



# **Landlord Jargon buster**

# A

<b>Absent Landlord</b>	A landlord described as 'absent' is one who cannot be contacted. If the lessees want to form a RTM company but are unable to contact the landlord, they can make a legal application to acquire the right to manage
<b>Abstract of Title</b>	A legal document prepared by the vendor's solicitor relating to land not registered with Land Registry, proving the vendor owns the land and any previous mortgages have been discharged
<b>Acquisition Date</b>	The date the RTM company took over legal responsibility for the running of the property
<b>Agent</b>	Person/company acting on behalf of the landlord. Responsibilities can include letting, rent collection and/or management of the property
<b>Agreement Fee</b>	A payment to cover the costs of drawing up a tenancy agreement. This is usually shared between the landlord and tenant
<b>Amortization</b>	Repayment of a loan by instalments with regular payments to cover the principal and interest
<b>Amortization term</b>	Amount of time required to amortize a loan. The amortization term is expressed as a number of months. <i>E.g. for a 25 year fixed rate mortgage, the amortization term is 300 months</i>
<b>APR (%)</b>	(Annual Percentage Rate) describes the interest rate for a whole year (annualized), rather than just a monthly fee/rate, as applied on a loan, mortgage loan, credit card, etc. It is a finance charge expressed as an annual rate
<b>Appraisal</b>	The process of developing an opinion of value for properties (usually market value). Property transactions often require appraisals because they occur infrequently and every property is unique
<b>Annuity Mortgage</b>	Includes repayments of both capital and interest in the monthly instalments
<b>Apportionment</b>	This is how the service charges for the whole of the building are divided between all the lessees. Your proportion of the service charges should normally be set out in your lease
<b>Architect's Certificate</b>	This confirms that an architect oversaw the construction of the building. It would be important to have either an architect's certificate or an NHBC guarantee if you wanted to borrow against your property
<b>Arrears</b>	Money that is due but remains unpaid by a tenant in whole or in part after the date specified in the tenancy agreement
<b>Assignment</b>	The transfer of ownership of an insurance policy or lease
<b>AST</b>	(Assured Shorthold Tenancy) A commonly used rental agreement where the tenant is an individual, has exclusive possession of all or part of the dwelling, be their main or principle residence & the Landlord must not be resident. Also the net rent must not exceed £25,000 a year. The contract covers a fixed period, so both parties know the date the property will be vacated

## B

<b>Block Management</b>	Refers to agents acting on behalf of freeholders and leaseholds for blocks of apartments and flats. Responsibilities can include organising internal cleaning, garden maintenance, insurance and redecoration
<b>Bonding &amp; Bonded</b>	The agent arranges and maintains, usually through a professional body, Client Money Protection Insurance which will reimburse the client in the event of fraudulent or dishonest activity
<b>Breach of contract</b>	Either parties bound by a contract, fails to keep the contracts' terms and conditions
<b>Break/Release clause</b>	Clause sometimes agreed between the landlord and tenant to be inserted into a fixed term agreement, typically if the initial fixed term is 1 year +. A break/release clause will usually allow either landlord/tenant to give written notice after a particular period of the tenancy, in order to end the tenancy earlier than the original fixed term
<b>Buildings &amp; Contents insurance</b>	Insurance to cover damage to or loss of your home and its contents e.g. in the event of a flood/fire
<b>Buy-to-Let mortgage</b>	Type of mortgage which is designed specifically for Landlords buying a property with the intention of letting/renting it to a tenant

