

MORTGAGE
GLOSSARY



PROGRESSIVE
BUILDING SOCIETY

Mortgage Glossary

What's included in this glossary?

The terms detailed in this glossary are often used in the house buying process. We hope you find it helpful.

If you have any questions, give us a call or drop into one of our branch offices, listed at the back of this booklet.

A

ADDITIONAL BORROWING (Further Advance)

When you borrow extra funds against the value of your home. The loan is added to your mortgage and your payments recalculated.

ADVANCE

The amount of money we lend you by way of a mortgage. The Society will confirm to you the amount of the mortgage before you enter into a mortgage contract with us.

AFFORDABILITY

We must establish that you are able to afford your mortgage both now and in the foreseeable future.

APRC

Stands for 'Annual Percentage Rate of Charge'. This is the total cost of credit expressed as an annual percentage of the total amount of credit.

ARRANGEMENT FEE

A fee to cover the work involved in setting up your mortgage or for certain mortgage rates.

ARREARS

The term used to describe overdue payments where a borrower has failed to keep up the monthly mortgage payments.

It is important that you tell us as soon as possible if you are having problems repaying your mortgage or think that you might experience problems. We will always endeavour to work with you to help you resolve any problems with repaying your mortgage.

ASU

Accident, Sickness and Involuntary Unemployment cover (also referred to as Mortgage Payment Protection Insurance or MPPI). This is an insurance policy designed to provide a regular income to pay the mortgage, should the borrower(s) become unemployed or be unable to work due to an accident or sickness.

B**BANK OF ENGLAND BASE RATE**

The interest rate set by the Bank of England (also referred to as the 'official bank rate').

BORROWER(S)

The person or persons to whom the Society lends the money for a mortgage. If there is more than one borrower all parties to the mortgage are responsible for repaying the full amount of the mortgage.

BUILDING SOCIETY

A mutual organisation owned by its Members whose principle purpose is making loans secured on residential property which are funded substantially by its Members.

BUILDING SOCIETY ASSOCIATION (BSA)

The BSA is a trade body representing building societies. The Society is a member of the BSA.

BUILDINGS INSURANCE (Property Insurance)

What you must have in place to protect your property against hazards such as storm, fire and flood. It is a condition of your mortgage that you have buildings insurance in place for your property.

If you do not have buildings insurance in place and your property is damaged or destroyed you will be responsible for the cost of repairing or reinstating the property to its original state. You may arrange your own buildings insurance for the property.

If you arrange your own property insurance you will be responsible for the arrangements made and you must inform the insurance company of the Society's interest in the policy.

If you have any questions regarding property insurance we will be happy to discuss this with you.

C

CAPITAL

This is the amount of money you owe on your mortgage. The amount outstanding on your mortgage is sometimes referred to as the capital balance or principal balance.

CAPITAL AND INTEREST MORTGAGE (Repayment Mortgage)

Your monthly payments gradually pay off the money (capital) you've borrowed, and also interest on the amount outstanding. At the end of the mortgage term the mortgage capital will have been repaid, provided you have maintained your regular monthly payments due.

CAPITAL REPAYMENT

A lump sum payment to your mortgage account of over £500, made in addition to your normal monthly mortgage payment.

CCJ

County Court Judgement. A decision made in the County Court, usually for non-payment of a debt. A CCJ will be registered on your credit file and may affect your credit rating.

COMPLAINTS

If you do not think we have treated you fairly, you can complain to the Senior Manager (Retail Credit), Progressive Building Society, 33-37 Wellington Place, Belfast BT1 6HH. If your complaint is not dealt with to your satisfaction, you may then take it to the Financial Ombudsman Service. The Financial Ombudsman Service provides a free and independent service for consumers, and can be contacted at:

The Financial Ombudsman Service
Exchange Tower, London, E14 9SR.

Telephone: 0800 023 4567
Switchboard: 020 7964 1000
From outside the UK +44 20 7964 1000

Email: complaint.info@financial-ombudsman.org.uk
Website: www.financial-ombudsman.org.uk

COMPLETION

The date the funds are advanced to your solicitor.

CONTENTS INSURANCE

Protection for items in your home, including furniture and household items - in case they are stolen, lost or damaged.

It is important that you arrange contents insurance but the Society will not insist on you doing so.

If you have any questions regarding property insurance we will be happy to discuss this with you.

CONVEYANCING

The legal process involved in buying and selling a property.

