



Turning houses into homes

THE MUST HAVE GUIDE TO PROPERTY TERMINOLOGY

EVERY BUYER, SELLER, AND LANDLORD SHOULD
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DO YOU FIND THE JARGON AND ACRONYMS IN REAL ESTATE CONFUSING AND OVERWHELMING?

When it comes to property—whether buying, selling, or letting—do you feel like everyone is speaking Greek? Do the acronyms and jargon leave you feeling anxious and overwhelmed? You're not alone. This comprehensive guide is designed to help you navigate the complex world of real estate by breaking down the terms and phrases you need to know.

From understanding market trends to decoding legal terms, we'll demystify the language of property to empower you with the knowledge and confidence to make informed decisions. Whether you're a first-time buyer, an experienced investor, or looking to rent out your property, our guide will be your go-to resource for all things real estate. Say goodbye to confusion and hello to clarity.



Acceptance

This document serves as your formal acceptance of the mortgage lender's offer. By signing and returning it, you confirm your agreement to the terms and conditions outlined in the offer.

Agreement in Principle (AIP)

An Agreement in Principle (AIP) is a lender's document confirming their willingness to lend you a specific amount based on your income and credit score. It shows sellers you are a serious buyer.

Annual Percentage Rate (APR)

The Annual Percentage Rate (APR) is the yearly cost of a loan, including interest and fees. It's a legal requirement to disclose the APR when discussing financial products such as credit cards and mortgages.

Appraisal

This document provides an estimate of the property's current market value, determined by a professional estate agent or surveyor, based on their expertise and market analysis.

Arrangement fee

Some lenders impose an administration fee for mortgages with special interest rates, such as fixed or tracker rates, to cover the additional processing costs.

Arrears

Overdue mortgage payments can lead to serious consequences, including the lender repossessing the property if the payments remain unpaid.

Auction

The seller auctions the property to the highest bidder. If the bidding does not reach the reserve price—the minimum amount the seller is willing to accept—the property remains unsold.

Bank Rate

The Bank of England adjusts the interest rate monthly, known as the base rate or simply the interest rate. If you have a variable mortgage rate, it could fluctuate in response to changes in the bank rate.

Bridging loan

A bridge loan is a high-interest, short-term loan that provides temporary funds, allowing you to buy a new home before selling your current one.

Buildings insurance

Building insurance is a policy that protects your home from structural damage caused by natural disasters like fire or flooding. It is typically required if you need a loan.

Building survey

A Building Survey, formerly a structural survey, is an in-depth report on a property's construction. It's ideal for listed, older, unique, or renovation-bound homes.

Buyer

The purchaser, also known as the homebuyer, is the individual who is buying a home. This person is responsible for securing financing and completing the necessary paperwork for the property purchase.

Buy-to-let mortgage

A buy-to-let mortgage is designed specifically for purchasing a property intended for rental, typically as an investment.

Capped rate

The initial cap or highest interest rate you'll pay on your mortgage is fixed for a set period, usually the first few years of the loan.

Capital

The amount invested in purchasing a home, often referred to as the down payment or deposit, is an initial financial commitment made by the buyer.

Chain

A 'chain' in real estate happens when buyers must sell their current home to afford the next, creating a dependency. If any link breaks, the entire process can collapse.

Charge

A buy-to-let mortgage is tailored for purchasing properties intended for rental, often for investment purposes, allowing investors to finance real estate for rental income.

Chartered surveyor

An RICS-accredited surveyor conducts property surveys, offering expert evaluations of building conditions and ensuring professional standards in assessment.

Commission

The fee paid to an estate agent is typically a percentage of the property's value. This commission compensates the agent for their services in selling the property.

Compulsory Purchase Order

A Compulsory Purchase Order (CPO) allows local governments to buy property without the owner's consent. The CPO must demonstrate public benefit and provide fair compensation to the homeowner.

Conditions of sale

Contract terms define the buyer's and seller's rights and responsibilities. These terms outline the obligations and protections for both parties.

Condition report

A basic survey provides a clear 'snapshot' of your potential purchase's condition. It's the simplest survey level, suitable for new-build homes and properties in good condition.

Contents insurance

A contents insurance policy covers loss or damage to your possessions, like furniture, electronics, and appliances. While not required, it's advisable for both homeowners and renters.

Contract

The purchase agreement is the legally binding document both buyer and seller must sign to complete a property transaction. It is essential for finalizing the sale.

Credit report

A credit report is a record of a person's current and repaid debts, held by agencies like Experian or Equifax. Reviewing your credit report before applying for credit helps you understand what lenders will see.

