

Term Definition

Annuity A series of regular payments that you receive for the rest of your life, in exchange for a lump sum /pension fund that you have built up over your working life.

Annuity Mortgage A mortgage over a set period of time that is fully paid off at the end of the term

APR (Annual Percentage Rate)

The Annual Percentage Rate is designed to help you compare like with like when considering the cost of different types of credit. The provisions of the Consumer Credit Act in relation to APR are aimed at presenting the true cost of credit to consumers, taking into account how and when interest payments are charged, arrangement fees and all other costs. In general terms, the lower the APR, the lower the cost of a particular credit deal to the consumer.

Arrangement Fee

A charge made by some lenders for organising your loan

Base Rate

Interest rate set by the European Central Bank (ECB), used to determine borrowing and savings rates across the euro zone countries.

Bridging Loan / Finance

A short-term loan to a person who has bought a new home before selling their current one. The loan is paid off in full when the current home is eventually sold.

Buildings Insurance

An insurance policy which covers the cost of rebuilding or repairing the structure of a property

Buy to Let

You buy a property to rent it out rather than live in

Capital and Interest

A mortgage where you repay part of the debt each month, plus interest on the amount of loan outstanding.

Closing

This is the date the sale of the house is completed. The purchaser receives the keys of the house and the title is transferred

Collateral

Your home, property or some other asset used as security for a loan.

Contents Insurance

Cover for the contents of your home, which can include cover against loss or damage of some personal possessions outside the home.

Contract

The legal agreement prepared by a Solicitor to bind the seller and buyer to the sale of the property

Credit Insurance

Pays your monthly instalments if you have a loan, or a percentage of your credit card debts for a set period of time, if you can't work or are made redundant.

Credit Search

A check the lender makes with a specialist company, such as the Irish Credit Bureau, to find out whether you have a record of not paying loans, credit-card bills etc.

Critical Illness Cover Pays out a guaranteed cash sum if you're diagnosed with one of the critical illnesses covered by the plan.

Conveyancing The term used for legal work involved in buying and selling property
Deeds The legal document by which legal title to freehold and leasehold property is transferred from the seller to the buyer.

Default If you miss monthly repayments on your mortgage when they are due, you are considered to be in default of your mortgage repayments.

Deposit The amount that a buyer must pay on exchange of contracts (usually 10% of the agreed property price).

Equity The value of your property minus any outstanding loan

Equity Release Equity is the difference between the amount of money owing on your mortgage and the current value of your home. Equity release allows you borrow up to 90% of the current value of your home, for practically any number of purposes

Endowment Mortgage Repayments consist of a portion to cover the interest on the loan and also a portion that pays into an endowment policy with a Life Assurance Company. The intention is that at the end of the term of the loan the proceeds of the life assurance policy will be sufficient to clear the principal amount borrowed with a possible tax-free surplus. It should be noted that there is no guarantee that all life assurance policies will clear the principal amount owing at the end of the term of the loan. Expert advice is strongly recommended before taking out this type of mortgage.

Exchange of Contracts The point at which buyer and seller are legally bound to the deal.

Excess The amount of money which you have to pay yourself if you make a claim on your insurance policy.

Fixed Rates This fixes your repayments at your chosen rate for the period of your chosen term regardless what happens on the variable rate market.

Folio This is a document describing: The property registered and refers to a plan on the Registry maps. The registered owner and any burdens (charges, right of way) which may affect the property.

Freehold The owner of the property owns the property without payment of any rent and without a limit in time. You own both the property and the land it is built on.

Grace Period A period after a premium payment is due on an insurance policy (but where a policyholder is late making the payment), during which the policyholder can make the late payment without losing the protection which the insurance policy provides.

Ground Rent A sum of money usually paid annually, by leaseholders to the owner of a freehold.

Guarantor A person who promises to be answerable for the debt of another. A guarantor guarantees that a mortgage will be paid. This is done by way of a formal agreement with the lender.

Home Insurance Protection against risks like fire, theft and malicious damage is key to peace of mind. When looking to insure your home and possessions, some items are categorised as 'buildings' such as fitted furniture and anything that is plumbed in. Other items are treated as contents. The easiest way to make sure everything is covered is to insure both building and contents under one policy.

Impaired Credit Mortgages Specialist loans for anyone whose credit problems disqualify them from using standard mortgages

Income Protection A type of insurance policy which pays out if your income is reduced or stopped because of redundancy, sickness or accident.

Interest Only Mortgage You pay only the interest on your mortgage and pay off the money borrowed at the end of its term.

Intermediary A person or organisation that offers advice and arranges policies for clients

Indemnity bond This is an upfront charge paid by the borrower. It is a form of insurance that covers the lender in the event that they make a loss on the sale of a repossessed house. It normally comes into effect when the loan amount exceeds 75% of the purchase price. Not all lenders charge this fee.

Land Registry The Land Registry deals with the registration of ownership. The register is conclusive evidence of the title of the person whose name appears on it. Most agricultural land in Ireland is registered in the Land Registry.

Leasehold Property The purchaser owns the property but pays ground rent annually and is subject to the terms of the lease.

Legal Charge A legal document, which creates a security interest over the borrowers' property in favour of the lender.

Lessee The person to whom a lease is granted.

Lessor A person who grants a lease.

Lien A legal claim against an asset which is used to secure a loan and which must be paid when the property is sold.

Life Assurance This protects your partner or family. If you die before you've paid off the mortgage, the assurance is designed to cover what is still owed. Subject to limited exceptions, it is a legal requirement to have life assurance when taking out a mortgage.

