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The following Glossary of terms may assist you in understanding some of the terms that are used when buying or selling a home.

### **POPULAR TERMS EXPLAINED FOR YOU**

**Chain** The parties involved in a linked transaction of more than one sale/purchase. A delay in one link in a chain can hold up all other related transactions.

**Chancel Search** A search to see if the property falls within an area that makes it liable to pay towards repairs to the local church.

**Completion date** The date when the transaction relating to the sale/purchase of a property is completed. This is usually the date you become the owner and can move in.

**Completion statement** A financial statement from the solicitor detailing all financial transactions in relation to the sale/purchase including costs and disbursements.

**Conditions of sale** The terms by which the buyer and seller agree to sell/buy the property. The Law Society sets standard conditions. The conveyancing lawyer may set special conditions in each case.

**Contract** The legally binding agreement specifying the details of the sale or purchase. The seller's conveyancing lawyer draws up two copies of the same contract and each party signs their own copy. When both parties are ready to legally commit, the two contracts are "exchanged" at which point the sale becomes binding on both parties.

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

**Conveyance or Transfer** The legally binding document that transfers the rights and burdens and the benefit of the land.

**Deeds** The legal title document which provides historical information about the property, possibly including details of any restrictive covenants, etc.

**Deposit** The amount on exchange of contracts which is only refundable in exceptional circumstances. Contracts usually provide for 10% of the purchase/sale price but this can often be negotiated to a lower level. The deposit forms part of the purchase price and should not be confused with the "deposit" towards a mortgage, which is the "cash" difference between the purchase price and the amount of mortgage.

**Disbursements** The various costs the solicitor/licensed conveyancer will pass on to you in addition to their professional fees, e.g. Land Registry charges, search fees, photocopying, etc.

**Drainage Search** This will show whether or not the surface and/or foul water drains run into a public or private sewer.

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

**Environmental Search** It has more recently been recommended that the buyer's solicitor should also carry out an environmental search to see if there are any landfill or waste disposal sites in the area, if the property has been built on an old industrial site and whether there are any risks from contaminated land, toxic emissions, flooding, subsidence, etc.

**Equity** The proportion of the value of the property you actually own, as opposed to the amount mortgaged.

**Exchange of contracts** The point that both parties are legally committed to the transaction. The time and date of exchange is recorded by the conveyancing lawyers of each party.

**Fixtures and fittings** A list of the items at the property which are either included or excluded from the agreed price.

**Freehold** Recognised by English law, freehold is the complete and indefinite ownership of a piece of land and any buildings on it. There can still be restrictions on the use of the land.

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

**Guarantor** Someone who agrees to stand surety for your mortgage and will be liable to pay it off should you default.

**Gazumping** When the seller accepts a higher offer from another buyer after an initial offer has been accepted.

**Gazundering** When the buyer lowers their offer after the sale has been agreed.

**Indemnity Insurance** An insurance taken out by conveyancing firms to cover losses to clients arising from errors or fraud in dealing with their matters.

**Land Charges Search** If you are obtaining a mortgage the lender will ask your solicitor to carry out a search to make sure that you are not bankrupt.

**Land Registry Fees** Fees paid by your conveyancing lawyer on the buyer's behalf to register the ownership of property with the Land Registry.

**Land Registry** The official body responsible for recording the ownership of land.

**Land Registry Search** This is carried out just before completion in order to find out if there are any new mortgages registered against the property that have not previously been disclosed. If there are, then the buyer's conveyancing solicitor will require confirmation that these will be repaid.

**Leasehold** This usually relates to a flat or apartment and is a form of ownership recognised by English law that is for a fixed period of time. The freeholder owns the freehold and the property will usually revert to him at the expiry of the leasehold period.

**Life Cover** An insurance policy that pays out a lump sum in the event of your death – often used as a form of additional security for a mortgage loan.

**Local Authority Search** This reveals details of the planning history for the property and whether the Council is aware of any breaches of planning, also any proposals for new roads and traffic schemes, tree preservation orders, conservation areas etc that are within the Council's control that may affect the property.

**Mortgage Deed** The legal document gives the lender certain rights over the property.

**Mortgage Fees** An amount charged by your financial adviser, or the lender, to cover the cost of arranging your mortgage.

**Mortgage** A loan to help you buy your house. The loan is secured on the property to prevent you selling the property without paying off the loan. If you fail to meet the mortgage payments as agreed, the lender could force you to sell your home.

**Mortgage Repayment Protection (MRP)** An insurance policy which covers your monthly mortgage payments should you fall ill.

**Negative Equity** Where the size of the mortgage loan is greater than the market value of the property.

**Redemption Fees** A penalty which may be charged by your existing mortgage lender if you pay off your mortgage early or you move to a different mortgage. Always check the details of your existing mortgage before agreeing to redeem it and consider any such implications on a future loan.

**Restrictive Covenant** This is a clause, usually in the original Title Deeds, which can legally restrict the use/enjoyment of a property. For example, a builder of a property next to his own might bind the purchaser and future owners never to erect another building on the land.

**Searches** A check on certain recorded aspects that might affect the value of the property, such as a Local Authority Search which covers items such as road maintenance, planning applications, etc.

**Stamp Duty** A Government tax payable by every buyer of a property over £125,000. Duty is charged at 1% for homes priced between £125,000 and £250,000. The rate is 3% for homes over £250,000 but not more than £500,000. Property over £500,000 attracts "stamp duty" of 4%. There are certain nil-rated bands applying to disadvantaged areas. Currently First Time Buyers are exempt from Stamp Duty up to £250,000.

**Structural Survey** A survey giving details about the building and its integrity.

**Subject to Contract** The term used to denote that a provisional agreement between the buyer and the house has been made, but this is not binding on either side.

**Title Deed** The legal document showing who owns the property.

**Valuation Survey** An inspection of the property by the lender's representative to ascertain how much the property is worth to the lender as security for the mortgage loan. This is not to be confused with a structural survey.