

Glossary

AGA	Authorised guarantee agreement. Whereby the outgoing tenant guarantees the obligations of the incoming tenant following assignment of the lease.
Apportionment	Most often used in relation to leasehold property where rent and service charges will need to be apportioned between the seller and buyer. The act of apportioning the rent/service charge is often needed because the rent/service charge is due for a particular period i.e. six months and the liability for that the period has to be split between the seller and the buyer.
Assignment	The transfer of a lease.
Collateral Warranties	A contract between a professional consultant, building contractor or sub-contractor and a third party (for example, a funder, tenant or buyer) warranting to the third party that it has complied with its appointment, building contract or sub-contract.
Completion	The moment when the buyer becomes the new owner of the seller's property and the seller must have left the property.
Contracts	The form of legal agreement prepared in duplicate for signature by the seller and buyer setting out all the legal rights and obligations agreed between them including the agreed date of completion.
Covenants	Obligations and restrictions, known as 'positive' and 'negative' covenants respectively, that can be attached to a property. Positive covenants impose a positive obligation to do something whereas restrictive covenants prohibit specified actions or uses.
Deposit	The agreed amount to be paid on exchange of contracts usually forfeited if the buyer fails to complete. The deposit is normally 10% of the purchase price for the property unless agreed otherwise.

Disbursements	Fixed costs incurred by a property lawyer undertaking the conveyancing process on your behalf, which are then passed on to you. Examples include local authority and bankruptcy searches.
Easement	A right granted over another's property (such as a right of way).
Encumbrance	A title matter which adversely affects a property.
Engrossment	A final version of a document to be signed by all relevant parties.
Exchange of Contracts	The point at which duplicate signed contracts are exchanged through your property lawyers. At this point the process becomes legally binding. Past this point neither buyer nor seller can pull out of the transaction without possible legal consequences.
Freehold	An estate in land which provides the holder of the estate with outright rights of ownership which are not time limited
Guarantee	Where one person agrees to be responsible for someone else's obligations or debt if that person fails to carry out their own obligations.
H M Land Registry	The government body that registers ownership of property and land throughout England and Wales and maintains the national property register.
Indemnity Insurance Policy	A policy taken out to protect the owner against problems caused by a defect in the legal title.
Landlord	Also known as a lessor. The person who owns the superior title and is entitled to payment of the rent under the lease and possession of the property at the end of the lease term.
Lease	The document giving the tenant the right to possession of the property for the lease term and setting out all the rights and obligations of the landlord and tenant.
Leasehold	The interest in land arising where one party buys the right to occupy land or a building for a given length of time under a lease in consideration for payment of a premium and/or rent.
Licence to assign	The formal permission given by a landlord for a buyer to purchase the leasehold of a property.

Licence for Alterations	A licence from the landlord to the tenant of leasehold property giving consent to carry out works or alterations at the property.
Mortgage	Also known as a legal charge. Monies borrowed from a bank or building society for the purchase of a property are usually secured against the property by a mortgage. In the event of non-payment, there is usually a right to sell the property.
Mortgagee	Also known as a chargee or lender. A money lender, such as a building society or bank, who secures the loan against a property.
Mortgagor	Also known as a chargor or borrower. Somebody who takes out a mortgage
Option to purchase	An agreement under which the buyer is given the right to buy property for a certain period of time, normally in return for payment of an option fee.
Overage	Also known as 'claw back'. A seller's right to recover additional payment(s) from a buyer at some point in the future, usually after completion of a sale. Overage is often triggered by the occurrence of an event which increases the value of the land (e.g. the grant of planning or completion of development).
Promotion agreement	An agreement under which a developer or 'promoter' agrees to promote land through the planning process, to secure planning permission for development and (provided planning permission is granted) agrees to market the land to secure buyers.
Rent Deposit	A sum of money that is deposited by a tenant when it takes a lease of premises as security against the non-payment of rent and other breaches of the lease. The money is held on the terms of the rent deposit deed.
SDLT	Stamp Duty Land Tax. A tax payable to HMRC on completion of the purchase or lease of Property. Stamp Duty is calculated based on the purchase price or rent payable.
Service Charge	A payment required by a landlord or managing agent under the lease to cover the costs of maintaining and running the common parts of the building or development of which the leasehold property forms part.

SIPP	A self-invested personal pension, a pension plan that enables the holder to choose and manage the investments made.
Tenant	Also known as a lessee. Where a property is leasehold, the tenant means the current owner of the leasehold property, as opposed to the landlord whose interest is subject to the tenant's right of occupation until the lease term comes to an end.
Transferee	Also known as a buyer. The person who buys a property.
Transferor	Also known as a seller. The person who sells a property
Vacant Possession	Possession of a property free of the presence of any people, possessions or rubbish.