

# Jargon Buster

**Additional Borrowing (also called a Further Advance)** - A further loan for any purpose secured against a property over which the Society holds a first charge.

**Application Fee** - A charge paid to process your application. This is non-refundable.

**Advance** - The amount (sum) of your mortgage.

**Affordability** - A calculation using your monthly income and outgoings to enable us to check that your mortgage payments are affordable.

**Annual Percentage Rate Of Charge (APRC)** - An interest rate calculation that reflects the total cost of credit over the term of the mortgage, including charges.

**Bank of England Base Rate (BBR)** - The rate of interest set by the Bank of England.

**Binding Offer Letter** - An offer that is binding on Market Harbourough Building Society (MHBS) and can only be withdrawn in very specific circumstances.

**Building Survey** - The most comprehensive of the surveys available for residential properties that will provide a detailed evaluation of a property's condition. Previously titled as a Structural Survey, the Building Survey report will describe the condition of each element of the house and suggest which aspects are of concern and would need further investigation.

**Capital and Interest Repayments** - Monthly payments made up of both capital and interest that will pay back the mortgage loan over an agreed term.

**Capital Repayment (also known as overpayment)** - A lump sum payment to reduce the outstanding loan, equal to or greater than three times the monthly registered repayment, and which can reduce monthly repayments. Please be aware that only some mortgages allow for capital repayment, whilst others may impose early repayment charges (ERC).

**Certificate of Title** - A certificate given to the Society by your legal adviser which confirms the title to your property is good and marketable and is a request for release of funds.

**Completion - Purchase** - The legal transfer of the property when the outstanding balance due is paid to the vendor and the buyer receives the property keys.

**Completion - Remortgage** - Funds are sent to your existing lender in order to repay your loan with them.

**Conditional Mortgage Offer** - Confirms the amount of mortgage we will lend, subject to conditions that you or your legal adviser need to satisfy, following which we will issue the Binding Offer letter.

**Contract** - The written legal agreement between the vendor and the buyer with regard to the transfer of the property.

**Conveyancing** - The legal process involved between the vendor and the buyer, usually managed by a legal adviser or licensed conveyancer.

**Daily Interest** - Interest is calculated daily, meaning any payments you make, reduce the amount of interest you pay immediately.

**Deposit** - An agreed amount used as a down-payment on a property when contracts are exchanged.

**Direct Debit** - An instruction from a customer authorising their bank or building society to permit a mortgage lender to collect payments from their account.

**Disbursements** - Fees involved in the legal work carried out by your legal adviser, including search fees, land registry fees etc.

**Discharge Fee** - A charge made for administration work involved in closing your mortgage account.

**As a last resort, this property may be repossessed if you do not keep up with payments.**

Mortgages are subject to status, valuation and minimum age of 18.

- Discount Mortgage** - A mortgage that offers a discount off the MHBS Standard Variable Rate for a set period. If the Standard Variable Rate changes so will the rate you pay.
- Early Repayment Charge (ERC)** - A charge made on some mortgages in the event that the amount of the loan is repaid in full or in part before a specified date.
- Equity** - The difference between the value of the property and any loans secured against it.
- European Standardised Information Sheet (ESIS)** - A document designed to contain all the important information you need to decide whether a mortgage is suitable for you. Mortgage lenders are required by law to produce an ESIS in a prescribed format.
- Exchange of Contracts** - The point at which both the buyer and the vendor are legally bound to the transaction.
- Fact-Find** - How we find out about your circumstances, in order to advise you on the correct product and type of mortgage to suit your needs.
- Financial Conduct Authority (FCA)** - The regulatory authority for the conduct of the UK financial services industry. The FCA regulates mortgages, and all lenders and mortgage intermediaries must be regulated by the FCA.
- Financial Ombudsman Service (FOS)** - A lawful, independent professional body that helps settle individual disputes between consumers and financial firms, for example, insurance companies, lenders and banks.
- Fixed Rate Mortgage** - A mortgage where your monthly payments will not vary for a set period whether or not the Standard Variable Rate or the Bank of England Base Rate changes.
- Freehold** - Legal title that confirms ownership of the property.
- Further Advance (also called Additional Borrowing)** - A further loan, for any purpose, secured against a property over which the Society holds a first charge.
- Guarantor** - Someone who guarantees to pay the mortgage if the borrower cannot or will not for any reason.
- Home Buyer's Report** - A more detailed report than a mortgage valuation. It is not a full Building Survey (structural survey).
- Interest Only Mortgage** - When you pay only the interest on the loan each month to the Society. It is your responsibility to ensure an acceptable Repayment Strategy is in place to pay off the loan, at the end of its term.
- Land Registry** - This is a government body which maintains the register for all registered property and land ownership.
- Land Registry Certificate** - A certificate proving ownership of a property.
- Land Registry Fee** - A fee that must be paid to the Land Registry in order to register your details as owner of a property.
- Leasehold** - Legal title that gives you ownership for a set period of time. Flats often have a leasehold title.
- Legal Adviser** - Your legal representative who will deal with the legal formalities, they can be from a firm of solicitors or licensed conveyancers.
- Legal Adviser Local Authority Searches** - Carried out by your legal adviser. Please refer to your legal adviser for details applicable to your property.
- Legal Fees** - The fees charged by a legal adviser or other qualified individual to carry out the legal work associated with buying a house or re-mortgaging.
- Lender** - In this case, MHBS is the organisation who lends you the mortgage advance.
- Loan to Value (LTV)** - refers to the size of the mortgage as a percentage of the property's value.
- MCD** - Mortgage Credit Directive, European regulation that came into force on 21 March 2016.
- MHBS** - Market Harbourough Building Society.

