

Residential Conveyancing A-Z of Key Terms and Abbreviations

Abstract or Epitome of Title

A summary or list of relevant title deeds proving the history of ownership of a property.

Adopted Highway

A road (and ancillary paths and sometimes verges) maintained by the local authority at public expense.

Advance

The original amount of the loan from a Bank or Building Society.

Apportionments

Leasehold owners of flats will usually be paying both "Ground Rent" and "Service Charges" to the freehold owner or superior leasehold owner of the flat. When you come to buy a flat, it will often be the case that the seller has paid for these up front for a period of time, meaning that the buyer will need to pay an apportionment of these fees to reimburse the seller on completion.

Assent

The name given to a transfer document by which the representatives of a deceased owner transfer the property to the person entitled.

Assured Shorthold Tenancy

A form of tenancy agreement which permits the landlord to secure possession of the property at the end of the agreed tenancy period.

Attorney

A person appointed to act on behalf of another person and sign documents on their behalf.

Base Rate

The rate of interest set by the Bank of England upon which most other interest rates are based.

Brine Search

A search to find out if a property might be affected by old brine (salt) workings near the property.

Buildings Insurance

As soon as contracts are exchanged on a property purchase, the buyer should make sure buildings insurance is in place from this moment onwards. This is important to avoid any hefty costs should anything unfortunate happen. This may vary if the purchase property is a new build. The developer will usually insure to the point of legal completion. However, in all cases it is necessary to check the insurance arrangements prior to exchange of contracts.

Building Regulation Consent

Approval by the local authority to the method of construction and materials used in building work.

Cashback

A sum of money (paid by cheque) by the Lender on completion of a mortgage (but only if this arrangement formed part of the mortgage offer.)

Chain

When you are buying or selling a home, you may well be involved in a chain of transactions. This is where your buyer is also selling their current property, or where the person you are buying from has an onward purchase. Chains can be very long but it is the norm to be involved in a chain.

Inevitably this can cause delay waiting for everyone to be ready, this is why sometimes when a property is advertised as “no chain” this is appealing.

Commons Registration Search

A search to ensure the property is not registered as common land or part of a village green. If it is, then other people may have rights over the land concerned.

Completion

This is the key moment in a transaction where the buyer’s money is transferred over to the seller and legal transfer of the property takes place – if all has gone smoothly, the estate agent will then be able to release the keys to the property to the new owner – a very important and exciting date.

Contract

The written legal agreement prepared in duplicate for respective signature by the Seller and the Buyer setting out all the legal rights and obligations agreed between them.

Conveyance

A document or deed used to transfer ownership of an unregistered property from the Seller to the Buyer.

Conveyancing

The legal process used to buy and sell land and property.

Conveyancing Quality Scheme (CQS)

CQS accreditation is a recognised standard for conveyancers establishing credibility and trust. It is an accreditation given by the Law Society to conveyancers that meet certain criteria and abide to certain rules.

Covenants

Legal promises or obligations.

Deed of Covenant

A document or deed containing an agreement to pay or do something.

Deed of Gift

A document or deed used to transfer ownership of property from one person to another without any payment being made.

Deed of Guarantee

A document used where one person agrees to be responsible for someone else's debt or mortgage obligations should that person fail to carry out his/her own obligations.

Deed of Postponement or Priority

Where a Lender agrees that its mortgage will rank or take effect in priority after another lender's mortgage.

Deeds

Documents which establish ownership and confirm the Owner's title to the property.

Deposit

This is an amount of the purchase price that the buyer will need to pay at exchange of contracts. It represents the buyer's intention to commit to buying the property, and if you pull out after this stage, you may forfeit this money.

Deposits are commonly 10% of the purchase price, and buyers will usually have this amount readily available without the help of a mortgage on exchange. Often when there is chain of transactions the deposit received on any related sale can be used for

an onward purchase making things easier if all monies are tied up in the buyer's sale property.

Disbursements

Throughout a conveyancing transaction you will see reference to disbursements that need to be paid, these are third party costs that are incurred during the transaction, for example search fees and Land Registry fees.

Environmental Search

When purchasing property it is recommended to undertake an environmental search. This search can discover vitally important information about the land you are purchasing, for example, if the search reveals you are buying contaminated land, you may find yourself personally liable for extortionately high clean up costs in the future, not only this but if the result of the search is unsatisfactory this can impact upon the future saleability.

Equity

When talking of property and mortgages this normally means the difference between the value of a property and the amount owed on mortgage(s).

Exchange of Contracts

A crucial stage of the conveyancing transaction is exchange of contracts. Following exchange the transaction is legally binding – whilst there is no guarantee after this point the sale/purchase will actually complete, it is highly likely as there will be costly legal repercussions if either side backs out after this point.