## C

<b>Capital (or Equity)</b>	Capital is an asset that is less liquid than cash. It represents the amount of money you have put into a property/investment/deposit
<b>Chattel</b>	Fittings as in 'Fixtures and Fittings'
<b>Client account</b>	An account set up in a bank/building society or other financial institution specifically to hold money on a client's behalf
<b>Collective Enfranchisement</b>	Enables leaseholders to buy their freehold conditional upon fulfilling certain qualifications. This can also include right of first refusal if the Landlord decides to sell their freehold interest
<b>Common areas</b>	Shared by all owners in an apartment block/estate. These may include car parks, entrance halls, gardens, lifts and corridors
<b>Common household</b>	A residential property that is self-contained and shared by two or more tenants. Tenants are usually jointly and severally liable under the tenancy agreement
<b>Common hold and Leasehold Reform Act 2002</b>	This Act of Parliament makes provision about common hold land and amends the law about leasehold property. Part of the Act makes provision for leaseholders to assume the responsibility for the running of their building. It also ensures the reasonableness of service charges
<b>Company Let</b>	A tenancy let to a bona fide company

<b>Competent landlord</b>	In the context of Lease extensions and freehold purchase, a competent landlord is the person who, in relation to the relevant tenancy, has sufficiently superior interest in the property to be able to grant an extension to the lease. To identify the competent landlord, you would need to know the details of all landlords who may be between you and the freeholder and especially the length of term of any intermediary landlords' leases
<b>Contract</b>	Document of particulars signed in agreement between buyer and seller or landlord and tenant
<b>Contractual obligation</b>	A binding obligation imposed on parties in a contract which, if not complied with, breaches the contract
<b>Contractual term</b>	The fixed period of time for which a contract is legally binding to those involved
<b>Conversion</b>	The sub division of a residential property into bedsits, self-contained flats or maisonettes
<b>Credit search references</b>	References requested for a tenant applying for rented accommodation. Many agents and individual landlords use external companies who will contact the applicant's employer, landlord and check the tenant's credit history, providing a report on their financial suitability to rent

## D

<b>Digital Signature</b>	A method of signing a document electronically, instead of by 'wet' signature
<b>Dilapidation</b>	Damage to a property or its contents that exceeds acceptable wear and tear
<b>Direct Debit</b>	An application to the tenant's bank to make the rental payment as is required
<b>Due Diligence</b>	The process of performing duties to a professional standard
<b>Duty of Care</b>	An obligation owed to others, specifically landlords and tenants, to provide the correct advice regarding lettings and ensure the wellbeing and safety of those who may visit the property

## E

<b>Easements</b>	A term given to the rights a person may enjoy over another property such as drainage rights, access to a neighbour's land to carry out maintenance on their own property
<b>EICR</b>	Electrical Installation Condition Report - A report produced by an NICEIC electrician which states the safety of the electrical installations in a property. <i>(The validity of the report for rental properties is 5 years)</i>
<b>Encumbrance</b>	An obligation or liability attached to a property. Property may be bought or sold even though there are encumbrances attached to it. Encumbrances are attached to the property and not to the property owners; therefore a person who buys property with the encumbrance is bound to the encumbrance

**Execute a tenancy**

The finalising of a legally valid tenancy agreement, by dating and exchanging the Original (signed by the landlord) and the Counterpart (signed by the tenant) contracts. The date is legally considered to be the date on which the agreement was made

**Extensions**

Contracts to let residential property are usually for a fixed term. At the end of that term an extension may be negotiated, which can be referred to as a renewal, an extension or a continuation

## F

**Fixtures and fittings**

For property purchases: Fixtures are items that have become part of a building or land and are therefore included in the sale. Fittings are not attached to the building or land and so are not included in the sale unless otherwise agreed. The seller will complete a fixtures and fittings form that will confirm what is included in the sale, what isn't included, and what is for sale separately

For rentals: Fittings are Items usually provided in a letting that may include **curtains, carpets, blinds, light fittings, kitchen units and appliances**. In some cases it may also include furniture. It is advisable to check what is provided and not to assume that items will be provided

**Freehold**

The ownership of the property and means that it belongs to the owner without limitation of time, unlike a leasehold (e.g. 99 year lease)

## G

**Gas Safety Regulations**

The Landlord must ensure that a check is carried out prior to a let, and then annually, on all gas appliances, meters, pipework and flues to ensure they are safe. An authorised Gas Safety registered engineer must carry out the check and a copy of the record must be given to the tenant before the start of the tenancy (*and within 28 days of any record renewal*)

