



RESIDENTIAL  
PROPERTY

A BUYER'S GUIDE

THRINGS

SOLICITORS



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# 1

Introduction

What can a buyer do to get ready?

What happens?

How long will it take?





## INTRODUCTION

Buying a property is likely to be the largest financial commitment you will make during your lifetime. It is important for all parties concerned to have some understanding of the conveyancing process.

Thrings' Private Property team makes the process as straightforward as it can be for you. This guide has been prepared to highlight some key points and considerations to assist with your understanding of the process and some of the complexities which may arise.

With our specialist knowledge and experience we will give you clear and comprehensive advice on all aspects of the conveyancing transaction. You will find our approach both professional and friendly. We are here to work with you to ensure your property purchase proceeds smoothly and we will keep you informed at each stage as your transaction progresses.

## WHAT CAN A BUYER DO TO GET READY?

Even before you find a property to purchase you may appoint Thrings as your solicitors. We are able to provide you with a comprehensive estimate of all the costs and disbursements which will be incurred in your conveyancing transaction. Costs are our fees and disbursements which are monies that we pay out on your behalf such as search fees, Stamp Duty Land Tax and Land Registry fees.

The conveyancing process can be expedited if we receive early instructions and deal with our compliance requirement at an early stage. There is some information we will ask you to provide which will enable us to deal with our compliance requirements.

Unless you are a first time buyer, you may also need to negotiate the terms of the sale of your current property. It is important to advise us of all the terms you have agreed with both your buyer and your seller. If you are buying a newly built house the builder/developer may require you to pay a preliminary deposit or reservation fee. This will be credited towards payment of the purchase money on completion but please tell us about this.



## IDENTIFICATION

Money laundering regulations require legal firms to have procedures in place to prevent financial crime.

The requirements apply equally to new clients and to those who may have been long-standing clients with the firm.

We will need to obtain information to establish that you are who you say you are and that you live where you say you live. This will help us to ensure that nobody but you is using your identity. In the case of a corporate structure, trust or similar legal arrangement we will also need to take steps to understand the ownership and control structure of the company, trust or arrangement and to apply measures to verify this.

We will ask for photographic evidence to confirm who you say you are. Typically, this will be by way of passport, photocard driving licence or shot gun certificate etc. We will make and retain a certified photocopy of this document for a period of five years. We may also ask for evidence of your address by way of a recent utility bill or similar.

We will also undertake a search with a third-party company which provides identity verification services for the purposes of verifying your identity. The company and the firm will keep a record of the search. This may result in an electronic ID check footprint being left on the search subject's credit reference file. However, this footprint does not adversely affect a credit reference file and is not used by lenders to inform credit decisions.

The firm is charged a fee for the verification search fee. It does not generally seek to make any charge for carrying out an electronic search but reserves the right to do so if circumstances are such that additional enquiries must be undertaken as a result of the search. In those circumstances details of the further charges will be provided in advance.

Although some clients may find the money laundering regulations inconvenient, it is worth noting that the regulations are aimed at consumer protection and the maximum penalty for firms or individuals who fail to apply them are severe.



## SOURCE OF FUNDS

Current financial regulations oblige us to verify the source of any material payment being made to us from a client. We appreciate you may find some of the questions we ask you intrusive, but we have no alternative but to comply with the regulations.

You will be asked to confirm where the funds being provided for the deposit and any balance you will be providing to purchase the property are being held, in whose name and also to provide us with evidence of this. We require details as to how the funds have been accrued and we may ask you to provide documentation in order to satisfy our requirements:

### Savings

Savings are regular small payments from an income such as a salary, pension or an annuity. The best evidence for this will be six months of bank statements showing you getting paid by your employer/pension/annuity and the money slowly growing in your bank account.

### Release of pension

A copy of your pension statement and a copy of your bank account statement showing the money being received from the pension company.

### Sale of shares

A copy of the share release schedule and a copy of your bank account statement showing the money being received from the company.

### Sale of property

A copy of the completion statement from your solicitor and a copy of your bank account statement showing the money being received from the solicitor following completion.

### Inheritance

A copy of the letter from the executors stating how much you are being paid as a beneficiary and a copy of your bank account statement showing the money being received from the solicitor/executor's bank account.



**Dividends**

A copy of your dividend certificate, a copy of the company's accounts and a copy of your bank account statement showing the money being received from the company.

**Gambling winnings**

A copy of your receipt proving your winnings and a copy of your bank account statement showing the money being received from the gambling company.

**Compensation award**

A copy of your letter confirming your compensation settlement from a solicitor and/or court and a copy of your bank account statement showing the money being received from the third party/court/solicitor.

**Gifts**

If any part of the purchase price or associated costs and disbursements (such as Stamp Duty Land Tax) is being provided by way of gift from a family member or third party, please let us know as soon as possible. As well as being a matter which must be disclosed to any mortgage lender, we will need to be satisfied as to the source of such funds and may be required to verify the identity of those making the gift and obtain evidence as outlined above.



## WHAT DOES AN ESTATE AGENT DO?

The short the answer is that they sell your property or find you a new one to buy however an experienced estate agent can be a great help with negotiations between a buyer and a seller from a practical position rather from the legal side of the transaction.

### Finding the right estate agent for you

An estate agent will be able to give you an expert view on how much your property is worth. Setting a price too high will not attract buyers but setting the price too low will not benefit the seller. It is important to do your research first so you have a figure in your mind for the type of property you want to sell or buy.

There are free online instant valuations available and details of recent property prices can be obtained from the Land Registry. If you are selling your property it is a good idea to obtain valuations from three or four different estate agents and to be aware that some firms may use the strategy of over-estimating the price of your property to try to secure you as a client. A good agent will have experience of what features buyers in the area are looking for and be able to tell you whether it is worth making changes to improve the appeal of your property to achieve a higher price. They should have good local knowledge of the area and experience in selling properties. Recommendations from friends, family and colleagues is a good starting point too.

### Selling a property

The estate agent is responsible for everything relating to your property sale including marketing, showing potential buyers around your home, dealing with enquiries and negotiating offer to ensure that the seller gets the best price for their property. Once the sale has been completed the estate agent is the point of contact for the seller to hand over the keys to the buyer and for the buyer to collect these.

### **Buying a property**

The estate agent will accompany you on your property viewing (unless the seller is conducting viewings themselves) and should have a good knowledge of the general locality with information on transport, shops and schools. When you make your offer to buy a property the estate agent will contact the seller and explain the reasons for your offer.

### **During the transaction**

The estate agent will deal with the negotiations between the seller and the buyer to agree the price, the timescale and any problems which might occur during the sale and purchase process. If there is a chain of transactions involved then the estate agent will monitor the chain and speak with the various other estate agents involved to try and line up all the various transactions to exchange and complete at the same time.

Your solicitor will deal with the legal aspects of your sale and your purchase. If there are questions which arise or need to be addressed with your seller or your buyer then the estate agent is the person to deal with these points. The estate agent will deal with any price re-negotiation for you, agree the contents being sold or purchased and the prices (if any) of items. They will organise appointments for surveyors and contractors to attend at the property, if necessary.

Estate agents are able to speak to other estate agents in the whole chain and solicitors involved to line up transactions and to report to the seller or buyer on what may be causing a delay in the chain.



## WHAT HAPPENS?

There are two important dates in the conveyancing transaction. The first is what is known as the exchange of contracts and the second is completion.

### Exchange of Contracts

When contracts are exchanged, the seller and the buyer become legally committed to the sale and purchase of the property. Until that time either party can walk away from the transaction. Once the contracts have been exchanged, neither party can legally withdraw from the deal without severe financial penalties. There are a number of matters which have to be dealt with before the exchange of contracts and these will be explained a little later.

### Completion

Completion is the date on which the buyers are entitled to have possession of the property, and the date on which the sellers are entitled to receive the money and must vacate the property. There are a number of important things which happen on completion and again these will be explained a little later.

### Up to Exchange of Contracts

Once the parties have agreed a price, usually through the estate agents, the matter is entirely subject to contract. This means neither party can legally insist on the transaction proceeding as the contracts have not at this stage been exchanged.

The seller's solicitors prepare a contract package for the buyer's solicitors that includes details of the property title, property information forms and a fixtures and fittings form completed by the seller. If the property is leasehold, the seller's solicitors will include copies of the lease, buildings insurance and service charge information.

The buyer's solicitors carry out the necessary searches (see details on searches on page 24). The information provided in the search results relate to the specific property being purchased and not any neighbouring land. If you have any concerns about possible developments, new roads, boundaries, rights of way or any other matters, you should advise us as soon as possible so that appropriate enquiries can be made.

At this stage, the buyer should arrange their survey (see details on surveys on page 32) and make arrangements for their new mortgage (if a mortgage is being obtained). The lender will carry out a valuation of the property to ensure the value of the property meets its criteria to enable the mortgage to be provided to the buyer.

If you have any questions about the property, for example about whether the plumbing, heating and electrics all work, you should ask these as soon as possible. It is too late after exchange of contracts.

### Signing the Contract

Once all the information and replies to any enquiries have been received from the seller's solicitors, the lender's valuation has been carried out and the mortgage offer received (if appropriate), all the search results have been received and are satisfactory we will prepare a written report which will advise you fully about the property. There are some points which you will need to deal with at this stage:

**Buildings Insurance** - It is important that the buildings insurance arrangements are made at an early date. If you are buying with a mortgage, it will be a condition of the mortgage offer that the property is insured and the lender's interest is either specifically noted on the policy or its interest covered under a general clause in the policy. It is important that you provide us with a copy of the proposed building insurance policy. You may need to start the insurance from exchange of contracts. Do not leave this until the last minute.

**Mortgage Repayment** - By this time you will have discussed with the lender the arrangements that you wish to make for repaying your mortgage. If this is to be in conjunction with a savings policy, a life insurance policy or a pension or any other similar policy, it is essential that arrangements are in place by this stage.

