

a useful explanation of frequently used terms when applying for a mortgage

Advance - This is the amount you are borrowing from us less any retention and other deductions referred to in your mortgage offer.

APR - The Annual Percentage Rate is an interest calculation which all lenders have to show as well as their own publicised rate in advertising literature. The APR shows the true cost of the mortgage over its term including all the applicable fees and interest.

Capital - The amount outstanding on your mortgage at any one time.

Certificate of Title - A certificate given to us by your solicitor or licensed conveyancer, confirming that the title to your house is good. We will not release our advance until we are in receipt of this certificate.

Completion - The act of completing your mortgage.

Contract - The written legal agreement between the seller and the buyer with regard to the purchase of your house.

Conveyancing - The legal process of buying and selling your house.

Covenant - A legally binding obligation.

Credit Reference Agencies - Organisations licensed under the Consumer Credit Act 1974, who hold information about individuals of relevance to lenders. Lenders obtain information to assist the decision making process. Lenders may give information to or seek information from agencies.

Discounted Rate - This rate of interest is variable and provides a genuine discount from the Society's standard variable rate for a specified period of time. The standard variable rate is variable and can move upwards and downwards, without limit at the discretion of the Society.

Early Repayment Charges - Should you pay off all or part of your mortgage (over and above the usual monthly repayments) during an initial period, then the Society may charge an additional fee or interest. The mortgage product leaflet and your offer of advance will detail these.

Equity - The difference between the value of your property and the amount of any loans secured against it.

Fixed Rate - A fixed rate provides a specific rate of interest and fixed mortgage payment for a specified period of time. The rate of interest will remain fixed during this period regardless of what changes are applied to our standard variable rate or the Bank of England Base Rate.

Freehold - Where the buildings and land are owned by you.

Further Advance - An additional amount borrowed by you some time after completion of your mortgage, for such work as an extension or other home improvements, settling school or university fees, purchasing a car, paying for a holiday etc.

Guarantee - An undertaking given by a person called the guarantor promising to pay the debts of another if that other person fails to do so. All prospective guarantors are encouraged to seek independent legal advice.

Leasehold - Where the property owned by one party is situated on land owned by another party to whom payments may have to be made.

Loan to Value (LTV) - The ratio of the sum you wish to borrow against the value of the property.

Mortgage - A loan made by us to you which is secured on your house.

Mortgagee - The Society, as the lender.

Mortgagor - You, as the borrower.

Mortgage Conditions - The detailed legal provisions which apply to your mortgage.



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Mortgage Deed - The legal document which secures the loan against your house.

Mortgage Intermediary - An individual, firm or organisation which helps customers to choose a mortgage and introduces mortgage applications to lenders eg estate agents, mortgage brokers, independent financial advisors, solicitors, accountants and life assurance companies.

Offset Savings - The Society's Offset savings account is available on certain products and allows you to offset savings, up to a specified limit, against the interest which is charged on your mortgage balance. The balance held in the offset savings account is offset each day against the balance outstanding on your mortgage therefore resulting in a saving of interest charged on your mortgage.

Pay Rate - The current interest rate payable, taking into account any applicable discounts.

Possession Proceedings - In the last resort we will ask the Court for possession of your house if you fail to pay your mortgage payments or break other mortgage covenants.

Principal Sum - The initial amount borrowed by you when your mortgage commences.

Property - This means the house which you are buying when you apply for the mortgage.

Redemption - The full repayment of your mortgage.

Regulated Mortgage Contract - This is a contract where a lender provides credit to an individual or trustees (the borrower) secured by a first legal mortgage on land in the UK and of which at least 40% is or is intended to be used as or in connection with a dwelling by the individual or beneficiary or by a related person.

Reinspection - When we ask our valuer to check that repairs or other works have been carried out to your house.

Related Person - The borrower's spouse, parents, grandparents, siblings, children and grandchildren, an unmarried partner of the borrower whose relationship with the borrower has the characteristics of the relationship between man and wife and including a person of the same sex as the borrower. Stepchildren are not included.

Retention - An amount held back from the advance amount until agreed repairs or other works have been carried out to our satisfaction.

Rules - The Society's rules regulate the relationship between the Society, its investors and borrowers. Copies are available from our Branches or from our website.

Security - A word used to describe items of value such as title deeds to houses, life policies etc which represent assets used as support for a loan. Under a secured loan the lender has the right to sell the security if the loan is not repaid - under your mortgage with the Society your property is the security.

Solicitor/Licensed Conveyancer - The person who deals with conveyancing matters for you.

Stamp Duty - A government tax on house purchase.

Standard Variable Rate - The Society sets its own variable interest rate, referred to as the 'standard variable rate'. This rate is variable and can move upwards and downwards, without limit at the discretion of the Society.

Tenancy - When you let your house. No letting is permitted without our prior written consent.

Tenure - The type of ownership of property ie freehold or leasehold.

Term - The length of time taken to pay off your mortgage assuming you pay on time. It is sometimes called the "repayment period".

Title Deed - The deed or Land Registry certificate for your house.

Vacant Possession - Anyone living in the house you are buying must leave before you complete your purchase and your mortgage.

Vendor - The person selling the property.

