

Bentley Holmes

Mortgage & Protection Advisers



Mortgage Jargon Buster

Annual Percentage Rate of Charge (APRC)

The APRC is a figure that is used to compare different mortgages. Defined by law, it includes repayments on the loan plus any fees such as booking, arrangement or redemption fees. The APRC shows the true cost of borrowing, and should appear on all mortgage illustrations and quotes.

Arrangement Fee

This is a charge levied by the lender to cover the costs of administering and reserving the funds for certain types of mortgage. May be paid separately or added to the loan amount.

Base Rate

The rate of interest set by the Bank of England.

Broker's Fee

A Fee charged by a broker for locating the most appropriate mortgage.

Capital

The amount of money either put into buying a property or the deposit placed on a property. Also known as equity.

Completion

The completion date is the date on which your solicitor forwards the money from your lender to the solicitor of the vendor. It is the date that you become the legal owner of your new property.

Conveyance

The legal procedure surrounding the transfer of ownership of a property between buyer and seller, typically carried out by a solicitor or licensed conveyancer.

Conveyance Fee

The charge made by a solicitor or conveyancer for undertaking the legal procedures necessary for the transfer of ownership of a property.

Credit Check

The procedure by which a check is made on the credit history of a mortgage applicant, usually conducted by one of the large dedicated credit check agencies on behalf of a prospective lender. The check will include items such as credit card repayments, outstanding debts, arrears and County Court Judgements.

Credit History

A history of an individual's open and fully repaid debts. Checking a credit history helps a lender to assess the likelihood that a prospective borrower will maintain their mortgage repayments.

Credit Rating

An assessment of a person's likelihood of keeping up - or otherwise - on the repayments on their loan. A credit rating is usually based on a person's credit history.

Credit Reference Agency

A Company that collects and stores financial and public records dealing with the payment history of a prospective borrower. Most lenders will employ a Credit Reference Agency to check your payment records as part of their assessment of your application.

Credit Report

A report prepared by a Credit Reference Agency and which details the credit history of an individual. The credit report will be used by a lender to help assess the applications of prospective borrowers.

Deed

The legal document that sets out your ownership or title to a property.

Early Repayment Charge

A charge levied by the lender as a penalty if a mortgage is paid off before the end of its term.

Equity

The amount of money either put into buying a property or the deposit placed on a property. Also known as capital.

Equity Release

The mortgage taken out on a home that is already fully owned, typically in order to make use of the capital tied up in it.

Exchange of contracts

The stage in the purchase process at which the buyer and seller confirm legally binding commitments to the sale and agree on the terms and conditions of that sale.

Existing Liabilities

Your financial outgoings, such as loan repayments, regular fees or child maintenance before taking out a mortgage. Borrowers are obliged to disclose all such outgoings as part of the mortgage application process.

Land Registration

The process of registering your title to an area of land with the Land Registry, typically handled by a solicitor.

Land Registry Fee

A Charge Levied by a solicitor to register ownership of an area of land with the land Registry.

Loan to Value Ratio (LTV)

The proportion of the value of the property that the lender is prepared to loan. This can be up to 100%, however since the Credit Crunch currently the maximum available is 95%.

Local Authority Search

A check carried out by a purchaser's solicitor to ensure that the prospective property is not subject to any local authority issues such as road or town planning or any enforcement notices.

Mortgage Indemnity Guarantee (MIG)

An insurance policy taken out by a lender against any loss caused by a mortgage default. MIG is typically required for loans with an LTV of 90% or higher. Also known as Mortgage Indemnity Fee and as Mortgage Indemnity Premium.

Rate

The annual rate, expressed as a percentage, of interest on a loan.

Remortgaging

The process whereby a new mortgage replaces an old one and both use the same property as security.

Your home may be repossessed if you do not keep up repayments on your mortgage.

For mortgage advice we can be paid by commission from the lender or we can charge a fee of typically 0.5% of the loan amount.

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