

Conveyancing

The transfer of a legal title of a house/
property from one person to another.

setfords

AML Check

Anti Money Laundering check is an identity assessment, which consists of the checking of photo ID, and address ID and usually an electronic data search.

setfords

Freehold Property

This is outright ownership of a property, usually a house (subject to any mortgage). There is no time limit to the period of ownership. It means you own the property and the land on which it stands.

setfords

Leasehold Property

This means that you have a lease from the freeholder and you can use the property for a number of years depending on the length of the lease. Flats and maisonettes are usually leasehold. The flat is owned by the leaseholder and the freeholder owns the roof and common parts.

setfords

Share of Freehold

Buying a share of freehold means that you will own a **leasehold** interest in the flat you are buying plus a share of the **freehold** title. The freehold title will often be held in the name of a company and the flat owners will be the shareholders.

setfords

Private Road

A private road is owned and maintained by a private individual, organisation or company rather than the local authority. Usually maintenance costs are payable to use and maintain a road over which a property owner has a right of way.

setfords

Radon

This is a colourless and odourless gas that comes from rocks and soil. If the radon levels near your home are high they can cause lung cancer.

setfords

LPE1 form/managing agents pack

When selling a **Leasehold Property**, this form is sent to the landlords or **Managing Agents** by your solicitor to collect vital information. This will be information in relation to ground rent, service charges, insurance etc.

setfords

Managing Agents

This is a company appointed by the freeholder of a property or a **Management Company** to manage the property in accordance with the terms of the lease. This will include such items as collecting rent, service charges and arranging **Buildings Insurance**.

setfords

Management Company

A management company may be a party to a lease or own the freehold of a lease of which the leaseholders are shareholders. It is likely that the management company will employ the services of a **Managing Agent** to manage the building. Sometimes a management company is set up to manage the common areas surrounding a freehold estate.

setfords

Registered Land

Most land in the UK is registered with the land registry. **The Land Registry** keep a central record of all registered land and each property is allocated a its own **Title Number**.

setfords

Unregistered Land

Some land in the UK has not yet been registered with **The Land Registry**. Proof of ownership of unregistered land is based on original historical title deeds. Upon a sale and other triggers, the land must now be registered with **The Land Registry**.

setfords

The Land Registry

HM Land Registry register the ownership of land in England and Wales and keep a central record of land ownership.

setfords

Property Information Form

This is otherwise known as a PIF or TA6 and is a Law Society form completed in the sale process by the seller to provide information about the property to the buyer such as information about boundaries and alterations. Information in this form must not be misrepresented.

setfords

Leasehold Information Form

This is otherwise known as a LIF or a TA7 and is a Law Society form completed by the seller to provide information about the leasehold interest and lease to the buyer such as details about the landlord and service charges payable. Information in this form must not be misrepresented.

setfords

Survey

A survey is optional but important to have as a surveyor will inspect the property and tell you about any defects. Given the amount of money being spent on a property, a survey is worth the money. There are different types of survey but mainly there are two types, a **Homebuyers Report** or a **Building Survey**.

setfords

Homebuyers Report

A homebuyers report is not as in depth a **Survey** as a **Building Survey** but highlights important problems with the structure of a property. This type of survey is usually acceptable for modern, conventional properties in a reasonable condition. A buyer arranges this directly with a surveyor.

setfords

Building/ Structural Survey

A structural building survey is a detailed inspection report and provides an analysis of the condition of the property. This type of **Survey** is usually more appropriate for older and larger properties. This type of survey is usually more expensive than a **Homebuyers Report**. A buyer arranges this directly with a surveyor.

setfords

Mortgage Valuation

This is not actually a **Survey** – it is an assessment by the mortgage lender. A valuer will decide if the property is worth the money being for it and if the lender should lend you the money to buy it. A valuer may inspect the property or may simply do a desktop valuation.

