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Advance
The mortgage loan.

APR
The Annual Percentage Rate is the total amount of interest that will be paid over the whole term of a loan. The rate quoted on loans and credit cards may only be the monthly or annual rate of interest you pay. Lenders are required by law to inform you of the APR before you sign an agreement. This is different to the "interest rate" which is more relevant to mortgage customers.

Bridging loan
A short-term loan to bridge the period between you buying a new property and selling your previous home.

Broker/ Intermediary/Adviser
A person who will arrange a mortgage with a lender. Mortgage brokers must tell you which lenders they use and how much lenders pay them for arranging mortgages. The payment from the lender to the broker is called a procuration fee.

Building survey
An extensive survey, carried out by a qualified surveyor, to spot faults and potential problems in the property you are buying.

Buy to Let
Buying a property with the intention of letting it out to tenants for rent.

Capital
The amount you have borrowed on the mortgage, and on which interest is charged.

Capital and Interest Mortgage
Also known as a Repayment mortgage where the monthly payments pay both the interest on the amount borrowed and the outstanding mortgage

Contract
The legal document which transfers the ownership of the property from the seller to the buyer.

Conveyancer
A solicitor or licensed conveyancer who does the legal work involved in selling and buying property.

Conveyancing
The legal work involved in selling and buying property.

Credit reference agency
An organisation that keeps details of individuals and their credit histories. Lenders will check with a credit reference agency to see if someone applying for a mortgage has any known credit problems.

Capped Rate Mortgage
A mortgage arranged for a set period which will go up and down with the variable rate, but where the interest rate charged will not rise above a maximum (Capped) interest rate.

Cashback Mortgage
The borrower receives a cash lump sum on completion, or after the first monthly payment. It can be a fixed amount or a percentage of the mortgage. This can help with the extra expenses of buying a house, such as: surveys, solicitor's fees and removal costs, and is popular with first-time buyers.

Commercial Mortgage
A mortgage on a non residential building occupied by a business.

Completion
The date that the seller receives the money from the sale of the property and legal ownership passes to the buyer. When you become the legal owner of the property.

Discount Rate Mortgage
A mortgage where the rate fluctuates with the base interest rate, but at a lower discount level for a set period.

Disbursements
The fees, such as stamp duty and Land Registry fees, which you pay to the conveyancer.

Equity
The total value of your property, less the amount of the mortgage. For example, if your house is worth £100,000 and you have a mortgage of £60,000, you have equity of £40,000.

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Early Repayment Charge
Some mortgage contracts contain a penalty charge if you repay the mortgage early, such as during the period of a fixed or discounted rate - also known as Early Redemption Fee

Endowment Mortgage
An interest only mortgage where the capital at the end of the mortgage term is repaid by the proceeds of an endowment assurance policy. There are risks involved as there is no guarantee that the endowment will earn enough to pay off the mortgage at the end of term.

Exchange
The signed contracts from the buyer and seller are exchanged and a completion date set. The buyer pays the deposit on the property. The exchange makes a binding contract.

Exchange of contracts
The point where the property sale becomes legally binding.

First time buyers
Borrowers who are purchasing a property for the first time, they are usually offered special offers – discounts, cash back and fixed rates. Mortgage lenders are most competitive with first time borrowers as they hope to interest them in subsequent mortgages.

Fixed rate Mortgage
The mortgage rate is fixed for a set period. Generally, the shorter the period is then the lower the rate.

Flexible Mortgage
A combined mortgage and current account that allows you to vary your monthly payments by overpaying, underpaying or taking a payment holiday. Any monthly savings earn the mortgage rate, which is generally a high, tax-free rate of return. There should be no early repayment penalty.

Freehold
If you buy the freehold of a property you own it and the land it stands on.

FSA
The Financial Services Authority (FSA) is an independent non-governmental body that regulates the UK financial services industry, including: mortgage lending, mortgage advice and general insurance advice. If the required standards are not met, then the FSA can take action against firms.

Full Structural survey
An extensive property survey - known as a Building Survey – this is recommended for older buildings built before 1960, and should reveal most defects. Each visible element of the property is inspected and any necessary repairs and costs are identified.

Freeholder
Someone who owns a property and the land it stands on.

Ground rent
A yearly fee leaseholders have to pay to the freeholder or landlord who owns the land the leasehold property is on.

