



Jargon Buster

Affordable Housing

Housing built by Housing Associations or Registered Providers, with subsidies from the Government.

Annual Percentage Rate (APR)

The total cost of a loan, taking into account interest charges, arrangement fees and other costs, shown as a percentage.

Arrangement Fees

These are fees charged by a mortgage lender or broker to arrange a loan.

Completion

The point at which the sale of the property is concluded, and the buyer receives the keys.

Completion Statement

The document provided by your solicitor showing all the costs and monies due in order to complete the purchase of your property.

Contract

A legal document detailing the agreement terms between the seller and purchaser, which binds both parties to complete the transaction.

Conveyancer

A qualified individual such as a solicitor or licensed conveyancer who deals with the legal aspects of buying or selling a property.

Covenants

Rules governing the property in its title deeds or lease.

Deeds

The legal documents that prove ownership of the property.



Deposit

A sum of money (usually 5-10% of the property value) paid by the purchaser to their legal representative to hand over on Exchange of Contracts.

Disbursements

The items in addition to legal fees in conveyancing. These may include Stamp Duty Land Tax (SDLT), Land Registry fees, search fees, mortgage redemption costs and any other expenses. An estimate should be provided on the level of disbursements before the transaction commences.

EPC (Energy Performance Certificate)

An Energy Performance Certificate (EPC) shows the energy efficiency and carbon emissions of a property and gives an indication of the fuel bills. Displayed as two graphs indicating the energy efficiency and environmental impact of the property. Graded from A (the best) to G (the worst).

Early Redemption Charge (ERC)

A charge made by the lender if the borrower terminates a mortgage on a preferential rate in advance of the end of the rate term.

Equity

The market value of your home (or share in your home) minus the outstanding amount you have on your mortgage.

Equity Loan

A loan given to help purchase a home, where the amount provided is secured behind the first charge as a percentage of equity in the value of the home. The value of the loan relates to the value of the property so the amount to be repaid can increase or decrease.

Exchange of Contracts

The point at which signed contracts are exchanged, legally committing the purchaser and seller to the purchase and sale of a property.



Financial Adviser (FA)

A financial professional who will offer unbiased financial advice on what you can afford to purchase/rent and assist you in finding a suitable mortgage product.

First Charge

The mortgage company will have the first charge against your property which means that their debt is paid before any other secured on the property.

Freehold

Where a property belongs to the owner indefinitely.

Ground Rent

The annual charge levied by the freeholder on the leaseholder of a property.

HOLD (Home Ownership for people with Long Term Disabilities)

The scheme is for people to buy a home on the open market where there are no Help to Buy homes suitable due to the nature of the disability.

Help to Buy Equity Loan

An equity loan product offering the opportunity to purchase a new home with the help of up to 20% of the full purchase price. The equity loan is interest free for 5 years with only £1 a month administration charge from completion. Interest is charged on the loan from year 6 until the equity loan is repaid.

Help to Buy Equity Loan Documents

Property Information Form (PIF)

The form completed by the purchaser wishing to apply for a Help to Buy Equity Loan which should be submitted to the Help to Buy Agent with a copy of the reservation form, supplied by the developer.



Authority to proceed (ATP)

A form issued by the Help to Buy Agent, authorising you to proceed with the purchase of a home through the Help to Buy Equity Loan scheme.

Personally, worked example (PWE)

Your personally worked example is an estimate of what fees you will need to pay on your Equity Loan after the first five years.

Authority to exchange (ATE)

The form issued by the Help to Buy Agent to the purchaser's solicitor, authorising the legal exchange of contracts when purchasing a home through the Help to Buy Equity Loan scheme.

Confirmation to developer (CTD)

The form issued by the Help to Buy Agent to the purchaser and developers solicitors, authorising legal completion of the purchase through the Help to Buy Equity Loan Scheme.

Welcome Letter

A letter issued to the purchaser to confirm the contact details of the Mortgage Administrator responsible for the administration of the Equity Loan account following completion.

Help to Buy Agent

A government appointed agent that provides a regionalised one stop shop for people looking to buy or rent affordable homes.

Housing Association

An independent, not for profit organisation that provides housing for people in housing need.

Intermediate Rent

A Help to Buy scheme sometimes referred to as discounted rent, whereby homes are let at typically 20% cheaper than those on the



open market to enable saving for a deposit towards a future home purchase.

Land Registry

A central government database which registers the details of ownership each time a property is sold.

Land Registry Fee

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

Lease

A legal document between the leaseholder and the freeholder laying out the right and responsibilities of each party.