setfords

Subsidence

This is a problem that can occur to a property when the ground beneath it sinks taking some of the house foundations with it. This puts a strain on the structure and can cause cracks to appear. Subsidence needs to be reported to the house insurer and the property may need to be underpinned.

setfords

Fixtures and Fitting's Form

This is otherwise known as a FFC or a TA10 and is a Law Society form completed by the seller to provide information to the buyer about items to be included in the sale or to be removed or sold. It forms part of the contract.

setfords

Memorandum of Sale

This document is usually provided by the estate agent setting out the heads of terms of the sale – it is evidence of intent and sets out the price agreed and approximate timescale but is not a legally binding document.

setfords

Office Copy Entries

This is an official copy of the title register from **The Land Registry** and is the modern equivalent of title deeds and confirms the owner of the property and any rights, reservations, covenants and charges that the property may be subject to. It consists of the **property, proprietorship and charges register**.

setfords

Office Copy Filed Plan

The **Office Copy Entries** of the title will refer to the property being edged in red on the filed plan. The filed plan shows the extent of land registered under the **Title Number**. This should be checked by the buyer to make sure it represents the property they believe to be buying.

setfords

Title number

A unique title number is allocated by **The Land Registry** to each property that is **registered** with it. This identifies the property from others and is shown at the top of the **office copy entries**.

setfords

Mortgage Offer

This is an official offer from a lender that it will provide you with a mortgage. It will only be issued after the mortgage application process has been gone through and underwriters have approved you and the valuation has been carried out.

setfords

Interest Only Mortgage

With an interest only mortgage you will be paying back to the lender the interest element of the mortgage, not any of the capital borrowed. This means your monthly payments will be less but you will owe back the original amount owed at the end of the term.

setfords

Repayment Mortgage

With a repayment mortgage you will be paying back to the lender the capital and interest over an agreed term. By the end of the term you will not owe any monies to the lender.

setfords

Mortgage Deed

This is a legally binding document that will get **Registered** at the **Land Registry** to protect the lenders interest. It confirms that you are happy to proceed with the **Mortgage Offer** provided by the lender.

setfords

Gifted Deposit

This is when somebody – usually a parent, gifts the homebuyer a sum of money to assist them in buying a house. The important thing here is that the money is a gift with no agreement to repay. ID and proof of funds will also need to be checked.

setfords

Contract/Agreement

This is a legal agreement between the seller and the buyer for the purchase of the property and sets out the main terms such as the price. Once exchanged, this becomes legally binding.

setfords

Full Title Guarantee

This means that the person selling has the right to sell the property and the owner will do what they reasonably can to give the buyer good title to the property.

setfords

Limited Title Guarantee

A person selling with limited title guarantee usually has no personal knowledge of the property they are selling and cannot give a **full title guarantee**. The seller may be a personal representative or an attorney.

setfords

Deposit

A 10% deposit is usually paid on **exchange of contracts** by a buyer to a seller which is held by the sellers solicitors until the **Completion Date**.

setfords

Exchange of Contracts

This is the point at which the sale and purchase of a property becomes legally binding. The actual exchange between solicitors is dealt with by a telephone call. A **Deposit** is paid and a **Completion Date** set out in the **Contract**.

setfords

Occupiers Consent

This form is usually required by a lender when a mortgage is taken and an adult occupier intends to live in the property. By signing the form the occupier will waive certain rights in favour of the mortgage lender.

setfords

Buildings Insurance

This is an insurance policy that covers the financial cost of repairing damage to the physical structure of a property in the event of damage or theft for instance. Buildings insurance needs to be put into place on **Exchange of Contracts** by the buyer. On a **Leasehold Property**, the freeholder insures the property usually.

setfords

Contents insurance

This is an insurance policy that protects your belongings in the event of damage or theft for instance. The policy covers the cost of replacing your belongings (not the structure of the property). On a **Leasehold Property**, generally a buyer needs to insure contents from **Completion**.