**Options on Ownership** - If there is more than one buyer you will be "joint owners". Please refer to page 40 for further information on this matter.



**Deposit** - The contract that you sign will usually require you to pay a 10% deposit on exchange of contracts. If you are borrowing more than 90% of the purchase price, your solicitor will have to negotiate a reduced deposit on exchange of contracts. If you are buying and selling, the deposit paid by the person at the bottom of the chain is usually passed up through the chain. This means that one or more parties are likely to be accepting a reduced deposit. Please be aware that if you pay a reduced deposit the seller can normally claim the balance of 10% off you if there is a later problem. If you are selling and accept a reduced deposit you will normally be entitled to the balance of the 10% if something goes wrong, but please bear in mind you may have to sue the buyer for the balance.

**Monies** - It is important to ensure that the money for the deposit and/or the purchase of the property is not locked away in a bank or building society requiring several weeks or months' notice to extract it. Payment of the deposit and balance of purchase money must be made by electronic transfer. This is normally paid by way of a BACS payment (which may still take three or four days to reach our account) or by a CHAPS payment (usually a same day transfer (your bank may charge for this)).

**Wills** - If you have not already made a will, it is wise to consider the implications of your proposed purchase in the event of your death. If you have already made a will, it would be prudent for you to consider whether any amendments should be made in the light of the transaction. We can provide you with advice and introduce you to a member of our private client team.

When everything has been finalised, the seller and the buyer each sign one copy of the contract. It is important to note that signing the contract is not the same as exchange of contracts. Both parties will sign their own copy of the contract some time before the exchange of contracts. It is only on exchange of contracts that the deal becomes legally binding.

### **The Exchange of Contracts**

Once the buyer's and the seller's solicitors are satisfied that everything is in order they will arrange an exchange of contracts. At this stage, the date for moving (the completion date) is inserted in the contract so that both parties are then legally committed to that date. It is also wise to bear in mind that a gap of at least seven days (preferably longer) should be left between exchange of contracts and completion, since neither party is guaranteed a particular completion date until the formal exchange of contracts has taken place.

### **Between Exchange of Contracts and Completion**

Following the exchange of contracts all parties involved are aware that the matter is to be completed on a particular day. The solicitors on both sides will be busy dealing with various administrative tasks, including obtaining the money from the lender if there is a mortgage and any balance from the buyers. All monies (from buyers and lenders) will be requested as cleared funds the day before completion to ensure that on the completion date, the buyer's solicitors will have received sufficient money to enable them to pay for the property.

### **Completion - The Big Day!**

All the financial transactions are conducted through the solicitors' client accounts where money belonging to clients and the bank or building society is kept entirely separate from money belonging to the solicitors. The buyer's solicitors will on the completion date transfer to the seller's solicitors sufficient money to buy the property. In return for the money, the buyer's solicitors will receive the legal transfer document, together with all the other relevant documents for the property.

In return for the money, the seller's solicitors authorise the seller or their estate agents to hand over the keys to the buyers. It is important for the seller to be aware that they should not authorise the release of a key until they know that we have received the money for the property.

It is important for the buyer to advise us if the property will not be empty on the proposed completion date. On the completion date the seller's solicitors will repay any mortgages on the property and provide proof of payment to the buyer's solicitors.



### After Completion

As far as the seller and the buyer are concerned, once the completion has taken place, they will have reached their goal. The seller will have their money and the buyer will have the house and probably a mortgage to pay. However, the buyer's solicitors have a number of tasks to perform after completion including the payment of any Stamp Duty Land Tax, the registration of the property at the Land Registry and notification of the freehold owner (if the property is leasehold).

This is a general guide to a basic form of transaction, which we hope you have found helpful. Although the administrative and legal procedures in each transaction are similar, every single piece of property is different and it goes without saying that all sellers or buyers have their own particular expectations and requirements. The information above is by no means exhaustive and there are a host of other points which crop up in any one transaction from time to time. If you are in doubt about any particular item it is essential that you ask us before taking action.

## ADDITIONAL POINTS TO NOTE IF THE PROPERTY YOU ARE BUYING IS A LEASEHOLD PROPERTY

The procedure for purchasing a leasehold property is similar to that of a freehold property although the buyer's solicitor will need to carry out further investigations on the terms of the lease of the property. Leases can be lengthy and at times complex. It is important to ensure that responsibility for matters such as maintenance, cleaning, gardens, roofs, boundaries, service charge and insurance are fully covered in the lease terms. With some leasehold properties it may be necessary to obtain the landlord's consent to the sale of the property. The landlord may request references from the buyer to ensure the buyer will be a suitable leaseholder. Once the landlord is satisfied with the buyer the landlord's solicitors will issue the landlord's consent to the sale, which is known as a "licence to assign". The seller will be responsible for the landlord's costs (including the landlord's solicitors' fees) for dealing with the licence to assign. As additional security the landlord may require a rent deposit or security deposit.

## ADDITIONAL POINTS TO NOTE IF THE PROPERTY YOU ARE BUYING IS A NEW BUILD PROPERTY

The timing for a new build property varies substantially. If you are buying a property “off plan”, this generally means the property or the development in which the property will be located is still being constructed. Developers may sell properties even before they have started any building work.

The transaction will still follow the same conveyancing process, but the timing for all the stages will be different. A developer may require a preliminary deposit to be paid when you agree to purchase the property and it is important that you advise us if you have paid a preliminary deposit as this will need to be taken into account when contracts are exchanged and the deposit paid. Buying a new build involves additional work for the buyer's solicitors who will carry out similar investigations relating to the property title, searches, planning and building regulations before contracts are exchanged. They will also need to review all of this information and the updated information when construction of the property has been completed and is ready for occupation. Construction of a property or the development in which the property is located may take several years. The contract to buy the property will be detailed and may be complex in that it will need to deal with:

- a buyer may have to make stage payments at specific times during the period up to completion and the contract will set out the procedure for doing so;
- matters relating to the construction of the property such as variations to the size, specification;
- planning and building regulation matters;
- procedure for completion.

When the date arrives for completion the developer will usually serve a notice on the buyer and the buyer's solicitors advising that construction of the property has been completed and formal completion of the buyer's purchase of the property must take place by a specific date. During the period between the buyer agreeing to purchase the property and completion of the construction of the property (which can be several years) the buyer may decide to obtain a mortgage to assist with the purchase of the property. It is essential that the buyer advises their solicitor as soon as possible as new searches will need to be obtained. The lender may also instruct its own solicitor who will have new requirements which will need to be dealt with.



## **ADDITIONAL POINTS TO NOTE IF THE PROPERTY YOU ARE BUYING IS A FREEHOLD PROPERTY WITH AN OBLIGATION TO MAKE A CONTRIBUTION TOWARDS SHARED FACILITIES**

Where a freehold property is located on an estate and there are shared facilities such as roads, services and communal areas, the owner of the property may be required to pay a rent charge or service charge for the use of these facilities. The buyer of the property may be required to enter into a deed of covenant with the manager of the estate whereby the buyer agrees to observe any restrictions or obligations imposed for the use of the estate and also to pay any rent charge or service charge applicable. Please refer to page 48 further details information on estate rentcharges.

## HOW LONG WILL IT TAKE?

There are many factors which may affect the timeline for your purchase, particularly as every transaction is different.

Unfortunately, it is impossible to give a fixed timescale. If there is one buyer and one seller, i.e. no chain of transactions, the legal process could potentially be completed within six to eight weeks of an offer being accepted. This is, of course, subject to the wishes of the parties and prompt appointment of their legal representatives to start the proceedings. This timescale would also be strictly reliant on the quick arrival of the searches and buyer's mortgage offer (if applicable) and whether any possible title defects can be quickly resolved.

In a chain of transactions with several people moving at the same time and being dependent upon each other, the whole chain can only proceed at the speed of the slowest person in the chain.

For example, if someone is waiting for the result of a search, or awaiting a survey or specialist report on the property, everyone in the chain will be held up until these issues are resolved. We will do our best to resolve any outstanding issues as quickly as we can, but please bear in mind that some matters can only be resolved by the parties involved.

It is also sensible to bear in mind, that although one or both parties may wish to meet a particular deadline for moving, it cannot always be achieved despite the best of effort on all sides.

If there is one issue in the whole conveyancing process which, day in day out, week in week out, causes more frustration, irritation, anger, annoyance and worry, it is the question of completion dates. We understand that people have deadlines to meet due to job changes, holidays, changes of schools for children etc. You should not set a date for your move until everyone in the chain of transactions, with which you are involved, is in a position to exchange contracts.

To give you an idea of the process and timing we have provided a timeline for a typical and straightforward house purchase.

Seller	Seller's Solicitor	Buyer	Buyer's Solicitor
Weeks 1-4	PRE-EXCHANGE		PRE-EXCHANGE
Instruct solicitors	Carry out ID checks on seller and send out engagement letter with Property Information Forms.	Instruct solicitors. Arrange survey of the property and arrange mortgage finance.	Carry out ID checks on buyer and send out engagement letter requesting monies on account for search fees.
Complete and return Property Information Forms together with documentation relating to the property.	Obtain evidence of seller's legal title to the property and draft the contract. Send documentation to the buyer's solicitor. Obtain redemption statement for any existing mortgage.	Pay monies on account for searches.	Receive contract papers from the seller's solicitor. Request usual conveyancing searches. Review contract papers and raise and send to the seller's solicitors any enquiries arising from the documentation received.
If required, answer additional enquiries raised by the buyer's solicitor as requested by the seller's solicitor.	Answer any additional enquiries received from the buyer's solicitor (where necessary with some input from the seller).	Confirm to buyer's solicitor that survey results and terms of mortgage offer are acceptable.	Receive search results and raise further enquiries if necessary. Receive buyer's mortgage offer. Prepare and send full report on the contract papers, searches and mortgage offer to the buyer. Approve contract with seller's solicitor and prepare draft transfer and SDLT return.
Sign contract, transfer and any other documentation required. Agree completion date.	Receive approved contract from buyer's solicitor and arrange for seller to sign contract, transfer and any other documentation required.	Receive report and confirm that findings are acceptable and happy to proceed. Sign contract, transfer and any other documentation required. Arrange to send cleared funds to buyer's solicitor to cover deposit due on exchange of contract. Agree completion date.	Arrange for client to sign contract, transfer, mortgage deed, SDLT return and any other documentation required.



