

## **CONVEYANCING JARGON BUSTER**

While we try to keep the conveyancing process simple, it is difficult to avoid the legal jargon. There are a number of technical words and expressions that you will come across and it's important you understand their meaning. The most common ones are listed below.

### **Building Survey (or Structural Survey)**

A Building Survey Report is a comprehensive inspection of a property and is particularly suitable for large or listed properties, those over 120 years old or those in a poor state of repair. The survey covers all accessible parts of the building and details both major and minor defects and technical information on construction and material.

### **Certificate of Title**

This is provided by your solicitor to your Mortgage Lender when you buy a property and is required on all new mortgages. It confirms that your solicitor has carried out all the necessary checks on the ownership of the property and that any special conditions of your mortgage offer have been met. It confirms information such as the purchase price, any discount received, search results, the title number of the property and confirms insurance arrangements.

### **Caveat Emptor**

Means "let the buyer beware". The buyer is responsible for finding out the conditions of the property by survey and any matters affecting the legal ownership of the property before the exchange of contracts.

## **Completion Date**

The date agreed when the purchaser becomes the legal owner of the property following transfer of the balance of money owed on the property. The seller leaves the property and the buyer can move in.

## **Contract**

The document setting out the terms of the legal agreement between you and the buyer/seller.

## **Conditions of Sale**

The terms of the contract of sale specifying the terms by which the seller/buyer agree to proceed to completion.

## **Conveyancing**

The name for all the procedures needed to transfer the legal ownership of a property.

## **Covenants and Restrictions**

These are obligations or restrictions that may be attached to the property. For instance there may be a restriction on extending or altering the property without prior approval from a third party.

## **Decision in Principle**

An agreement from your mortgage provider to lend you a certain amount of money. The amount is dependent on the condition of the property you are buying and proof of your income and identity. A decision in principle is not a mortgage offer. You should not make any commitments in reliance on it.

## **Deposit**

The sum of money paid by the buyer to the seller on exchange of contracts. The standard amount is 10% of the total purchase price but this can be varied by agreement between the parties.

## **Disbursements**

Fees paid by us on your behalf but payable by you when you buy or sell a property. These can include HM Land Registry fees, stamp duty and search fees.

## **Discharge Fee**

The fee the bank or building society charge when you repay any outstanding mortgage.

## **Equity**

The difference in money between the value of a property and the mortgage loan on it. For example, if your property is worth £100,000 and your outstanding mortgage is £60,000, you have equity of £40,000.

## **Exchange of Contracts**

This is the point when the transaction becomes legally binding. Any withdrawal from the transaction after this exchange could result in forfeiture of deposit and financial penalties.

## **Fixtures**

Items that are attached to the property and so are legally part of the property.

## **Fixtures and Fittings form**

A form prepared by the seller indicating which items are included in this sale and which are not

## **Freehold**

If you have a freehold property you own it outright including the land it stands on, unlike leasehold.

## **Gazumping**

When a seller accepts an offer, then turns it down in favour of a higher offer from another buyer.

## **Gazundering**

When a seller accepts an offer, then the buyer puts in a new, lower offer usually just before exchange of contracts.

## **Ground Rent**

The annual fee paid if you are a leaseholder

## **Homebuyer's Report**

A detailed survey undertaken for the benefit of the purchaser. It provides condition ratings for elements of the building and services, along with any actions or decisions to consider prior to purchase. It is not as detailed as a Building Survey.

## **Land Registry**

The organisation that keeps record of properties owned in England and Wales. Any transfer of ownership has to be registered with HM Land Registry.

## **Leasehold**

Leasehold describes a property with a limited duration of occupancy e.g for a fixed term of 99 years. The buyer buys the lease and pays ground rent and service charges to the landlord or freeholder. At the end of the term the estate reverts to the Lessor/Landlord or freeholder.

## **Loan to Value (LTV)**

The amount of your loan compared to the valuation or purchase price of your property (whichever is the lower), shown as a percentage.