Fixtures, Fittings and Contents Form

A standard form in which the Seller specifies items in or affixed to the property which are included in the sale at the agreed price.

Flying Freehold

If at least a part of one property is built on top of part of another property (and the upper property owner does not own the whole building or land underneath the “flying” part) and the legal structure of the block is not leasehold, then a flying freehold will arise. This can prove to be a problem.

Freehold or Leasehold Ownership

Freehold: This is essentially outright ownership of the property and land on which it stands, subject to any mortgages or other third party rights. There is no time limit on the period of ownership.

Leasehold: In contrast leasehold is a method of owning property, which is usually a flat but can sometimes extend to houses, for a fixed term – you are essentially renting but for a long period of time usually upwards of 99 years.

Freeholder

The person who owns the freehold.

Full Title Guarantee

The standard guarantee given by an absolute owner to the Buyer.

Further Advance

An additional amount loaned to an Owner after completion on broadly the terms of the original mortgage.

Ground Rent

If you own a leasehold property ground rent is usually payable to the landlord. The amount can be anything from a peppercorn (essentially nothing) to upwards of £300 per year. Leases may contain provisions allowing for an increase in the ground rent in the future.

The amount of the ground rent can be controversial and may affect the onward saleability or the ability to mortgage a property in the future. It is therefore imperative that you fully understand the obligations and they are satisfactory prior to committing to a purchase.

High Loan to Value Fee

This may be charged by a Lender where a borrower borrows more than a certain (normally over 75 percent or higher) percentage of the value of a property. It is used to insure the Lender only against possible loss arising if the property is sold by the Lender after default on the mortgage by the borrower.

HM Land Registry

The Land Registry keep a register of the ownership of land in England and Wales and guarantee the title to property. The public are able to inspect the Register and obtain information about a property including an indication of the boundaries, the property owner and any rights/restrictions etc that affect the property.

Index Map Search

This is a Land Registry search that will identify whether the property is registered or unregistered and whether there are any cautions against first registration of the property.

Indemnity Insurance Policy

Defective title indemnity insurance can be used to deal with a number of issues that may arise in a conveyancing transaction, for example a breach of covenant that has occurred or lack of evidence of planning or building regulation approval for works carried out to the property.

It is often used as a practical solution to issues that would otherwise hold up a transaction or prevent it from proceeding at all.

Joint Ownership

When two or more people are buying a property together, a very important decision must be made by them as to the type of co-ownership they wish to put in place.

There are two ways in which a property can be owned by two or more people as follows:

Joint Tenants – Joint ownership means that each joint owner owns the whole of the property.

When one joint owner dies, his / her interest in the property effectively disappears. No part of the property can be transferred to anyone else under the deceased joint owner's will (no matter what it says) nor under the intestacy rules (if no will exists). The surviving joint owner is left automatically owning the whole of the property.

In the event of a sale during the joint owners' lifetimes, the general rule is that they will be entitled to equal shares of the net sale proceeds, even if one has made a greater contribution. Note however that exceptions to this general 'equal interests' rule can and do arise in divorce proceedings and can also be imposed by the court on the contentious separation of long-term partners.

Tenants in Common -Ownership in common means that each joint owner owns a separate and distinct share of the property. They can agree to hold in equal or unequal shares. (For example, two owners in common could hold 50% each, or 70% and 30% etc.)

When one owner in common dies, his/her share in the property will pass to the person named in the will. If no will exists, it will pass to the next of kin under the intestacy rules. It is therefore very important that an owner in common makes a will.

In the event that the property is sold during the owners' lifetimes, the net sale proceeds will be split according to the owners' respective shares in the property.

Key Handover

The seller's conveyancer will, upon receipt of the balance of the sale proceeds from the buyer's conveyancer, authorise the release of the keys to the buyer. This is usually attended to by the estate agents.

On the sale of a property all keys must be handed over to the buyer. This occurs usually on completion. Sometimes it may be agreed that a buyer can have the keys to

the property early, usually between exchange and completion. If this is agreed, it is important it is recorded formally the purpose of the key release, for example cleaning and decorating. A seller should not generally allow a buyer to take occupation of the property prior to legal completion.

Land Charges Search

A search against a person's name at the Land Registry to see if that person has been the subject of any bankruptcy proceedings and (if the property is unregistered) to see if there are any mortgages or other adverse interests registered against the property.

Land Registry

An organisation controlled by central government which maintains a register of properties and their ownership in England and Wales. It now covers approximately 90 – 95 percent of residential dwellings.