**Ground rent**

The charge made by the freeholder to the leaseholder as a right to occupy a property

**Grounds For Possession**

The reasons set out in the Housing Act 1988 (as amended) for applying to the courts for repossession of a property

**Guarantor**

For property purchases: A third party who undertakes to ensure mortgage payments are made in the event that the borrowers fail to do so

For rentals: A person who is prepared to act on behalf of a tenant to guarantee rental payments and other obligations of a tenancy. The guarantor is liable for rental payments if a tenant is unable to pay them, which means the guarantor will need to have a regular income or sufficient assets. References or credit search references will usually be taken up on a guarantor, as well as the tenant, prior to a tenancy agreement being reached

## H

**Handover**

The date or time when tenants are allowed to begin their occupation of a property

<b>Head lease</b>	This sets out the promises the landlord has made to their superior landlord. Where appropriate, the promises contained in this head lease will bind the tenant if he or she has prior knowledge of those promises
<b>High rent tenancy</b>	A tenancy agreement where the rent is over £100,000 per annum ( <i>also known as a contractual tenancy</i> )
<b>Holding Deposit</b>	This is an amount that a tenant will be required to pay when applying for a tenancy of a property. If the tenancy does not proceed because the tenant pulls out or the references are unacceptable, this deposit is often retained by the agent to cover costs. Assuming the tenancy proceeds, the amount is normally deducted from the first months' rent
<b>Hold over</b>	If a Landlord allows its tenant(s) to remain in occupation of the premises after tenancy/lease expires, and charges rent, usual inference is that both parties intend to create a tenancy. If new tenancy arises with nothing in writing, it's likely the tenant will acquire security of tenure under the Landlord and tenant act 1954
<b>Houses in Multiple Occupation (HMO)</b>	<p>A standard HMO is created if there are three or more occupants who are not related, living in a property (including children)</p> <p>If the property is arranged over three floors and is let to five or more occupants who are not all related, then the landlord will need obtain a licence from the local authority and comply with conditions of the licence before letting the property. Some local authorities impose additional licensing for HMO's and set their own criterion. A landlord should always check with their local authority before letting a property. Other types of HMO exist, such as properties divided into bedsits with shared facilities or certain blocks of flats</p>
<b>Housing Act Tenancy</b>	This applies to tenancies which fall within the scope of the Housing Act 1988 & Housing Act 1996. <i>Tenants have all the protected rights of a Housing Act tenancy which came into effect on 15/01/1989</i>
<b>Housing Health &amp; Safety Rating System</b>	(HHSRS) Introduced by the Housing Act 2004 for local authorities to assess housing conditions in England and Wales. It is a landlord's responsibility to ensure the property being let is safe for the occupants and visitors
<b>I</b>	
<b>Improvement rate</b>	The rate by which the value of a flat increases by virtue of it having an extension to the lease, in the context of lease extensions and freehold purchase
<b>Initial term</b>	The first period of the tenancy
<b>Inventory</b>	Comprehensive report of the contents and state of condition of a property, as well as its fixtures, fittings and outdoor space. A tenant should be checked into the property at the start of the tenancy and checked out of the property at the end of the tenancy using the same inventory

# J

## **Joint & several liability**

Where there is more than one adult making up “the tenant” the tenancy will say they are “jointly and severally” responsible, meaning each person will be responsible for complying with the obligations under the tenancy agreement, both individually and together. The landlord may seek to enforce the obligations and claim damages against any one or more of those individuals

# K

-

# L

## **Landlord**

The person(s), company or body that has the right to let the property

## **Land Registry**

They register the ownership of land and property in England and Wales

## **Lease**

A legal document the freeholder issues, which grants tenure for a given period of time. It sets out the insurance and repair obligations of both parties. A tenancy agreement can also be called a lease, but a lease usually refers to a longer let or an agreement between a superior landlord and the landlord

