

Legal Terms Made Easy

» A Summary Guide



These explanations may help you understand the legal terms commonly used by Solicitors when dealing with the buying and selling of property.

Agreement or Contract of Sale

A legal document, often known as "the Contract" which containing details of the price and address of the property. It also includes all other terms and conditions of the sale that have been agreed.

Breach of Contract

This is where someone fails to do something that was agreed in a contract. In a property transaction this is where somebody does not to complete the sale or purchase.

Completion

The date the transaction is completed and ownership of the property passes from the seller to the buyer. All documents and monies are handed over and it is at this point that the buyer becomes the legal owner.

Conveyancing

The term for the legal work involving in buying property.

Deed

A legal signed document which transfers ownership in property from one person to another.

Deposit

Money paid by the buyer when contracts are exchanged. This represents a part payment, usually 10% of the purchase price.

Drainage Search

Information relating to the water and waste services within a property and in its proximity. This includes detail of water supply, water drainage and sewers and if a water meter is fitted to the property.

Energy Performance Certificates (EPCs)

An assessment of how energy efficient the property is and is carried out by a qualified Domestic Energy Assessor (DEA) or Home Inspector (HI).

Exchange of Contracts

This is when the agreement becomes legally binding between the buyer and seller.

Freehold

Where the owner of the property owns both the property and the land it is built on. No rent is payable to a landlord on the land, unlike a leasehold property.

Full Structural Survey

The most comprehensive survey of structural condition of the property carried out by a qualified surveyor. This type of survey is normally reserved for old properties or ones of unusual construction or that have been heavily extended.

Homebuyers Survey and Valuation Report

A more detailed inspection and report of the structural condition of a property carried out by a qualified surveyor which also includes a valuation.

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Home Information Pack (HIP)

A HIP provides buyers with clear and up-front information about the property. A HIP includes: an Index of documents included in the pack, evidence of ownership of the property with a plan, a sale statement, showing basic information about the property, an Energy Performance Certificate (EPC), Property Information Questionnaire (PIQ) and Local and Drainage Searches.

Optional items in a HIP include a Home Condition Report (HCR), other searches (Such as coal or environment, a legal Summary and a fixtures and content report.

Home Condition Report (HCR)

Although not a compulsory document in a HIP the HCR is similar to a Homebuyer survey. It is carried out by a qualified surveyor and provides the buyer with comprehensive information on any work or repairs needed to the property, reducing the chances of surprises later on.

Home Contents Form

A list completed by the seller showing what fixtures, fittings and contents are included in the sale.

Land Registry

A Government department keeping a record of all land ownership. Land Registry fees are payable for registering a change of ownership.

Leasehold Property

Property that is built on land leased to the property owner by a landlord for which annual ground rent is payable.

Legal Summary

Although not compulsory, the seller may include this in a Home Information Pack (HIP). It is a legal advisers view of the contents of the pack and should identify any legal issues with the property.

Local Search

A search of the Local Council records for information relating to the property that may affect the buyers decision to buy or a lenders decision to lend.

Mortgage

A document signed by the property owner that gives the lender security on a property for money lent.

Mortgage Offer

A document setting out the lenders terms and conditions of the loan.

National House-Building Council (NHBC)

An organisation whose aim is to raise the building standards of new homes built in the United Kingdom and provides warranties for buyers of these properties.

NHBC Certificate

A 10 year warranty for buyers of new homes against major defects with the property. The developer must have constructed the property under the NHBC scheme. When the property is sold, any remaining time left is automatically transferred to the new buyer.

Property Information Questionnaire (PIQ)

A helpful information questionnaire completed by the seller which includes details of gas and electricity safety, flood risk information, parking arrangements, previous structural damage and any leasehold details where relevant.

Redemption

The repayment of an existing mortgage or loan secured on a property.

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Searches

The name given for the enquiries to Local council records and similar bodies that a buyers solicitor makes before contract can be exchanged. These include a Local Search, Coal Mining Search (where needed) and a Land Registry Search to check that a seller does not have a recent second mortgage on the property.

Stamp Duty Land Tax

A Government Tax the buyer pays on the purchase price of properties and land.

Transfer Deed

The document that transfers ownership of property from the seller to the buyer. This must be passed to the Land Registry to update their records.

Undertaking

A solicitors promise to do something.

Vacant Possession

This is where the buyer can expect to find the property empty and have no tenants or occupiers of the property after completion of the sale.

Valuation Report

A limited inspection of a property carried out by a qualified surveyor to determine its value in its present condition.