

We understand that the legal industry use many words and terminology that many people are uncomfortable with.

We set out below, the definition of many common home purchase and sale terms:

AGENT	A person authorised to act on behalf of another person in the sale, purchase, letting or management of property. A real estate agent must be licensed by the Department of Fair Trading
APARTMENT	See definition of Home Unit
APPRECIATION	The increase in the value of property caused by economic factors such as inflation, supply and demand
AUCTION	A public sale in which a property is sold to the highest bidder
BOUNDARY	A line separating adjoining properties
BREACH OF CONTRACT	Breaking the conditions of a contract
BRIDGING FINANCE	Finance obtained over a short period as a prelude to long term funding. Higher interest rates are usually charged for this form of finance
CAVEAT	If a caveat is lodged upon a title of land, it indicates that a third person (the person who has lodged the caveat) has some right or interest in the property
CAVEAT EMPTOR	“Let the buyer beware”. This principle of law puts onus onto the buyer to be satisfied with the property before buying. Therefore, it is essential the buyer undertakes pre-contract enquiries
CERTIFICATE OF TITLE	A document identifying the ownership of land; it shows who owns the land and whether there are any mortgages or other encumbrances on it. Many people refer to this documents as the “Deed” to a property
CHATTELS	Property other than real estate, movable possessions which may be included in a sale, i.e. furniture etc
COMMISSION	The fee or payment made to a real estate agent for services rendered, for example someone who engages an agent to sell their home pays the agent a commission
COMMON PROPERTY	An area which is available for the use by more than one person, e.g. home units have common areas such as stairs, driveways etc

CONTRACT FOR SALE	A legal document which sets out the terms and conditions the seller and the buyer enter into when a sale is to take place
CONVEYANCE	The transfer of ownership of property from the seller's name to the buyer's name
COOLING OFF	The standard contract provides for a period of five business days, after the date of exchange of contracts, during which the contract may be cancelled or rescinded
COVENANT	An agreement by one party to adhere to certain terms, conditions or restrictions regarding a property. A covenant is not usually valid unless noted on the title of land. The nature of the covenant should always be established
DEPOSIT	A deposit is normally paid by the buyer at the time of exchanging contracts. The standard deposit is usually 10%, however this can be negotiated
DEPOSIT GUARANTEE BOND	A written guarantee from an insurance company on behalf of the buyer to the seller guaranteeing payment of all or part of the deposit
DISBURSEMENTS	Miscellaneous fees and charges incurred during the conveyancing process, including search fees charged by Government authorities
DUTY	A state government tax on financial transactions. For the purchase of real estate, it is calculated according to the sale value. It also applies to mortgages and recently to the sale of investment properties
EXCHANGE OF CONTRACTS	The legal process when the Contract signed by the vendor and the Contract signed by the purchaser are swapped. Both Contracts are identical. Was swapped and dated, the Contracts are binding (subject to cooling off rights)
FITTINGS	Goods or articles that can be removed from a property without causing damage to it
FIXTURES	Items such as built-in wardrobes, bath, toilet, stove etc that cannot be removed from a property without causing damage
FREE STANDING	A dwelling which stands independently of others
GAZUMPING	Gazumping is when a purchaser's offer has been accepted and the purchaser begins pre-contract

	enquiries, only to find that the seller has accepted a higher offer from someone else
HOLDING DEPOSIT	A holding deposit is a small amount of money usually paid by the purchaser, to an estate agent, prior to entering into any binding Contract. A holding deposit has some “reassurance value” to a prospective owner that the purchaser genuinely intends to buy the property. The payment of a holding deposit does not oblige an owner or estate agent to withdraw the property from sale, however, this is usually what occurs as it imposed some moral obligation on an owner to sell
HOME UNIT	A residential dwelling grouped with others, sharing common property and registered as Strata Title or Community Title
INVENTORY	A list of items included with a property, usually furniture, furnishings, movable items etc
JOINT TENANT	Joint tenancy is the holding of property by two or more people in equal shares. If one person dies, his/her share passes to the remaining survivors
MORTGAGE	A legal document which expresses the terms and conditions applying to the lending of money secured over real estate
MORTGAGEE	The person(s) who lends the money
MORTGAGOR	The person(s) who borrows the money and owns the property in which is being mortgaged
OPTION TO BUY	A legal document giving a person the right to buy. In the document the price and period are specified. A fee is paid and if the person proceeds to buy the property the amount comes off the purchase price. If the person does not proceed to buy the property the fee is forfeited
OWNERS CORPORATION	All the owners collectively of a block of units. The executive committee of the owners corporation, which is elected by the members, meets regularly to discuss various matters relating to the administration of the building (e.g. upkeep of common property)
PRIVATE SALE	The seller does not engage a real estate agent but acts for himself. The seller deals directly with the buyer during negotiations
PRIVATE TREATY	Sale of property through an estate agent by private

SALE	negotiation and contract
REAL PROPERTY	Land with or without improvements thereon
RESERVE PRICE	The minimum a seller has specified he will accept at auction
RIGHT OF WAY	A right which gives a person access across certain land
SEMI-DETACHED	Two houses joined together with a common wall or walls
SETTLEMENT	Settlement is the completion of a transaction whereby all parties attend to hand over certain documents in exchange for others or money
STRATA TITLE	Strata Title is the common method of unit ownership whereby airspace is subdivided above the surface of land and the issue of a Certificate of Title to part or parts of a building occurs. This enables the purchaser to buy the actual space enclosed by the unit and then sell, lease, mortgage or otherwise deal with the unit as any other owner of property. There are many laws in which an owner of Strata Title property should be aware of. For more information, refer to the booklet "Strata Living" issued by the Department of Fair Trading.
TENANTS IN COMMON	This is the holding of property by two or more people in equal or unequal shares. If one person dies, his share passes to the person named in his Will, not the remaining owners
TORRENS TITLE	Torrens Title is the name given to the Government system of recording ownership of land. It is by far the most common land title, and the cheapest to buy and sell. Once you are registered on the Title, you are guaranteed ownership
TOWNHOUSE	Two storey attached dwellings registered under the Strata Titles Act
TRANSFER	A document registered at the Land Property Information Office New South Wales acknowledging the change of ownership of a property, to be noted on the Certificate of Title
UNENCUMBERED	Describes a property free of mortgages, covenants, restrictions etc
VENDOR	A person who offers a property for sale (the seller)

VILLA	Single storey attached dwelling
ZONING	Statutory description of the allowable uses of land as set out by local councils or planning authorities