



Helpful Stuff

Glossary of Terms

Advance – mortgage loan.

APRC – *Annual Percentage Rate of Charge.*

Auction – a property sale where people bid to buy the property on the day. The winner is legally bound to buy the property.

Balance / balance outstanding – *amount which is owed at the time.*

Bridging loan – a temporary loan given in advance to help someone buy a property before their current property has been sold.

Buildings insurance – *insurance against the cost of damage, repair or rebuilding.*

Capital – the amount of money borrowed in a mortgage.

Chain – *a chain happens when someone buying one property can't do so unless they sell their property. A chain can involve a few people which means if one person cannot sell their house, they cannot buy the one they want. This is why being 'chain free' can work well as the purchase or sale is less likely to fall through.*

Closing date – the date when offers must be submitted if there are a few people interested in buying the same property. A time is often set too, after which no more offers are accepted.

Completion date – *when legal ownership passes to the buyer. It is when contracts have been exchanged, and legal transactions, money and documents have all been distributed. The seller's solicitor instructs the estate agent (if applicable) to release the keys.*

Contents insurance – insurance against theft, accidental damage of movable items in a property eg, furniture and white goods.

Contract – *a formal document usually set out by a solicitor or licensed conveyancer which details all the terms and conditions for the property sale.*

Conveyancer – someone other than a solicitor who is carrying out the conveyancing.

Conveyancing – *the legal work for buying and selling properties which is carried out by a conveyancer.*

Conveyancing pack – seller's pack.

Covenant – *this is a condition that the buyer must comply with. It is usually included in the Title Deeds or lease. A restrictive covenant is one that stops the owner from doing something such as removing trees or specific building work.*

Deeds – the legal documents giving ownership to someone for land or property.

Deposit – *the amount of money someone is putting toward buying a property.*

Disbursements – essential fees such as Stamp Duty (land tax), search fees, Land Registry, to be paid on top of the conveyancing fees. The amount paid is fixed so will be the same regardless of the solicitor used.

Draft contract – *the unconfirmed version of the contract. This is the second stage of selling a property.*

Early repayment charge – a charge made by the lender if the person borrowing the money ends the mortgage before the mortgage is due to

end. For example, a borrower agreed to 25 years, and ends the mortgage after 20 years due to reduced payments.

Endowment mortgage – a mortgage where monthly payments go into a life assurance (endowment) policy and the loan is paid off at the end of the agreed loan period.

Equity – the difference between a property value and the amount of mortgage still owed.

Exchange of contracts – the point when the buyer and seller is legally bound to selling / buying the property.

Fixtures and fittings – items included / or not in the sale or purchase which are agreed on a document by the seller's solicitor which the seller completes. This document is passed to the buyer's solicitor for the buyer to understand what is / is not included.

Freehold – absolute ownership of a property and the land.

Gazumping – when the seller who has accepted an offer from one person then accepts a higher offer from someone else. The first person has been gazumped.

Gifted deposit – when someone gifts a deposit on a property.

Help to buy – government scheme announced in March 2013 to help anyone struggling to save a deposit or move up the property ladder. Buyers

must meet certain criteria for this scheme.

Land Registry – when a solicitor registers the buyer as the new property owner.

Lease – a document in which a property owner lets out the premises to a named party for an agreed amount and time.

Leasehold – ownership of a lease.

Loan-to-value (LTV) – the size of a mortgage compared to the property value; if the value is £100,000 and the mortgage is 70% then the LTV is 70%.

Maintenance charge – a charge agreed in the initial contract with the landlord to cover the cost of maintaining a property which can include common areas such as corridors, and garden.

Mortgage offer – often a letter from the lender detailing the loan amount and conditions of the offer.

Negative equity – when the value of a property is less than the mortgage.

New build – a property 2 years old or built / converted within the last 12 months, or not occupied, or not previously residential.

Probate – the official way to prove a Will is valid. It is possible to get a probate valuation and if this is the case a buyer / seller cannot proceed until probate has been granted.

Remortgage – switching to a different kind of mortgage on the same property which may be to reduce the amount of monthly mortgage payments.

Stamp duty – a government tax which must be paid. The % value increases in bands as the value of a property increases.

Structural survey – a surveyor carried out by a surveyor who reports on whether the property is structurally sound and includes defects which may need work done (which can affect the value and or asking price of a property). See valuation survey.

Transfer of ownership (or equity transfer) – from one person to another including a land trust device etc, with one of the original people remaining on the property title.

Valuation survey – carried out by the lender to make sure that the value of the property is not less than the proposed loan. The lender often arranges this and charges the buyer for the survey. The lender can turn down the valuation report and refuse to lend (see structural survey).