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ESTATE AGENCY

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At Lovelle Estate Agency we pride ourselves on delivering information to our clients openly and honestly so we thought we'd compile a list of commonly used property terms to cut through the jargon and ensure you are familiar with all the terminology.

A

Amenities

Features that increase attractiveness or value, especially of a property or a geographic location, such as restaurants, cafés, shops and transport facilities.

Arrangement Fee

A fee charged by the mortgage lender to arrange a loan.

Auction - Modern Method

By using the modern method of auction, the bid binds the buyer to pay a reservation fee and sign the reservation form. It does not bind the buyer to buy the property, but instead allows them to reserve the right to exchange contracts on the property within 28 days.

Auction - Traditional

Is an auction where the item for sale may not be sold if the final bid is not high enough to satisfy the seller; that is, the seller reserves the right to accept or reject the highest bid.

B

Basic Variable Mortgage Rate

A mortgage lender's standard rate of interest, which may be increased or decreased periodically by the lender depending on prevailing economic conditions.

Bridging Loan

A temporary loan providing financial cover to allow a buyer to complete on the purchase of a new property before selling their existing property.

Building Survey (formerly full structural survey)

A full inspection of the property to be purchased conducted by a chartered surveyor, who then prepares a detailed report including any property defects. This type of survey is usually recommended for older properties, properties that have been poorly maintained or properties that have been extensively altered or extended.

Buildings Insurance

Insurance required by mortgage lenders to cover damage to your home in the event of a fire, flood or other incident.

Buy to Let Mortgage

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



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C

Chain

A situation that occurs when a buyer is reliant upon the completion of the sale of an existing property in order to complete on the purchase of a new property. There can often be a number of parties in the chain, all in a similar position.

Completion

The point at which all transactions concerning a property's sale are concluded and the ownership is legally transferred to the buyer.

Contents Insurance

Insurance to cover any loss or damage to furniture or possessions inside a property.

Contract

A legal agreement between the seller and buyer of a property which binds both parties to complete the transaction.

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 traditional term for the legal work involved in the purchase and sale of a property.

D

Deeds

Legal title documents that prove legal ownership of a property. The deeds will be held by the mortgage lender if there is one.

Deposit

A sum of money (usually 10%) paid by the buyer on exchange of contracts.

Detached

The term used to describe a property that stands alone and isn't attached to another property.

Development

A newly built residence (or number of residences) or an older property that has been refurbished and modernised.

Disbursements

Fees paid by the buyer's solicitor on the buyer's behalf such as Stamp Duty, Land Registry and search fees.

Draft Contract

A preliminary, unconfirmed version of the contract issued by the seller's conveyancer to the buyer's conveyancer.

E

Endowment Mortgage

Interest-only repayments combined with monthly premiums paid into an endowment policy designed to pay off the loan at the end of the term.

Equity

The difference between the value of a property and the amount of mortgage owed.

Excess

An amount the policyholder must pay towards each and every incident of loss and damage when making an insurance claim.

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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.

F

Fixed Rate Mortgage

A mortgage which has the interest rate fixed for an agreed period of time.

Fixtures & Fittings

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

Flexible Mortgage

An arrangement whereby you can increase or decrease your mortgage repayments.

Freehold

A technical word for the ownership of the property, meaning that it belongs to the owner without any limitation of time.

Flying Freehold

Flying freehold is an English legal term to describe a freehold which overhangs or underlies another freehold. Common cases include a room situated above a shared passageway in a semi-detached house, or a balcony which extends over a neighbouring property.

G

Gazumping

When a seller accepts a higher offer from a third party on a property that they have agreed to sell to someone else, but which they have not yet exchanged contracts on.

Gazundering

When a buyer offers the seller a lower offer just before contracts are about to be exchanged.

Ground Rent

The annual charge made by the freeholder to the leaseholder for the right to occupy a property.

Guarantor

A lender may sometimes require a borrower to appoint a guarantor. This is a third party who promises to pay the borrower's debt if the borrower defaults.

H

Homebuyer's Survey

This is a type of survey, not as detailed as a structural survey, which is carried out by a chartered surveyor to assess the state of a property and its value.

Help to Buy

Help to Buy mortgage scheme. There are a number of Government schemes to help individuals who are unable to afford to buy a home, two of which are help to buy equity loans and help to buy mortgage guarantees.

I

IFA

An independent financial adviser.

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J

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).

L

Land Registry Fee

A fee paid to the Land Registry to register ownership of a property.



Lease

A legal document issued by a freeholder granting tenure to a leaseholder for a given period of time.

