

Glossary

Chancel search	A chancel search is carried out to check whether the owners of the property are liable to contribute to the cost of repairing the chancel of a parish church.
Chain of transaction	This is used to describe all the buyers and sellers who are all dependent on each other moving at the same time i.e. A is a first time buyer who is buying from B. B is buying house from C. C is buying a house from D and that property is empty. If anyone in the chain pulls out the whole chain may fail and typically everyone will exchange contracts on the same day and will move on the same day.
Coal mining search	This search is carried out in areas where coal may lie underneath the surface. It reveals information regarding underground and surface shafts and mines. It also confirms whether there has been a claim in respect of subsidence due to coal mining.
Completion	This is the actual day the property is sold or bought. It must be a working day. If you are selling you must leave the property on this day and hand the keys to the Estate Agents. If you are buying you will be telephoned by the Estate Agents when keys are available for collection. We have no control over the time at which completion takes place and we are completely dependent on the banking system.
Contract	This is the document which legally binds you to sell or buy a property. It will not be legally binding until "exchange of contracts" takes place although in signing the contract you will be giving our firm authority to "exchange" on your behalf.

Conveyancing	This is the legal work involved in selling and buying a property.
Covenants	These are the things referred to in the title deeds to a property which you must and must not do, i.e. you must not use the property to carry on any trade or business.
Deposit	When you exchange contracts you must provide a deposit, usually 10% of the purchase price. If you fail to go on and complete you will lose a full 10% deposit (if the Sellers' solicitors accept e.g. a 5% deposit you are still liable to make up your deposit to the full 10% deposit). The amount of "deposit" will usually depend upon the amount of mortgage you are having. It is usually held by the Sellers' solicitors until completion. If you are buying and selling then the deposit received on your sale will normally be used on your purchase.
Disbursements	These are monies which are paid to other people on your behalf and include , official copy register of title and plan, Land Registry fees, Stamp Duty (England), Land Transaction Tax (Wales), H.M. searches, Bankruptcy searches, Local search, Coal search, Salt search, Environmental search.
Early redemption fee	The charge made by lenders if a mortgage is repaid early i.e. during a fixed rate or discounted period.
Environmental Search	Environmental searches are provided by companies that maintain detailed information about previous land uses within the vicinity of a property. This allows them to establish whether any past use is likely to have led to contamination of the land. These searches also include information on flood, ground stability, radon, planning, energy, and transportation in order to provide comprehensive environmental checks for a residential property.
Energy Performance Certificate (EPC)	The EPC tells you how energy efficient the property is on a scale of A to G, the most efficient being A. A rating of

'A' should mean that the property has the lowest running costs. The certificate also tells you about the environmental impact of the property. Again an 'A' rated property should have less of an impact on the environment and create less carbon dioxide emissions. The report provides an estimate of the fuel costs of the property together with recommendations as to how to improve the energy performance of the property and the estimated savings which could be made if the recommendations were followed.

Equity This is the total value of your property less the amount of your mortgage. For example if your house is worth £60,000.00 and you have a mortgage of £50,000.00 you have equity of £10,000.00.

Exchange of contracts This is the point at which you are legally bound to sell or buy (or both). It involves a telephone call between solicitors. You do not need to be present. A completion date will be set when contracts are exchanged and cannot be altered later (except where you are buying a new property where completion will be on notice)

Fixtures & fittings form This is completed by the Seller. It sets out a full and comprehensive list of all the different kinds of fixtures and fittings which the Seller will include (or not include) in the sale. Items may also be indicated which the Seller will be prepared to sell separately.

High percentage lending fee Some lenders require a fee to be paid when you borrow a high proportion of the value of the property. This fee is usually used to obtain an insurance policy by the lender and should you default on your mortgage then the lender would approach the insurance company for any shortfall once the property has been re-possessed. The policy does not protect you in any way as the insurance company will then look to any owners for the shortfall.

Homebuyers report This is a surveyors report on the property. This type of survey is less extensive than a full building survey but more extensive than a lenders' valuation.