## **Local Authority Search**

This is a search with the local authority to check their records on issues such as roads, drains, planning and general development in the area.

## **Memorandum of Sale**

This document usually produced by the estate agents recording the details of the buyer and seller, their solicitors details, the address of the property, the purchase price agreed. If there are any conditions to the sale (e.g. exchange by a date for example) then this will form part of this document.

This is not a legally binding agreement and there is a risk that either buyer or seller can have a change of heart and withdraw from the transaction prior to exchange of contracts.

## **Mortgage**

A long-term loan secured against a property.

### **Mortgage Fee**

A charge for the administration involved in reserving and setting up your mortgage. You must pay this fee with your application.

### **Mortgage Deed**

The legal document drawn up between the lender and the borrower, which secures the loan against your property.

### **Mortgage Valuation**

An inspection of the property carried out by a Surveyor on behalf of the Mortgage Lender in order to ascertain whether or not the property will provide sufficient security for their loan.

### **Mortgage Offer**

This is a document which states how much a lender is prepared to lend the applicant(s) to buy the property. It also states the conditions of making that loan, such as the interest rate, the term of the loan and any essential conditions the lender requires prior to the loan funds being released.

### **Purchase Price**

The price agreed in respect of the property.

### **Redemption Figure**

The amount required by your Mortgage Lender to repay the loan in full, including any charges and interest on your mortgage.

### **Remittance Fee**

A charge made by the lender for sending the mortgage funds to your solicitor when the property purchase is just about to be completed.

### **Repayment Term**

The period over which a mortgage loan is to be repaid. This will be shown in your mortgage offer.

## **Re-mortgage**

Repaying one mortgage by taking out another secured on the same property.

## **Searches**

Enquires made with third parties relating to matters affecting the property for example the Local Authority, Water and Drainage and Environmental searches.

## **Secured Loan**

A secured loan is guaranteed against your assets, typically your property but it can also be guaranteed against other assets, such as a life policy. If you don't repay your mortgage, your lender has the right to sell the asset.

## **Sellers Property Information Form**

A questionnaire completed by a seller to give details of matters which affect the property, e.g., boundary ownership, disputes, guarantees, occupiers and planning. It also indicates what items the seller at the property is taking and leaving, and sometimes what items he wishes to sell. This forms is legally binding on the seller.

## **Stamp Duty Land Tax**

A tax paid to the H M Revenue and Customs on certain transactions. Stamp Duty rates are set by the Government and change periodically. We can advise you of the current rate and whether it would apply to your transaction.

## **Survey**

An inspection of the property which is carried out by a Chartered Surveyor in order to ascertain whether or not there are any physical defects affecting the property which the buyer should be aware of prior to commitment to purchase.

## **Term**

The period over which a mortgage loan is to be repaid. This will be shown in your mortgage offer.

## **Title**

The legal right to ownership of a property.

## Title Deeds

The document that shows who owns a property.

## Transfer Deed

A legal document that transfers ownership of land from the seller to the buyer, which is submitted to the Land Registry after completion. The Land Registry need this deed to change their records, and show the buyer as the new owner of the property.

## Valuation

A brief study of the condition and value of the property you are buying that helps your lender decide whether to lend to you or not. This is not a survey.

## Valuation fee

It is a charge to carry out the valuation of the property by the bank or building society.

## Vendor

The person selling a property.

## Water Drainage Search

This provides information of whether the property is connected to a public or private water supply - if it is billed for the water and waste water and whether the property is connected to a public sewer or septic tank or other private disposal facilities.

Please do not hesitate to contact John Spittle, Lisa Harding or Julie Brown on **01606 48777** if you have any questions about the procedure involved in buying or selling your property.

Alternatively, please complete a Conveyancing Quote Form on our website [www.susanhowarthsolicitors.co.uk](http://www.susanhowarthsolicitors.co.uk)