Land Registry Fee

The fee payable to the Land Registry to register any change in the property details including a change of ownership.

Land Registry Search

A search at the Land Registry to check that nothing new has been registered against the property since the date the registers were last inspected.

Landlord / Lessor

Usually (but not necessarily) the Freeholder but certainly the person entitled to receive the ground rent from the Lessee or Tenant.

Lease

A document setting out the rights and obligations of the Landlord and Tenant (Lessor and Lessee) in the leasehold arrangements.

Leasehold

Where the ownership of property is for a limited period only. For example 99 years or 999 years. It will normally involve payment of an annual ground rent.

Legal Charge

See Mortgage.

Lender

A Bank, Building Society or other person or company who lends money to an Owner.

Lessee

The present owner of the leasehold property. This contrasts with the freeholder or landlord whose interest is subject to the lessee's rights under the lease until the lease term has come to an end.

Lessor

Another word for "Landlord".

Limited Title Guarantee

A title guarantee given by a Seller who has limited knowledge of the property and cannot give a full title guarantee such as someone selling on behalf of a deceased owner.

Local Search

A search submitted by us to the local authority to ask a considerable number of questions about the property including (by example) information on planning permission(s) and whether the adjoining roadway is maintainable at public expense.

Mining Search

A search to check whether the property may be affected by past or present coal mining and, in particular, the risk of subsidence.

Mortgage

The majority of buyers will need to fund their property purchase by way of a mortgage. This is essentially a loan that is secured against the property you are buying.

Before entering into a mortgage it is important to be aware of the terms and conditions of the loan and ultimately if you default on the payments, the lender may repossess the property.

Conveyancers often act for a client's lender as well as the client, helping both to complete the transaction smoothly.

Mortgage Deed

A document used when a Lender lends money to a Buyer or existing Owner. The document is registered against the property at the Land Registry and secures repayment to the Lender.

Mortgage Offer

This specifies the terms upon which the Lender is prepared to make the loan including the specific financial details and period of repayment.

Mortgage Term

The length of time agreed for the repayment of the loan.

Mortgagee

The Lender person or Company who benefits from the Mortgage security (e.g. Bank or Building Society.)

Mortgagor

The Property Owner (i.e. the Borrower) who enters into a mortgage deed in favour of a Lender.

New Build Property

This is simply a term that is used where you are purchasing a brand new property from a developer.

A developer is likely to ask you to work to tighter time scales, for example most will require exchange of contracts within 28 days of agreeing the sale.

Occupier's Consent

If you are buying a house with the assistance of a mortgage and intend for adults to live there who do not own the property, your lender will require the occupiers to sign an occupiers consent or waiver. This will confirm that the occupier will not have any legal right to the property ahead of the lender. An occupier should take independent legal advice before signing this document.

Party Wall

A wall owned jointly with a neighbour and repairable at joint (and normally equal) expense.

Planning Permission

If you intend to make material changes to the land you are purchasing, you will need to obtain planning permission to do so. Local authorities grant or deny planning permission based on various factors. Carrying out work requiring planning permission without it can result in an enforcement notice legally requiring you to undo any work you carry out.

Power of Attorney

A document by which someone appoints another person, to act as their attorney.
Private Road

A road which is not an adopted highway and accordingly not maintained at public expense. Property owners need to have particular (and preferably documented) rights over it as it is not necessarily a road which offers public access.

Property Information Form

A standard questionnaire completed by a Seller to give information about the property to the Buyer (e.g. who maintains boundaries and whether there have been any disputes.)

Quiet Enjoyment

When you own leasehold property, implied into the terms of the lease is a covenant of “quiet enjoyment” – this is essentially a promise by the landlord they will not interfere with your enjoyment of the property. A slightly vague statement – but in practice this covenant has been used to prevent a landlord from trespassing on to the property, or to prevent a landlord from carrying out building works obtrusively above the property.

Radon Gas Search

A search to see if the property is affected by naturally occurring radioactive gas which may if above certain safety levels, require preventative action to be taken (e.g. more ventilation in a property.)

Redemption

The repayment of an existing mortgage or loan.

Redemption Penalty

A penalty payment charged by a Lender if a loan is repaid within a period specified in the mortgage offer (some loan products only.)

Registered Land

Property which has been registered at Land Registry.

Remortgage

Paying off one mortgage loan and taking out another with a different lender.

Rentcharge

Some freehold properties are required to pay a modest rent (despite being freeholds). It is sometimes created simply for profit but may be used as a legal device to ensure estate covenants are enforceable.

Reservation Fee

An initial payment to a Builder / Developer (or its agent) to reserve a new property.

