

Glossary of Legal Terms



LEVER LAW
SOLICITORS

Glossary of Legal Terms

A

Assent – is the legal document that transfers ownership from a deceased owner to someone else, normally a beneficiary under the Will.

B

Barrister – a lawyer regulated by the Bar Standards Board, often specialising in court room representation, drafting pleadings and expert legal opinions.

Beneficiary – someone who is entitled to a benefit (eg under a will or trust).

Bequest – a gift of money or personal property made in someone's will.

C

Caveat Emptor – is a legal term you may hear being used by solicitors and means 'let the buyer beware'. This is a reminder that there is no obligation on the seller to disclose anything during the sale and purchase process and it is for the buyer to ask the question, carry out the appropriate surveys and appropriate inspections.

Chain – is the word to describe the buyers and sellers who are dependent upon one another in order for their sale and purchase to go through. Typically if you are in a chain then it will take longer.

Charge – is a debt secured against your property. In most cases this will be a mortgage. Your solicitor needs details of any charges affecting your property as early as possible in your sale.

Chambers – a collection of independent, self-employed barristers who share employed clerks to administer work, and who share the expense of such clerks, office buildings and brand name.

Chancel Search or Indemnity – a chancel search is a search of the church records to ascertain whether your property is historically liable to contribute to the upkeep of the local parish church. It is unlikely to affect your property and therefore often the risk is insured against instead as it is faster and more cost effective and the risk is very low.

Chattels – is another name for fittings. Please see the comments below in relation to fixtures and fittings.

Client – someone who uses services provided by a lawyer or another legal professional.

Cohabitation contracts – these set out, in advance, what each member of the relationship expects of the other, both during the relationship and if they separate or one of them dies. They are 'honourable agreements', which means that not all clauses may be enforced by the courts, but they do limit disagreements and certainly provide some peace of mind.



Completion date – is the date when payment is made by the buyer’s solicitor to the seller’s solicitor to purchase a property and the legal transfer of the property takes place. This is also the day you receive the key and can move in.

Completion statement – is a financial breakdown from your solicitor of all the sums received and paid by your solicitor during your sale or purchase process and showing either the balance which will be due to you on completion or the amount which will be needed from you before completion.

Compromise agreements – in a workplace dispute, if you can reach an agreement with your employer without going to a tribunal, this can be recorded in a ‘compromise agreement’. This is a legal document which confirms the terms of the settlement you have agreed, in exchange for which you give up your legal claim against your employer. You may be able to get your employer to make a contribution to your legal costs as part of the agreement.

Contract – an agreement signed by two or more parties setting out the terms of an arrangement - for example, between a buyer and a seller in a property transaction.

Conveyancing – the processes involved in buying, selling or mortgaging a property to transfer its legal title from one person to another.

Court of protection – when someone is mentally incapable of making a particular decision at a particular time, and they haven’t made a lasting power of attorney, and the decision isn’t one that can be made on an informal basis, the matter can be referred to the Court of Protection. The court may either choose to make the decision itself on the person’s behalf, or choose someone else, known as a ‘deputy’, to make the decision for them.

Covenants – are obligations and restrictions that are attached to the property that may limit your use and enjoyment of the property.

D

Deeds or Title Deeds – most land in England and Wales is registered at HM Land Registry and therefore legal ownership is evidenced by the electronic register. If the property is not registered, then the physical title deeds that prove ownership are critical. The word “Deeds” is also sometimes used to describe other documents that are useful albeit not critical to ownership and were probably sent to you when you bought the property and may include leases, planning documentation and guarantees. Please provide all of these to your solicitor.

Deposit – is the money paid by the seller’s solicitor to the buyer’s solicitor upon the sale becoming binding at “exchange of contracts”. It is typically 10% of the purchase price. It is also the amount that would be forfeited by the buyer to the seller should the buyer fail to complete after the sale becomes binding. Deposit can also mean the difference between the purchase price of a house and the amount you are borrowing.

Disbursements – these are not part of the solicitors charges or legal fees but are costs (such as search fees) which have been incurred by us during the sale or purchase process. We just pass on the cost of those to you.



Domicile – the place where a person has their permanent principal home to which they return or intend to return.

Draft Contract Pack – this is the pack produced at the outset by the seller’s solicitors and typically includes a contract, a copy of the title to the property and the property information forms.

Drainage search – is a check your solicitor will carry out to ensure your property is connected to mains water and sewers and also will show if there are any public drains or sewers running through the boundaries of the property.

