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Key property terms to know before you buy

Buying a property can be a logistical minefield, and you may stumble across several industry terms that you aren't familiar with. Whether you're a first-time buyer, a second stepper or a seasoned homeowner seeking new horizons, use this guide to equip you with all the essential homebuying jargon.

Agreement in principle (AIP)
An agreement in principle is an easy way to find out how much you can afford to borrow to buy a home. You should seek out an AIP before applying for a mortgage, as this will place you in a strong position as a buyer without having to undergo a full credit check.

Building survey
A building survey is an expert inspection of a property's condition. These can identify any problems with the home to a prospective buyer using a detailed report. This ensures that the buyer won't uncover any unwanted surprises after moving in.

Chain
A chain is formed when a group of buyers and sellers are linked together because their purchases are reliant on each other's. If one sale falls through, this can cause a break in the chain, resulting in other sales collapsing subsequentially.

Energy Performance Certificate (EPC)
An EPC measures a property's energy efficiency by rating it from A (most efficient) to G (least efficient). This certificate is valid for 10 years and an in-date copy is required when selling a home.

Equity
Equity is the amount of your property you own, calculated by the amount you've paid off your mortgage plus your deposit.

Fixtures and fittings
Although they sound similar, there is a key distinction between fixtures and fittings. Fixtures are items in a property that are attached or 'fixed' to the building. Fittings, however, are items that are not attached to the property, only by screw or nail. There should be an itemised list of what is included in the sale written into your contract, but there's no harm in offering to pay extra for certain items that aren't included.

Gazumping and gazundering
Gazumping is a problem for buyers, as this happens when the seller accepts the offer, but later accepts a higher offer from another buyer.

Gazundering occurs when a buyer withdraws their offer and makes a lower one right before completion. This leaves the seller in a difficult position as refusing the lower offer could mean that they need to restart the whole process again with a different buyer.

Land Registry
The Land Registry is a government database containing the registrations of the owners of all property and land in England and Wales. If any important documents regarding a property are missing, this database is usually where they can be recovered from.

Mortgage
A mortgage is a specialist loan used to purchase a property. This loan is paid back over time with interest to the lender. All mortgage repayments made will increase the equity you have in your home. There are varying types of mortgages, each suitable for a specific set of circumstances.

Title deeds
Title deeds are a series of documents which are used as evidence of legal ownership of the property and the history of its ownership. These are required during the conveyancing process so that the ownership of the home can be passed over to the buyer.

Valuation
A property valuation determines the home's value based on its location, condition, and multiple other factors. Sellers have their property valued before deciding on an asking price, as this prevents overpricing or underselling.

Need help understanding these terms?
Contact our expert team today:

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