

**Glossary**

**Boundaries**

Registered properties in England and Wales have legal and physical boundaries. The boundary of your property, and the area you will become owner/proprietor of, is outlined red on the HM Land Registry document known as the Official Copy of the Title Plan.

**Class of Title**

When a property is first registered, a class of title will be granted based on evidence of the owner’s right to the title (the legal document that proves ownership of property). When buying property, you are buying the legal “title”, meaning you are paying for the property as well as the associated legal rights and responsibilities. Different classes of title that can be awarded include:

 **Absolute Title**

Indicates that no individual or company holds a better claim over property than the registered owner/proprietor. Granted in most cases, it is considered the best class of title and is HM Land Registry’s ownership guarantee.

**Absolute Leasehold Title**

Indicates that no individual or company holds a better claim over property than the registered owner/proprietor (subject to the terms of the lease). Granted in most cases, it is considered the best class of title and is HM Land Registry’s ownership guarantee.

**Possessory Title**

Registered when the applicant does not hold the necessary documents to establish legal ownership over a property. For example, when the title deeds to the property have been lost or stolen.

**Qualified Title / Qualified Leasehold Title**

An uncommon class of title granted when a specific defect has been identified in relation to a property and entered on the HM Land Registry Official Copy of the Register.

**Good Leasehold Title**

Indicates that when a property was first registered, HM Land Registry could not verify that the landlord had full and unrestricted power to grant the lease. The class of title does not guarantee that another individual or company has no claims over a property.

**Contract of Sale**

A legal agreement between the purchaser and seller, including information such as, agreed purchase price, completion date, and the conditions of the sale. Once exchanged, the contract becomes legally binding for everyone involved.

**Conveyancing**

The legal process of transferring property from one individual or company to another. Conveyancers are property lawyers who facilitate this process.

**Conveyancing Searches**

Requested on behalf of the purchaser, they provide information on the purchase property that may hold legal implications and impact use or enjoyment of the property. They are an integral part of the conveyancing process.

**Covenants**

A promise or rule, associated with property, that affects what can or cannot be done by the owner/proprietor.

 **Deed of Covenant**

A legal agreement, common to leasehold transactions, between the lessee and the landlord, confirming the leaseholder will uphold the covenants outlined in the lease.

**Leasehold Covenant**

An obligation set out in the lease

**Positive/Personal Covenants**

An obligation imposed on an owner/proprietor/leaseholder to carry out an action related to the property. For example, maintaining a boundary fence.

**Restrictive Covenants**

An action that an owner/proprietor must not undertake. For example, a restrictive covenant may require a proprietor not to house a caravan on their property.

**Date of Completion**

The legal end of the conveyancing process, undertaken by both the seller and purchaser. At this point, full payment for the property is made and the legal title is officially transferred from the seller to the purchaser. On this date, the purchaser will receive any keys to the property and can move in.

**Deed of Variation**

A legal document setting out changes to the terms of the lease.

**Easement**

Practical and legal rights that property may benefit from or be subject to. Common examples include a right of way over neighbouring land to provide access to a property, or a utility company having the right to access key service infrastructure such as sewer systems.

**Enfranchisement**

A legal process, subject to certain conditions, that provides leaseholders with the right to extend the term of the lease or purchase the freehold.

**Freehold**

Permanent and absolute ownership of a property and all associated land. The freeholder is an individual or company registered as the owner/proprietor of the freehold building and associated land.

**Ground Rent**

Ground Rent is a regular payment made by the leaseholder to the freeholder of the property.

**Indemnity**

An insurance policy protecting current and/or future owners and lenders from future financial loss or liability caused by a potential limitation or risk associated with a property.

**Landlord**

And landlord is the freeholder who grants the lease that permits the leaseholder to use their land/property.

**Land Transaction Tax (LTT)**

A tax paid on the purchase of property (in Wales) over a certain value. The amount to be paid depends on

the value and intended use of the property. Exemptions and reliefs are available for purchasers who meet

certain criteria.

**Law Society’s Protocol Forms**

 **TA6 – Property Information Form**

Completed by the seller, this is a questionnaire detailing information about the purchase property. This form is presented to the purchaser during a standard conveyance.