Declaration of trust

A conveyancer-drafted agreement outlines 'who gets what' if the property is sold or if one owner buys out the other. It's ideal for cohabiting couples or friends buying a home together.

Deeds

Title deeds are legal documents proving ownership of a property or land. They may include mortgages, leases, conveyances, contracts for sale, and wills.

Deposit

The deposit is the initial payment made when purchasing a home. Typically, 10% is due at contract exchange, but with a 95% mortgage, only 5% is needed upfront.

Detached

A detached property is a standalone home with no shared walls with neighboring properties. It offers complete independence from adjoining structures.

Default

Default occurs when a borrower fails to make agreed-upon payments, most commonly associated with mortgages but applicable to any loan.

Development

Newly renovated or newly built properties are those that have recently undergone extensive upgrades or construction work.

Disbursements

Disbursements are fees paid by the solicitor on behalf of the buyer, covering expenses like stamp duty, local government searches, and money transfer fees.

Doer-Upper

An older home with character and charm, though it requires some tender loving care (TLC) and renovations to restore its former glory.

Downpayment

The deposit is the amount paid by the buyer to the seller at contract exchange, typically around 10% of the purchase price, securing the property and synonymous with earnest money.

Duplex

A duplex apartment featuring two levels with two bedrooms, offering spacious living across multiple floors.

Early Redemption Charge

Early repayment charge is the financial penalty incurred for terminating a mortgage deal prematurely, such as in year three of a five-year fixed term.

Easement

EDWARIAN

End of terrace

Endowment mortgage

An easement is a right granted to someone other than the property owner, such as a right of way or the right to maintain utilities under the land. It allows specified use or access over another's property.

Properties built between 1901 and 1910, during King Edward VII's reign, often feature red brickwork, wooden doors with stained glass windows, carved wooden porches, sash windows, dark wood floors, and ornate fireplaces.

An end terrace is the last house in a row of connected, similar homes, offering additional privacy and often featuring a larger side garden.

An endowment mortgage blends interest-only payments with monthly contributions to an endowment policy, aimed at fully repaying the loan at term's end despite recent performance concerns.

Energy performance certificate

An EPC rates a property's energy efficiency from A to G, with recommendations and cost estimates, legally mandatory for properties on the market for rent or sale.

Engrossment

The final version of a legal document, meticulously prepared by a solicitor, typically encompasses deeds or legislative text, ensuring accuracy and legal compliance.

Equity

Equity in a property refers to its value not covered by a mortgage or loan. It includes any appreciation in home value, your initial deposit, and the amount paid towards the loan principal.

Equity release

Lifelong mortgages and home reversion plans allow homeowners aged 55 and older to access their home equity by borrowing against it or selling a portion, with repayment terms typically tied to death or sale of the property.

Estate agent

The person who, on behalf of the seller, promotes and arranges property viewings and assists in the sale's completion is known as the estate agent. While online agents may offer upfront packages, traditional agents typically charge fees as a percentage of the selling price.

Excess

If you file a claim on an insurance policy, the agreed-upon set sum you'll have to pay, known as the deductible, must be covered before the insurer pays the remaining costs.

Exchange (of contracts)

The exchange of signed contracts legally binds both buyer and seller, with a deposit usually 10% of the purchase price. Withdrawal from the contract could mean losing this deposit.

First time buyer

This term typically describes someone buying their first property, but it can also apply to someone purchasing a home without having sold their current one.

Fixed rate mortgage

A fixed-rate mortgage locks in an interest rate for a specified period, commonly two, three, or five years, providing stability in monthly payments regardless of market fluctuations.

Fixtures and fittings

Non-structural items in a property, usually included in a sale, may encompass appliances, fixtures like lighting, and window coverings, though their inclusion can sometimes be debated.

Floor plan

A drawing that aids in determining a property's dimensions, typically including boundaries, structures, and measurements for accurate representation and planning.

First time buyer

This term often describes a first-time homebuyer but can also apply to someone purchasing a property without selling their current home, indicating they may own more than one property simultaneously.

Fixed rate mortgage

A mortgage with a fixed interest rate for a specified period, typically two, three, or five years, provides stability in monthly payments regardless of market fluctuations.

Fixtures and fittings

Non-structural items in a property, such as curtains, light fixtures, and appliances, are typically included in a sale, though there can be some disagreement about what is covered.

Flying freehold

When a room is situated above a common driveway or a balcony extends over another property, a part of the freehold property overhangs or underlies another freehold property. This can lead to unique ownership and maintenance considerations.