Seller	Seller's Solicitor	Buyer	Buyer's Solicitor
<b>Week 5</b>	<b>EXCHANGE CONTRACTS</b>		<b>EXCHANGE CONTRACTS</b>
Seller legally bound to sell the property to the buyer.		Buyer legally bound to buy the property from the seller. Buyer to arrange buildings insurance from exchange of contracts.	
Complete and return Completion Information Form to buyer's solicitor.		Arrange to send cleared funds to buyer's solicitors in time for completion.	Send Certificate of Title and request funds to the buyer's lender and request any balance due from the buyer. Send Completion Information Form to seller's solicitor.
Obtain final redemption statement from existing lender.			Carry out pre-completion searches.

Seller	Seller's Solicitor	Buyer	Buyer's Solicitor
<b>Week 7</b>	<b>COMPLETION</b>		<b>COMPLETION</b>
Discharge existing mortgage and send signed transfer to buyer's solicitor with any other title documentation. Pay selling agent's fees.			Submit SDLT return and pay SDLT. Submit application to the Land Registry to register the buyer as proprietor of the property. Deal with miscellaneous post-completion matters.

# 2

What is the difference between freehold and leasehold properties?

What are searches?

Environmental matters - what do I need to know?

Do I need a survey?

## WHAT IS THE DIFFERENCE BETWEEN FREEHOLD AND LEASEHOLD PROPERTIES?

You may be buying a property with a freehold title or a leasehold title. Generally, houses have a freehold title (but this is not always the case). Flats, apartments and maisonettes have leasehold titles. As part of our reporting to you, we will advise you fully on the title to the property you are buying. If you are buying a property with a leasehold title, we will advise you on the terms of the lease to the property, insurance arrangements, how and who maintains the property and how the terms of the lease apply to you and your ownership of the property. The differences between freehold and leasehold properties may sound complex. We summarise the key differences below. Additional explanation, however, can be found further in this document.

Freehold	Leasehold
The building as well as the land it stands on are owned outright.	The building and the land it stands on are owned by the freeholder. You will own the right to live in the property for a set number of years.
No ground rent.	Ground rent is payable to the landlord (this will be a fixed amount as set out in the lease).
Freedom over the use, improvements and additions to the property.	Property's use, improvements and additions restricted by the terms of the lease and subject to permission from the landlord.
Property owners are solely responsible for maintaining the interior and exterior of their home and external grounds.	The landlord is responsible for maintaining the common parts, main structure and external grounds. You will pay service charge for the repairs and maintenance. You will be responsible for maintaining your property internally and for paying for your own use of utilities.
Property owners arrange their own buildings and contents insurance.	Landlord arranges the buildings insurance; leaseholders pay the cost via the service charge. You are responsible for arranging your own contents insurance.
Estate charge is sometimes payable for the upkeep of shared amenities in the estate.	Service charge is payable for the upkeep of the building and shared facilities in the block and wider estate.
There may be restrictions on future sale of the property, particularly if the property forms part of an estate.	Future sale of the property may require consent from the landlord. Administration fees payable for obtaining management information. 'Exit fees' may be payable.



## Freehold tenure

This form of ownership, referred to in legal terms as 'freehold tenure', means that the building as well as the land it stands on are owned outright, in perpetuity. This form of ownership is commonly seen in houses.

Freehold owners have far greater freedom over the use, improvements and additions to their property, restricted only by the covenants reserved in the title deeds, or matters prescribed by legislation, planning and building regulation laws, as applicable.

Property owners are directly responsible for maintaining the interior of their home, as well as the main structure of the building, the roof and all services within the boundary of their property.

Quite often, especially in large modern estates, freehold owners may also be required to contribute by way of an 'estate charge' (or 'service charge') to the maintenance and upkeep of the shared amenities, services and private roads, along with other occupiers of the estate (see page 48 for further information).

Generally, freehold owners are free to sell their property without having to seek permission to do so or incurring any fees for obtaining such permission.

Where a property is located on an estate and there are shared facilities such as roads, services and communal areas and you pay a rent charge or service charge for the use of these facilities, it may be necessary to obtain information from the manager of the estate. The manager may need to complete Freehold Management Enquiries to provide information of the costs, expenses applicable to the estate. Please refer to page 48 further details information on estate rentcharges.

### Leasehold tenure

Leasehold ownership will be governed by the terms (rights and obligations) of the lease granted for the property. A leasehold owner is commonly referred to as a 'leaseholder', 'lessee' or 'tenant', and the landlord (the freeholder) will own the building and the land it stands on.

Here, you will own the right to reside in your property for a defined number of years. That number will be determined by the length of the remaining term of the lease, and it will reduce as the time passes by. This is the reason, why leasehold properties are often described as 'wasting assets'.

At some point in the future, the remaining term (also known as the 'unexpired term') will reduce to a point at which it may have a negative effect on the value of the property, its saleability or ability to obtain mortgage. Whilst it may be possible to extend (the term of) the lease by exercising statutory rights or by private negotiation with the landlord, due consideration should be given to the significant costs of a lease extension. When the unexpired term is less than 80 years, a lender may not be prepared to provide a mortgage for the property. If the unexpired term of the lease to the property you are purchasing is 90 years or less, we can provide you with advice on the procedure for extending the lease term. It may be possible to commence the process on completion of the property purchase.

You will be required to pay ground rent to the landlord, which may be a nominal sum (or a 'peppercorn rent' of no financial value). Alternatively, the sum may be more significant, especially if the lease provides for periodical increases.

Unless the lease states otherwise, repairs, services and maintenance arrangements for the common parts, main structure, roof and external grounds, as well as the buildings insurance, will be arranged and coordinated by the landlord, or a management company set up for this purpose. The cost of the repairs and running of the services will be passed on to all leaseholders by way of 'service charges'.

You will still be responsible for looking after your own property internally and for paying the council tax and the cost of the utilities. You will also need to arrange your own contents insurance.

The lease will have various limitations on the use of the property, which may include a complete restriction on some activities or certain actions may require specific consent from the landlord and/or management company. Most common matters that fall into this category include having pets, hanging your washing over the balcony, installing external aerials or satellite dishes, subletting or restrictions on the future sale of the property.

If you wish to undertake certain internal alterations or extensive works within the property, you will also be required to seek written permission from the landlord. This is likely to involve a payment of an administration fee and in some cases, you will need to bear the costs of the inspection by the landlord's surveyor. The landlord should not unreasonably refuse your request for consent, unless the terms of the lease specifically prohibit your proposed alteration. This requirement is in addition to compliance with matters prescribed by legislation, planning and building regulation laws, as applicable.

There may be a requirement to seek the prior written consent from the landlord to the sale of the property which is likely to involve a seller of the property paying for the landlord's legal and management fees for dealing with the formal consent (which is known as a licence to assign). Depending on the terms of the lease and the buyer's situation, a landlord will require a buyer to provide additional comfort that the service charge will be paid by the buyer. The landlord may require the buyer to lodge a security deposit and enter into an agreement, whereby the landlord may use the security deposit to pay the service charge in the event that the leaseholder does not pay service charge when due (this is known as a security deposit deed or rent deposit deed).

In addition to the above, when you sell the property your buyer will require you to obtain management information from the landlord, the cost of which you will be responsible to cover. In some leases a payment of an 'exit fee' to the landlord may also be required. Exit fees are often set as a percentage of the property's sale price.

## WHAT ARE SEARCHES?

There are a number of searches which we undertake when we are dealing with the purchase of a property. Brief details of these searches are set out below. Some of the searches listed are only applicable to certain types of properties. Whether certain searches are carried out will depend on the location and nature of the property. Some lenders will require a specific set of searches to be carried out. If you would like us to carry out any specialist searches in addition to the ones we have already or might recommend, please let us know.

### Local Searches

These searches look into information held by the local authority and ask many questions relevant to the property, its title and its use. For example, the search should reveal whether the road to the property is 'adopted' i.e. maintained at public expense by the Highway Authority.

However, it is VITAL that you know and understand that, save only in a few certain aspects, the searches do not offer information on land/property outside the strict boundaries of the property you seek to buy. Accordingly, if you wish to obtain information on a particular issue relating to adjoining or nearby land or property, you will either have to carry out your own investigations or request a specialist search.

We will do our best to guide you in your investigations and enquiries. However, they do not form part of the process to be applied by us to the purchase of the property at the agreed fee. Nevertheless, please always ensure that we know of any query you have so that it may be put formally to your seller's conveyancer for proper response and/or dealt with by specialist searches.

An example might be the investigation of planning permission(s) (both historical and proposed) for construction or change of use on nearby land. As the local search will not reveal this, you may wish to spend a short while inspecting the planning registers of nearby land at the planning (normally the local) authority. This would be important where adjoining land looks likely to be developed or redeveloped and may also prove important in fully developed areas where the neighbour may have just applied for a large extension overlooking your new garden. Specialist searches are also available to cover this example.



Local searches are submitted either directly to the local authority in prescribed forms or through personal search agents who search the local authority data. Searches made through agents are insured against incorrect or missing data; local authorities should compensate directly for any error or omissions they make.

Speed and cost of searches differ across the country. If we need to carry out a search on your behalf, we will select which method of search we consider appropriate for the property you seek to buy.

### **Index Map Search**

A check at the Land Registry to see if the property is registered.

