Jargon buster

Buying a property and moving home can be difficult enough even if you have done it before, so you don’t want to be confused by the terminology used during the process. Here’s our simple guide to the jargon.

Additional secured borrowing Sometimes called second charge borrowing. This is where a lender offers a loan secured on the property which, if your property is sold, will be paid off after a First legal mortgage. The Melton does consider additional borrowing but only where we hold First legal mortgage.

Annual Percentage Rate of Charge (APRC) The APRC is a single rate that takes into account the costs of setting up the mortgage, the interest rate applied over the mortgage term and how that interest rate is charged (annually, monthly or daily).

Bank of England Base Rate (BoEBR) This is the rate which is set on a monthly basis by the Monetary Policy Committee (MPC) of the Bank of England and is the rate that it charges for its borrowing.

Binding offer The Society will issue a binding offer once the underwriting is complete.

Completion The point at which the mortgage money is released to remortgage your home or to buy your new home. Your solicitor or conveyancer will ensure that ownership is transferred to you.

Consumer Buy-to-let (CBTL) This is when you have lived in the property as your main residence or you inherit a property that was a main residence and then due to a change in circumstances you choose to let the property and you receive no other rental income.

Disbursements The fees your solicitor has to pay to others on your behalf e.g. Stamp Duty Land Tax, Land Registry fees, search fees.
**Electronic Transfer** This is the method by which your mortgage advance is paid to your conveyancer, solicitor or existing lender.

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

**First legal mortgage** Also known as a first charge mortgage. This means that the loan takes priority over any other borrowing secured on your property. If your property is sold the first charge will be paid off first.

**Foreign currency lending** Lending where, at the start of a new contract, a customer is not a UK resident or relies on income or assets which are not in sterling to repay the mortgage. We do not offer foreign currency lending.

**Key Facts Illustration (KFI)** This document, or ones similar to it, must be provided to you by law and shows you all the key information you need when choosing a mortgage. You can use it to compare different mortgages with different lenders.

**Lease** A document which grants possession of a property for a fixed period of time and sets out the obligations of both parties, landlord and tenant, such as payment of rent, repairs and insurance.

**Loan** Sometimes called the advance. This is the actual amount of money that we agree to lend you.

**Loan to Value (LTV)** This is the value of your loan as a proportion of your property’s value. For example, if you were purchasing a home for £100,000, and had a deposit of £15,000 then you would need to borrow £85,000. This would mean that you would require a mortgage product that offered an LTV of at least 85%.

**Mortgage Discharge Fee** (sometimes called a Mortgage Exit Fee) A fee charged by the lender for releasing the legal charge over your property following repayment of a mortgage.

**Mortgagee** The lender or institution which provides the funds for the mortgage.

**Mortgagor** The borrower taking out the mortgage.
**Portable** The process of transferring your current mortgage product to a new property when you move home on a ‘like for like’ basis. ‘Like for like’ means where your mortgage balance, mortgage term, mortgage repayment basis, loan to value ratio and mortgage type remain the same.

**Redemption Administration** The process of removing the charge on your home on repayment of the mortgage with us.

**Reflection period** This is a formal period of time which allows you to consider a mortgage offer. The reflection period does not affect how long your offer is valid for.

**Repayment Strategy** This is the means by which you choose to pay off the capital on an Interest Only mortgage when the mortgage term comes to an end. You need to check with us to make sure that your chosen repayment strategy is acceptable to us.

**Retention** If there are essential repairs required to be carried out on a property the lender may hold back some mortgage funds until the work has been completed. The retained funds will be released upon completion of the work.

**Searches** For example, enquiries made at the Land Registry, the Land Charges Register and local authorities to ensure there is nothing to cause concern about the property.

**Subject to Contract** A provisional agreement made between buyer and seller, before exchange of contracts, which allows either side to back out without penalty (England and Wales only).

**Term** The length of time over which your mortgage loan is to be repaid.

**Title** The legal right to ownership of a property.

**Title Deeds** The documents showing the ownership of property.

**Transfer Deed** The legal document which transfers ownership of registered land.

**Vendor/Seller** The person(s) selling the property.