setfords

Reinstatement Cost

The reinstatement cost of a home is the amount it would cost to completely rebuild the property if it were totally destroyed. It is not the same as the value of a property. The **Mortgage Valuation** will usually include a reinstatement cost, which is the minimum amount a property should be insured for.

setfords

Completion Statement

This is a financial breakdown of your sale and purchase normally sent after **Exchange of Contracts** but before **Completion**. It will detail monies coming in and out and any amount due from you prior to completion.

setfords

Completion Date

This is the date when you are able to move into your new home. The balance of the money is sent by your solicitor to the sellers solicitors and once received, the keys will be released to you.

setfords

Contract Rate of interest

The **Contract** will usually refer to the Law Society's rate of interest from time to time. If the **Completion Date** is delayed for any reason this is the level of interest payable by the party that is late in completing.

setfords

Vacant Possession

This means that the seller or any previous occupant of a property must have moved out of the property on or before the **Completion Date**. The property must be empty on the day of completion including the seller's belongings.

setfords

Standard Conditions of Sale

These are a set of standard conditions set by the Law Society to which the majority of residential sale contracts are subject.

setfords

Transfer Deed/TR1

This is an important legal document in the **Conveyancing** process which transfers ownership of the property from the seller to the buyer. It needs to be signed and witnessed.

setfords

Telegraphic Transfer/Chaps

A chaps payment is usually a faster method of transferring a large sum of money from your bank account to your solicitor. It is usually a same day transfer and the bank may charge a fee to arrange the transfer.

setfords

Bacs

This is a method used to transfer money from the bank to your solicitor electronically. It usually takes three working days to receive payment but there is usually no fee.

setfords

Land Registry fee

This is the fee charged by **The Land Registry** for registering any dealing with property including registering the purchase into the buyers names and any mortgage.

setfords

Redemption Statement

This is a statement from your lender that outlines exactly what you owe to the lender to fully repay your mortgage.

setfords

Disbursements

This is a payment made to a third party for a service e.g **Local Authority Searches** or a **Land Registry fee**.

setfords

The Property Register

This describes the land in the title and confirms any rights that the property may benefit from e.g. rights of way.

setfords

The Proprietorship Register

This tells us the legal owners of the property and often the price paid when they purchased. It also confirms the class of title (absolute title being the best form of title). It may also contain a restriction such as consent being needed from a third party to any transfer or charge.

setfords

The Charges Register

This tells us about any mortgages or financial charges that the property is subject to. It also outlines any **Restrictive Covenants** i.e obligations that continue to burden the property.

setfords

Restrictive Covenant

These are conditions or obligations imposed on a property to determine what a homeowner can or cannot do with their house or land. They can be quite old or new covenants could be imposed as part of a new build property. An example is that no alterations should be carried out without consent.

setfords

Additional enquiries

The buyers solicitor will raise a number of additional enquiries with the sellers solicitors from matters arising out of the property forms or other information. These are designed to glean as much information as the buyer may need to make an informed decision to proceed to exchange. Additional enquiries should be limited to those of a legal nature and not structural.

setfords

Report on Title

This is a full report that the buyers solicitor will produce once they have all the **Searches** and checks against the property. It is a summary of all the important aspects of your purchase.

setfords

Stock Transfer Form

This is a legal document that transfers the shares of one person to another, this is usually in respect of a share in a **Management Company.**

setfords

Snagging

This is a process of checking a new build home for minor faults or small unfinished jobs that need to be rectified. A snagging survey can be carried out by

setfords

Retention

This is a sum of money held back from the sale proceeds on the **Completion Date** and retained by one of the solicitors until some action or further information obtained. For instance, on a **Leasehold Property**, a sum of money may be held until the final service charges are established for the year end in case there is a deficit.

setfords

Allowance

This is a sum of money held back from the purchase price by the buyer to pay for something to do with the purchase e.g repair work or an **Indemnity Insurance** policy, It has the same effect as reducing the price and depending on the amount and reason, it may or may not have to be reported to a lender.

setfords

EPC

An Energy Performance Certificate measures the energy efficiency of a house. It is a legal requirement to have one for a property being sold or let. They are usually valid for 10 years.

setfords

Searches

Searches are enquiries submitted to various authorities by your solicitor to provide you with more information about the property you intend to purchase.

