

Applicant

The person or party looking to purchase or rent a property.

Assured Shorthold Tenancy (AST)

The most common type of Tenancy Agreement in the private rental sector setting out the rights and obligations of the landlord and tenant. It is used where the rent is below £25,000 per annum and the tenant is an individual, or group of individuals, rather than a company. The term must be for longer than six months.

Auction

The sale of a property to the highest bidder.



Break clause

A break clause gives the tenant or landlord the right to terminate a Tenancy Agreement, under specific circumstances, before the date it is officially due to end. Usually requires written notice.

Bridging loan

A short-term loan commonly used to cover or 'bridge' the overlap between the purchase of a new property and the sale of an old one.

Building survey

A full inspection of the property, conducted by a chartered surveyor, who will write a detailed report setting out the condition of a property and any property defects. Suitable for any house, particularly older properties and those that have been poorly maintained.

Buildings insurance

An insurance policy that pays the cost of repair or rebuilding in the event your property is damaged or destroyed. Most mortgage lenders will require buildings insurance to be taken out as a condition of their loan.

Buy-to-let mortgage

A type of mortgage specifically designed for people buying a property with the intention of letting it out.

Capital

The amount of money either put into buying a property or the deposit placed on a property. Also known as equity.

Capped-rate mortgage

A capped-rate mortgage sets a maximum rate of interest that the lender can charge, but only for a specified period, usually two or five years.



Chain

This is the sequence of buyers and sellers – most people who sell their property are also buying at the same time. Therefore there can be a chain of a number of sellers, which depend on each other for the sale and purchase of their new properties. For example, if one buyer or seller drops out, the chain may collapse, whereby the paperwork for the properties within the chain is delayed or cancelled.

Chain Free

This is when the owner of the property is not buying another as a result of the sale of that property; therefore it is offered as chain free.

Common areas

This refers to areas of land or buildings, such as gardens, hallways, recreational facilities and parking areas, where more than one resident shares access and usually applies to leasehold properties.



Completion

The completion date is the date on which money is forwarded from the buyer's solicitor to the solicitor of the seller. It is the date that the buyer becomes the legal owner of the new property.

Completion Statement

A statement from the solicitor detailing all financial transactions, including all costs.

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

The legally binding agreement specifying details of the house sale or house purchase. The contract legally commits both the buyer and the seller to the transaction. The house 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.

Converted flat

A flat or apartment that has been created by the subdivision of a larger property.

Conveyancer

A qualified individual such as a solicitor or licensed conveyancer who deals with the legal aspects of buying or selling a property.

Conveyancing

The legal process surrounding the transfer of ownership of a property from buyer to seller.

Conveyancing fee

The charge made by a solicitor or conveyancer for undertaking the legal process necessary for the transfer of ownership of a property.

Covenants

Rules and regulations governing the property, contained in its title deeds or lease.

Credit check

The procedure by which a check is made on the credit history of an applicant, usually conducted by one of the large dedicated credit check agencies.

Deposit (Lettings)

A sum of money (usually 4-6 weeks rent) paid by the tenant prior to moving in.

Deposit (Sales)

The amount paid to exchange contracts which is only refundable in exceptional circumstances. Contracts provide for 10% of the purchase/sale price but can often be negotiated to a lower level.

Detached

A term used to describe a property that stands alone, separate from all others.

Disbursements

Out-of-pocket expenses paid by the solicitor/licensed conveyancer on the buyer's behalf, such as stamp duty, land registry charges and search fees.

Down valuation

When the lender restricts the amount you can borrow after the surveyor's valuation report indicates the property is not worth the sum sought.

Draft contract

Preliminary, un-finalised version of the contract to purchase a property.

Easement

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

Energy Performance Certificate (EPC)

An EPC measures the energy efficiency of a property using a scale of A-G. It is a legal requirement to have a valid EPC for their property.

Exchange of contracts

The point at which signed contracts are physically exchanged, legally committing the buyer and seller to the purchase and sale of a property at the agreed price.



Fixed rate mortgage

A mortgage in which the interest rate is set for an agreed period of time.

Fixtures & fittings

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

Freehold

One of the two current tenures of land recognised by English law. This recognises the whole of the land not just a building.



Gazundering

When a buyer reduces his agreed offer prior to exchange of contracts.

Ground rent

The annual charge levied by the freeholder to the leaseholder.



Homebuyer's survey and valuation

This is a survey report, which is not as detailed as a structural survey, carried out by a chartered surveyor to assess the state of a property and its value and usually a requirement of any mortgage lender.

Interest-only mortgage

A type of mortgage in which the borrower only repays the interest on the loan for the duration of its term and repays the full loan amount at the end of the mortgage period.

Inventory

A list describing the condition of furnishings and contents of a property at the commencement of the tenancy, against which dilapidations/weaknesses etc which occur during the tenancy can be measured.

