

The Mortgage Brain

Your mortgage made simple

Affordable Housing	Affordable housing is housing built with subsidy from the Government, Housing Association or other means. Because of the subsidy, the cost of renting or buying is lower and therefore more affordable for people who could not otherwise afford to rent or buy in the area.
Completion	This means that the sales process is now finished and that your home is now legally yours. You can collect the keys on this day and you can move in.
Contract	The legal, written agreement between the vendor and the purchaser.
Conveyancer	Either a solicitor or a licensed professional who deals with the legal side of buying a property.
Deposit	A down payment on a property, usually calculated as a percentage of the value or the share being purchased.
Early Repayment Charge	A charge to your lender if you pay back part or all of your mortgage earlier than the agreed term.
Equity	The amount of money either put into buying a property, or the deposit placed on a property, which may increase if the property rises in value. It is also known as capital.
Equity Share Loan	An additional loan to top up your mortgage. The amount you pay back on this extra loan is linked to the value of the property - so if your property increases in value, the amount you pay back will increase by the same percentage. The equity share loan is registered as a second charge against your property.
Exchange of Contracts	The point at which you are legally bound to buy your property although you cannot take possession until you have reached Completion.
Financial Advisor (FA)	A qualified professional who can give you advice on mortgages.
First Charge	The principal loan or mortgage on the property.
Freeholder	As a Freeholder, you own the property and the land on which it stands.
Ground Rent	An annual payment to the Freeholder of the land on which your property is built.
Help to Buy - Shared Ownership	You buy a proportion of a property, usually through a Registered Provider, and pay a subsidised rent on the portion that you do not own.
Homes and Communities Agency (HCA)	The Government agency which provides funding for affordable housing and regeneration in England. They also regulate Housing Associations.
Housing Association	An independent, not-for-profit organisation which provides affordable homes for rent or shared ownership.
Income Multiplier	A formula used by financial advisors and housing associations to work out how much you can borrow with a mortgage. Most income multipliers for Help to Buy schemes work on 3-4 times your household income after other financial commitments have been taken into consideration.

Keyworker	Someone who works in a frontline post which is essential to the community, such as nurses, teachers, police, firefighters.
Land Registry Fee	The fee payable to HM Land Registry to register the ownership of your property. This is usually paid via your solicitor or conveyancer.
Lease	The legal agreement which gives you the right to live in a property for an agreed period of time and under certain conditions (where you are not the freeholder).
Leasehold	A leasehold property is one where you buy the right to live in the property for an agreed period of time but you do not own the land the property is built on - this is owned by the Freeholder.
Lender	The organisation lending the mortgage or equity share loan.
Lessee	The person to whom a lease is granted i.e. the tenant.
Lessor	The person or company who grants a lease i.e. the landlord.
Loan to Value	The amount of mortgage required in relation to the value of the property.
Market Rent	The rent charged by private landlords on the open market.
Mortgagee	The lender of a mortgage, such as a Building Society or Bank.
NHBC guarantee	A 10 year guarantee on newly built properties, provided by the National House Building Council. If any serious defects appear within the 10 year period, the builder / developer should put them right.
Private Developer	A private company which develops and sells properties such as Barratts, Taylor Wimpey, Persimmon etc.
Registered Provider	The new term for Registered Social Landlord. This includes housing associations and local authorities.
Reverse Staircasing	Some RPs may buy back shares in a shared ownership property if the leaseholder experiences problems paying their mortgage or rent. This is called Reverse Staircasing.
Second Charge	Your mortgage is the first charge and takes priority over every other loan (charge) secured against your home. Should you wish to take out another loan and secure it against your property, you will need the permission of your mortgage lender before you are able to do this. Once permission is given by the mortgage lender, the loan will become known as the second charge. Should the bank that lent the money for your second charge wish to repossess you for the repayment of the loan, they will not receive any money until the mortgage (the first charge) has been repaid.
Service Charges	The money leaseholders may pay for services such as grounds maintenance, lighting, maintenance of common parts of a building and possibly the buildings insurance premium. Your lease will specify.
Staircasing	Where you buy more shares in your property.
Stamp Duty	When you buy a property you may have to pay a tax to the government. This is called Stamp Duty.
Survey	A surveyor's report on the condition of your property. There are different types of survey, some more detailed than others. A survey usually includes a Valuation.
Title Deeds	The legal documents which establish who owns a property and on what terms. The title to the property is registered with HM Land Registry.
Valuation	As part of negotiating a mortgage, the lender will require the property to be inspected and valued (usually by a qualified surveyor). The purchaser normally has to pay for this valuation. It may form part of the Survey of the property.
Vendor	The person selling a property.