

# A-Z Guide to Conveyancing Terminology

Don't know a covenant from a rentcharge? A leasehold from a freehold? This guide to commonly used terms in conveyancing explains all.

## A

### Apportionments

When you are buying a flat, the seller will often have paid for Ground Rent and Service Charge up-front. If that is the case, you are likely to be asked to pay the seller a sum of money to cover your share of the Ground Rent and/or the Service Charge which the seller has paid for up-front. To take a simple example, your seller has paid £30 Ground Rent up-front, which covers the period 1 June to 30 June. Your purchase completes on 15 June. You are likely to be asked to pay the seller an 'apportionment' of £15 to cover your share of the Service Charge from 15 June to 30 June.

## C

### Caveat Emptor

A Latin phrase which means 'let the buyer beware'. It is the buyer's responsibility to check that they are happy with the physical condition of a property before they commit to exchange of contracts.

### Chain

A sequence of linked sales and purchases.

### Chancel Repair Liability

An ancient law which means that some homeowners can be obliged to contribute towards the cost of repairs to the chancel of the parish church.

### Completion

The day on which the transaction goes through, and keys are handed over. Not to be confused with exchange of contracts, which typically (but not always) happens a few days beforehand.

### Conservation Area

An area where there are some extra planning controls and considerations in place to protect the historic and architectural elements of the area.

## Contract

The document by which the buyer agrees to buy the property, and the seller agrees to sell. The Contract will set out the terms of the sale, and is usually drafted to include the Law Society's Standard Conditions of Sale.

## Conveyancing

The branch of law which deals with the sale and purchase of properties.

## Conveyancing Protocol

The Law Society Conveyancing Protocol is a guide which sets out the Law Society's preferred practice for property transactions. Many firms (including PM Property Lawyers) follow the protocol, but not all firms do.

## Covenant

An obligation affecting a homeowner which is found within the title to a property. A Covenant can restrict the owner of a property from doing something (e.g. using the property for business/trade purposes) or oblige the owner of a property to do something (e.g. maintain a particular boundary).

## D

## Deeds

A collective term generally used to describe all the legal documents associated with the ownership of a property. The deeds will demonstrate the seller's ownership of the property, and also contain the details of any rights and covenants affecting the property. The old system of paper Title Deeds have now largely been superseded by the system of land registration at HM Land Registry.

## Declaration of Trust

Also known as a Deed of Trust. A document signed by the owners of a property that records who will get the sale proceeds and in what proportions when the property is sold. Your solicitor should be able to draft a Declaration of Trust for you, if you ask them to do so.

## Deposit

The sum of money payable by the buyer to the seller on Exchange of Contracts. The deposit is usually 10% of the purchase price but can be less if the seller agrees to this. Your solicitor will ask you to transfer your deposit to them shortly before Contracts are exchanged.

## Disbursements

Expenses that your solicitor must pay out on your behalf, for example, Land Registry fees, or search fees.

## E

### Easement

A right enjoyed by one property over another, most typically a right of way.

### Energy Performance Certificate (EPC)

A document which confirms how energy-efficient (or inefficient) a property is, and gives information on areas for potential improvement.

### Exchange of Contracts

The point at which both buyer and seller become bound by the contract to complete the transaction on the agreed completion date. Not to be confused with Completion, which is where the keys are handed over. Completion usually happens a few days after Exchange of Contracts.

## F

### Freehold

Outright ownership of the title to a property (as opposed to Leasehold).

### Fittings and Contents Form

A standard form which is routinely completed by sellers at the outset of a sale to inform the buyers what is and isn't included in the sale.

## G

### Ground Rent

Rent paid under the terms of a Lease by a leaseholder. This would normally be paid to the freeholder.

## H

### H M Revenue & Customs

The department of government responsible for the collective of taxes. In the vast majority of property purchases a Stamp Duty Land Tax return will need to be submitted to H M Revenue & Customs.

## I

### Indemnity Policy

An insurance policy usually taken out to offer protection to a buyer or their mortgage lender. Indemnity policies cover a wide range of issues/problems, for example, a property not having necessary rights of way contained within the deeds, or where works have been carried out on the property without the necessary planning permission or building regulations approval. The insurance premium only needs to be paid on a one off basis, usually on completion of the transaction.

## J

### Joint Tenants

A form of joint ownership, not to be confused with Tenants in Common. With a Joint Tenancy, the co-owners do not own separate, distinct shares in the property. If one of the co-owners passes away, their share in the property automatically passes to the other co-owners, irrespective of the terms of their Will.

## L

### Landlord

Someone who grants a lease of their property to another party. Also referred to as a “Lessor”.

### Land Transaction Tax

The Welsh equivalent of Stamp Duty Land Tax, payable to the Welsh Revenue Authority.