### **Coal Search**

A check for underground mining etc. Used where the property is in a coal mining area or former coal mining area.

### **Tin Search**

As for the coal search but for tin mining or former tin mining areas.

### **Brine Search**

A check to see if the property is affected by former brine (salt) workings.

### **Commons Registration Search**

A search to check whether any part of the property (or any access to it) is registered as common land.

### **Highway Search**

A search to identify the precise extent of the adjoining roads/paths/verges which are adopted and maintainable at public expense. If the road is not adopted and is private, rights of way are required and the cost of maintenance would normally fall to the owners of properties having such rights.

### Water Search

A search to check house drainage and fresh water supply arrangements. It does NOT address flooding. This also shows whether any sewers/drains run across the boundaries of the property which could affect any future building you may wish to do on the land/property.

### Planning and/or Infrastructure Searches

These types of searches provide planning and neighbourhood information for the immediately surrounding area and help to reveal any potential surprises, for example:

- Plans to construct a telecommunications mast
- Planned route for the High Speed 2(HS2) rail network
- A new local nightclub causing late night noise and disturbance
- Plans for a new housing development, a supermarket or a factory nearby, which may affect the current view from the property.

### Radon Gas Search

An enquiry to the relevant Health Protection Agency to see if the property is known to be affected by radon gas.

### Chancel Repair Search

A search to check if the property may be liable to contribute to the cost of repairs to the chancel of a church. This search may sometimes show inconclusive results; therefore, it may often be more beneficial to obtain a chancel repair indemnity insurance in lieu of a chancel search. We may recommend this course of action if it will be more cost-effective for you.

### Environmental Search

If a local authority determines that land is contaminated, and the party who caused or knowingly permitted the contamination cannot be found, the current owner or occupier of the land may be required to remedy the contamination. This can be an expensive process, so it is important to assess the risk of land being contaminated before committing to buy a property. More information on environmental matters may be found at page 27. An environmental data search can be used to establish the risk of land being contaminated, by collating information from regulatory bodies, floodplain data and a review of current and historic land uses. An environmental data search does not include a site visit or testing of soil or groundwater samples.

## ENVIRONMENTAL MATTERS - WHAT DO I NEED TO KNOW?

Some of the main causes of concern for buyers of residential property are:

- Land contamination
- Flooding
- Landfill
- Mining / subsidence
- The existence of radon (a naturally occurring radioactive gas)

### Contamination

The law relating to contaminated land is now largely covered by legislation and government orders issued in 2000. It applies to all landowners (and others e.g. developers) and covers existing and future contamination. Local authorities are required to inspect and identify contaminated sites and issue notices requiring the contamination to be remedied. Local authority registers of contaminated sites are to be assembled but this is not yet complete. A search in the local authority registers may indicate there is nothing in the registers but that does not necessarily mean that there is no contamination. It may be because the site has not been inspected.

Liability for remedial action (often expensive) falls primarily on persons who 'cause or knowingly permit contamination' - hence the phrase 'the polluter pays'. However, if the polluter cannot be identified, liability falls onto the current owner or occupier. You for your part will want neither the contamination nor the obligation to remedy it. Incidentally, it is possible to cover this cost by specialist insurance.

Please note that, as solicitors, we are not able or competent to advise whether contamination exists. If we are formally advised of it by chance during the course of the legal work on the transaction, we will advise you on the law as it relates to that particular contamination. We will, in any event, ask the local authority if there is any entry on the authority's contaminated land register but that check is of limited value as explained above.

Please let us know if you have any cause for concern e.g. you believe the house may have been built on land formerly used for some industrial purpose (such as a chemical plant, gas holder or petrol filling station) and we can assist you in making further detailed enquiries.

## Flooding

Flooding is a growing risk for British property. As a result of recent climate changes, flooding has become more frequent and severe. Aside from physical damage caused by floods, if a property is - or becomes - at risk of flooding, it may be difficult to:

- obtain a mortgage
- obtain suitable insurance cover, or
- sell the property.

These issues are likely to affect the value of the property.

The Environment Agency estimates that one in six homes in England is at risk from flooding. It may not always be obvious that a property is at risk of flooding. Properties at risk do not need to be close to a river or the sea or on low lying ground to be exposed to flood risk. Surface water, groundwater and overflowing sewers and drains are increasingly common causes of flooding. It is not only older properties that are affected; in recent years many new properties have been built on flood plains.

## Insurance

It is imperative that before you exchange contracts you ascertain from your proposed insurers that they will be prepared to insure the property under the terms of a normal domestic policy - to include flood risk cover - at a premium and on such other terms as are acceptable to you. Making enquiries of a number of different insurers is advisable and may help you to assess the likely level of flood risk.

Note that even if the property is leasehold, and the landlord arranges the buildings insurance, if flooding becomes an uninsured risk you may be required to make good any flood damage depending on the wording of the lease.



### Flood Re Insurance Scheme

The government's Flood Re scheme is designed to ensure that homeowners whose properties are at high flood risk can obtain affordable flood insurance with cover at a set price. Flood Re takes the flood risk element of home insurance away from participating insurance companies so that those companies can offer more affordable premiums to homeowners in areas with a high risk of flooding. You can find more information about Flood Re and a list of participating insurance companies by visiting [www.floodre.co.uk/industry/customer-info](http://www.floodre.co.uk/industry/customer-info).

The scheme is only available to normal household premises, not businesses nor most buy-to-let properties. If you have any doubt whether your home qualifies you can consult the relevant regulations at [www.legislation.gov.uk/ukdsi/2015/9780111137307/contents](http://www.legislation.gov.uk/ukdsi/2015/9780111137307/contents) or you can view a simpler explanation at [www.floodre.co.uk/industry/eligibility](http://www.floodre.co.uk/industry/eligibility).

### Searches and Enquiries

The main ways of learning more about the risk of flooding are:

- conducting searches
- instructing your valuer or surveyor to carry out physical inspection, or a specialist survey or valuation and to provide advice on the impact of flood risk.

The Environment Agency provides a free online postcode search for the general public which gives limited information on flood risk based on their Flood Map.

The Environment Agency will also offer a risk assessment on your property. If you wish us to make the enquiry, we will do so and report to you but we will ask you to put us in funds to pay the fee. We are also able to order for you other specialised flood searches at an extra cost. We thoroughly recommend this and if you would like further information or if you would like us to put one in hand please let us know as soon as possible. Please note that we are not qualified to give advice on flood risk or interpret technical flood reports. We recommend that you discuss the level of risk to which the property is exposed, and the results of any specialised flood searches or specialist surveys, with your surveyor or a flood risk assessment consultant. Please be aware it is your responsibility to instigate and carry out investigations into flood risks, obtain advice from appropriate experts and ensure you have insurance covering flood risk in place at exchange of contracts. We cannot advise you on these matters and, in the event they are not properly addressed, will not be liable to you for any loss incurred.

### Landfill

If you are having a survey (particularly if you are using a local surveyor), he or she may know the history of the land on which the property is built. Ensure you ask if the house is built on a landfill site or if one exists nearby.

Otherwise, if you are unsure or have cause for concern, we suggest you inspect the old planning records at the planning authority (normally the local authority).

### Mining/Subsidence

If you are buying in an area in which you know there is a history of coal, tin or other mining please advise us and we will carry out an appropriate search. We will ask you to put us in funds to pay the fee. The fee varies depending on the precise search. If you are having a mortgage, the lender will require any relevant search to be carried out and we will institute it accordingly.

### Radon Gas

Our local authority search will reveal whether or not radon is an issue in the area of the purchase property. If radon is an issue, new homes will have design features to alleviate the risk. Older homes can be tested to see if radon build-up is high but this process takes about six months. More information on radon gas is available from <https://www.radon.co.uk>.

### Combined Environmental Search

Some search agencies offer a combined report on most major environmental risks. The agencies draw their information from reputable bodies such as the Environment Agency, British Geological Survey, Coal Authority, National Radiological Protection Board and the Department for Environment, Food and Rural Affairs. However, do remember that whilst these bodies might reasonably be expected to offer the best information currently available, even they may not have full data on your particular property.

If we consider before examining the contract papers that it is appropriate to institute a combined report, we will have included this cost in our fees / disbursements quotation. If we have not included the cost but you would like us to institute the combined search, please let us know and we will ask you to let us have the current fee.

## Investigation

### Our Position

The existence, extent or effect on the property of adverse environmental matters do not fall within the extent of the advice to be offered to you by Thrings as part of this conveyancing transaction at the agreed fee. It is a matter for you to establish whether the property is affected or at risk. As mentioned, if we consider it appropriate and have quoted to include it, or if you request us to do so, we are happy to assist you by instituting a search with a reputable search agency. However, we are not able or competent to advise you on the result of any such search report. It will largely be self-explanatory but it will be a matter for you alone to assess the result and take further specialist advice where appropriate before committing to the purchase.

### Next Step

If you wish for some form of search to be carried out for which we have not already quoted, please telephone us to assess the correct fee and let us have the appropriate remittance. We will be pleased to institute the search and forward the report to you.

The amount to be paid can, of course, be added to the funds already requested on account in respect of disbursements.

### Flood Risks

Flood risk is increasingly a concern for property buyers, particularly in areas prone to flooding. This information is intended to help you to properly understand the risks of flooding to your new property and how you can protect yourself from these risks.

Flooding is a growing risk for British property. Aside from physical damage caused by floods, if a property is at risk of flooding it may be difficult to obtain a mortgage or suitable insurance cover, or to sell the property later on, or at a good price. We are not qualified to give advice on flood risk or to interpret technical flood reports. This information is only intended to help you to investigate the terms on which buildings insurance cover, including flood risk, is available, prior to you entering into contractual commitments. This information also provides general guidance in relation to flood searches and other means of investigation that you may wish to carry out before you buy the property. We encourage you to make sure that insurance can be obtained for the property on acceptable terms before entering into a contract to buy the property.