CREDIT SCORE

Credit scoring is used by some mortgage lenders to help assess your suitability for borrowing. A credit score is based on your credit history which is your past reliability in repaying loans, mortgages, credit cards, hire purchases etc.

CRITICAL ILLNESS COVER (CIC)

CIC is a type of insurance policy which pays out a lump sum if you are diagnosed with a critical illness covered by an insurance policy.

D**DEBT CONSOLIDATION**

The process of combining existing credit arrangement(s) or liabilities into one loan and making a single monthly payment.

DEFAULT

A default occurs when a debtor is unable to meet the legal obligation of debt repayment. A default will be registered on your credit file and may affect your credit rating and your ability to borrow in the future. Your home may be repossessed if you do not keep up repayments on your mortgage.

DEPENDANT

Someone who is financially dependent on you.

DEPOSIT

The money you pay on exchange of contracts as part of your initial contribution to the purchase of your home.

DISCOUNTED VARIABLE RATE

A discounted mortgage is a type of variable rate mortgage. The term 'discount' is used because the interest rate is set at a certain percentage below the lenders standard variable rate (SVR) for a set period of time. After the discount ends the account will normally revert to the Society's Standard Variable Rate (SVR) applicable at that time.

E

EARLY REPAYMENT CHARGE (ERC)

A charge which may be payable if part or your entire mortgage is paid off before a pre-agreed date, or moved to another product or lender. The charge is normally a percentage of the amount of mortgage balance repaid and details of the percentage charge will be shown in your Mortgage Illustration prior to completion of your mortgage or the new product being applied to your account.

ENDOWMENT POLICY

A type of policy that is designed to pay off your mortgage at the end of the term, or pay off an outstanding mortgage in the event of death. This could be used as a repayment vehicle for an interest only mortgage. See also 'Interest Only Mortgage'.

EQUITY

The difference between the amount you owe on your mortgage and the current value of your property.

F

FACT FIND

Allows a mortgage advisor to gather accurate information regarding your personal circumstances such as employment, affordability, dependants etc. This enables the advisor to ascertain any needs and circumstances he/she needs to take into consideration before recommending an appropriate mortgage.

FEES

Fees applicable to the mortgage (e.g. valuation fee, arrangement fee). Full details of current fees and charges can be found in the branch or at **www.theprogressive.com**. The product fees will be detailed in your Mortgage Illustration.

Fee(s) can be paid to the Society by cash, cheque or debit card. Some of the fee(s) for your mortgage may be charged to your account. Should the fee(s) be charged to your account, these will form part of your mortgage balance and interest will be charged on the total amount of the mortgage including the fee(s) which means the fee will end up costing you more than if you paid it.

FINANCIAL CONDUCT AUTHORITY (FCA)

An independent body that regulates the financial services industry. The FCA has responsibility for the regulation of mortgages and all lenders and mortgage intermediaries must be either directly authorised by the FCA or must be an appointed representative of an authorised firm.

FINANCIAL DIFFICULTIES

Financial problems or financial pressure is a situation where money worries are causing you stress. From time to time customers may experience financial difficulties due to unemployment, sickness, relationship breakdown or changes in personal circumstances. It is important that if anything like this happens the Society is advised as soon as possible.

For more information on financial difficulties or mortgage arrears please visit **www.theprogressive.com**, contact the Society by telephone or call into one of our branches.

FINANCIAL SERVICES COMPENSATION SCHEME

Progressive Building Society is a participant in the Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000.

Mortgage advising and arranging is covered for 100% of the claim, up to a limit of £50,000.

FIRST CHARGE

Most mortgage lenders lending money to enable someone to buy their home would require a first charge. This means the lender has first call on any funds available from the sale of the property to clear the outstanding mortgage debt.

FIXED RATE

A rate of interest which is fixed and is guaranteed not to change over a set period of time. After the fixed rate period ends the mortgage account will normally revert to the Society's Standard Variable Rate (SVR) applicable at that time.

FOREIGN CURRENCY LOAN

If any part of your income, used in assessing affordability for the mortgage, or if any asset to be used to repay the mortgage balance, is in any currency other than sterling your mortgage will be treated as a foreign currency loan. The Society will only accept Euro as an alternative currency to sterling.

You must be resident in Northern Ireland.

Not all lenders accept foreign currency loan applications. Subject to the Society's lending criteria.

FREEHOLD

A form of legal title to land which means you are the absolute owner of the property and the land.