### Lease

A document by which one party grants the right to occupy a property to another for a specified time, usually in return for rent payments.

### Leasehold Information Form

A standard form completed by the seller at the outset of leasehold transactions to give the buyer more information about the property

### Lessor

The party who grants a lease of their property to another party.

## Lessee

The party to whom a property is leased.

## Leasehold

The holding of a property under a lease. To be contrasted with 'Freehold'.

## Listed Building

A property which is included on a list of buildings which are of architectural or historic interest. Listed building status may restrict any alterations to the building.

## M

### Management Company

A company which is set up to manage and maintain the common parts of a building/area (usually a block of flats). The management company will collect Service Charge to fund this.

### Managing Agents

A person or company appointed by the Landlord, or the Management Company, to manage and maintain the common parts of a building/area.

### Mortgage

A loan secured against a property.

## N

### NHBC

National House Builder's Council. This is a body that provides a 10 year warranty on the majority of new-build properties.

## O

### Off-Plan

When a new build property is purchased by reference to its plans, as it has not yet been constructed.

### Official Copies

Copies of the entries held by H M Land Registry which show the ownership of a property, and any matters affecting the property. Under the Land Registry's system of registering land, Official Copies have now largely superseded the old paper deeds to properties.

## P

### Property Information Form

A standard form which is routinely completed by sellers out the outset of a sale to give the buyer more information about the property.

### Protocol Forms

The collective name for the Property Information Form, Fittings and Contents Form, Leasehold Information Form, and other standard forms completed by the seller at the outset of a sale.

### Purchaser

The buyer of a property.

## R

### Registered Land

Land that is listed on a central register maintained by H M Land Registry. The vast majority of land is now registered at H M Land Registry. The register shows ownership and any matters affecting the property.

### Rentcharge

An annual sum paid by the owner of a freehold property to the owner of the rentcharge. The rentcharge owner normally has no other interest in the land. In many cases, these have been imposed by old rentcharges by old transfer deeds for very small which are often not collected in practice. Your solicitor should always check this for you.

## S

### Searches

Enquiries made by your solicitor to various authorities to obtain more information about the property you are purchasing which is in the public domain but would not be shown on the title. For example, the Environmental Search should flag up if the property has been built on land which was potentially contaminated, or if there is a flood risk. The Drainage Search will reveal whether the property is connected to mains water supply and mains drainage. It will also let you know if there are any drains or sewers within the boundaries of the property. The Local Search will provide a wide

range of information, including details of any Planning Permissions, and Building Regulations Approvals granted in respect of the property.

## Service Charge

A payment collected by management company/managing agents which they use for the maintenance of the common parts of a building/area.

## Shared Ownership

A system by which a buyer can buy a share of the equity in a property, usually from a social housing provider e.g. Housing Association, and then pay rent on the share that they do not own. The buyer can then buy additional shares in the property: this is known as “staircasing”.

## Stamp Duty Land Tax

A tax which must be paid to HM Revenue and Customs when purchasing a property in England, unless a relief applies, e.g. first time buyer relief. You can check the current SDLT threshold and reliefs on the Government website here <https://www.gov.uk/stamp-duty-land-tax> (there is also a useful SDLT calculator).

## Subject to Contract

A phrase used to signify that nothing is legally binding on either party to the transaction until contracts are exchanged.

## Survey

A report carried out for a buyer by a surveyor to give them an insight into the physical condition of a property.

# T

## Tenancy-in-Common

A form of joint ownership, not to be confused with Joint Tenancy. With a Tenancy in Common, the co-owners do own distinct shares in the property – this can be 50/50, 60/40, or whatever split the co-owners decide upon. If one of the co-owners passes away, their share of the property will not automatically pass to the other co-owner, it will pass in accordance with the terms of the deceased owners will (or the ‘rules of intestacy’ if they did not have a Will).

## Title

A term that refers to the legal basis of ownership of property. For example, the owner of a Freehold property owns the “Freehold title”.

## Title Plan

A plan held by H M Land Registry which shows the physical extent of a registered property.

## Transfer Deed

The legal document by which ownership of a property is passed from the seller to the buyer.

## U

### Unregistered Land

Land that is not yet registered at H M Land Registry. Unregistered land now only makes up a very small percentage of land in England and Wales. It is usually not a problem if the property you are purchasing is unregistered, but it does generate a bit more work for your solicitor, and you will have to pay a higher fee to H M Land Registry to register your purchase.

## V

### Vacant Possession

A term which refers to a property being handed over on the completion date free from any occupiers or any possessions belonging to the previous owner.

## Vendor

The seller of a property.

## W

### Welsh Revenue Authority

The department of the Welsh Government responsible for the collection of Land Transaction Tax.