

Glossary

In this report the expressions and abbreviations listed below have the meanings given here. They may have other meanings in other contexts. For the sake of simplicity only, the masculine pronoun has been used throughout the report in referring to borrowers, valuers and other persons. In every case the feminine pronoun would be equally applicable.

Accrued interest	The amount of interest on a mortgage loan which arises in the period between receipt of the amount of the loan by the borrower and the date of the first regular interest payment due on it.
Administration charge	The charge to a borrower by a lender for the administration of a mortgage application. It may include a proportion of the lender's costs in processing the mortgage valuation .
APR	Annual Percentage Rate. The annual cost of financial charges for credit expressed, in a property transaction, as the interest on the total of the mortgage loan and certain other charges (including the valuation fee and the administration charge) but excluding life insurance premiums attached to endowment mortgages or mortgage protection policy fees attached to repayment mortgages .
Arrangement fee	Fee charged to a borrower by a lender for arranging a fixed-rate mortgage , to meet the costs incurred by a lender in securing finance from the wholesale money markets.
Borrower	A person who borrows money from a lender on mortgage ; includes prospective borrowers.
Broker	See intermediary .
BSA	Building Societies Association.
BSC	Building Societies Commission.
Building society	A mutual institution, regulated under the Building Societies Act 1986, established for the purpose of lending money on the security of freehold or leasehold property; largely financed by money obtained from the members' retail savings accounts; but also able to borrow in the wholesale money markets and to provide other financial and property services.
Centralized lender	Lending organization which does not operate via a network of branches.
CML	Council of Mortgage Lenders.
Complex monopoly	At least 25 per cent of goods or services of any description supplied in the UK (or in a defined part of it) is supplied by or to (in the case of services, by or for) persons or companies who are members of a group (not being an interconnected group of companies) who, whether voluntarily or not, by agreement or otherwise, conduct their respective affairs in such a way as to prevent, restrict or distort competition in connection with the production or supply of such goods or the supply of such services; the goods or services concerned need not necessarily be supplied by or to (or for) every member of such a group. See further paragraph 9.42.

Conveyancing	Engaging in the legal process of transferring the ownership of a property from the vendor to the purchaser.
Endowment mortgage	A mortgage loan which will be repaid through the proceeds of a maturing life insurance policy. The loan is discharged on the maturity of the policy. The interest (on the full value of the loan) is paid at prescribed intervals during the period of the loan .
Estate agent	A person normally acting on behalf of a vendor in the sale of residential property. May also act as an intermediary .
First-time buyer	A borrower buying a property for the first time.
Fixed-rate mortgage	A mortgage on which the nominal interest rate is fixed for a specified period.
HBR	See homebuyer's report .
Homebuyer's report	A report on the condition of a property (houses and flats) which a borrower may commission from a surveyor , normally following guidelines promulgated by the RICS and which often includes a valuation of the property. The report is similar but less detailed than a structural survey .
Indemnity insurance	See professional indemnity insurance and mortgage indemnity insurance .
Interest rate	The proportion of a sum of money that, over a specified period of time, is paid by the borrower to the lender as the consideration for its loan . See nominal interest rate , APR , fixed-rate mortgage and variable rate mortgage .
Intermediary	An adviser on the provision of retail mortgage products who introduces borrowers to lenders . He may act independently (in which case he may charge the borrower a fee) or he may act on behalf of a lender , who may pay him a commission. Usually he will earn commission from the sale of insurance products.
Introducer	See intermediary .
ISVA	Incorporated Society of Valuers and Auctioneers.
Lender	An organization which lends money to a borrower on a mortgage to purchase a property or for the purposes of remortgaging an existing property.
Loan	See mortgage .
Loan:value ratio	The ratio of mortgage debt to the estimated current value of a property.
MIG	Mortgage indemnity guarantee. See mortgage indemnity insurance .
MIRAS	Mortgage Interest Relief at Source. The administrative arrangement for implementing mortgage interest tax relief.
Mortgage	A loan made under the terms of a legal agreement which includes a pledge of the borrower's ownership of the property to the lender as collateral security.

Mortgage indemnity fee	See mortgage indemnity insurance .
Mortgage indemnity insurance	Insurance policy covering the lender which it may require a borrower to pay for on high loan:value ratio loans. In the event of the sale of the property not being sufficient to repay the loan , the insurance company will pay part or all of the difference.
Mortgage loan	See mortgage .
Mortgage valuation	See valuation .
Negative equity	The amount by which the mortgage on a property exceeds the property's market value.
Nominal interest rate	The annual amount of interest due expressed as a percentage of the loan outstanding.
Panel	A list of valuers approved by a lender (but not in its direct employ) for the purposes of undertaking valuations .
Professional indemnity insurance	Insurance paid for by a valuer to cover claims for compensation arising from professional negligence.
Rate of interest	See interest rate .
Remortgage	A loan against the security of residential property which the borrower already owns.
Repayment mortgage	Mortgage on which periodic payments (usually monthly) cover interest and loan repayment.
Repossession	Action by the lender to take ownership and control of a property on which the borrower has defaulted on his mortgage loan repayments.
RICS	Royal Institution of Chartered Surveyors.
Scale fee	A set of charges for valuation services related to different house price bands.
Societies	See building societies .
SSY	See structural survey .
Structural survey	Report commissioned by a borrower from a surveyor on the condition of a property and which often includes a valuation of the property. More detailed than a homebuyer's report .
Surveyor	A member of the RICS/ISVA who may undertake mortgage valuations , HBRs , SSYs and other survey work.
Transparency	The degree to which individual charges made by the lender are advertised or made known to borrowers .
'Up-front' payments	The initial payment made by a borrower prior to completion of the mortgage including valuation fees and any administration charge .

Valuation	The assessment of the open market value of a property, used by a lender to determine the level of security against which a mortgage loan is granted.
Valuation fee	The fee charged by a lender to a borrower for the cost of a valuation .
Valuer	A person who undertakes mortgage valuations . Most valuers are qualified as surveyors , and members of the RICS/ISVA .
Variable rate mortgage	Mortgage loan on which the nominal interest rate may be varied.