## **Lessee**

The person taking the lease, usually the tenant

## **Leasehold Estate**

Ownership of a temporary right, to hold land/property in which a lessee/tenant holds rights of real property by some form of title from the Lessor/Landlord. Although a tenant does hold rights to real property, a leasehold estate is typically considered personal property

## **Lessor**

Refers to the person responsible for granting a lease, usually the landlord

## **Letting**

An agreement to let a particular property

## **Lien**

A right to keep possession of property belonging to another person until a debt owed by that person is discharged (see definition of Mortgage Deed below)

# M

## **Maintenance charge**

(Service Charge) An amount incurred by the freeholder, paid by a leaseholder as a contribution to the cost of maintaining and repairing the common parts of the building and its insurance. Can be paid to a landlord/managing agent/management company

<b>Management company</b>	Leasehold property - a management company will usually be set up to administer the affairs of a block of leasehold properties. Typically, management companies in this context are RMC's (Residential Management company) or RTM's (Right to Manage company). The management company, or more usually their agent, deal with the day-to-day running of the property, repairs and renewals. They collect a service charge from the property owners (normally shareholders in the management company) to pay for the upkeep and maintenance of the building and for the administration of this service
<b>Managing agent</b>	A professional/company responsible under an agency agreement for the maintenance and management of a property
<b>Managing agents</b>	An agent authorised to manage the business affairs in connection with the property of another such as a landlord, an RTM, an RMC or a developer
<b>Mortgage Deed</b>	A legal document that gives a mortgage lender a lien or security interest in a piece of mortgaged property. For example, if you take out a mortgage loan to purchase your house, you will sign a mortgage deed giving the lender a lien on your home

## N

<b>Non-Housing Act tenancies</b>	Residential tenancies that do not fall under the provisions of the Housing Act 1988 and Housing Act 1996 are sometimes known as Non-Housing Act Tenancies
<b>Notice period</b>	The amount of notice that the landlord must give the tenant to end the tenancy and of which the tenant must give the Landlord. Usually 2 months is sufficient
<b>Notice of Transfer</b>	If you are buying a leasehold/share of freehold property, then your conveyancing solicitor will be required to serve a Notice of Transfer on the landlord/management company detailing the change of ownership. The landlord/management company often charge a fee for doing this, which you will have to pay for
<b>NRL 1 form</b>	The Landlord may send this to the HM Revenue & Customs for approval to receive rents gross of income tax if he/she is going to be living outside the UK for more than six months in a year. There are different forms for individual landlords/companies/charities and trusts. ) It is advisable to download the form from the <a href="http://www.gov.uk">www.gov.uk</a> website

## O

<b>Occupancy rights</b>	These are contained within the tenancy agreement and give the tenant right of occupancy of the property
<b>Owner occupier</b>	The person who owns the property who is, has been and will be, living in the property as his sole or principle residence

## P

<b>Parties</b>	Landlord and tenant (and possibly a guarantor) who come together to sign a tenancy agreement are collectively known as 'parties' to the agreement
<b>PCM</b>	'per calendar month' ( <i>there are more than four weeks in a calendar month</i> )
<b>Power of Attorney</b>	A legal document giving a third party an absolute or limited right over the principal's property and assets
<b>Periodic tenancy (Continuation)</b>	Once the fixed-term of a tenancy has expired, however, unless a new fixed-term is agreed to, all tenancies automatically become periodic tenancies. These are based on the rent payment period - usually monthly or less commonly from week to week etc. The periodic tenancy can then continue on until the landlord or tenant, gives notice
<b>Premises</b>	Part(s) of a building which may include boundaries, fences, gardens and outbuildings, belonging to the Landlord unless they have been specifically excluded from the tenancy. When the tenancy refers to part of a larger building, the premises include the use of common access ways and facilities
<b>Prescribed information</b>	Refers to specific information that the Housing Act 2004 Sections 213(5) (6) and The Housing (Tenancy Deposits) (Prescribed Information) Order 2007 require to be provided to the tenant within 30 days of the deposit having been received
<b>Private rented sector</b>	<b>(PRS)</b> The industry concerned with the letting of residential property owned by private landlords
<b>Public Liability Insurance</b>	An insurance policy that aims to protect members of the public who are injured or affected by an accident/occurrence