## DO I NEED A SURVEY?

You may hear the Latin words “caveat emptor” - buyer beware!

It is the buyer's responsibility to check the property is structurally sound and in a good condition before contracts are exchanged. Once contracts are exchanged, it is very unlikely that you will have any comeback against the seller if there are any problems with the property.

We recommend in all cases that you have the property surveyed by your own surveyor to identify any structural or other defects likely to give rise to problems and expenditure in the future. The survey may confirm the value of the property. Some surveyors deal with this separately and if you do require a valuation to be carried out you should advise the surveyor at the time of instructing the surveyor. You will be able to ascertain whether the purchase price you have agreed is fair and reasonable.

Your surveyor will be able to offer advice regarding the appropriate survey for the property you are buying:

### Valuation report

This is usually prepared for mortgage purposes and most lenders will require one before an offer is made. It will be commission by the lender and you cannot rely on this. A valuation report is not a survey and the report is limited in scope generally only containing information:

- type of property
- age of property
- type of construction
- general observations about the state of repair

### Home Condition Report

This is not an in-depth survey but sets out a “traffic lights” rating of the condition of the property. This report does not include a valuation of the property.

### HomeBuyer Report

This includes all the features of the Home Condition Report together with valuation and insurance rebuild cost. It also includes advice on defects that may affect the value of the property and any repairs and ongoing maintenance required.

### Full Structural Survey

This is a much more detailed report on the property. It will provide in far greater detail the need for repair or future maintenance of the property.

### New build houses and Flats

New properties are normally covered by a National House Build Council (NHBC) agreement / guarantee (or equivalent). This covers major structural items for 10 years and faulty workmanship of the builder for two years. You should, however, still consider whether you wish to have a survey.

If the buildings are not fully complete by exchange of contracts, you should, before exchange, inspect the plans and specifications with care. It will also be very important that you inspect the buildings thoroughly both a day or two before completion and (if necessary) early on the day of completion to ensure all is in order and to your satisfaction.

You should always read a survey with care and arrange to have carried out any suggested specialist reports and/or to obtain quotations for recommended works. Further check for any items that have not been inspected and are therefore excluded from the report.

If defects are noted on any valuation or survey, you should do careful homework on ascertaining the cost of repairs (including obtaining specialist quotations etc) and, if necessary, renegotiate the price with the seller or the selling agents. Please let us know immediately of any price change or agreement by the seller to carry out works of repair.

We are not able to advise on the contents of a survey, but we will discuss with you any legal issues raised.



# 3

What is a mortgage?

What is Stamp Duty Land Tax?

Do I need to pay Capital Gains Tax?

## WHAT IS A MORTGAGE?

You may be buying your property with the assistance of a mortgage from a bank or building society ("the lender"). We may be instructed by the lender to act on its behalf or the lender may instruct an independent firm of solicitors to deal with its mortgage requirements. There is likely to be a separate charge made by the lender's solicitors. If we are instructed by the lender, we have a duty to act for both the buyer and the lender with full disclosure of information to both parties. It is important that you provide us with as much information as possible on your own personal circumstances at the outset of your purchase. We shall ask you questions about the source of the balance of money for your property purchase and details about who else will be living with you at the property.

A lender will issue a mortgage offer or facility letter to you setting out the terms upon which it will make a loan to you. The offer will include details such as the principal amount, interest rate, period of repayment etc. The offer includes penalties for early repayment and special discounts or capped/fixed rates. Many mortgages permit variation of interest rates (except for periods when the rate is fixed). We will advise you fully on the terms as these are specific to each buyer.

There are some general points which we draw to your attention and which you must consider:

- The lender always reserves the right to vary or withdraw your mortgage offer at any time before completion of your purchase.
- The European Mortgage Credit Directive requires mortgage lenders to allow for a reflection period of seven days from the date the offer is received by the customer in case you want to change your mind. If you instruct us to request your mortgage advance before the reflection period has expired, we and the lender will treat that as acknowledgement by you that you wish to proceed with the mortgage on the terms as stated in the offer and that you are waiving the reflection period.

The lender will require you to enter into a mortgage deed or legal charge which, together with the acceptance of the mortgage offer, is your agreement with the lender to repay the loan.

We will advise you on the terms of your mortgage. However there are some general provisions applicable to most mortgages, if you fail to make your mortgage payments or observe your obligations:

There are powers for a lender to call in the whole of the loan, remove the borrower and the borrower's goods from the property (by court order unless the borrower consents) and sell the property to recover all funds due. Such forced sales often result in lower sale prices. If the sale does not result in payment of all the monies due, the lender will pursue the borrower for the shortfall.

To avoid the lender exercising the powers it may have, the borrower should primarily, keep up with mortgage payments but there are also a number of practical obligations which a borrower should observe (and this is an example rather than extensive list):

- To insure the property (for freehold properties).
- To keep the property in reasonable physical order and condition.
- Not to let the property except with the lender's consent.
- To observe the covenants on the leaseholder's part in the lease (If the property is leasehold).
- Not to make structural alterations without the lender's consent and to observe the requirements of Town & Country Planning legislation.

These obligations are straightforward and no more than one would expect of prudent home owners. If a borrower has financial difficulties at any time during the mortgage term the borrower should take appropriate advice without delay and make contact with the lender either direct or through a financial adviser.

## WHAT HAPPENS ON THE DAY OF COMPLETION?

On the completion day we will send cleared funds by telegraphic bank transfer to the seller's solicitor to effect completion and allow keys to be released to the buyer.

If your lender releases the mortgage advance by telegraphic bank transfer we will request that funds are sent (and arrive) on the day before completion. This avoids the problem of funds arriving late on the completion day which would cause difficulties in the arrangements. In practice the telegraphing of funds is by no means an instant process, particularly on favoured moving days such as Fridays, month end days and the days before a public holiday. Please note that the lender will charge interest from the date of despatch.

## WHAT IS STAMP DUTY LAND TAX?

### Introduction

Stamp Duty Land Tax (SDLT) is a tax payable by anyone purchasing of property or taking a lease of property, whether residential or commercial, if the value of the transaction is above a certain minimum value.

In recent years there have been changes to SDLT which have increased the complexity of the rules. At times, depending on a buyer or tenant's personal circumstances and the type of property being purchased or leased the calculation of SDLT payable on the transaction requires specialist tax advice. The facts of each transaction must be considered carefully and we will advise you if specialist tax advice is required. An SDLT return must be submitted to HM Revenue and Customs (HMRC) with any tax due within 14 days from the 'effective date' of the transaction. This is usually, but not always, the date of legal completion of your property. If the return is not submitted within the time period HMRC will charge penalties for late submission of the return or payment of the tax due.

The purchase of a property is registered at the Land Registry (there are some exceptions but these are rare). The application to register your purchase with the Land Registry is accompanied by a certificate from HMRC confirming that the SDLT return has been made to the HMRC. It is therefore important that the SDLT position is considered early on in a transaction to ensure there are no delays submitting the SDLT return to HMRC and no delays in dealing with registration of your purchase with the Land Registry.



The SDLT return is a complex document and we must have all the information necessary to complete the return and have it signed or approved by you in advance of exchange of contracts. It is your responsibility to provide the correct information to be inserted into the return. If the information is incomplete or incorrect, you could be subject to penalties, delays in the processing of the return and difficulties with the registration of the transfer at the Land Registry. In serious cases you could be subject to prosecution.

### **Paying the tax due**

We will submit the SDLT return as your 'agent' but it is your responsibility to pay the tax due. We will normally calculate an estimate of the amount of the tax for you and account to you for this immediately before completion when collecting the balance required to complete your purchase. In straightforward residential transactions where a capital sum is paid for the purchase of a freehold or leasehold property, we will calculate the anticipated tax payable using the HMRC online calculator. If the transaction is complex or there is anything unusual about the transaction; or where you may be able to claim a relief, we are unable to do more than estimate the likely tax and it will be your responsibility to ensure that we are given clear instructions on the claiming of any appropriate reliefs. This is something on which you should take tax advice. If necessary we can refer you to professionals who are qualified to give such advice.

There is also much information on the HMRC website dealing with the ways in which the tax is calculated, available reliefs etc. and you are recommended to familiarise yourselves with those. The following website will be a good starting point for you to explore what transactions may qualify for reliefs that reduce the amount of the tax due <https://www.gov.uk/guidance/stamp-duty-land-tax-relief-for-land-or-property-transactions>.

To assist we have summarised some additional information for you:

### **Who is the buyer for SDLT?**

For the purposes of SDLT we do not just look at whose name a property is bought in. It is more important to know who the underlying owners are. So for example if an unmarried couple A and B buy a property in the name of A, but with B putting in money and with B's share being protected by a declaration of trust, then both A and B are the buyer. This can be relevant when establishing whether the higher rates of SDLT apply or seeing if first time buyers' relief is available.



### Rates for ownership of another residential property

An additional 3% SDLT can be payable on top of the normal SDLT rates if by buying a residential property means you, as the buyer will own more than one residential property or have an interest in any residential property anywhere in the world. The higher rates can also apply to a joint purchaser if one or more of the joint buyers already owns or has an interest in another residential property. Married couples and civil partnerships are treated as both buying the property, even if only one takes the property. This means that if either party already owns a residential property or has an interest in any residential property, any purchase by the other might be caught by the higher rates.

Limited companies buying residential property will automatically be caught by the higher rates. If the purchase price is more than £500,000, the SDLT can be as high as 15% of the purchase price. Whilst reliefs from the 15% may be available, no relief is available for the 3% higher rates.

### Rates if you're not a UK resident

If you are not present in the UK for at least 183 days (6 months) during the 12 months before your purchase, you are 'not a UK resident' for the purposes of SDLT. You will usually pay a 2% surcharge if you're buying a residential property in England or Northern Ireland on or after 1 April 2021. If you are also subject to the higher rate (see above) this will be in addition to the 2% non-resident charge. For specialist SDLT advice please see below.