Freehold

If you own the freehold, you own both the structure and the land it sits on indefinitely, giving you complete ownership for the rest of your life.

Further advance

A fixed-rate mortgage locks in an interest rate for a specified period, commonly two, three, or five years, providing stability in monthly payments regardless of market fluctuations.

Gazumping

When a seller accepts a higher offer from another party after already agreeing to an offer in principle on a property, it is known as "gazumping." This practice can be frustrating for the original buyer, as it disrupts their plans and can lead to additional costs and delays.

Gazundering

When a buyer submits an offer that is initially approved but then reduces the offer shortly before exchanging contracts, it is known as "gazundering." This tactic can pressure the seller to accept the lower price to avoid losing the sale.

Georgian

During the reigns of King George I to IV, from 1714 to 1830, homes were constructed with distinctive features characteristic of the Georgian era. These homes often have stucco fronts, large sash windows, and intricate plasterwork on the ceilings, reflecting the elegant architectural style of the time.

Ground rent

The leaseholder pays an annual fee to the property's freeholder, which typically ranges from £50 to £200. This fee is part of the lease agreement and contributes to the maintenance and management of the property.

Guarantor

Some mortgages require borrowers to designate a guarantor, who will be responsible for the debt if the borrower defaults. Similarly, tenants may opt to have a guarantor to ensure the landlord receives rent, providing an extra layer of security for both lenders and landlords.

Help to buy

Help to Buy is a government program offering an equity loan of up to 20% for those with small deposits to buy their first home or move up the property ladder. It applies only to newly built homes and runs until March 2021, with a new scheme continuing until 2023.

Help to buy ISA

New applications for the Help to Buy ISA closed on November 30, 2019. This tax-free savings account helped first-time buyers save for a down payment, with the government contributing £50 for every £200 saved, up to a maximum incentive of £3,000 on £12,000 in savings.

Home buyer report

A Home Buyer report assesses a property's value and condition, highlighting serious flaws. More detailed than a Condition report but less comprehensive than a Building survey, it suits most modern and older properties in reasonable condition.

Houses in multiple occupation

A HMO (House in Multiple Occupation) is a residence housing at least three tenants from more than one household, sharing essential facilities like toilets, bathrooms, or kitchens. Examples include converted bedsits, hostels, and shared student accommodations.

Improvement grant

A grant provided by a local government to assist in covering the costs of property repairs or renovations.

Independent financial adviser

"Are you seeking financial support? Independent financial advisers offer unbiased advice from the entire market and disclose their charges upfront."

Individual savings accounts

Because interest earned on cash ISAs is tax-free, all the money you make remains yours. Each tax year, you can deposit a set amount into an ISA, which runs from April 6 to April 5 annually.

Instruction

When a property owner engages a real estate agent to sell their home, they enlist professional expertise to handle the complexities of marketing, negotiations, and paperwork involved in the sale process, aiming to secure a successful transaction at the best possible price.

Interest

Interest is an essential component of loans or mortgages, representing the fee paid by borrowers to lenders for the use of funds. It's calculated as a percentage of the loan amount, impacting the total cost of borrowing over time and typically outlined in terms of APR (Annual Percentage Rate).

Interest only mortgage

In the early stages of a mortgage, only monthly interest charges are paid, with the principal amount deferred until the term's end, often covered by ISAs, endowment insurance, or pension plans, following stricter rules since the Mortgage Market Review in 2014.

Joint agents

The seller has engaged two estate agents to jointly market the property, aiming to increase visibility and attract a wider range of potential buyers.

Joint tenants/joint tenancy

Two or more individuals jointly own a property, entitling each to a share. In the event of one owner's death, the surviving co-owner(s) inherits the deceased's share automatically.

Land registry

The Land Registry is the government department overseeing land ownership registration in England and Wales, essential for conveyancers to conduct property sale searches.

Land registry fees

To register ownership of a property, a fee is paid to the Land Registry, which facilitates the legal transfer and documentation of property ownership.

Leasehold

Leasehold grants ownership and occupancy rights for a specific period, with rent paid to the freehold owner. Mortgage lenders may hesitate on leases under 60 years, affecting financing.

Lender

A lending institution that provides financing for purchasing a home, typically through mortgage loans.

Lender's legal fees

Fees charged by a lender during the mortgage process, which are then passed on to the borrower as part of the overall mortgage costs.

Listed building

A listed building is a structure recognized for its historical or architectural significance, often protected by strict preservation regulations that prohibit alterations or extensions without local authority approval.