These include searches with the **Local Authority**, a **Drainage Search** and an **Environmental Search** is also usually undertaken.

setfords

Local Authority Search

This is an essential search carried out in the purchase process to find out vital information about planning applications against a property, whether the road is **Adopted** and to establish other vital information e.g. whether the property is in a **Conservation Area** or **Listed**.

setfords

Drainage Search

This is an essential search carried out in the purchase process to find out if the property is connected to the mains water supply and how the property will be charged for its water supply.

setfords

Environmental Search

This is an essential search carried out in the purchase process to find out whether the property has been built on potentially contaminated land. It will usually also assess the flood risk and risk of **Subsidence** in the area.

setfords

Apportionment

This is the term used when dividing outgoing costs on a property between a seller and a buyer. For example, on a **Leasehold Property** the service charge will be apportioned between the seller and the buyer from the **Completion Date** to the date they have been paid to.

setfords

Statutory Declaration

This is a formal statement affirming that something is true to the best of the knowledge of the person making the statement. It can be used for example to confirm a right of way has been used over a **Private Road**.

setfords

Indemnity Insurance

This is a type of insurance policy that protects a buyer if there is a defect with the property they are buying that could result in a dispute or legal action. It is a one off payment and is used instead of rectifying a defect e.g lacks of right of way or lack of **Building Regulations**

setfords

Stamp Duty Land Tax

You must usually pay SDLT if you buy a property or land over £125,000.

Different rates apply to **First Time Buyer** or investors and you will need to speak to your solicitor or tax adviser to establish the amount due. You will sign an LTR form confirming the amount of stamp duty due.

setfords

First Time Buyer

This is someone who has never owned a freehold or leasehold interest in a property and is purchasing their main residence. If buying jointly this must apply to both parties.

setfords

Chancel

Search/Insurance

If there's a church near your property a chancel repair search will find out if you may potentially be liable to contribute to the church's repairs. These days insurance may be taken for this risk instead of carrying out the search.

setfords

Fensa Certificate

This certificate is issued by a window installation company to the homeowner to confirm that the double glazed windows or doors that were replaced comply with **Building Regulations** introduced in April 2002. It is required on a sale of property. A duplicate can be obtained if you do not have this.

setfords

NIEIC Certificate

This certificate is issued by an electrical contractor to confirm that any electrical work carried out after 2005 meets **Building Regulation** standards. It is required on a sale of property. A duplicate can be obtained if you do not have this.

setfords

Gas Safe Certificate

This certificate is issued by a Gas Safe engineer to confirm that any heat producing gas appliance installed meets **Building Regulations** standards. Gas Safe replaced Corgi in 2009. A duplicate can be obtained if you do not have this.

setfords

Building Regulation Consent

Building Regulations Consent may be required for certain construction works or changes in a property e.g constructing an extension or taking down a structural wall. A copy of this will be required on a sale of property for any such alterations.

setfords

Multiple Dwellings Relief

This is a stamp duty relief available if you are purchasing more than one dwelling. It can reduce the rate payable by taking the average value of the properties and multiply by the number of dwellings. You will need to speak to your solicitor or tax adviser to establish the amount due.

setfords

Higher Rate Stamp Duty

Higher SDLT rates will be payable if you are buying a residential property which is an additional property. This applies whether your current property is in the UK or anywhere else in the world. You will need to speak to your solicitor or tax adviser to establish the amount due.

setfords

Remortgage

This is a process where you take out a new mortgage on a property you own to replace your existing mortgage. It could be with the same lender or a different

setfords

Joint Tenants

This is where two or more people own a property together and upon the death of either of them, the property automatically passes to the survivor. A joint tenancy can be severed to create a **tenancy in common**.