Restrictive Covenants

Restrictive covenants are restrictions on what you can or cannot do with land. When buying a property it is important to check whether any restrictive covenants bind the land – as they apply to the current owners, new buyers and future buyers alike.

Whilst some restrictions may be as innocuous as to not keep chickens in the front garden, some may substantially interfere with your enjoyment of the property, for example, by prohibiting any business from being conducted on the land. Breaching covenants can be costly, as can removing them, so be aware!

Service Charge

Service charges are sums payable to a landlord or a management company for repair works, services, maintenance and (in some cases) improvements to common parts of a building or estate.

They are more likely to be encountered when owning leasehold property but many freehold properties, particularly on newer housing estates, are subject to payments of service charges. Example costs will include buildings insurance, cleaning, gardening, energy costs, repairs to communal lighting or roofs, etc. All residents who benefit from the same will be obliged to contribute towards these costs.

Service charges are estimated at the beginning of a financial year and then adjusted up or down depending upon actual expenditure.

Stamp Duty Land Tax (SDLT)

When buying or selling a property you may be liable to pay SDLT on the purchase price. This will be higher if you are purchasing a property you personally do not intend to live in, and it can be substantially lower or non-existent if you are a first time buyer and planning on living in the property.

It is important to factor in SDLT to the cost of your overall transaction, as it must be paid before the Land Registry will register the new property in your name.

Subsidence

Where a property moves due to poor construction or ground movement for geological reasons.

Survey

A survey is a report that buyers are often encouraged to have carried out on a prospective property. The survey will reveal information relating to the physical state of the property and could reveal issues that prompt a price renegotiation or even cause buyers to pull out of the transaction.

Surveys are available in varying degrees of depth at increasing cost. On older, more expensive buildings your conveyancer will often recommend a full structural survey to ensure you are fully aware of any future repair or alteration costs that will need to be made to property.

Tenant

For most purposes this is the same as “Lessee” (See above.)

Tin Search

A search to see if the property may be affected by past or present tin mining.

Title

An owner's actual right of ownership (whether or not the owner is in occupation.)

Transaction

A dealing with property (e.g. sale or purchase or remortgage.)

Transfer

A document which actually transfers ownership of a property from one person to another (as opposed to a Contract which may include an obligation to effect a transfer at a later date.)

Transfer of Equity

A transfer of equity is a transaction that transfers ownership of a part share or interest in a property from one person (or persons) to another. This is a transaction in itself that conveyancers can assist with.

This may arise following separation, for example where one party buys the other out of property or a party may wish to add their partner to the title of their property.

Tree Preservation Order

An order made by the planning authority specifying a tree or group of trees as protected and requiring that authority's permission to cut branches or fell them.

Underlease

When you purchase a "leasehold" property, you may be able to create an underlease and rent the property out yourself to a new tenant.

If this is something you wish to do, it is very important that you check the terms of your lease. Leases will almost always contain various restrictions on your ability to create an underlease, in some cases outright forbidding it unless very stringent requirements are met.

Unregistered Land

You may be buying or selling a property that is currently unregistered; this means it is not listed at the Land Registry and title to the property exists only in a bundle of documents. Following completion of your purchase it will be mandatory for the property to be registered at the Land Registry.

Unregistered Title

A title to a property which has not been registered at the Land Registry. The title will consist of old style conveyances and other documents.

Vacant Possession

A Seller required to give vacant possession must (on completion) leave the property (including the garden and outhouses) empty of people, possessions and rubbish.

Valuation

A very simple form of survey designed to establish what the property is worth and nothing more.

Vendor

An older word for Seller.

Vacant Possession

Buying a home with vacant possession means to buy it with no occupiers – definitely a must if you plan to live in the property yourself! The sale contract will provide for a property to be sold with vacant possession, unless it is sold subject to an existing tenancy.

Leaving furniture or rubbish in the property will be a breach of this condition.

Water & Drainage Searches

It is usual for a drainage search to be carried out in a purchase transaction. The results will reveal information about the property's connections to sewers and public water supplies, as well as information on how the property is charged for water.

An important search as it can reveal property maintenance costs that a buyer would not necessarily have predicted. Not only this it can be helpful to determine whether an existing public sewer may have been built over – to enable your conveyancer to ensure the appropriate consents are in place.

Wayleave Agreement

A written agreement entered into with an owner to give a service provider (e.g. Electricity or Telephone company) a right for their cables to pass under or over their property.

Your contacts

You have moved! Be sure to let everyone know. Utilise our handy checklist to ensure you don't forget anything <https://www.wilsonbrowne.co.uk/guides/moving-checklist/>