Leasehold

Denotes that the ownership of the property is by way of a lease rather than freehold. It is possible to extend the Lease and sometimes to buy the freehold of your property.

Lender's Arrangement Fee

A charge passed on to the buyer by the lender for arranging a loan.

Lender's Legal Fee

The fees incurred by the lender when arranging a mortgage. These costs are passed on to the buyer.

Listed Building

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

Loan to Value (LTV)

The size of the mortgage as a percentage of the property's value.

Local Authority Search

The procedure whereby a buyer's solicitor makes an enquiry to the local council regarding any outstanding enforcement or future development issues which might affect the property or its immediate area.

M

Maintenance Charge (or service Charge)

When a rental property is contained in an apartment block or housing development, either the tenant or the landlord may be expected to pay an annual service charge. This charge will usually cover maintenance and repair work in communal areas.

Maisonette

A flat arranged over more than one floor, i.e. a portion of a house.

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Mortgage

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

Mortgagee

The lender of a mortgage, i.e. a bank or building society.

Mortgage Agreed in Principle

An expression of a mortgage lender's willingness to enter into an agreement subject to other conditions being met, such as credit checks and a satisfactory property valuation.

Mortgage Deed

A legal document recording the mortgage lender's interest in the property and containing the terms of the mortgage.

Mortgage Rate

The standard variable interest rate quoted by all mortgage lenders, which normally varies with the Bank of England base rate. All discounted rates are based on this mortgage rate.

Mortgage Term

The period of time over which a repayment mortgage is repaid or at the end of which an endowment mortgage is cleared.

N

Negative Equity

When the value of the property falls to less than the outstanding mortgage.

O

Offer

A sum of money that the buyer offers to pay for a property.

Open Market Value

The price a property would achieve when there is a willing buyer and a willing seller.

P

Payment Break (or payment holiday)

An agreement you might be able to make with your lender that allows you temporarily to stop or reduce your monthly mortgage repayments

Penalties

Costs that may be incurred if a borrower repays the loan too early or switches to another lender.

Premium

The monthly amount payable for an insurance policy.

R

Redemption

This is the term used when a mortgage is paid off in full.

Remortgage

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

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Repayment Mortgage

A mortgage repaid by way of monthly repayments of capital combined with interest.

Repossession

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

Reservation Fee

A reservation fee is very similar to putting a holding deposit down when renting a property. It is a payment made by a buyer to provide exclusive rights to buy a property, under certain conditions and at an agreed price.

S

Search

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

Seller Information Form

The Law Society's Property Information Form, also known as TA6, is completed by a property seller to give a potential buyer detailed information about the property being sold.

Semi-detached

A property which is joined to one other property.

Sole Agent

When a seller chooses to sell their property through a single estate agent rather than through multiple agencies.

Solicitor

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

Stamp Duty Land Tax (or Stamp Duty)

A tax paid by purchasers of a property.

Stamp Duty for Second Homes or Investors

Buyers of additional residential properties, such as second homes and buy-to-let properties, will have to pay an extra purchase tax.

Studio Flat

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

Subject to Contract

Words to indicate that an agreement is not yet legally binding.

Surveyor

A professionally qualified expert who carries out a survey.

T

Tenancy

The temporary possession of a property by a tenant.

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Tenancy Agreement

A legal agreement designed to protect the rights of both the tenant and the landlord, which sets out all the terms and conditions of the rental arrangements.

Tenant

A person who has temporary possession of a property.

Tenants in Common

A form of ownership by two or more people in which if one of them dies, their share of the property forms part of their estate and does not automatically pass to the other(s).

Tender

Sale by Tender is like a silent auction. A property is marketed for sale with or without a guide price and there is a deadline for all offers. Anyone interested puts in their offer and the vendor is presented with these offers, which are private, to be considered on the day.

Tenure

Conditions on which a property is held, i.e. the length of the lease.

Terraced House

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

Title Deeds

Documents showing the legal ownership of a property.

TPO

The Property Ombudsman (TPO) is a UK government-approved organisation which aims to provide better consumer protection for home buyers and sellers, landlords and tenants, by providing independent conflict resolution and raising standards of service in the residential property industry.

Transfer Deeds

The Land Registry document that transfers legal ownership from seller to buyer.

U

Under Offer

The status of a property for sale when a seller has accepted an offer from a purchaser but exchange of contracts has not yet occurred.

Underpinning

A solid foundation laid below ground level to support or strengthen a building.

V

Valuation

The amount that an agent thinks a property could achieve on the open market.

Valuation Survey

A survey that is carried out on behalf of the mortgage lender to establish the amount and terms of the loan.

Y

Yield

Income from a property calculated as a percentage of its value.