



HORIZON LAW

Conveyancing Jargon Buster

Agreement - another word for contract

Auction - This is where a property is bought at an auction house. Once the gavel goes down contracts are exchanged (see Exchange of Contracts below).

Bankruptcy Search – A search made by the conveyancers to check whether a buyer or a borrower has been, is, or is about to be declared bankrupt.

Borrower – The person taking out a loan or mortgage on a property that they own, sometimes also known as the Mortgagor

Boundaries – The boundaries define the extent of the property and are usually marked out on the ground by fencing or hedging. Boundaries are also often although not always shown on the deeds plans.

Bridging Loan – This is a loan taken out to “bridge” the gap whilst waiting for the sale of a property or the receipt of a mortgage.

Building Insurance – Insurance taken out by the owner of the property to insure the property against risks such as fire, landslip etc. The responsibility to insure the property often passes to the buyer on exchange of contracts. See our links page for Buildings Insurance

Buyer – This is the person that is buying the Property, sometimes also known as the Purchaser.

Buy To Let – This is where a buyer buys a property with the intention of letting it out on a commercial basis. There are usually mortgages specific to this type of purchase known as Buy to Let mortgages.

Caveat Emptor – Literally means let the buyer beware. The buyer is responsible for finding out the condition of the property by survey and any matters affecting the legal title to the property by using a conveyancer to check the title and carry out searches.

Chain – These are the property buyers and sellers that link together to make the chain for your particular sale or purchase. The chain may consist of only two people i.e. you as buyer and the person you are buying from as seller or it may consist of several buyers and sellers. The beginning of the chain usually starts with a first time buyer or a buyer with nothing to sell and the end of the chain usually ends with a seller who is buying a brand new home or who is not buying another property. Your sale or purchase can only proceed at the same pace as everyone in the chain. It is a bit like being in a traffic jam.

Client – The person who has asked the conveyancer to act for them in legal matters.

Client Care Letter – The conveyancer must send the client this letter at the beginning of the transaction. The letter must give clear details of what work will be carried out, who will be doing it, at what cost and the complaints procedure of the firm. The client is usually asked to sign and return one copy. The conveyancer is not allowed to start work for a client until the client confirms in writing that they wish the conveyancer to do so.

Coal Mining Search – If the property is in an area designated as a Coal Mining Area the conveyancer will search to see whether there are any issues which currently affect the property.

Completion Date – This is the date when the purchase becomes final and the Purchase Price is paid by the buyer’s conveyancer and received by the seller’s conveyancer. The seller must move out of the property on this date. The keys are released to the buyer and they may move into the property.

Completion Statement – This is the final account that the conveyancer will send and it will detail his fees plus the VAT and all searches etc. This is usually sent after exchange and before completion.

Conditions of Sale – The conditions of the sale are detailed in the Contract that the seller’s conveyancer prepares and sends to the buyer’s conveyancer. There are standard Law Society conditions to which the conveyancer adds any Special Conditions.

Conservation Area – This is an area protected by the Local Authority. Properties in a conservation area may be subject to planning restrictions particularly relating to the exterior of the property.

Contract – The legal document that confirms the sale/purchase of the property. This is prepared in a draft form by the seller's conveyancer and sent to the buyer's conveyancer. Once all queries are answered it is then approved and the seller and the buyer each sign their own copy.

Conveyancer/ Conveyancing – Conveyancing is the legal description for the work that is done to transfer ownership of a property from one person to another. Conveyancer is the job description of the person doing the legal work.

Conveyance – This is the old fashioned name for the document that transfers a property from one person to another. Conveyances are rarely used nowadays and property is usually transferred by a Transfer document.

Council for Licensed Conveyancers (CLC) – the organisation that governs Licensed Conveyancers in the same way that the Law Society governs solicitors.

Covenants/Restrictive Covenants – These are obligations/restrictions that are attached to the property. For instance there may be an obligation to maintain a fence or boundary which is a positive covenant or there may be a restriction on the type of building on the land which is a restrictive covenant.

Deeds/Title Deeds – These are the legal documents that contain information about the Property.

Defective Title Insurance – A defective title means that there is a problem with the deeds relating to the property. They may be missing, destroyed, lost or simply inadequate. A buyer will not usually buy a property with a defective title unless the seller provides him with an insurance policy to protect him and his lender against any financial loss which could result from the defective title.

Deposit – There are two types of deposit that a purchaser may be asked to produce. Sometimes the estate agent will ask for a "Goodwill" Deposit to secure the property. You should not pay this deposit without first consulting with your conveyancer. The second type of deposit is the one a Purchaser will pay to the conveyancer to hand over with the Contract. Traditionally this was 10% of the purchase price but often less than this is accepted.