Loan to value

Loan-to-value (LTV) ratio signifies the percentage of a property's value that is mortgaged, often used by lenders to assess risk and determine loan terms.

Local authority search

The solicitor conducts checks with the local council to identify any potential future development issues that could impact the property or its surroundings. These checks are crucial for ensuring buyers are aware of any planned developments that might affect their investment.

Maintenance charge

A service charge is a fee paid by tenants or leaseholders to cover maintenance costs for common areas like hallways and gardens in a property.

Maisonette

A unit within a larger building that features its own private entrance, available either on a single floor or split-level.

Mortgage

Leasehold grants ownership and occupancy rights for a specific period, with rent paid to the freehold owner. Mortgage lenders may hesitate on leases under 60 years, affecting financing.

Mortgage deed

A document detailing the terms and conditions of a loan secured against real estate, outlining obligations and rights of the borrower and lender.

Mortgage indemnity guarantee (MIG)

Lenders often levy fees to safeguard against borrower defaults, though these charges are now uncommon.

Mortgage term

The mortgage term, traditionally set at 25 years, can be extended up to 30 years depending on the borrower's age, allowing for more flexible repayment options.

Mortgage valuation

The lender commissions a property valuation report to ascertain its market worth and determine the maximum loan amount, distinct from a survey.

Multiple agency

When a seller hires two or more estate agents to market a property, typically only the agent who successfully introduces the buyer is compensated.

Negative equity

When a property's market value drops below the outstanding mortgage loan balance, it is considered "underwater" or "upside down."

NHBC

Some newly built homes come with a warranty covering structural defects that may arise within a specific period after construction.

Offer

A potential buyer's indication of willingness to purchase a property at the stated price. In England and Wales, an offer is not legally binding and can be withdrawn or revised at any time before the exchange of contracts.

Open market value

The price a property is expected to achieve if it were put up for sale, based on current market conditions and comparable sales.

Pied-e-terre

Literally translating to "foot on the ground," this term typically refers to a property used for temporary or occasional stays. Often, it serves as a secondary residence for part of the work week or year.

Preliminary enquiries

The initial set of inquiries from the buyer's solicitor about a property that the seller must respond to before the exchange of contracts.

Premium

The amount owed on an insurance policy, typically paid on a monthly basis, to maintain active coverage and ensure protection against potential risks.

Private treaty

The traditional method of buying and selling real estate involves direct negotiation of price and terms between the seller and the buyer, often facilitated by their respective estate agents. This process allows for flexibility and personalized agreements tailored to both parties' needs.

Purchaser

The individual or individuals who acquire a property, commonly referred to as the buyer, are responsible for negotiating the terms and completing the purchase.

Probate

Probate is the process of validating a will after the property owner's death. The property is usually valued for inheritance tax by a district valuer from the Inland Revenue. Real estate contracts cannot be exchanged until probate is granted.

Redemption

The full and final repayment of a mortgage, marking the end of the loan agreement and the borrower's financial obligation to the lender.

Redemption figure

The total amount needed to repay a mortgage, including interest and any penalties, such as an early redemption fee.

Repayment mortgage

A mortgage where monthly payments cover both the borrowed capital and interest. Since the Mortgage Market Review in 2014, it has become the most prevalent type due to its structure ensuring gradual repayment of the loan amount alongside interest.

Repossession

If mortgage payments are missed, the lender can reclaim the property as collateral, potentially leading to eviction if payments aren't resumed promptly.

Return on investment

The return on investment (ROI) measures the gain or loss generated on an investment relative to the amount of money invested. It's a critical metric for assessing profitability and performance in financial decision-making.

Residential property

Residential property refers to real estate primarily used for personal living purposes rather than for business or commercial activities. It includes houses, apartments, condominiums, and any other dwelling places where individuals or families reside.

Right to buy

The Right to Buy scheme is a government initiative in England that enables eligible council tenants to purchase their home at a discounted price, offering them the opportunity to own the property they currently rent from the local council.

Searches

Your solicitor will conduct essential searches with local authorities and the Land Registry to identify any property or area-related issues, costing approximately £250 to £300, ensuring a thorough purchasing process.

Security

The property that serves as collateral for the mortgage loan, ensuring the lender can recover the loan amount if the borrower defaults.

Self-build

The process of constructing your own home involves more than just building. While professional builders, architects, and surveyors typically handle the actual construction work, you manage and oversee the project, ensuring that your vision becomes a reality.

Seller

The vendor manages the property sale, overseeing pricing, preparation, negotiations, and transfer of ownership.