FURTHER ADVANCE (Additional Borrowing)

When you borrow extra funds against the value of your home. The loan is added to your main mortgage and your payments recalculated.

G

GUARANTOR

Guarantors have the responsibility for making monthly mortgage payments in the event that the borrower(s) are unable to make the mortgage payment.

H

HOMEBUYER'S SURVEY & VALUATION REPORT

A property survey that includes a valuation. The survey is more detailed than the normal valuation report but still may not reveal any major structural faults in the property.

HOUSEHOLD INSURANCE

A way of referring to both buildings and contents insurance. See also 'buildings insurance' and 'contents insurance'.

I

INCOME MULTIPLE

The way some lenders work out how much you may be able to borrow, by multiplying your annual income. Income multiples only give an indication of what you may be able to borrow and all mortgage applications submitted will be subject to an affordability assessment.

INTEREST ONLY MORTGAGE

You only pay interest to your lender throughout the mortgage term and the amount you owe does not reduce. It is your responsibility to ensure you have a suitable repayment strategy in place to repay your mortgage in full at the end of the contracted mortgage term.

If you do not have a repayment strategy in place to repay the mortgage you may have to sell your property to enable you to repay the mortgage in full or use other resources you have to repay the mortgage.

INTEREST RATE

The rate of interest you will be charged on the total amount of your mortgage (including fee(s)) if these have been added to the amount of mortgage. The interest rate may be variable or fixed. You will find full details of the interest rate applicable to your mortgage on the Mortgage Illustration which you will receive prior to completion of your mortgage or if you change your product with the Society.

J

JOINT MORTGAGE

A mortgage with more than one borrower. All parties to the mortgage are responsible for repaying the full amount of the loan.

L

LAND REGISTRY FEE

A fee charged to register your details in the Land Registry records once you have bought a property or changed lenders. Your solicitor will advise you on this and will arrange for payment of this fee on your behalf.

LEASEHOLD

Ownership of a property for a number of years on lease, after which ownership reverts back to the freeholder.

LENDER

Your lender: Progressive Building Society.

LIFE ASSURANCE

A life assurance policy can run parallel with a mortgage, so the mortgage can be repaid if you die before the end of the term.

LOCAL AUTHORITY SEARCH

Part of the conveyancing process when you buy a property and will be carried out by your solicitor. It gives details of any matters, which, from the local council's point of view, affect the property. It reveals any proposed changes to the local area, e.g. road improvements and details any planning permission given for the property.

LOAN TO VALUE (LTV)

The proportion of the value of the property that you borrow on a mortgage. For example, a £90,000 mortgage on a house valued at £100,000 would mean a LTV of 90%.

M**MEMBER**

Anyone who has a qualifying account such as savings or a mortgage account with Progressive Building Society. Our customers are 'Members' because we are a mutual society.

MONTHLY PAYMENT

The amount of money due to be paid by the borrower(s) to the Society on a specified date each calendar month.

MORTGAGE ADVANCE

The actual amount of money we lend you.

MORTGAGE DEED

A legal document by which the lender secures the loan against the borrower's property, establishing a mortgage on a property.

MORTGAGE ILLUSTRATION

A document you will receive when you apply for a mortgage. It sets out the key mortgage information that will help you compare the costs and features of different mortgage products from one or more lenders.

MUTUAL ORGANISATION

An organisation that is owned by its members, such as building societies, friendly societies and some life insurers. Mutual societies do not have shareholders or issue shares like public limited companies, so any profits in a society are used for the benefit of its members only and not paid to shareholders in the form of dividends.

N**NEGATIVE EQUITY**

If the amount you owe on your mortgage is greater than the value of your property.

NORTHERN IRELAND CO-OWNERSHIP

The scheme is managed by the Northern Ireland Co-ownership Housing Association. Co-ownership allows you to part-buy and part-rent your home. You must buy a percentage of the value of the property through a mortgage. You pay rent on the remaining share of your home.

O

OFFER OF ADVANCE

A document which sets out the terms and conditions of a mortgage contract between you and the Society. You will be offered a reflection period of 10 days from the date the Offer of Advance is issued and you may accept the Offer at any time during the reflection period.

P

PART INTEREST ONLY

Part interest-only mortgages are on a part-repayment and part-interest-only basis. This option means that at the end of the term some of the mortgage capital will still be owed and will need to be repaid. It is your responsibility to ensure you have a suitable repayment strategy in place to repay your mortgage in full at the end of the contracted mortgage term.