Disbursements – Simply put this means items that the conveyancer must pay to other persons on your behalf. Typically these are VAT, Stamp Duty, Land Registry Fees and searches.

Drainage/Water Search – This is a search carried out by the conveyancer for the purchaser to check whether the property is connected to mains water and drainage and whether there are any other issues relating to drainage/water affecting the property.

Easement – This term means a right given to the Property Owner over adjoining property or land. Typically this could be a right of way or access, a right of drainage or a right to a water supply. By law the Seller must disclose all Latent Easements but not Patent Easements. Latent Easements are easements that could not be discovered by search or survey in other words they are not easily found out. Patent Easements are easements that can be discovered by search or survey.

Environmental Search – This is a search that the conveyancer carries out to check whether there are any environmental issues affecting a property. These may include matters such as flooding, coal mining and land fill.

Equity – The equity in a property is the value that is left after you take the current worth of the property and deduct from that any mortgages outstanding on the property.

Estate Agent –The Estate Agent acts on behalf of the seller to sell the property. They will prepare a set of details which must be accurate by law. They will negotiate the sale between the buyer and seller and any specific terms. The Estate Agent will prepare a Memorandum of Sale giving details of the buyer, the seller, their conveyancers, the price and any specific terms which is sent to all parties to the transaction.

Exchange of Contracts – The buyer's conveyancer and the seller's conveyancer "Exchange Contracts" on the telephone. If there is a chain the solicitors for everybody in the whole chain "exchanges contracts" at the same time using a Law Society formula. Once contracts are exchanged the sale/purchase is legally binding

Financial Advisor – The Financial Advisor is usually responsible for arranging the mortgage or finance to purchase the property and will often arrange any life insurance, mortgage protection insurance etc.

Fixtures and Fittings List – This is a list of items that will remain/be taken from the Property. This is completed by the Seller and a copy is attached to each part of the Contract and is legally binding.

Freehold – This is the legal term for the way that an owner holds the property. The other terms are Leasehold and Commonhold. With freehold land the owner owns the property/land outright subject only to any mortgages, charges, easements, covenants etc. shown by the deeds.

Gazumping – This is where the Seller sells to another buyer for a higher price. This can only happen before exchange of contracts.

Gazundering – This is where the Buyer lowers his offer on the property after agreeing a price. This can only happen before exchange of contracts.

Ground Rent – This is the rent paid to the Landlord usually on a Leasehold property where there is a long lease. Ground Rents are payable on some freeholds.

Indemnity Insurance – The Law Society and the CLC (see above) insist that all Solicitors and all Licensed Conveyancer firms must take out insurance to the value of £1,000,000 or more to cover defective work or fraud by that firm of its client (s).

Inland Revenue – A government department that collects tax on behalf of the government. The Inland Revenue now insists by law that every purchaser of property must complete a Stamp Duty Land Transaction Form. This form must be sent to Inland Revenue along with any Stamp Duty within 30 days of completion. The Inland Revenue impose hefty fines if this is not done. For sample forms and Stamp Duty Tariffs see our links page for details of Inland Revenue web site.

Instructions – This means authorisation by the client to the conveyancer. The client must give the conveyancer written instructions to act on his behalf in the property sale, purchase, re mortgage or transfer. After that the conveyancer will from time to time ask the client for instructions as to how the client wishes to proceed. For instance what date the client wants to move on.

Joint Tenants – Where two or more persons buy a property they are called joint tenants or tenants in common whether the property is freehold, commonhold or leasehold. Where property is held as a joint tenancy if one owner dies the property passes to the other owner automatically without a Will. If the property is held as Tenants in Common each buyer owns their own share of the property which can only be passed on by sale or by a Will.

Land Registry – The Land Registry is a government department that holds the records of all property in the United Kingdom. Most property is now registered at the Land Registry. See our links page for details of the Land Registry web site.

Land Registry Search/Fees – The conveyancer will make searches at the Land Registry to check matters affecting the property and to get up to date copies of the Land Registry entries that relate to the property. On completion the conveyancer will send the deeds to the Land Registry who will register the new owner and any new lender. The Land Registry charges a fee for searches and for registration of property. See our links page for details of the Land Registry web site where a full list of fees is available.

Landlord – A Landlord is the owner of the freehold of a leasehold property. Rent on a leasehold property is paid to the Landlord who has the right to enforce the terms in the Lease.

Lease – A lease is a complicated document which details the matters affecting a leasehold property. Typically these will include the length of the lease, rent, service charges, rights of way, water, drainage and access and it will usually incorporate a plan.

Leasehold – A Leasehold property means that the owner does not own the property or land outright. There is a lease which for a term of years grants the owner the right to occupy the property/land. There may be a rent or a ground rent to pay to the Landlord.