### Multiple Dwelling Relief

This relief may be available where the property being purchased includes two or more "dwellings" or a building in the course of being built or converted to such. The second "dwelling" could be a separate building, a granny flat or even a basement which would be suitable for use as a separate dwelling. HMRC provides some guidance in that the property is likely to count as two dwellings if each part has its own separate front door and each had the normal living accommodation that you would expect of a dwelling including facilities to cook and wash, a sleeping area and a living area. The services such as electricity gas, heating, hot water and cold water should also be capable of independent operation and isolation. If you feel multiple dwellings relief may be available to the property you are buying please let us know and we can arrange to provide you with specialist SDLT advice.

### Mixed Use Property

If part of the property you are buying is used for non-residential purposes (e.g a field used for farming or an outbuilding used in a separate business) you may be able to claim mixed use property which can significantly reduce the amount payable for SDLT for higher valuation transactions. Specialist SDLT advice might be needed.

### Specialist SDLT advice

If you feel you need specialist SDLT advice, please let us know as soon as possible and we will arrange to put you in touch with our SDLT expert who will be able to provide you with a fee quote. We would also strongly advise you to take advice from your accountant as claiming any SDLT claim for relief may have other tax implications which need to be considered such as Capital Gains Tax and this is not covered by our retainer.

## DO I NEED TO PAY CAPITAL GAINS TAX (CGT)?

Capital Gains Tax (CGT) is a tax on the profit when you sell (or 'dispose of') something (an 'asset') which has increased in value. It is the gain you make that is taxed, not the amount of money you receive. You may have to pay CGT if you make a profit ('gain') when you sell (or 'dispose of') property that is not your home, for example:

- buy-to-let properties
- business premises
- land
- inherited property

There are different rules if you:

- sell your home
- live abroad
- are a company registered abroad

You will need to work out your gain to find out whether you need to pay tax. We have a specialist team to assist with this - please ask us if you think this may apply to you. You should note that the rules have recently changed and a return must be submitted to HMRC (if applicable) within 30 days of completion of the sale of your property whether or not the seller has any CGT liability.



# 4

What needs to be thought about when buying property in joint names?

What is NHBC or a new build warranty?

What is an energy performance certificate?

What is a listed building?

What is a share of freehold?

What is an estate rentcharge?



## WHAT TO THINK ABOUT WHEN BUYING PROPERTY IN JOINT NAMES

### Introduction

When two or more people are buying a property together, a very important decision must be made by them as to the type of co-ownership they wish to put in place.

There are two ways in which a property can be owned by two or more people, and it is vital that you understand the differences before making your choice:

### Joint Tenants

Joint tenants means that all joint owners owns the whole of the property.

When one joint owner dies, his or her interest in the property automatically passes to the surviving joint owner. No part of the property can be transferred to anyone else under the deceased joint owner's will (no matter what it says) nor under the intestacy rules (if no will exists). The surviving joint owner is left automatically owning the whole of the property.

In the event of a sale during the joint owners' lifetimes, the general rule is that they will be entitled to equal shares of the net sale proceeds, even if one has made a greater contribution. Please note that exceptions to this general 'equal interests' rule can and do arise in divorce proceedings and can also be imposed by the court on the contentious separation of long-term partners.

The legal term for joint ownership is that the property is held as 'joint tenants'. Many married couples and some long-term partners hold property in this way. Whilst it may appear straightforward and convenient, it will not always be appropriate and this option should only be chosen after due consideration.

### Tenants in Common

Tenancy in common means that each joint owner owns a separate and distinct share of the property. They can agree to hold in equal or unequal shares (e.g. two owners holding as tenants in common could hold 50% each, or 70% and 30% etc.)

When one owner dies, his or her share in the property will pass to the person named in the will. If no will exists, it will pass to the next of kin under the intestacy rules. It is therefore very important that each owner make a will.

In the event that the property is sold, the net sale proceeds will be split according to the owners' respective shares in the property.

The legal term for ownership in common is that the property is held as 'tenants in common'.

Circumstances in which you should very seriously consider this option are where:

- either co-owner has a child or children from a previous relationship;
- the co-owners are an unmarried couple or have not entered into a civil partnership;
- one co-owner does not wish the property on death to pass automatically to the surviving co-owner;
- co-owners make unequal contributions towards the purchase price and/or deposit;
- co-owners will make unequal contributions to the mortgage payments and/or maintenance of the property;
- business partners are buying together;
- co-owners are considering how to reduce the potential inheritance tax payable on their estates.



If tenancy in common is chosen:

- it is strongly recommended that the precise agreement between the co-owners is documented in a formal Declaration of Trust, to record the proportions in which the property will be held and to dictate how any proceeds of sale will be divided if the property is sold in the future;
- co-owners who are in a relationship may choose to enter into a cohabitation agreement, a more comprehensive document to deal with the way in which property is to be held, as well as to cover day-to-day matters such as household outgoings, repairs or improvements to the property. This document could also govern the arrangements should the relationship break down. If you intend to 'tie the knot' soon and would like to protect your own assets and financial contributions in a similar way, a prenuptial / pre-civil partnership agreement may be appropriate. Although not automatically binding on the courts, these agreements are usually followed by the court, providing certain criteria are met;
- it is vital that each co-owner makes a Will setting out what is to happen to their share in the property on their death;
- it is also recommended that a restriction be entered on the title to the property at the Land Registry to protect the value of any deceased's co-owner's share in the property on their death.

If you would like further advice on taking these important steps and the preparation of the additional documentation, please contact us so that this can be arranged.

### **Mortgages**

No matter which type of joint ownership is chosen, each and every co-owner will be liable to the mortgage lender for the full amount of money owed on the mortgage.

### **Converting from Joint Tenancy to Tenancy in Common**

It is possible to convert joint tenancy into tenancy in common at any time by one co-owner giving notice to the other and to the Land Registry. The general rule when this conversion takes place is that the property is owned in equal shares. However, it is also important to note that in disputes between co-owners the court can make an order stating that the co-owners are entitled to unequal shares. In these circumstances the court will specify what those shares are to be.

## WHAT IS NHBC OR A NEW BUILD WARRANTY?

If you are buying property which is in the process of being constructed or has been constructed within the last 10 years, it will usually have the benefit of a new home warranty and insurance scheme. Such a scheme provides a structural defects guarantee for the period of 10 years from the date of completion and a warranty that the property was built according to minimum building and design requirements for construction and finish, including statutory building regulations. On the sale of a property within the 10-year period, the balance of the cover can be transferred to the new owner.

The National House Building Council (NHBC) scheme requires the builder to remedy damage or defects to the property which occur during the first two years from completion of the sale by the builder and the NHBC provides a dispute resolution service if there is disagreement. If the builder becomes insolvent or fails to comply with an NHBC resolution report or a court judgement, the NHBC will meet the cost of the required repairs or have them carried out so far as it is within the maximum total cover mentioned below.

The scheme provides insurance, within the maximum total cover mentioned below, for or towards the cost of rectifying inherent structural defects discovered between the end of the second year and the end of the tenth year due to the builder having failed to comply with the NHBC requirements. There is a minimum claim value set out in a table in the policy document, varying according to the year in which the claim is made, and the NHBC will only accept claims above that amount. You may find it useful to consult their website for further details - <https://www.nhbc.co.uk/homeowners>.

If the builder appointed NHBC Building Control Services Ltd to inspect their site for compliance with building regulations, the NHBC's Buildmark policy will also cover certain breaches of some building regulations if they pose a danger to the physical health and safety of the occupants. The NHBC insurance certificate will show if this cover applies.

NHBC Buildmark does not cover general wear and tear, condensation, normal shrinkage, cosmetic damage or damage arising from failure to maintain the property. You should refer to your policy document for information on all the exclusions and limitations that apply.

NHBC Buildmark only deals with faults in the construction of the property and is not buildings insurance. It does not cover damage by risks such as fire and flood and does not even cover subsidence. You should still arrange appropriate cover against all the risk normally covered by a comprehensive buildings insurance policy.

There are other providers of new build warranties and whilst these generally have the same requirements and principles as NHBC each warranty will have its own terms and conditions. We will advise you on the terms of the warranty being provided to you.

## WHAT IS AN ENERGY PERFORMANCE CERTIFICATE?

All buildings in the UK which are available to buy or rent must have an energy performance certificate (EPC) giving the property an energy efficiency rating from A (very efficient) to G (inefficient). EPCs are intended to give an indication of how costly it will be to heat and light a property and its likely carbon dioxide emissions. An EPC is accompanied by a report recommending any cost-effective improvements that might be made to the property to achieve a better rating.

We are not qualified to advise you the energy efficiency of the property.

If you are intending to let the property you may be affected by regulations under the Energy Act 2011 which will include prohibiting property from being let on a new letting from 1st April 2018 when it has a rating of only F or G and any then existing lettings of such properties cannot be continued beyond 1st April 2020 unless the property is improved to raise the rating above F. In addition, an EPC certificate is valid for 10 years from the date it was issued and many properties will need to be reassessed over the new few years, at which time the criteria for each rating may have changed and a property could be given a lower EPC rating so that works might be required before it can be let even if it now has a rating above F.

## WHAT IS A LISTED BUILDING?

A building is listed when it is of special architectural or historic interest and/or considered to be of national importance and therefore worth protecting.

You should note that as well as the whole of the building named in the list, any object or structure fixed to the building and any freestanding structure (including walls) within its curtilage may also be protected.

It can be a criminal offence, if, without first obtaining listed building consent, you demolish all or part of a listed building or alter it internally or externally in any way which could affect its character as a building of special architectural or historic interest. There is also no time limit in which the local authority can take enforcement action. If the seller or an earlier owner made alterations to the property which required listed building consent but did not obtain it, on becoming its owner, you could become liable to reinstate the property at your cost and failure to do so when required by the authority could be a criminal offence.