LTV (Loan-to-Value Ratio)

This stands for Loan to Value. It describes the percentage size of the loan based on the value of the property. For example, if you owe _100,000 on your mortgage and your house is worth _200,000, your LTV is said to be 50%.

Mortgage A loan with a property as security.

Mortgage Deed A legally binding contract (legal charge) between the borrowewr and lender.

Mortgagor The lender.

Mortgagee The borrower

Mortgage Interest Relief This is tax relief that you can claim on mortgage interest payments. People buying for the first time are entitled to the highest amount of relief. From 1 January 2002, qualifying tax relief for mortgage interest has been applied at source by your mortgage lender.

Mortgage Repayment Protector Insurance If you have an accident, get sick or become redundant, mortgage repayment insurance (optional) can pay your mortgage repayments for up to 12 months.

Negative Equity Occurs where the loan amount outstanding exceeds the market value of the property. For example, you owe €100,000 on your house but it is only worth €90,000. You are said to have negative equity of €10,000.

New for Old Contents insurance that covers you for the cost of replacing your possessions with new ones.

Occupational Pension Scheme A pension scheme set up by an employer for its employees

Offset Mortgages Offset or all in one mortgages allow you to offset the balance of your mortgage, and any other borrowings you have, against any money you have in a savings and/or current account that's held with the same lender. All your borrowings and savings may be combined in one account.

Overpayment A mortgage repayment bigger than the one needed to meet the loan's minimum requirements. This can help reduce the term of the mortgage.

PAYE Pay-As-You-Earn - where your employer takes income tax off your salary or wages before you get it, and pays it direct to the Revenue Commissioners on your behalf

Payment Holiday A feature offered by some mortgages that allow you to miss monthly payments on your mortgage

Pension Money you get after you retire, usually either from the government or your previous employer/s.

Personal Loan A loan which you take out as an individual, with a fixed interest rate and a fixed number of repayments.

Pension Mortgage A loan to buy a property which is designed to be repaid out of the cash lump sum from a pension plan at retirement age.

Policy The full details and terms of an insurance contract

Premium The amount you pay for insurance cover.

Private Health Insurance VHI, Vivas or Quinn Health, pays for private medical treatment, usually within certain limits

Quotation An illustration provided by an insurance company to show the costs of Insurance cover, before you buy it.

Rate The cost of a given unit of insurance.

Rebuild Value/Re-instatement Cost The cost to rebuild your home from scratch including demolition of existing structures

Redemption The word used to describe a mortgage when it is repaid.

Registry of Deeds The Registry of Deeds provides for the registration of documents dealing with unregistered land. Registration in the Registry of Deeds does not guarantee title to the land.

Remortgage A mortgage that is a replacement loan for another mortgage.

Repayment Mortgage The traditional type of mortgage where repayments are made up of both interest and principal.

Retention A condition of a mortgage where the lender holds back a portion of the loan, pending work to be carried out by the mortgagor

Reserve The price of a property at auction below which the seller is not willing to sell.

Rider An amendment to an insurance policy that modifies the policy by expanding or restricting its benefits or excluding certain conditions from coverage.

Searches Carried out by a Solicitor to see if there is anything that might affect the title of the property.

Signing of contracts This is the written legal agreement between the seller and the buyer. The agreement is legally binding. If a Buyer terminates the contract after signing then any deposit already paid will be lost.

Stamp duty A document tax payable to the Government on the purchase of a property. Various rates apply, depending on the size, purchase price of the house and the status of the buyer. First Time Buyers are now exempt from Stamp Duty.

Sale by tender: This is a term used when a number of different parties have offered the asking price for the property. They will then submit sealed offers by an agreed date to the auctioneer who accepts the most attractive offer.

Sale by private treaty: This is the term used when a property is bought other than at auction or by tender. The sale is agreed in principle prior to signing of contracts

Sum Insured The amount an insurance policy pays out

Structural survey This is a full inspection of the property to ensure that it is structurally sound. While this survey is optional, it provides the greatest protection for the buyer and is strongly recommended for older properties. A comprehensive and detailed assessment of the condition of the property carried out by a qualified surveyor. It can identify defects that would not be evident from a valuation of the property.

Tenure Type of ownership of property e.g. freehold, leasehold

Term The number of years over which the mortgage loan is arranged. Remortgagors borrowing against the value in their homes for other assets can avail of split terms, where the term can be tailored to suit the life of the asset bought e.g. 5 years for a car.

Title The legal right to ownership of the property.

Title Deeds The documents showing the ownership of the property.

Tracker Mortgage Matches movements in the European Central Bank base rate so that you benefit quickly from a fall in interest rates.

Travel Insurance Covers you for cancellation, medical care and loss of possessions while on holiday

Undertaking This can mean a condition of a mortgage where the borrower is obliged to carry out certain things. It can also mean a condition of a mortgage where the borrower is obliged to carry out certain works within a specific period of time following completion of the mortgage. In the context of home loan lending, the word 'undertaking' most frequently refers to the legally binding promise that a borrower's solicitor gives to a lender to have all security documents signed by the borrower and to certify that the borrower's title to the property is good and marketable.

Underwriter A technician trained in evaluating risks and determining rates and coverage for them.

Valuation An inspection of the property by a valuer to establish its suitability for mortgage purposes. A valuation should not be confused with a structural survey.

Valuation fee This is a fee for an inspection of a property. It is required by the lender to ascertain whether it is a suitable property to lend on. The inspection is carried out by an independent valuer.

Variable Rate Your monthly repayments may fall or rise from time to time in line with general market interest rates.

Vendor A person selling a property.

Yield The amount of income an investment delivers after deduction of charges (but not tax) expressed as a percentage of the amount invested