Indemnity policy	<p>This is an insurance policy taken out if there is a defect in the title to the property which you are selling. It is normal for the seller to pay for such a policy. It is a one-off payment (unless the limit of indemnity needs to be increased in the future and the policy does not include an increase provision) and depends on the value of the property and the defect which affects the property. Defects of title include missing title deeds, missing rights of way, etc.</p>
Joint ownership	<p>When two or more people purchase a property it is important to know how the property will be held between them. They can hold it in one of two ways:-</p> <p><i>Joint Tenants:</i> This means if either person dies then the property passes to the survivor, i.e. A & B buy a house as joint tenants, B dies, A has sole ownership regardless of anything stated in B's Will.</p> <p><i>Tenants in Common:</i> This means that the parties have a divided share, e.g. 50/50 and when one party dies the share passes according to a Will, i.e. A + B buy as tenants in common 50/50, A dies and leaves 50% share to C, B + C new owner.</p>
Land registry fees	<p>These are the fees payable when we register your property into your name at the Land Registry. The amount depends upon the value of your property.</p>
Land Transaction Tax	<p>This is land tax payable to the Welsh Authority on property purchases in Wales costing over £180,000. It is paid at a percentage of your purchase price.</p> <p>The amount you pay might be affected if you are buying a property when you already own (higher rate tax may apply here), are buying more than one property or are buying a cross-border property. There is no first-time buyer relief in Wales.</p>
Local search	<p>This search is carried out with the Local Authority where the house is situated. It shows entries dealing with the property only and should you have any queries regarding neighbouring land you will need to approach the Local Authority direct.</p>

Mortgage – offer of advance	This comes after you have completed your application and your survey has been carried out. This is the formal offer of a loan of monies from a Bank or Building Society. It will set out the terms, i.e. how much, for how long and at what interest rate. You will get a copy of this at the same time as us.
Occupiers consent form	If a person is moving into the property who is not a party to the mortgage and is over 17 years of age then they must sign a consent form. This means that if a Bank/Building Society needs to re-possess the property the "occupiers" will vacate and any interest they may have acquired comes after the Bank. Any occupier will be told to take independent legal advice as they may be giving up legal rights.
Official copy register of title and plan	This is an up to date copy of the 'title deed' and boundary plan to the property which we obtain from the Land Registry. It evidences who the registered owner of the property is. See also Title deeds below.
Retention	This is where a lender holds back some of the mortgage money until repairs have been done. The amount held back is known as a "retention".
Property Information Form	This standard form which is completed by the Seller sets out what he or she knows about the property and forms part of the contract package.
Salt Search	Previously known as a Brine Search, this search shows whether the property has suffered from subsidence due to salt mines which lie under many parts of Cheshire.
Stamp duty land tax	This is tax that is payable to the Inland Revenue on a property purchase in England costing over £125,000.00. Stamp duty is paid at a percentage of your purchase price. There is currently first time buyer relief (FTBR) for properties in England. FTBR relief applies to purchases of residential property for £500,000 or less, provided the purchaser intends to occupy the property as their only or main residence. First

time buyers purchasing their first home for £300,000 or less will pay no SDLT. Where the purchase price is over £300,000 but does not exceed £500,000 they will pay 5% on the amount above £300,000.

NB if you are buying a property without selling your main residence, a higher rate of tax is payable. You may be able to get a refund if you sell your previous main home within 36 months but you will be responsible for making this claim directly with HMRC.

Title deeds	The Land Registry now holds all information regarding the legal ownership of properties electronically. On completion of your purchase or re-mortgage you will receive a Title Information Document, which shows the current position at the Land Registry.
Transfer – TR1	This is the document which is used to change the ownership of the property at the Land Registry from the Seller to the Buyer.
Undertaking	This is a promise to do something, i.e. if your property needs some work doing your mortgage company may require you to sign an “undertaking” – a promise to do the works within a certain period of time.
Valuation	This is the lenders’ surveyors’ inspection of the property to assess whether it is suitable for a mortgage.