Listed building consent is required in addition to any necessary ordinary planning permission (e.g. for external alterations). You may also need to obtain the approval of English Heritage.

If you are intending to carry out any work to the property, it is most advisable to check now with the council as to whether they think there will be a problem in permission being granted for what you want to do. We would also advise you to seek confirmation from your surveyor that he or she is not aware of any works having been carried out to the property that would have required such consent.

## WHAT IS A SHARE OF FREEHOLD?

If a flat or maisonette is sold with share of freehold this means you will be acquiring a shared ownership of the freehold title to the building in which the flat or maisonette is located. The freehold title to the building may be owned by a company, in which case you would acquire a shareholding in the company or membership of the company. If the freehold title is owned by individuals, the freehold of the building would be transferred by all the freeholder owners (and the seller) to all the freehold owners (and you, the buyer).

## WHAT IS AN ESTATE RENTCHARGE?

In the past, roads, services and other shared communal areas on new housing development estates were frequently adopted and maintained by the council. Estate rent charges are frequently being used on new developments to deal with the cost of recovering the costs of maintaining any privately shared areas, roads and services from the owners of freehold properties that have the right to use such shared areas.

An obligation to pay a contribution towards the cost of maintaining the communal facilities is known as a positive covenant. Unlike restrictive covenants, the burden of positive covenants does not run with the land. This means that when a property is sold by the original owner, such obligation does not automatically pass to the new owner.

This issue can be dealt with in one of two ways:

- **Deed of Covenant**

Where each new owner enters into a Deed of Covenant with the owner of any shared areas where they agree to pay a contribution towards the cost of maintaining the same. The legal effect of this deed is to create a direct contractual relationship with the management company, enabling the management company to sue the buyer should the buyer be in breach. Generally, a restriction is registered on the property's title, requiring the buyer to obtain a certificate from the management company before the change of ownership of the property can be registered with the Land Registry.

- **Estate Rentcharge**

Estate rentcharges are being used by developers as an alternative to deeds of covenant for enforcing positive obligations and/or obtaining contributions towards the cost of managing shared areas.

We will advise you on how the shared areas of the estate are managed together with the implications and how these affect the property you are buying.



# 5

When do I need insurance?

What happens if someone does not complete?

What is indemnity insurance?

## WHEN DO I NEED INSURANCE?

You are responsible for insuring the property as soon as contracts are exchanged. As soon as we confirm that contracts have been exchanged, you should put the policy on risk, unless your lender is providing buildings insurance cover. Your policy is to cover all usual comprehensive risks; the amount of cover should be the minimum reinstatement amount as advised by your broker or surveyor.

If the property is in an area where there is an increased risk of subsidence or flooding, you should make enquiries early in the transaction with an insurance company to ensure the appropriate insurance cover can be arranged. If insurance is difficult to obtain, this may affect whether or not the property is mortgageable.

If the property is a leasehold property, you should not need to arrange any buildings insurance as the property should be insured by the landlord under a block policy. We will provide you with details of this in our report on title.

You will need to have your contents insurance in place for the date of completion.

## WHAT IS INDEMNITY INSURANCE?

An indemnity insurance policy is taken out when there is a technical problem affecting the title of a property and circumstances make it appropriate for insurance to be taken out to cover the risk of the technical problem turning to a real, practical problem.

Such policies provide for a specified sum assured and can be taken out on the payment of a one-off premium. The level of the premium payable depends on the amount of the sum assured and the level of the risk involved as assessed by the insurance company. The benefit of the policy can be transferred to subsequent owners of the property but a “top-up” policy to cover the then current value of the property may be required at that time.

We will source an appropriate policy through an insurance broker. Although the broker does not approach every insurance provider in the market it does consider what it reasonably believes to be a sufficiently large number of products to be representative of the market.

The following points may invalidate a policy:-

- If someone seeks to take action against you in respect of the defect, or indicates in some way to you that there may be a problem, you must tell the insurance company straight away and provide full details of the situation. The insurance company will have the right to decide how the matter is dealt with. You must not take action or discuss the matter with the person causing the difficulty, unless the insurance company says you may do so.
- You must not disclose the existence of the policy to anyone other than a genuine potential buyer and/or their professional advisors.
- You must not say or do anything that is an acknowledgement of liability or seek to negotiate terms, or agree to settle matters between you and the person causing the difficulty. If there appears to be any sort of problem over the defect, we would recommend you simply say that there is evidently something on which you need to take legal advice and you plan to contact your solicitors.
- If a claim on the policy is made and the insurance company can show that the claim came about in whole or in part, directly or indirectly as a result of something you have done (or failed to do), it is very possible that the insurance company may be able to cancel your claim. For example
  - If there is a restrictive covenant policy because an extension has been built without the consent of a neighbour, the policy may in effect be cancelled if there are further works of alteration or extension to the house at some time after you have purchased it.
  - If there is a defective title policy because an area of garden is not shown on the property's title, the policy may be cancelled if you change the use of the land (e.g. by building a conservatory on it).

If your property has a defect covered by a title indemnity insurance policy, take legal advice before engaging on activities that draw attention to your house and/or might lead neighbours to objecting (even if that would be unreasonable of them) or checking with the insurance company that what you are planning to do will not cancel the policy. Confirm the position to them in writing and make sure they confirm the position to you in writing.



In addition, if the policy is invalidated through breach of conditions you may (in certain circumstances) find it impossible to arrange a replacement policy as and when you sell your house. Even if you can do so, there will be a premium payable and it may be higher than usual because of what has happened.

You may, of course, buy a property with a title indemnity policy already in place. The points above apply in just the same way.

### **Relationship with insurance providers**

We are an ancillary insurance intermediary. That means we only arrange limited types of insurance and only to complement our primary activity of providing legal services.

We are not contractually obliged to conduct insurance distribution exclusively with one or more insurance provider. However, Thrings is not an insurance specialist and therefore our advice is not based on a fair and personal analysis of insurance products available on the market.

In making this recommendation, we are representing you: we are not acting for and on behalf of the insurer.

We do not have a direct or indirect holding of 10% or more of the voting rights or capital in the insurance provider we are recommending. Likewise the insurance provider we are recommending (or its parent undertaking) does not have a direct or indirect holding representing 10% or more of the voting rights or capital in the firm.

### **Regulatory status**

Thrings is an ancillary insurance intermediary.

We are not authorised by the Financial Conduct Authority (FCA). However, we are included on the register maintained by the FCA so that we can carry on insurance distribution activity, which is broadly the advising on, selling and administration of insurance contracts. This part of our business, including arrangements for complaints or redress if something goes wrong, is regulated by the Solicitors Regulation Authority. The register can be accessed via the FCA website at [www.fca.org.uk/firms/financial-services-register](http://www.fca.org.uk/firms/financial-services-register).

## WHAT HAPPENS IF SOMEONE DOES NOT COMPLETE?

If you fail to complete the purchase on the completion date, the seller can serve a “Notice to Complete” requiring you to complete the purchase by a specified date (being not less than 10 working days after the date of that notice); if you fail to complete by the specified date, the seller may keep your deposit and/or claim damages from you. Alternatively, the seller might, depending on the circumstance, bring legal proceedings against you to compel you to complete the purchase. If the seller has a related purchase, you may also be responsible for any losses the seller suffers on that related transaction.

If the seller fails to complete on the completion date you may serve such a Notice to Complete on the seller. If the seller fails to complete by the date set by the notice, you may treat the contract as at an end and demand the return of your deposit with interest. Alternatively, in some circumstances you might be able to bring proceedings to compel the seller to complete the sale. You may also have a claim in damages where you have suffered loss as a result.

# 6

Glossary - what do all these terms mean?





## GLOSSARY - WHAT DO ALL THESE TERMS MEAN?

A brief explanation of some legal and other terms used in residential property conveyancing transactions.

<b>Abstract or Epitome of Title</b>	A summary or list of relevant title deeds proving the history of ownership of a property.
<b>Adopted Highway</b>	A road (and ancillary paths and sometimes verges) maintained by the local authority at public expense.
<b>Advance</b>	The original amount of the loan from a Bank or Building Society.
<b>Assent</b>	The name given to a transfer document by which the representatives of a deceased owner transfer the property to the person entitled.
<b>Assured Shorthold Tenancy</b>	A form of tenancy agreement which permits the landlord to secure possession of the property at the end of the agreed tenancy period.
<b>Attorney</b>	A person appointed to act on behalf of another person and sign documents on their behalf.
<b>Base Rate</b>	The rate of interest set by the Bank of England upon which most other interest rates are based.
<b>Brine Search</b>	A search to find out if a property might be affected by old brine (salt) workings near the property.
<b>Building Regulation Consent</b>	Approval by the local authority to the method of construction and materials used in building work.
<b>Cashback</b>	A sum of money (paid by cheque) by the Lender on completion of a mortgage (but only if this arrangement formed part of the mortgage offer).
<b>Chain</b>	A position in which Seller 1 sells to Buyer 1 and Buyer 1 sells to Buyer 2 etc thus creating a chain of connected transactions.
<b>Commons Registration Search</b>	A search to ensure the property is not registered as common land or part of a village green. If it is, other people may have rights over the land concerned.