## R

<b>References</b>	Allows a landlord to check a tenancy applicant's suitability to be able to pay the rent and also the applicant's track record in earlier rentals. This often involves contacting previous landlords, the present employer (or accountant if self-employed). We use the services of an independent referencing company on behalf of the landlord
<b>Resident landlord</b>	Where the Landlord occupies part of the dwelling as his main or principle home and rents the rest of the property to a tenant
<b>Residents Association</b>	(Tenants Association) An organisation formed by the leaseholders and residents within a block of flats or an estate, in order to come together to address issues. The Association must be formally recognised by the landlord by having a formal constitution with properly nominated officers voted for at an annual general meeting (AGM). The running of the Association must be democratic and representative
<b>Right to Rent</b>	Checks are now being carried out on all adults (aged 18+) who will be residing in the property regardless of their nationality. This includes people who will live in the property but are not named on the tenancy agreement who will live in the property as their only or main home

<b>Ring fenced</b>	Refers to money held in such a way that it can only be used for a specified purpose. For example, a tenancy deposit can be used only for the purposes set out in the tenancy agreement
<b>Residential Management Co</b>	(RMC) This type of Company would be registered at Companies House and either owns and/or manages a block of flats with shareholders made up of the leaseholders. RMC's require Memorandum & Articles of Association with appropriate objects clauses and a board of directors elected from the lessees to comply with company legislation. Running a RMC is a responsible job with Directors/Officers responsibilities including annual returns to Companies House
<b>Right to Manage</b>	(RTM) Having the right to manage means that the leaseholders can force the landlord to give them the collective power to assume block management responsibilities through a limited company. This gives the owners of the flats much greater control over how their money is spent and what happens in the building
<b>S</b>	
<b>Service charge</b>	(Maintenance charge) Amount paid by a leaseholder as a contribution to the cost of maintaining and repairing the structure of a building and its insurance. Can be paid to a landlord, managing agent or management company
<b>Share Certificate</b>	The share certificate is an official company instrument that serves as a receipt for shareholders to indicate ownership of a company's shares. The certificate can be authorised by signature or by the company's common seal
<b>Sole Agent</b>	When a single agent is instructed to undertake a let/sale
<b>Standing order</b>	An instruction that the tenant makes to their bank to make a regular payment. Normally rental payments are made each month and the instruction will state the number of payments or will continue to be paid until cancelled by the tenant. A landlord or agent cannot cancel a standing order mandate, only the person whose bank account the funds are coming from
<b>Statutory obligations</b>	Requirements and obligations placed on landlords and/or their agents by Acts of Parliament i.e. Law of the Land
<b>Statutory periodic tenancy</b>	Statutory periodic tenancy's are created when a fixed term AST (Assured Shorthold Tenancy) comes to an end and the tenant remains in the property under the same terms and conditions as the original agreement. A statutory periodic tenancy will run from month to month (or quarter to quarter depending upon the basis on which the rent is paid) until formally ended
<b>Stock Transfer form</b>	(form J30) is the standard document required for the transfer of shares in the UK. It contains details of both the seller & buyer of the shares, the type & number of shares being transferred and the consideration paid by the buyer
<b>Studio apartment/flat</b>	A flat with a bedroom and living room all in one, either with a separate kitchen or corner of the main room as a kitchen, with a separate bathroom and toilet
<b>Subject to contract</b>	Signifies that an agreement is not yet legally binding

<b>Sublet</b>	The action of a tenant letting accommodation to be occupied by another person for a lesser term
<b>Superior landlord</b>	A person to whom the ownership of a property might revert to at a later stage, for example an apartment with a 99 year lease
<b>Superior lease or head lease</b>	The lease that the landlord holds, where the owner has a leasehold interest, but another individual owns the freehold. There is then a lease with the freehold under which the landlord is responsible for obligations/covenants. When a property is let out, the tenant renting the property then also has to comply with any of these obligations e.g. not to hang washing on a balcony