**TA7 – Leasehold Information Form**

Completed by the seller, this is a questionnaire detailing information specific to the lease and leasehold interest, including the service charge and any ground rent payable to the landlord.

**TA8 – New Home Information Form**

A questionnaire detailing information about a property that is unique to new build purchases. It is the developer who is required to advise on answers to each question.

**TA10 – Fittings and Contents Form**

Completed by the seller, this form details which items will be included in the property sale. Once

complete, it may become part of the contract between the buyer and seller.

**TA13 – Completion Information and Undertakings Form**

Completed by the buyer’s solicitor. This form is sent to the seller’s solicitor to ensure the buyer has all the necessary information and legal promises (undertakings) needed for completion, such as bank details for fund transfer, information on vacant possession, deeds, and how keys to the property will be handed over.

**Lease**

A legal agreement between the freeholder and leaseholder, outlining each individual or company’s responsibilities and obligations regarding a property.

**Leasehold**

Ownership of a property, but not the land it is built on, for the set period determined by a lease agreement. The leaseholder, commonly referred to as a tenant, holds the lease for a property and must abide by the terms of this agreement.

**Lessor**

An individual or company who leases their property out to another, commonly referred to as a landlord.

**Long Lease**

Commonly accepted to range between 90-125 years but may be as high as 999 years, most leases will be long term.

**Management Company/Agent**

A company or agent employed by a landlord to provide services to a property and administer the terms of the lease on their behalf

**Mortgage**

A loan from a mortgagee, such as a bank or building society, used to purchase property. This loan is held by the mortgagee over the land and the borrower pledges the property as security. If repayments are not made, the mortgagee may repossess the property.

**Overriding Interests**

Interests that affect a property that are not registered with HM Land Registry on the Official Copy of the

Register. An example may be a resident occupying the property.

**Proprietor/Proprietorship**

The individual or company identified as the owner of property. For registered property in England and Wales, the proprietors will be named on HM Land Registry’s Official Copy of the Register.

**Reserve Fund**

A collection of money held by a landlord, on behalf of leaseholders, to cover the cost of unexpected maintenance or major works to the building.

**Rentcharge**

Owners/proprietors on select freehold properties are required to pay a sum to another individual or company who may hold no other legal interest in the property. There are various forms of rentcharge, such as historical and estate.

**Registration**

In conveyancing, registration is the process of updating HM Land Registry’s Official Copy of the Register. When property is purchased, the new owner/proprietor will be legally entered on the Register.

**Service Charge**

A charge to cover the cost of services related to the general maintenance, management, and insurance on the building or land a leasehold property is within.

**Shared Ownership**

A home ownership scheme that allows a leaseholder to purchase a percentage of a property and pay rent to the landlord on the remaining part. Under some shared ownership schemes, leaseholders may be able to gradually increase their share of the property to 100%.

**Short Lease**

A lease with a term of 80 years or less.

**Stamp Duty Land Tax (SDLT)**

A tax paid on the purchase of property (in England and Northern Ireland) over a certain value. The amount to be paid depends on the value and intended use of the property. Exemptions and reliefs are available for purchasers who meet certain criteria.

**Superior Lease**

A freeholder may grant a lease to another individual or company. In some cases, this leaseholder may then legally be able to grant another lease, often referred to as an underlease, to another individual or company. The original lease, as granted by the freeholder, then becomes the superior lease.

**Transfer Deed (TR1/TP1)**

A legally binding document required for the transfer of property from one owner/proprietor to another.

**Tenant**

A person who occupies land or property rented from a landlord.

**Tenancy**

A legal arrangement giving individuals or companies the right to occupy property.

 **Joint Tenancy**

A tenancy agreement where multiple owners/proprietors own a property as joint tenants and enjoy

equal rights over the property. In the event of one proprietor’s death, the property will pass to the

remaining proprietor/s. This form of tenancy may be referred to as “Beneficial Joint Tenants”.

**Tenants in Common**

Tenants in Common is distinct from Joint Tenancy in that multiple owners/proprietors may own

differing percentages or shares in a property. In the event of one proprietor’s death, ownership does not automatically transfer to the remaining proprietor/s and may be passed to another individual or company in a will.