<b>Completion</b>	Final completion of the transaction when the Seller receives the money and the Buyer receives the keys.
<b>Conservation Area</b>	An area where there are some extra planning controls and considerations in place to protect the historic and architectural elements of the area.
<b>Contract</b>	The written legal agreement prepared in duplicate for respective signature by the Seller and the Buyer setting out all the legal rights and obligations agreed between them.
<b>Conveyance</b>	A document or deed used to transfer ownership of an unregistered property from the Seller to the Buyer.
<b>Conveyancing</b>	The legal process used to buy and sell land and property.
<b>Covenants</b>	Legal promises or obligations.
<b>Deed of Covenant</b>	A document or deed containing an agreement to pay or do something.
<b>Deed of Gift</b>	A document or deed used to transfer ownership of property from one person to another without any payment being made.
<b>Deed of Guarantee</b>	A document used where one person agrees to be responsible for someone else's debt or mortgage obligations should that person fail to carry out his/her own obligations.
<b>Deed of Postponement or Priority</b>	Where a Lender agrees that its mortgage will rank or take effect in priority after another lender's mortgage.
<b>Deeds</b>	Documents which establish ownership and confirm the Owner's title to the property.
<b>Deposit</b>	An agreed amount to be paid on exchange of contracts by the Buyer to the Seller as security for the performance of the Contract by the Buyer.
<b>Disbursements</b>	Payments made by Thrings on your behalf but for which you will be responsible.

<b>Easement</b>	A right enjoyed by one property over another property.
<b>Environmental Search</b>	A search to see whether there is any indication that the property may be affected by contamination, flooding etc.
<b>Equity</b>	When talking of property and mortgages this normally means the difference between the value of a property and the amount owed on mortgage(s).
<b>Exchange of Contracts</b>	The formal exchange of the two identical copies of the Contract when the Seller and Buyer become legally bound to complete the transaction on an agreed date.
<b>Fixtures, Fittings and Contents Form</b>	A standard form in which the Seller specifies items in or affixed to the property which are included in the sale at the agreed price.
<b>Flying Freehold</b>	If at least a part of one property is built on top of part of another property (and the upper property owner does not own the whole building or land underneath the “flying” part) and the legal structure of the block is not leasehold, then a flying freehold will arise. This can prove to be a problem.
<b>Freehold</b>	Absolute title.
<b>Freeholder</b>	The person who owns the freehold.
<b>Full Title Guarantee</b>	The standard guarantee given by an absolute owner to the Buyer.
<b>Further Advance</b>	An additional amount loaned to an Owner after completion on broadly the terms of the original mortgage.
<b>Ground Rent</b>	This is the rent paid by a lessee to a lessor where a property is leasehold. It is often paid yearly.
<b>High Loan-to-Value Fee</b>	This may be charged by a Lender where a borrower borrows more than a certain (normally over 75 percent or higher) percentage of the value of a property. It is used to insure the Lender only against possible loss arising if the property is sold by the Lender after default on the mortgage by the borrower.

<b>Index Map Search</b>	A search at the Land Registry to see if a property is registered or unregistered.
<b>Land Charges Search</b>	A search against a person's name at the Land Registry to see if that person has been the subject of any bankruptcy proceedings and (if the property is unregistered) to see if there are any mortgages or other adverse interests registered against the property.
<b>Land Registry</b>	An organisation controlled by central government which maintains a register of properties and their ownership in England and Wales. It now covers approximately 90 - 95 percent of residential dwellings.
<b>Land Registry Fee</b>	The fee payable to the Land Registry to register any change in the property details including a change of ownership.
<b>Land Registry Search</b>	A search at the Land Registry to check that nothing new has been registered against the property since the date the registers were last inspected.
<b>Landlord / Lessor</b>	Usually (but not necessarily) the Freeholder but certainly the person entitled to receive the ground rent from the Lessee or Tenant.
<b>Lease</b>	A document setting out the rights and obligations of the Landlord and Tenant (Lessor and Lessee) in the leasehold arrangements.
<b>Leasehold</b>	Where the ownership of property is for a limited period only. For example 99 years or 999 years. It will normally involve payment of an annual ground rent.
<b>Legal Charge</b>	See Mortgage.
<b>Lender</b>	A Bank, Building Society or other person or company who lends money to an Owner.
<b>Lessee</b>	The present owner of the leasehold property. This contrasts with the freeholder or landlord whose interest is subject to the lessee's rights under the lease until the lease term has come to an end.
<b>Lessor</b>	Another word for "Landlord".

<b>Licence to Assign</b>	Written consent from a Landlord to permit the transfer of the lease to the property to a buyer. There will be a covenant in the lease setting out any specific requirements the Landlord may have such as references to be provided by the buyer.
<b>Limited Title Guarantee</b>	A title guarantee given by a Seller who has limited knowledge of the property and cannot give a full title guarantee such as someone selling on behalf of a deceased owner.
<b>Listed Building</b>	A building is listed when it is of special architectural or historic interest considered to be of national importance and therefore worth protecting.
<b>Local Search</b>	A search submitted by Thrings to the local authority to ask a considerable number of questions about the property including (by example) information on planning permission(s) and whether the adjoining roadway is maintainable at public expense.
<b>Managing Agents</b>	Employed by the landlord or management company to manage and maintain the common parts of a building/area.
<b>Management Company</b>	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 the costs.
<b>Mining Search</b>	A search to check whether the property may be affected by past or present coal mining and, in particular, the risk of subsidence.
<b>Mortgage Deed</b>	A document used when a Lender lends money to a Buyer or existing Owner. The document is registered against the property at the Land Registry and secures repayment to the Lender.
<b>Mortgage Offer</b>	This specifies the terms upon which the Lender is prepared to make the loan including the specific financial details and period of repayment.
<b>Mortgage Term</b>	The length of time agreed for the repayment of the loan.
<b>Mortgagee</b>	The Lender person or Company who benefits from the Mortgage security (e.g. Bank or Building Society).

<b>Mortgagor</b>	The Property Owner (i.e. the Borrower) who enters into a mortgage deed in favour of a Lender.
<b>Occupier's Consent</b>	Any person who lives at the property who is not an owner (and so will not be signing the mortgage deed) will be asked to consent to the mortgage being taken out and agree to move out if the mortgage lender takes possession by reason of default of the owner.
<b>Off-Plan</b>	When a new build property is purchased by reference to its plans, as it has not yet been constructed.
<b>Official Copies</b>	Copies of the entries held by H M Land Registry which show the ownership of a property, and any matters affecting the property (if the property has a registered title).
<b>Party Wall</b>	A wall owned jointly with a neighbour and repairable at joint (and normally equal) expense.
<b>Planning Permission</b>	Approval by the planning authority to the construction (and extension/alteration) of a property or a change of its use.
<b>Power of Attorney</b>	A document by which someone appoints another person, to act as their attorney.
<b>Private Road</b>	A road which is not an adopted highway and accordingly not maintained at public expense. Property owners need to have particular (and preferably documented) rights over it as it is not necessarily a road which offers public access.
<b>Property Information Form</b>	A standard questionnaire completed by a Seller to give information about the property to the Buyer (e.g. who maintains boundaries and whether there have been any disputes).
<b>Radon Gas Search</b>	A search to see if the property is affected by naturally occurring radioactive gas which may if above certain safety levels, require preventative action to be taken (e.g. more ventilation in a property).
<b>Redemption</b>	The repayment of an existing mortgage or loan.



<b>Redemption Penalty</b>	A penalty payment charged by a Lender if a loan is repaid within a period specified in the mortgage offer (some loan products only).
<b>Registered Land</b>	Property which has been registered at Land Registry.
<b>Rent Deposit</b>	A deposit required by a landlord where the buyer is unable to provide sufficient evidence of their ability to meet the annual service charge payable for a property or if the buyer is a company. The terms upon which the deposit is held by the landlord are set out in a deed.
<b>Remortgage</b>	Paying off one mortgage loan and taking out another with a different lender.
<b>Rentcharge</b>	Some freehold properties are required to pay a modest rent (despite being freeholds). It is sometimes created simply for profit but may be used as a legal device to ensure estate covenants are enforceable.
<b>Reservation Fee</b>	An initial payment to a Builder / Developer (or its agent) to reserve a new property.
<b>Reserve fund</b>	See Sinking Fund.
<b>Security Deposit</b>	See Rent Deposit.
<b>Service Charge</b>	A payment required by a Landlord (or managing agent) to cover the costs of insuring and/or maintaining a development or block of which the property forms part.
<b>Sinking Fund</b>	Funds set aside by a landlord (or managing agents) to cover the cost or contribution towards a large maintenance expenditure.
<b>Stamp Duty Land Tax</b>	A government tax payable on completion of the purchase of a property over a certain value.
<b>Subsidence</b>	Where a property moves due to poor construction or ground movement for geological reasons.
<b>Tenant</b>	For most purposes this is the same as “Lessee” (see above).

<b>Tin Search</b>	A search to see if the property may be affected by past or present tin mining.
<b>Title</b>	An owner's actual right of ownership (whether or not the owner is in occupation).
<b>Transaction</b>	A dealing with property (e.g. sale or purchase or remortgage).
<b>Transfer</b>	A document which actually transfers ownership of a property from one person to another (as opposed to a Contract which may include an obligation to effect a transfer at a later date).
<b>Transfer of Equity</b>	A document transferring ownership of a part share or interest in a property from one person to another.
<b>Tree Preservation Order</b>	An order made by the planning authority specifying a tree or group of trees as protected and requiring that authority's permission to cut branches or fell them.
<b>Unregistered Title</b>	A title to a property which has not been registered at the Land Registry. The title will consist of old-style conveyances and other documents.
<b>Vacant Possession</b>	A Seller required to give vacant possession must (on completion) leave the property (including the garden and outhouses) empty of people, possessions and rubbish.
<b>Valuation</b>	A very simple form of survey designed to establish what the property is worth and nothing more.
<b>Vendor</b>	Another word for Seller.
<b>Wayleave Agreement</b>	A written agreement entered into with an owner to give a service provider (e.g. electricity or telephone company) a right for their cables to pass under or over their property.

**Beware:** The word meanings in this glossary are necessarily basic and are subject to exceptions. They are not nor are intended to be legal definitions of these words. If you encounter these words within documentation in the course of a transaction and are not wholly certain of their meaning or effect, then you must ask us for appropriate advice.