Leasehold

The right to occupy and use a property for a fixed period of time at a given price, often for 99 years, for which a ground rent may be payable.

Life Insurance

Insurance generally paid by a monthly premium, which pays out a lump sum of money on death of the insured person.

Loan to Value (LTV)

The size of a mortgage as a percentage of the property's value.

Local Authority

The local council.

Local Authority Search

An enquiry made by the purchaser's solicitor to the local council to determine if there are any matters which might affect a property or immediate area surrounding a property.



Low Cost Home Ownership

A range of Help to Buy schemes offering affordable housing to buy or rent.

Market Value

The price a seller can expect to receive from a purchaser on the open market.

Mortgage

A loan of money which you receive from usually a bank or building society in order to buy a house.

Mortgage Deed

A legal document relating to the mortgage lenders interest in the property and containing the terms of the mortgage.

Mortgage Offer

A formal document approving the mortgage that a buyer has requested and detailing the terms and conditions that will apply.

Mortgage Interest Rate

The interest rate as set by the lender to calculate your monthly mortgage payments.

Mortgage Term

The amount of time over which the mortgage lender will lend you the mortgage.

Mortgagee

The lender of a mortgage.

Preliminary Enquiries

The initial enquiries about a property put forward to a seller which the seller must answer before the exchange of contracts.



Priority Need

Properties are offered to certain groups of people depending on their current circumstances.

Redemption

Full repayment of the mortgage is made.

Registered Provider

A provider of social housing registered with Homes England, formerly known as Registered Social Landlords, encompassing housing associations, trusts, cooperatives and companies.

Remortgage

Refinancing a property by either switching a mortgage from one lender to another or by taking out a second mortgage to draw upon any equity gained by a rise in value.

Repossession

When the mortgage lender or other secured lender takes back possession of a property due to non-payment of the mortgage.

Resales

Properties that have previously been lived in and offered on a Shared Ownership basis.

Reservation Fee

A fee payable by the purchaser to the developer/housing association to reserve the opportunity to purchase a home.

Right to Acquire

Where housing association tenants may have the opportunity to purchase their home. You will have to have been a public-sector tenant for 5 years or more and your home must have been built or bought by a housing association with public funds from 1 April 1997 onwards or transferred from a local council to a housing association after 1 April 1997.



Right to Buy

Where some council tenants and tenants of non-charitable housing associations may have the right to purchase their current home at a discount price.

Section 106 Agreement

A legal agreement forming part of the planning permission given by local authorities to developers. Section 106 agreements are legally binding to undertake works, provide additional funding for services or provide affordable housing. This may be by way of setting a restriction that some of the properties have to be for affordable home ownership.

Service Charge (Maintenance charge)

The cost of repairing and maintaining external or internal communal parts of a building or estate charged to the tenant or leaseholder.

Shared Ownership

Sometimes referred to as part buy part rent, where mainly brand-new flats or houses are offered for sale on a part buy/part rent basis through different housing associations. It is possible to purchase shares between 25% and 75% of the home's market value and you pay a low rent on the remaining share.

Staircasing

The option to purchase additional shares in a Shared Ownership property in 10% tranches or until you purchase the property outright, depending on your lease.

Stamp Duty

A government tax payable by the purchaser of a property over £125,000. First time buyers do not pay any tax up to £300,000. The tax is paid by buyers on subsequent purchases between 1% and 4% depending on the value of the property. Over £125,000 to £250,000 - 1%. Over £250,000 to £500,000 - 3%.



Standard Variable Rate

The basic rate of interest charged on a mortgage. This may change in relation to market conditions, meaning monthly payments can go up or down.

Subject to Contract

The term used to indicate that an agreement is not yet legally binding.

Surveys

There are three levels of Survey on a property buyers can instruct.

Standard Valuation

A survey of a property by a qualified surveyor to estimate its value for mortgage purposes. Mortgage lenders will insist on this before lending.

Homebuyer's survey and valuation

A survey report not as detailed as a structural survey, carried out by a Chartered Surveyor to assess the state of a property and its value.

Building Survey

A full inspection of the property (formerly known as a full structural survey), conducted by a Chartered Surveyor.

Tenancy

Temporary possession of a property by a tenant.

Tenure

The conditions on which a property is held (i.e. length of lease).

Title Deeds

Documents showing the legal ownership of a property.

Transfer Deeds

The Land Registry document that transfers legal ownership from seller to purchaser.



Under Offer

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

Vendor

The legal term used to describe the person selling a property.