setfords

Tenants in Common

This is where two or more people own a property together but each person has a defined share in the property, which can be left under the terms of that persons will to someone else. The shares can be defined in a **Declaration of Trust**.

setfords

Planning Permission

Planning permission is the consent of the local authority to a building project. It is a formal document issued by the Council consenting to the development and may have conditions attached to it that need to be complied with. A copy of this will be required on a sale of a property for any such alterations carried out that require consent.

setfords

General Permitted Development Order

This is otherwise known as permitted development rights. Certain types of developments and home improvements do not require **Planning Permission**. It may not apply to certain properties in a **Conservation Area** and certain properties will have this right removed so it is best to check with the local authority to see if this applies.

setfords

Listed Building

Listed Buildings have a special status that means that they must be preserved usually because the property is of historical or architectural interest. Alterations to listed buildings will be strictly controlled.

setfords

Adopted Road

The local authority maintains an adopted road and the public have a general right of way to pass over it.

setfords

Smoke Control Order

The local authority may impose a smoke control order over an area to cut air pollution. Only smokeless fuels will be permitted to be used.

setfords

OS1 Priority Search

This is a **HM Land Registry** search carried out by your solicitor immediately before **Completion**. It gives a period of “priority” for your land registry application and provides confirmation that no entries have been made on the sellers title since the date of the **Office Copy Entries** provided.

setfords

Bankruptcy Search

This is carried out by your solicitor prior to the **Completion Date** to make sure you are not bankrupt. It is carried out to protect the lender.

setfords

CML Handbook/UK Finance Mortgage Lenders Handbook

This provides standard instructions for conveyancers acting on behalf of lenders in **Conveyancing** transactions.

setfords

Declaration of Trust

If you purchase a property as **Tenants in Common** then you may want to enter into a declaration of trust to confirm the shares in which you hold the property.

setfords

Transfer of Equity

This is when a jointly owned property is transferred to a single one of those owners or a single owner transfers a property they own into joint names. Basically, it is the process of altering the ownership of a property.

setfords

Conservation Area

This is an area of special architectural or historic interest the character or appearance of which it is desirable to preserve or enhance. **Planning Permissions** will be strictly controlled and conservation area consent will be required for demolition works.

setfords

Tree Preservation Order

A TPO is an order made by the local authority to protect specific trees. It is a criminal offence to cut down, top, lop or wilfully damage or destroy a tree the subject of an order without the consent of a local authority.

setfords

S106 Agreement

This is a legal agreement between a developer and local planning authority usually about measures the developer needs to take to be granted **Planning Permission**. They often contain obligations to pay sums of money to the local authority or conditions to include affordable housing for example.

setfords

Common Land

This type of land will usually be revealed in the **Searches** carried out by your solicitor. It can be owned by the Council, National Trust or be private. Certain activities can be carried out on common land but you can not drive across it without permission usually.

setfords

Septic Tank

A septic tank is an underground container in which waste matter and urine is disintegrated by bacteria. These are usually used in more rural areas that are not connected to the sewage system.

setfords

Deed of Variation

This is a legal document that changes the terms of a another legal document e.g a deed of variation of a lease may change the terms of a lease such as the amount of ground rent.

setfords

Cleared Funds

These are funds that can be used immediately by your solicitor. If you send a cheque, this could take a number of days to clear. A direct bank transfer is usually cleared funds. Funds must be cleared to be used for **Completion**.

setfords

Keys Undertaking

This is a document signed by the buyer when a seller allows them access to the property they are buying prior to **Completion** e.g to carry out works or decorate.

setfords

CQS

This is the Law Society's Conveyancing Quality Scheme which provides a recognised quality standard for residential **Conveyancing** practices.

setfords

Gazumping

This is when an offer is accepted on a property but the seller then accepts a better offer from another buyer prior to **Exchange of Contracts.**

setfords