Joint income

The total gross income of the two borrowers in a joint mortgage.

Joint tenants

A form of ownership for two parties whereby if one of them dies, their share of the property will automatically transfer to the remaining party, giving them full ownership (regardless of the terms of the deceased owner's will).

Landlord

The owner of property that is rented.

Landlord's reference

A reference given by a previous landlord, which confirms an applicant's history of payment of rent and previous conduct as a tenant.

Land Registry

A government office that stores records of land ownership and any charges, like a mortgage.

Land Registry Fees

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

Lease

A legal document by which the freehold (or leasehold) owner of a property lets the premises or a part of it to another party for a specified length of time, after the expiry of which, ownership may revert to the freeholder or superior leaseholder.

Leasehold

A type of ownership in which a person owns a property, but not the land on which it is built. The owner of the Freehold will grant a lease on the property for a specified length of time.



Legal charge

A mortgage on the property.

Lender

The party, typically a bank, building society or mortgage company, offering the loan/mortgage.

Licensed Conveyancer

A licensed conveyancer is a specialist property lawyer, someone who is trained and qualified in all aspects of the law dealing with property. Licensed conveyancers are sufficient to secure adequate protection for consumers and that the conveyancing services provided by such persons are provided both economically and efficiently.

Listed building

A building officially listed as being of special architectural or historic interest, which cannot be demolished or altered without prior (local) government approval.

Loan to value (LTV)

The proportion of the value of the property on which the lender is prepared to loan. This can be up to 100%.

Local authority search

Procedure whereby a buyer's solicitor checks with the local council regarding any outstanding enforcement or future development issues which might affect the property or immediate area.

Maintenance charge

The cost of repairing and maintaining external or internal communal parts of a building charged to the landlord. Also known as service charge.

Maisonette

A self-contained apartment (usually on two floors) in a larger house with its own entrance from the outside.

Mortgage

An amount of money advanced by a lender such as a bank or building society on the security of a property and repayable over a long period.

Mortgage Deed

The legal agreement that gives the lender a legal right to property.

Mortgage Fees

Normally charged by your financial advisor, for acting on behalf of your bank or building society.

NHBC scheme (National House-Building Council)

A type of building guarantee available on some newly built homes under which defects occurring within a specified time after construction are remedied.

Negative equity

A situation in which the value of a property has fallen to below the level of the loan secured on it.

Offer

A sum of money that the tenant offers to pay to rent or purchase a property.

Preliminary enquiries

The initial enquiries about a property put forward to a seller, which the seller must answer before the exchange of contracts.

Property Management

The management of a property on behalf of the owner.

Purchaser

A person who is buying a property.

Re-mortgage

Refinancing a property by either switching a mortgage from one lender to another or by taking out a second mortgage to take advantage of any equity gained by a rise in value.

Redemption

When a mortgage is fully repaid.

Repayment mortgage

A mortgage in which monthly charges are used to repay the interest and reduce the outstanding capital.

Repossession

When the mortgage lender takes possession of a property due to non-payment of the mortgage.

Retention

The ability of a lender to hold back (retain) part of a mortgage until certain conditions are met.

**Search**

A request or enquiry for information concerning the property held by a local authority or by the Land Registry.

Semi-detached

A property that is joined to one other house.

Sole agent

When a seller chooses only one estate agent to sell their property.

Solicitor

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

Stamp duty

A tax paid by purchasers on completion of a property purchase and is calculated by reference to the value of the property.

Structural survey

This is based on a detailed inspection of the property and reports on the general structural condition.

Studio flat

A flat consisting of one main room or open-plan living area, incorporating cooking and sleeping facilities usually with a separate bathroom/shower room.

Subject to contract

Words which confirm that an agreement is not yet legally binding.

Surveyor

A professional person qualified to estimate the value of land and property.

Tenancy

The temporary occupation of a property by a tenant.

Tenancy agreement

A legal agreement designed to protect the rights of the tenant and landlord setting out all Terms and Conditions of the rental arrangements.

Tenant

An individual, group of individuals (up to four) or company who holds or possesses property for a time, in return for the payment of rent.

Tenure

Conditions on which a property is held (i.e. length of lease).

Terraced house

A property that forms part of a connected row of houses.

Title insurance (also known as Indemnity Insurance)

An insurance policy which a buyer can take out to allow a sale to complete where there is a potential problem with the documentation in proving legal ownership of some part of the land he is buying.

Title search

An investigation, carried out by a conveyancer or solicitor, into the history of ownership of a property. The search will check for liens, unpaid claims, restrictions or any other problems that may affect ownership.

Transfer deeds

The land registry document that transfers legal ownership from seller to buyer.

Under offer

The status of a property to let when a landlord has accepted an offer from a prospective tenant, prior to exchange of contracts.

Vendor

The person selling a property sometimes also referred to as “the seller”