

Property Glossary

A

Additional Enquiries

Additional enquiries raised by the buyer's conveyancer, often as a result of queries from the purchaser or matters revealed in the survey.

Arrangement Fees

A fee charged by a mortgage lender or broker to arrange a loan.

B

Basic Variable Rate

The standard rate of interest charged by a mortgage lender, which may increase or decrease, usually as a result of movements in bank interest rates.

Bridging Loan

A temporary loan enabling someone to purchase a property before selling his or her existing one.

Buildings & Contents Insurance

Insurance to cover damage to or loss of your home and its contents, in the event of a fire, for example.

C

Capital & Interest Mortgage

A mortgage where part of the monthly payment reduces the outstanding mortgage balance and partly repays the interest on the loan.

Capped Mortgage

A mortgage where there is an upper limit on the interest rate, but a flexible lower limit, if a lender increases or reduces interest rates.

Chain

A situation that occurs when a buyer needs to complete the sale of his or her existing property, to complete the purchase of his or her new property.

Completion

The final stage of the legal work, when the ownership of the property passes to the buyer.

Conveyancing

The legal work undertaken to transfer ownership of the property from the buyer to the seller.

Conveyancer

A person qualified to undertake conveyancing. Either a solicitor or licensed conveyancer.

D

Deeds

The documents which prove legal ownership of a property. If a property is mortgaged, the mortgage lender usually holds them.

Deposit

The amount of money paid by the buyer on exchange of contracts, usually 10% of the purchase price.

Disbursements

Fees paid by the buyer's solicitor on his or her behalf and include stamp duty, land registry and search fees.

Draft Contract

The first version of the contract of sale issued by the seller's conveyancer to the buyer's conveyancer.

E

Early Repayment Charge

A charge made by a mortgage lender if the borrower repays all or part of the mortgage before a certain date, often the end of a special deal, ie fixed rate or capped rate.

Endowment Mortgage

A mortgage where the interest only is paid to the lender and monthly premiums are paid into an insurance policy, with the aim to pay off the mortgage at the end of the specified term.

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Equity

The difference between the value of a property and the amount of mortgage outstanding.

Excess

An amount the policyholder must pay towards each and every incident of loss or damage when making an insurance claim.

Exchange of Contracts

The point at which the signed contracts to buy and sell are exchanged to legally commit the buyer and seller to the transaction, at the price agreed.

F

Fixed Rate Mortgage

A mortgage where the rate of interest is fixed for an agreed period of time.

Fixtures & Fittings

All items included within the sale of the property, which do not form part of the structure.

Flexible Mortgage

A mortgage where the lender will allow increased or decreased payments, during its term. Before decreased payments are allowed, overpayments would normally have occurred.

Freehold

The term to denote that a property belongs to the owner entirely (subject to any mortgage or lease granted).

Freeholder

The owner of a freehold property.

G

Ground rent

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

Guarantor

A third party who undertakes to ensure mortgage payments are made in the event that the borrowers fail to do so.

H

Higher Lending Charge

An insurance policy that a mortgage lender may insist upon, to cover the amount of loan above a certain percentage of the property's value. The higher lending charge insurance policy has a one off premium, normally payable by the borrower.

I

Interest Charges

The charges that a mortgage lender levies on a loan, as a percentage of the amount outstanding

Interest Only Mortgage

A mortgage where the monthly payments to the lender cover the interest only. Most borrowers with an interest only mortgage have a savings vehicle to repay the amount of the loan at the end of the mortgage term.

L

Land Registry Fees

A fee paid to the Land Registry to register the ownership of a property.

Lease

A legal document the freeholder issues, which grants tenure for a given period of time.

Leaseholder

The person who takes, or is granted a lease.

Local Authority Search

Enquiries raised by the buyer's conveyancer to the local authority to establish any issues likely to affect the property now or in the near future.

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Loan To Value (LTV)

The amount of mortgage, shown as a percentage of the property's value.

M

Maintenance or Service Charge

The costs incurred by the freeholder for repairing and maintaining the common parts of a building, occupied by leaseholders.

Mortgage

An amount of money advanced by a lender, normally a bank or building society, secured on a property.

Mortgage Deed

A legal document confirming the terms of a mortgage and the lender's interest in the mortgaged property.

Mortgage Payment Protection

An insurance policy to cover all or part of a borrower's monthly payment if he or she is unable to work as a result of accident, sickness or unemployment.

Mortgage Rate

The standard variable interest rate quoted by all mortgage lenders, which is normally related to the base rate set by the Bank of England.

Mortgage Term

The length of time a mortgage runs for and by when it should be repaid in full.

Mortgage Valuation

A basic survey of a property to assess its value and suitability for a mortgage. Mortgage lenders will insist on this before a loan is advanced.

Mortgagee

The mortgage lender, ie bank or building society.

Mortgagor

The person who takes out a mortgage.

N

NHBC Certificate (National House-Building Council)

A guarantee available on some newly built homes to cover defects occurring within a specified time after the building is completed.

O

Offer

An amount that a buyer offers to pay for a property.

Open Market Value

The price a property would achieve on the open market when there is a willing buyer and willing seller.

P

Penalties

The costs incurred if a borrower repays all or part of a mortgage before the end of a specified period.

Preliminary Enquiries

The initial enquiries, about the property being sold, raised by the buyer's conveyancer at the early part of the conveyancing process.

R

Redemption

When a mortgage is repaid in full.

Remortgage

Refinancing a property by either moving a mortgage to another lender and/or increasing the amount of loan to raise capital.

Repayment Mortgage

A mortgage where the monthly payments are a combination of interest and capital, to repay the whole amount by the end of the agreed term.

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Retention

Where a mortgage lender retains part of a loan, pending satisfactory completion of specified works.

S

Sole agent

When a seller chooses only one estate agent to sell his or her home.

Stamp Duty Land Tax (SDLT)

A tax paid by the buyer of a property, where the purchase price exceeds £60,000. The rate of SDLT ranges from 1% to 4% of the purchase price, depending upon the value of the property bought.

Subject To Contract

The term used to confirm that the transaction is not legally binding. The sale of a property is always agreed 'subject to contract'.

T

Transfer Deed

The legal document that transfers the ownership of a property from the seller to the buyer.

U

Under Offer

The status of a property for sale, when a seller has accepted an offer from a purchaser but prior to exchange of contracts.

V

Vendor

The legal name for a person selling a property.

W

Will

A legal document specifying what happens to your assets in the event of your death.