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**Monthly Repayment** - The amount you pay each month over the term of the mortgage. This may vary if your mortgage is on a variable rate.

**Mortgage** - A loan secured against a property which is paid back with interest, over a specified time.

**Mortgage Deed** - A document that is signed by the applicant and witnessed by an independent third party confirming the borrower will meet MHBS mortgage conditions and rules.

**Mortgage Intermediary** - A person who arranges a mortgage on your behalf with the lender; also known as a Broker.

**Mortgage Term** - The length of time over which the mortgage is to be paid back.

**Mortgage Valuation** - An inspection conducted on a property to ensure that it meets the lender's requirements.

**MMR** - Mortgage Market Review is regulation that came into force 26 April 2014.

**Negative Equity** - This is when the value of the mortgage which is outstanding on your property is more than the market value of the property.

**Overpayment** - An additional payment to a mortgage account, over and above the required monthly payment.

**Payment Holiday** - A facility that allows you to miss your normal monthly mortgage payments for an agreed period of time. Payment holidays require one month's notice and interest will accrue.

**Payment Shortfall** - Term used for mortgage payments that have fallen behind schedule.

**Portability or Porting** - A term used if you transfer your mortgage product to a new property; this is subject to MHBS agreement.

**Pre-Mortgage Application Qualification** - Initial discussion to ascertain if your mortgage application meets our lending criteria.

**Product Fee** - A charge to cover the cost of providing a mortgage; normally payable just before the loan starts, this may be added to your total mortgage amount.

**Prudential Regulation Authority (PRA)** - Is the regulator responsible for the authorisation and regulation of financial firms. All firms regulated by the PRA are 'dual regulated' as some activities are also regulated by the Financial Conduct Authority.

**Reflection Period** - The reflection period of seven working days allows you time to ensure that our offer is suitable for you and for you to consider the implications of taking out our mortgage. This reflection period can be waived after discussion with your legal adviser.

**Re-mortgaging** - Term used to describe moving your mortgage from one lender to another without moving house.

**Representative Example** - An indication of the typical costs associated with a product being advertised.

**Retention** - When MHBS holds back some or the entire mortgage advance, until certain works have been carried out satisfactorily on the property.

**Stamp Duty** - A tax levied by the government on property purchases over a certain value. Please refer to <https://www.gov.uk/stamp-duty-land-tax> for details. The duty must be paid at the point of completion.

**Standard Variable Rate (SVR)** - The interest rate set by the lender that mortgage accounts may revert to after any initial concessionary rate.

**Subject to Contract** - Describes a sale that provisionally has been agreed. It is not yet legally binding, and allows the buyer or the vendor to withdraw.

**Suitability Letter** - When we have discussed your mortgage requirements with you, we will issue a suitability letter confirming what we have discussed and which product is suitable for you.

**Title Documents** - Mortgage Deed, Land Registry Certificate and Legal Adviser local authority searches.

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**Transfer Deed** - A document used in conveyancing in England and Wales to transfer property from its legal owner to another party.

**Under Offer** - Describes a property for which a formal offer has been received from a buyer and provisionally accepted by the vendor.

**Valuation Fee** - The charge for the valuation of the property, whether you are purchasing or re-mortgaging.

**Valuer** - The person who will complete the valuation of your property (independent from the Society).

**Variable Rate** - A mortgage where the interest rate may change during the term.

**Vendor** - The person who is selling the property.

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