If you do not have a repayment strategy in place to repay the mortgage you may have to sell your property to enable you to repay the mortgage in full or use other resources you have to repay the mortgage.

PORTABLE MORTGAGE

If a mortgage product is 'portable', it may be transferred from one property to another, subject to our lending criteria and products at that time.

PREMIUM

Amount you pay on a regular basis, usually for an insurance policy.

PRODUCT SWITCH (RATE SWITCH)

A switch from one type of mortgage product to another with the Society e.g. from the Society's Standard Variable Rate to a fixed rate or to a discounted variable rate. Conditions will apply.

PRUDENTIAL REGULATION AUTHORITY (PRA)

The Prudential Regulation Authority (PRA) is a part of the Bank of England and responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. It sets standards and supervises financial institutions.

R

REDEEM/REDEMPTION

The process of repaying a mortgage in full. Paying off a mortgage before the end of a mortgage term is referred to as "early redemption" or "early repayment".

RE-MORTGAGE

When you arrange a new mortgage on your home with a different lender and use the new mortgage to pay off the old one.

REPAYMENT MORTGAGE

(Capital and Interest mortgage)

Your monthly payments gradually pay off your mortgage as well as the interest. See also 'capital and interest mortgage'.

REPAYMENT STRATEGY

The means by which you intend to repay the outstanding capital and, where applicable, pay the interest accrued under the mortgage, where all or part of that contract is an interest only mortgage (e.g. sale of other property, savings, investment policy etc).

REPAYMENT VEHICLE

A savings plan such as an endowment policy, an ISA, or a pension, which is designed to repay the balance of an interest only mortgage at the end of the mortgage term.

S

SEARCHES

Checks carried out by solicitor during the conveyancing process e.g. planning proposals or other matters, which might affect the future saleability of the property.

SOLICITOR

A legal practitioner who deals with the purchase or remortgage of your property.

STAMP DUTY

Government tax you may have to pay on the purchase price of a property. The percentage you pay varies according to the purchase price of the property.

STANDARD VARIABLE RATE (SVR)

A type of variable rate mortgage and is the lender's 'default' rate - without any limited-term deals or discounts applied. This may change in reaction to market conditions resulting in monthly payments going up or down. See also 'Variable Base Rate'.

STRUCTURAL SURVEY

The most comprehensive type of buildings survey.

SUPPORTING MEMBERS

Please contact us if you feel you need further assistance to help you understand our products and services better, if you have any difficulties in communicating with the Society or if you are concerned about a family member who may need additional support.

If you require additional support we have a dedicated team who can support you with any problems you may be having. You can contact our dedicated support team on 0800 029 4998.

T**TARIFF OF CHARGES**

A list of fees and charges applicable to the mortgage. Full details of current fees and charges can be found in branch or at www.theprogressive.com.

TERM

The length of time over which you agree to pay back your mortgage.

V**VALUATION**

A basic assessment that is carried out on a property which enables a lender to decide whether to lend on the property by assessing its condition and likely value. This basic valuation is for the Society's benefit only. You should give consideration to requesting a more detailed survey such as a Homebuyer's report and valuation or a full structural survey.

VARIABLE BASE RATE

A type of variable rate mortgage and is the lender's 'default' rate - without any limited-term deals or discounts applied. This may change in reaction to market conditions resulting in monthly payments going up or down. See also 'Standard Variable Rate'.

VENDOR

The term used to describe the seller of a property.

Society Offices

Head Office - Progressive House,
33 / 37 Wellington Place, Belfast BT1 6HH 028 9024 4926

Branch Offices

Ballymena - 79 / 81 Wellington Street 028 2564 2845

Bangor - 6 Castle Street 028 9127 0348

Belfast - 7 Arthur Square 028 9032 0573

Belfast - 33 / 37 Wellington Place 028 9082 1821

Coleraine - 17 The Diamond 028 7032 9999

Enniskillen - 24 High Street 028 6632 2470

Glengormley- 323 Antrim Road 028 9083 9329

Lisburn - 3 Market Place 028 9260 2802

Londonderry - 3 Millennium Forum 028 7137 2277

Newtownards - 4 Conway Square 028 9181 9709

Omagh - 40 High Street 028 8225 0989

Portadown - 12 Market Street 028 3833 0103

Web Address

www.theprogressive.com



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