E

Easement – is a legal term for the right of way over a piece of land owned by someone else.

Environmental Search – it seeks to identify from a desktop survey whether the land could be contaminated land and therefore liable to costs to clean up.

Equity – is the monetary difference between the value of a property and the outstanding mortgage balance.

Estate – a person’s property, entitlements or obligations.

Executor / Executrix – someone named in a will who will carry out the directions of the will.

Exchange of contracts – it is at this stage that the whole transaction becomes legally binding and a completion date (moving day) is agreed and put into the Contract and the contractual deposit is paid to the buyers’ solicitors. Please note that you will almost certainly need to bring your buildings insurance into force from the date of exchange of contracts.

F

Fixtures and Fittings – refers to items that belong to the Seller and are at the property. Fixtures typically are not easily removable items whereas fittings are moveable. It is important for your solicitor to clarify what of these items are being left or taken and this is normally dealt with on a fixtures, fittings and contents form that will be completed by the seller.

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.

Freehold – means all the property within that area from the centre of the earth to the skies. Ownership is not limited in time unlike the other form of property “leasehold”.

G

Gazumping – is when a seller accepts a higher offer from a third party after agreeing terms with a buyer. Until contracts are exchanged then there is no remedy if this takes place. The risk of gazumping are typically very low.



Grants of representation – this includes grants of probate (when there is a will) and grants of letters of administration (when there is no will). Often people just refer to probate even if there is no will.

Ground rent – is a yearly fee relating to leasehold properties. This is payable by the leaseholder to the freeholder.

H

HM Land Registry – is a government organisation that deals with ownership of property and land in England and Wales and holds an electronic register of all land ownership.

I

Incorporated company – a type of private company with shares, but the shares cannot be traded publicly on the stock exchange. The shareholders have limited liability, which means that only the money invested in the company can be lost in case of insolvency.

Indemnity – compensation for - or protection against - loss or damages that might be given by one person to another within a contract or otherwise.

Indemnity insurance policy – protects the buyer against any problems that may be experienced due to a defect in the legal title. It is available where the risk is low. Your solicitors can advise you whether this can / should be used in a particular circumstance.

Inheritance – parts of someone's estate passing to someone on death.

Intestate – any person who dies without leaving a will is said to have died intestate.

J

K

L

Land Registry Official Copies – a copy of the title registers of the property held by HM Land Registry. This is the evidence of the seller's ownership of the property.

Lasting power of attorney – a lasting power of attorney goes one step further than an ordinary power of attorney, because it carries on, or 'lasts', even after you have become unable to manage your affairs, whether temporarily or permanently, or because of an illness, disability or accident. Lasting powers of attorney have now replaced enduring powers of attorney, although valid enduring powers of attorney made before 1 October 2007 can still be used.

Law firm – organisations that employ lawyers to provide legal advice and legal services.



Law Society of England and Wales – the Law Society is the organisation that represents, supports and promotes solicitors and their interests in England and Wales.

Lawyer – a member of one of the following professions, entitled to practise as such:

- the profession of solicitor, barrister or advocate of the UK
- a profession whose members are authorised to carry on legal activities by an approved regulator other than the Solicitors Regulation Authority (SRA).
- an Establishment Directive profession other than a UK profession
- a legal profession which has been approved by the SRA for the purpose of recognised bodies in England and Wales, and
- any other regulated legal profession specified by the SRA for the purpose of this definition.

Leasehold – is the other form of property and relates to the right to occupy an area of freehold land for a specified term which is then reducing and paying an annual rent. For this reason the length of the lease is important for your solicitor to ascertain as it can have a significant effect upon the value of your property as it diminishes. Much of the property in London in particular is leasehold.

Legal executive – a lawyer regulated by ILEX Professional Standards (IPS).

Legal Ombudsman – an independent body set up to deal with complaints of poor service about lawyers and law firms of England and Wales.

Liability – can mean something that is a hindrance or puts an individual or group at a disadvantage, or it can be something a person is responsible for.

Licensed conveyancer – a lawyer specialising in property law and in some cases other areas of law, and regulated by the Council for Licensed Conveyancers.

Limited liability partnership (LLP) – a business partnership in which some or all of the partners have limited liability in terms of their legal and financial obligations.

Litigation – the contest process before a court.

Local authority searches – these searches are carried out with the local authority to clarify, for example, whether planning permission has been granted to the property, whether the property is in a conservation area or subject to a tree preservation order etc.