Legal Executive – A qualified legal professional who is governed by the Law Society

Lender – The Bank or Building Society who lend money to property owners, sometimes also known as the Mortgagee

Licensed Conveyancer – a qualified property lawyer who holds a license granted by the CLC (see above).

Listed Buildings – Listed Buildings are protected by the Local Authority. Properties that are listed are subject to planning restrictions.

Local Search – This is a search made by the conveyancer on behalf of the buyer or in the case of a re mortgage on behalf of the Lender. The search covers Local Authority issues relating to the property. The search will either be sent to the Local Authority to answer and return to the conveyancer or the conveyancer may use a Personal Search Agency or an Online Search Provider to collect the information from the Local Authority.

Local Search Indemnity Insurance – This insurance is used on re-mortgages where there is no need to carry out a full local authority search and protects the Lender from financial loss. It is sometimes used on a purchase where there is insufficient time to make a full Local Search if the lender permits.

Management Company – If the property is leasehold there will often be a management company set up to deal with the day to day running of the property and repairs and renewals. The management company collect a service charge from the property owners to pay for their services and for the upkeep and maintenance of the building.

Mortgage – A loan that is secured over a property.

Mortgage Deed – This is the document the borrower signs to agree to the terms set out in the Mortgage Offer. This document is sent to the Land Registry who register the Mortgage as a Financial Charge on the property which is shown in the Charges Register.

Mortgage Offer – A written offer to lend money on a property. The Mortgage Offer will contain all the terms of the Loan and the conditions upon which the money is loaned.

Mortgage Valuation Fee – The borrower generally pays a fee to the Lender to have the property valued for mortgage purposes. This enables the Lender to take a commercial view on whether the property is worth what the borrower says it is and whether it is suitable security for the Mortgage. The Mortgage Valuer will not necessarily inspect the physical condition of the property.

New Build – Where a property is being purchased for the first time from the Builder or Developer.

Off Plan – Where a property is being bought at the planning stage and is yet to be built

Overriding Interests – Not all matters affecting property are registered or capable of being registered at the Land Registry. Nonetheless the property is still subject to such matters.

Preliminary or Pre Contract Enquiries – This is a set of questions that is sent to the seller's conveyancer by the buyer's conveyancer relating to the property. Typically these questions will consist of enquiries relating to boundaries, easements, persons living at the property etc.

Property Information Form – This is a standard form that is completed by the seller giving details about the property. The form is legally binding on the seller.

Redeeming Your Mortgage – When a property owner pays back the mortgage on the property it is called redeeming the mortgage. You will first need to get a statement of what is owed which is called a Redemption Statement. If you are paying the loan back early you may be charged a Redemption Fee.

Searches – There are many different types of Conveyancing search. Which searches are needed for your property will be assessed by your conveyancers. A brief list follows:-

- Bankruptcy Search
- Brine Search
- Coal Mining Search
- Commons Registration Search
- Company Search
- Environmental Search
- HM Land Registry Search
- HM Land Charges Search
- Index Map Search
- Local Search

Tin Mining Search
Water Authority/Drainage Search

Seller – This is the person selling the property sometimes also known as the Vendor

Shared Ownership Property – This is where a property has been bought jointly with the Council or a Housing Association.

Stamp Duty – This is the tax payable on the purchase of a property. For current Stamp Duty tariffs check our links page and visit the Inland Revenue web site.

Stamp Duty Exempt – Some types of purchase or transfer of land are exempt from Stamp Duty tax. The Government has designated certain areas as exempt from Stamp Duty. Visit the web site where you can check whether your property is exempt by entering the post code. Some transfers of land are exempt from Stamp Duty. Your conveyancer will be able to tell you whether your transaction is exempt.

Stamp Duty Land Tax Form – This is a lengthy form which comes with an even lengthier set of guidance notes. See Inland Revenue above.

Subject to Contract – Before Exchange of Contracts (See above) all negotiations relating to the property are subject to contract this means they are not binding unless contracts are exchanged

Surveyor – The person who is responsible for surveying the property. They will usually be a member of the Royal Institute of Chartered Surveyors RICS.

Survey – A physical inspection of the property by the surveyor to check the physical condition of the property and to advise the buyer upon the value of the property. There are different types of survey and your conveyancer will advise you on the best type of survey for you. Do not confuse a survey with a Mortgage Valuation.

Telegraphic Transfer Fee – This is a bank charge for sending money from bank to bank.

Tenants in Common – See Joint Tenants above.

Transfer Deed – This is the legal document that transfers the ownership of the property.

Valuation – See Mortgage valuation above.

VAT – Value Added Tax is a government tax charged on certain transactions