## T

<b>TA6 form</b>	(Law Society Property Information form) This form is completed by the seller to supply the detailed information and documents which may be relied upon for the conveyancing process. Ensure your version is the most current
<b>TA7 form</b>	(Law Society Leasehold information form) This form is for the seller to provide all relevant documentation relating to the lease when they return this completed form to their Solicitor. This may include documents given to the seller when they purchased the property, or documents subsequently given to the seller by those managing the property. Ensure your version is the most current
<b>TA10 form</b>	(Law Society Fittings and Contents form) The aim of this form is to make clear to the buyer which items are included in the sale. It must be completed accurately by the seller as the form may become part of the contract between the buyer and seller. It is very important that sellers and buyers check the information in this form carefully. Ensure your version is the most current
<b>Tax approval</b>	If a Letting agent collects rent for a landlord during a tenancy and the landlord is living outside the UK for more than six months in the year, then the agent must deduct tax from that rent and pay it over to HM Revenue & Customs quarterly. However the landlord can apply to HMRC for an 'Approval' to receive the rent gross and if he or she agrees to account for any income tax due at the end of the financial year directly to HMRC, the HMRC will issue an 'Approval Number' directly to the agent
<b>Tenancy agreement</b>	A legally binding document containing details of rental terms, sometimes referred to as a rental agreement or a lease. It will state the details of the parties (the landlord and tenant), the rental price, the amount of the deposit and the property address, along with the covenants and obligations of the let
<b>Tenancy at Will</b>	A tenancy at will is often granted when the landlord and tenant are in negotiations regarding a new lease. A tenancy at will means that the tenant can move into the property whilst negotiations continue. For example, they may have to vacate their current premises as a result of the expiration of a rental contract. The lease can be finalised at a later date
<b>Tenancy Deposit Scheme</b>	(TDS) This is one of the insurance based schemes run by The Dispute Service Ltd. for the protection of tenancy deposits and the resolution of disputes between landlords, agents and tenants concerning the return of deposits at the end of a tenancy. It is one of three schemes approved for tenancy deposit protection

**Tenant** The person(s), company or organisation who is entitled to occupy a property under the terms and conditions of a tenancy agreement

**Tender** When a property is for sale by tender, there is no stated asking price. The property is then marketed as normal and offers are invited before a specified closing date. In this case, acceptance of an offer constitutes an immediate contract between the parties, but often the vendors advertise that they reserve the right to refuse even the highest offer

**Termination** Refers to the ending of a tenancy

**The term of tenancy** Refers to the length of a tenancy. Most initial tenancy agreements are for a minimum of six months, although they may be shorter/longer

## U

**Urban area** The region surrounding a city. Most inhabitants of urban areas have non-agricultural jobs. Urban areas are very developed, meaning there is a density of human structures such as houses, commercial buildings, roads, bridges, and railways. "Urban area" can refer to towns, cities, and suburbs

**Urban Regeneration** The re-use or redevelopment of decaying or run-down parts of older urban areas to bring them new life and economic vitality

**Utilities** These are normally electricity, gas and water and may be referred to as services which, under most circumstances, the tenant is responsible for paying for

## V

-

## W

**Without Prejudice** During the pre-action stage of a civil claim the proceedings and even during the trial itself, there will be opportunities for both sides to negotiate. Any negotiations that take place as a part of a genuine attempt to settle a claim are implied as being 'without prejudice'; however, it is preferable to mark any correspondence accordingly, or to clarify that you are proceeding on a 'without prejudice' basis at the start of a meeting or telephone negotiation

## X

-

## Y

**Yield** The "yield" of a property tells you how much of an annual return you are likely to get on your investment. It is calculated by expressing a year's rental income as a percentage of how much the property cost

## Z

-