M

Money laundering – the process of concealing the source of illegally obtained money.

Mortgage redemption – is the sum of money required by your lender to repay your mortgage.



N

Negative equity – this means that the amount the property is being sold for is less than the amount owing on the mortgage and therefore an additional payment will need to be made to pay off the mortgage and the sale costs.

O

Occupier's consent – is required when the person or people living at a property are not signatories on the mortgage. The rights of these occupiers need to be postponed to the rights of the mortgage lender.

Office copy entry – is officially known as an Official Copy of Register of Title. Or a title register, in effect, is the certified, modern equivalent of the old Title Deeds, physical documents which were used in previous times to prove property ownership and show the ownership chain.

Ordinary power of attorney – a legal way of giving someone else the power to manage your financial affairs when it is difficult for you to manage them yourself, perhaps because of a physical disability. Nobody can 'take' a power of attorney; it has to be 'donated' willingly. The donor decides who to appoint as their 'attorney', which will be someone they trust, such as a close relative, friend, or solicitor, and can cancel the arrangement at any time.

P

Peppercorn Rent – a very low or nominal rent.

Personal representatives (PRs) – Executors or administrators. If there is more than one personal representative, they must work together to decide matters between them. Disagreements between personal representatives can cause expensive delays.

Power of attorney – is a legal document that allows a person to act on behalf of another person. These are normally used to safeguard the interests of the elderly or ill.

Pre-completion searches – are checks undertaken at the land registry in order to ensure there have been no changes to the title registers since the sale got underway and checks for a mortgage lender to ensure that you are not bankrupt.

Probate – a legal permission provided by a Probate Registry for someone to deal with someone else's estate after they die. A Probate Registry is an office where someone can be interviewed in order to be provided with a probate permission.

Property Information Form – is a form the solicitor will ask the seller to complete. It lists questions regarding boundaries, services, guarantees and restrictions. The more information you can provide to aid your replies the better. If you are unsure, please ask your solicitor for help.



Q

R

Reservation fee – is typically found in the new homes market and is a sum of no more £1000 to reserve the property for a period of time to give you exclusivity to buy. You should expect this to come off the purchase price.

Retention – these are commonly found in a leasehold sale or purchase where service charges may have been paid on account for a period that straddles completion. As a result at the end of the service charge year when actual charges for that period are known there may be a shortfall due from the seller. A retention is money held back from the case to meet any such liability.

S

Service charges – are payable to your landlord in respect of a leasehold property. The charge covers any repairs, maintenance or improvements made to the building as a whole.

Share of Freehold – means that you are a leasehold owner but that you have a share in the ownership of the freehold building. This ownership may be a share in a limited company that owns the freehold or a personal share in the freehold depending upon the freehold structure. Do not assume that necessarily by having a share in the freehold you can extend your lease at no cost or that you can refuse to pay service charges. Further advice is required here.

Solicitors Regulation Authority (SRA) – the SRA regulates solicitors in England and Wales. Their purpose is to protect the public by ensuring that solicitors meet high standards, and by acting when risks are identified.

SSTC – is an abbreviation for Sold Subject to Contract which is a term used by estate agents when a sale has been agreed but there is not a legally binding sale.

Stamp Duty Land Tax – also known as SDLT is a tax payable to HMRC and is based on the purchase price of the property. Your solicitor will be able to advise the rates applicable to you.

Subsidence – is when a property moves due to poor foundations. It can also be caused by changes to ground although these would have to be significant.

T

Tenancy – a contract between a tenant and their landlord. This contract can be written or verbal. In England and Wales there is no law to say that landlords have to provide a written tenancy agreement, but it is always a good idea to ask for one, even if the landlord is a friend or family member.

Transfer deed – is legal document that transfers the ownership of the property from the seller to the buyer. If you buy with a partner this document also defines your shares in the property.



Transfer of equity – is a transfer of ownership in a property from one person to another but normally the buyer has a relationship with the seller such as in the following a divorce. You will need a solicitor to help you with this and typically it will involve the transfer of the property subject to the terms of the existing mortgage.

Transferee – means the buyer.

Transferor – means the seller.

U

V

Vacant Possession – the right of a purchaser to exclusive use of a property on completion of the sale, any previous occupant having moved out.

Vendor – is another name for seller.

W

Wayleave agreement – an agreement between the property owner and service provider that allows piping or cabling through or over the property.

Will – a legal document that declares a person's wishes about the way their estate should be handled when they die.

X

Y

Z





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