wish to sell or buy.

### **Repayment Mortgage**

Monthly interest combined with capital repayment against the original sum borrowed.

### **Repossession**

When loans are in default the mortgage lender can repossess the property and sell it so they can repay the debt.

### **Retention**

Holding back part of a mortgage loan until repairs to the property are satisfactorily completed.

### **Searches**

Checks of local council records for planning applications and restrictions, etc.

### **Solicitor**

Legal expert handling all documentation for the sale and purchase of a property.



### **Stamp Duty**

A tax paid to the Government by the buyer upon completion.

### **Subject to Contract**

Words used to indicate that an agreement is not yet legally Binding.

### **Survey**

An inspection made by a qualified surveyor. There are three main types of survey. Valuation report (for mortgage purposes), Homebuyers report (also comments on general condition) and Full Structural survey (examines structural detail).

### **Tenants**

People living in a property owned by someone else.

### **Tender**

The process whereby the seller asks for written offers on a property usually with a set closing date.

### **Title**

The ultimate record of ownership of a property, the evidence of which is found in the title deeds.

### **Transfer Deeds**

The Land Registry document that transfers legal ownership from seller to buyer.

### **Under offer**

When the seller has accepted an offer on the property but contracts have not yet been exchanged.

### **Variable Interest Rate**

Rate of interest payment that fluctuates over time inline with general interest rates.

### **Vendor**

The legal name sometimes used to describe the seller of the property.

### **Verbal Offer**

Offer from prospective purchaser, not legally binding on either party.