High lending fees
Not all lenders charge these, but if you borrow a high percentage of the price of the property - for example, over 80% or 90% - you may have to pay this type of fee. This is because the mortgage represents a higher risk to the lender if you do not keep up your repayments. Lenders sometimes buy insurance (called mortgage indemnity) to protect themselves. This insurance does not protect you - you would still be responsible for your debt, even if the lender claimed on its insurance.

Home-buyer’s report
A surveyor’s report on a property. This type of survey is less extensive than a full building survey but more extensive than the lender’s valuation.

HIPS
These controversial packs were scrapped by the new Tory/Lib Dem coalition government on 20.5.10

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Homebuyer's Survey and Valuation
This survey is more detailed than a basic Valuation and includes significant matters such as subsidence or settlement and urgent repairs for which the client should obtain quotations prior to exchange of contracts. This is usually recommended for conventional, unmodified properties and generally those built after 1960's

Interest
The money you are charged for borrowing.

Interest rate
This is the actually interest rate the customer pays, this determines the customers monthly payments and can be on a fixed or variable basis

IFA
Independent Financial Advisers are authorised and regulated by the Financial Services Authority, which ensures they only provide advice most suited to your personal requirements and your risk outlook, before helping you to choose any financial products.

Interest only mortgage
A mortgage where the monthly payments only meet the interest on the capital amount borrowed. The capital amount remains outstanding and the borrower has to make provision for repaying this amount at the end of the mortgage term. Most borrowers use the proceeds of an investment, such as a long- term savings plan, an ISA or endowment policy run alongside the mortgage to repay the debt.

ISA Mortgage
This is taking out an interest-only mortgage and running an ISA investment alongside in order to repay the capital sum borrowed. There are risks involved as with any stock market investment, but there is the advantage of tax savings in that any savings you make are free from Capital Gains and income tax. Most lenders also require life insurance to cover the amount borrowed.

Land Registry fee
A fee paid to the Land Registry to register ownership of a property.

Leaseholder
Someone who owns a property, but not the land it stands on, for a fixed period of time.

Land Registry
The government body responsible for maintaining and updating the register of all properties in England and Wales – records and transfers land ownership. Since February 2005 for just a £2 fee online you can discover : who owns a specific property, how much it cost them, the name of their mortgage provider and the length of any lease on it.

Leasehold
This gives you the right of possession of a property, but not the ownership for an agreed period of time. Many flats in the UK are leasehold.

LTV
Loan-to-value ratio – this is the difference between the loan amount and the house's market value. A loan of £80,000 on a £100,000 home gives a loan-to-value ratio of 80%. The bigger the difference is between the loan and the value of the house, then the smaller the LTV. This difference is known as the equity.

Mortgage
A loan to buy a house, where the property is the security for paying back the loan. The lender has the authority to sell the property if repayments are not maintained. Mortgage repayments are usually made monthly over a long period, usually 25 years. There are many different mortgage options : repayment, flexible, tracker, capped, discount, self certification.

Mortgage-in-principle
Lenders can agree to a mortgage in principle even before you find the right property. This is subject to further conditions being met, such as, credit checks and a property valuation. This is also known as a Decision in principle (DIP) or Agreement in principle (AIP)

Mortgage Offer
The document issued by the mortgage lender to the borrower following approval, setting out the conditions and terms.

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Mortgage Protection
Usually taken out with a Repayment mortgage this policy provides life assurance that reduces in line with the decreasing mortgage debt. The policy pays out a lump sum in the event of death, which is used to repay the mortgage. There are no savings with a mortgage protection policy, it purely provides life insurance.

Mortgage application fees
These are fees charged by the lender to organise the mortgage for you. These are not usually refunded if you then do not go ahead with the mortgage. Some lenders will only charge such fees for specific mortgage deals.

Mortgage deed
The legal agreement which gives the lender a legal right to property.

Mortgage term
The length of time over which the mortgage will be repaid.

Negative Equity
This is where the amount of money owed on the property exceeds the property's market value. So, if you sold your house you would not get enough money to pay off your mortgage loan.

NHBC Warranty
If you are buying a new house you should receive a NHBC (The National House Building Council) warranty. Providing the builder is registered and the property meets standards the NHBC will issue a Buildmark Warranty. This offers insurance protection against any structural or building faults for 10 years.