Semi-detached

A semi-detached property shares one side wall with an adjacent property, often offering a balance between privacy and shared construction.

Share of freehold

If you buy a flat with a share of the freehold, you join a collective of owners or a company responsible for decisions and upkeep of the building, ensuring shared responsibility and management of the property's maintenance.

Shared ownership

Shared ownership allows you to buy a portion (typically between 25% and 75%) of a property from a housing association, with the remainder rented at an affordable rate. This scheme offers a pathway to homeownership for those who cannot afford to buy a property outright.

Sole agency

When a seller exclusively appoints one agent to market their property, it ensures focused representation and avoids potential confusion from multiple agents.

Sole selling rights

When one estate agent secures exclusive marketing rights to a property, they are compensated regardless of how the property transaction is eventually finalized, ensuring dedicated efforts and accountability in the selling process.

Solicitor

A solicitor manages legal documents and processes for property purchases, conducting searches and overseeing contract exchanges and completions.

Stamp duty land tax

Stamp Duty Land Tax (SDLT) is the tax levied on property purchases, varying based on the property's price.

Stamp duty holiday

During the stamp duty holiday in England and Northern Ireland, no SDLT was charged on properties up to £500,000 until March 31, 2021, offering temporary relief for homebuyers.

Standard variable rate (SVR) mortgage

A mortgage with a variable interest rate adjusts according to market conditions, typically starting with a discounted rate that reverts to a standard variable rate after a specified period.

Structural survey

A Building Survey, formerly known as a structural survey, is a comprehensive inspection of a property's condition, focusing on its structure and identifying any potential issues or defects.

Studio flat/apartment

A studio flat features a combined living space for cooking and sleeping, along with a separate bathroom or shower room.

Subject to contract

A provisional agreement made before the exchange of contracts, which isn't legally binding, giving either party the option to withdraw from the transaction without penalty.

Survey

Provide a detailed assessment of the state and quality of a property, highlighting its current condition, potential issues, and overall maintenance requirements.

Surveyor

A qualified expert who thoroughly inspects and evaluates a property, providing a detailed analysis of its structural integrity, condition, and potential maintenance needs.

Tenancy deposit

A refundable payment made to your landlord at the beginning of your tenancy, serving as security against any damages or unpaid rent during your lease term.

Terraced

A property that is connected to adjacent properties on both sides, typically sharing side walls, often referred to as a terraced house or townhouse.

Tenants in common

A method of shared home ownership where each owner's stake in the property is not necessarily equal, and upon an owner's death, their share is inherited by their heirs rather than the other co-owners, ensuring flexibility in ownership arrangements.

Title deeds

Documents that establish and verify the legal ownership rights of a property, ensuring clarity and authenticity in property transactions and ownership transfers.

Tracker mortgage

A tracker mortgage is directly tied to the Bank of England's base rate, meaning that as the base rate fluctuates, your mortgage payments will adjust accordingly, potentially increasing or decreasing over time.

Under offer

The status of a property from the moment a seller accepts an offer until the exchange of contracts is often referred to as the "offer agreed" stage. This period involves finalizing details and completing necessary legal and financial preparations before contracts are formally exchanged.

UK Finance

UK Finance is the leading trade association for UK mortgage lenders, advocating industry standards and collaborating with government bodies to shape policies affecting the mortgage sector.

Utilities

Gas, electricity, water, sewage, and broadband are essential utility services required for residential and commercial properties.

Vacant possession

A property that has been vacated by previous occupants after the purchase has been completed is often referred to as a vacant possession.

Valuation

A survey conducted by a qualified professional, such as a Chartered Surveyor, to determine an estimate of a property's current market value is known as a valuation survey. This assessment helps potential buyers and lenders gauge the property's worth in the current market conditions.

Vendor

Typical features of such properties include the enduring charm of red brick walls, the elegance of bay windows that invite natural light, and the warmth of fireplaces adorned with cast iron hearths, each contributing to their timeless appeal.

Victorian

Homes from Queen Victoria's era (1837-1901) often feature red brick facades, bay windows, and cast iron hearths, reflecting the period's industrial influence and architectural style.

Yield

The rental yield represents the annual income generated from a property as a percentage of its value. For instance, if a property is bought for £100,000 and rents for £600 monthly, the yield would be 7.2 percent annually.

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Feel free to reach out to us today to learn more about how we can assist you! Whether you have questions, need advice, or are ready to take the next steps, we're here to help in any way we can. We are dedicated to providing personalized solutions tailored to your needs. Don't hesitate to contact us—we look forward to hearing from you soon!

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