

# Jargon Buster

**Chain** - A chain is created when two or more properties are all relying on each one to complete before the other can go ahead. They will all need to occur at the same time for each sale to conclude. For example, if you already own a home, it is likely you will need to sell your home in order to purchase another one. However, if you are a First-time buyer you will have nothing to sell and therefore will be classed as 'bottom of the chain.'

**Completion** - This is the day you have been waiting for and the day you get your keys. Your solicitor will confirm that everything has completed and you can then pick up the keys from the estate agent.

**Completion Statement** - This is a statement provided to you by your solicitor showing the amount that is owed to them in order to complete the purchase. This will usually come to you just before exchange of contracts.

**Conveyancer** - This is your solicitor. Conveyancing is the house buying process.

**Decision In principle** - This is a certificate provided by your broker or lender to say that, based on their initial assessment, you can borrow a certain amount of money. Estate agents will ask for these when an offer is made on a property to ensure that you can afford the offer you have made.

**Disbursements** - In addition to the basic fee outlined by your conveyancer, disbursements are additional costs incurred by your conveyancer to third parties.

**Enquiries** - Enquiries are questions that your solicitor will ask on your behalf. They are asked to help everyone understand any potential legal issues that may affect the property you are buying or which the lender may need to be aware of before you commit to purchase.

**Equity** - Mortgage equity is the difference between what you owe on your mortgage and the current value of your home.

**Exchange of contracts** - This is the point that everything becomes legally binding and a date for you to receive the keys is agreed. At this point neither party can pull out without being in breach of the contract and potentially suffering legal consequences. This usually happens around a week before you get your keys.

**Gazumping** - When a seller accepts an offer on a property from a potential buyer but then either accepts a higher offer from someone else or raises the asking price at the last minute. An offer to purchase is made 'subject to contract' and therefore until legal exchange occurs – generally after around 10-12 weeks when solicitor searches and enquiries are completed - neither party is bound to the contract.

**Home Buyers Report** - This is an optional, more 'in- depth' survey, about the property you are buying. The valuer will look at the property in more detail than on a standard valuation and can highlight potential issues to the buyer before they fully commit to purchase.

**Loan to Value (LTV)** - This is the percentage of borrowing you take out against your home. For example if you have a £90,000 mortgage on a £100,000 house, the loan to value would be 90%.

**Mortgage Offer** - This is when your mortgage application and valuation have both been approved. It means that the money you are borrowing is ready for when your solicitor has completed their work and requests the funds and that no more documents are required.

**Searches** - These are reports from your local authority and other parties about the property you are purchasing. They will include information that your solicitor will then provide a report on and which will ensure no further action is required. Reports will be completed before you exchange contracts.

**Underwriter** - When your mortgage application is processed your application will go to an underwriter. Their job is to assess the documents that you provide and ensure they all match to the application. They work for the lender to ensure that the mortgage is affordable and fits within their criteria.

**Valuation** - This will be conducted by the lender from whom you are obtaining your mortgage. The lender will be using the house as security against the money they are lending to you and will therefore need to know the correct property value at present and if there is anything which could affect its value in the future.

**Vendor** - This is the person selling the house.