Overpayment
This is when you pay more than the required monthly repayment to your mortgage lender. A flexible mortgage allows overpayment and underpayment. As long as there is no early repayment charge you should be able to overpay as much as you can afford and cut down your mortgage term and interest paid.

Offer of advance
The formal offer of a mortgage from a lender.

Pension mortgage
You can link your personal pension plan with your mortgage loan,so that at the end of the mortgage term part of the tax-free proceeds of the pension fund repays the outstanding mortgage loan. You receive tax relief on your pension plan contributions, but are left with less for your retirement.

Portable Mortgage
This is where a borrower can transfer their existing mortgage to a new property without incurring the penalty of early redemption fees. Most mortgages are now portable mortgages, meaning that if you decide to move you take your mortgage on the same terms and conditions to your new property. Mortgage portability can be advantageous, if for example you have secured a good fixed rate, a capped, cash back or discounted product originally and the market has since changed, leaving no comparable deals.

Property Chain
This is when a number of property transactions are dependant on others - when a seller needs the sale of their house before they can complete the purchase of another property. The chain can break if one buyer is unable to sell their home and a link breaks. A first-time buyer has no chain which is an attractive prospect for a seller.

Remortgage
The arranging of a new mortgage for your property without moving. The reasons for remortgaging are usually to get a better mortgage rate or to release equity for improvements.

Repayment Mortgage
You pay the mortgage along with the interest monthly. This is the most popular mortgage plan and the safest. A Mortgage protection policy is recommended with this mortgage plan, so if the policy holder dies the debt can be paid by the heirs. Also known as a Capital and Interest mortgage

Redemption
The paying off of a mortgage loan.

Retention
When the lender holds back some of the mortgage money until certain repairs have been done, the amount held back is known as a ‘retention’.

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Security
The property the mortgage is being used to buy is the lender's 'security' for the loan. This means that the lender has rights over the property. If the mortgage repayments are not kept up to date, the lender can repossess the property and sell it to recover the debt.

Search
This is usually carried out by the solicitor as part of the conveyancing process on your proposed property. The search checks for any plans with the Local authorities which might affect the property, such as: new roads, proposed building developments or public rights of way. Most searches take around a fortnight, but they can take up to six weeks. It is usually possible if you need to act quickly to pay extra for a faster 'personal search'.

Second Mortgage
This additional mortgage on a mortgaged property is also known as a secured loan. The first mortgage takes legal priority, so the second mortgage is considered more of a risk for the lender, so the rates are likely to be higher.

Self Certification mortgage
This mortgage allows borrowers to certify their own earnings without having to supply documentation, such as wage slips. This option often suits the self-employed, seasonal wage earners, or anyone with irregular earnings such as, a contract worker or commission-based employee, or those in salaried employment with a supplementary source of income, an unsalaried company director, or varying other circumstances. A specialist mortgage lender can often be more flexible than the high street lenders with Self cert mortgages. Due to new regulation by the financial services authority these types of mortgages are no longer available.

Shared Ownership
This government scheme enables you to buy property jointly with a Housing Association, a housing society or a non-profit making housing company, who will pay between 25 and 75 per cent of the cost. This scheme was developed to help those who could not afford to buy a home outright, and allows you to buy a share of the property and pay a rent on the remaining share. Up to four people can become joint owners, but all joint applicants must individually and jointly meet the eligibility criteria. The share you purchase is funded by a mortgage. It is possible to buy further shares and eventually own the property.

Stamp duty
A government tax on buying properties costing more than £125,000.

Subject to survey and contract
Wording included in any agreement before the exchange of contracts. This wording allows the seller or buyer to withdraw from the property sale.

Term assurance
Life insurance to pay off a mortgage if the borrower dies.

Title Deeds
The legal documents for a property that detail the owner, any restrictions on the use and rights of way.

Tracker Mortgage
The interest rate reflects the changes made by the Bank of England. It can be for only a few years or for the duration of the mortgage.

Valuation
This basic survey is carried out by the mortgage lender and assesses whether the property is good security for the proposed mortgage loan. The buyer usually pays for this and receives a copy. Some lenders do not charge. This survey is suitable for a new house, but for any other property it is recommended you commission your own survey

Variable Mortgage
This is the general name for all types of mortgages where interest rates can go up or down, Tracker and discount mortgages are examples of variable mortgages.