

FST SOLICITORS GLOSSARY OF TERMS USED IN AFFORDABLE HOUSING

Advance	The mortgage funds sent by the lender.
Affordable Housing	The generic term used to describe the Government's various schemes to help first time buyers onto the housing ladder either on a shared ownership or equity loan basis.
Arrangement Fee	Fee payable to a lender/broker for setting up a mortgage. It is usually always payable on completion and can sometimes be added to the mortgage debt.
Bank Draft/Building Society Cheque	The Bank/Building Society's own cheque drawn against your account with quicker clearance than a personal cheque.
Bridging Loan	Bank loan to enable a new property to be purchased before an existing property is sold, and then repaid out of the proceeds of sale. A substantially higher interest rate than that of ordinary loans is normally charged.
Chain	A situation in which successive buyers and sellers are reliant on earlier transactions being completed to make a sale or purchase effective.
Charge	Another term for a mortgage to be fixed over the property
Completion Date	Fixed date on which the sale and/or purchase is completed, i.e. the moving date. Completion may also take place "On Notice" when exchange of contracts takes place before a property has finished being built.
Completion Statement	The statement we prepare which shows all income and expenditure involved with your sale or purchase, and what funds are due from you or due back to you.
Compulsory Purchase	The acquisition by a Local Authority or other Government body of a property, perhaps against the owner's wishes.
Conditions of Sale	The terms of the Contract for sale and purchase including the rights and duties of the buyer and seller which may be national, statutory or laid down by the Law Society.
Contract	A binding agreement (once signed and exchanged) containing all essential details of the transaction and committing buyer and seller to complete the transaction.
Conveyancing	The term used to describe the legal process of buying and selling a property.
Covenants	Promises to do or not to do certain things (for example to maintain a fence or not to play loud music after 11pm). They are often contained in a Lease or referred to in the Title Information Document.
Disbursements	Fees payable to third parties during the conveyancing transaction, including Stamp Duty, Land Registry fees and search fees.
Easement	Right given to the owner of a property over an adjoining property.

Equity	The owner's financial interest in the property – its sale proceeds or estimated value less the amount owed on any mortgages.
Equity Loan	An Equity Loan is a mortgage placed on a property in exchange for cash to the borrower. It secures a percentage of the value of the property and therefore the amount owed can go up or down depending on house prices.
Exchange of Contracts	The point at which both parties are legally committed to the transaction. Exchange actually takes place during a telephone conversation between the parties solicitors.
First Time Buyers Initiative (FTBI)	FTBI enables first time buyers to buy a share in a home on a designated FTBI development with Government financial assistance (minimum £25,001). You don't have to pay anything on the amount the Government has contributed for the first three years.
Fixtures and Fittings Form	A list of items in the property completed by the Vendor which are included in the sale.
Freehold	Property ownership including the land on which the property is built.
HomeBuy Direct	HomeBuy Direct helps first time buyers to buy a home direct from a property developer with the help of an equity loan of up to 30% of the property market value. There is no interest to be paid on the loan for the first 5 years.
Home Ownership for people with long-term disabilities (HOLD)	HOLD helps people with long-term disabilities to buy a home on a part buy, part rent basis. You will own part of the home and will rent the other part from the Housing Association, your mortgage and rent will be funded by the benefits system. We can provide you with details of how to gain specialist financial advice.
Housing Association	An independent non-profit body that provides low cost social and affordable housing for people in housing need.
Intermediate Rent	This option offers you the chance to rent a brand new or refurbished apartment at a subsidised rent. The rent charge is normally 20-30% lower than what you would expect to pay for a similar apartment in the same area.
Key Worker	The precise definition of Key Worker has changed over the years, but broadly speaking a Key Worker is someone employed in a key public sector role such as nurses, teachers and the police.
Land Registry	Regulatory body responsible for recording the ownership of land.
Land Registry Fees	Fees payable to the Land Registry to register ownership of property and carry out certain searches.
Leasehold	The ownership of property for a fixed period in return for a rental payment and subject to terms and conditions for occupation.

Lease	The document entered into between a Landlord and Tenant when a property is Leasehold. It sets out details of the term and the rent and contains various covenants and easements.
Local Authority Search	A compulsory (if obtaining a mortgage) search carried out at the Local Authority and checking a wide number of matters that may affect the property. The search does not extend to the surrounding area.
London Wide Incentive	London Wide Incentive is a shared equity product available solely to key workers across 15 developments in London. The Government retains a percentage in the home with no monthly payments due on the Government share until you sell the home or leave your key worker profession.
MIG	Mortgage Indemnity Guarantee. In high percentage mortgages this will be required to guarantee repayment to the lender.
MyChoiceHomeBuy	MyChoiceHomeBuy is primarily for key workers and public sector tenants although applications will be considered from other first time buyers with a household income of £17,600.00 to £60,000.00. MyChoiceHomeBuy enables you to buy a home of your choice on the open market by offering you equity of as much as 50% or as little as 15% towards the value of the home depending on your needs.
NHBC	National House Building Council. Regulatory body for new homes who issue a 10 year structural guarantee after inspection of new properties.
New Build HomeBuy	Through New Build HomeBuy (previously known as Shared Ownership or part buy, part rent) you can buy a share in a brand new or refurbished home. You usually pay a mortgage on the part you own and a subsidised rent on the part you don't own. As your income rises you can increase the share you own, until you eventually own 100% and no longer pay any rent to the Housing Association.
New Build Shared Equity	This is exactly the same as MyChoiceHomeBuy save that the purchaser has to buy a new property from a private developer rather than a second hand property (this is why you may see adverts from private developers such as Barratt or Ward Homes using the "HomeBuy" logo).
Official Copy Entries	A copy of the Land Registry entries detailing the property.
Ownhome	Ownhome is provided by a partnership between Place for People and the Co-operative Bank. Ownhome is an equity loan of up to 40% to help you buy a home on the open market.
Open Market HomeBuy	This is an umbrella term for the current range of equity loan products which are: MyChoiceHomeBuy, Ownhome, New Build Shared Equity, HomeBuy Direct, London Wide Incentive and First Time Buyers Initiative.
Part-Buy, Part-Rent	A term often used to describe a shared ownership scheme.
Property Information Form	Various questions to be answered by the property seller relating to matters such as boundaries, neighbours and disputes.
Redemption	Repayment in full of a loan or mortgage.

Redemption Figure	The amount needed to discharge a mortgage including any additional interest payable if the mortgage is paid off early.
Registration	The process at the Land Registry where the ownership of the buyer is officially recorded.
Rent to HomeBuy	Rent to HomeBuy enables you to rent a new build home at a discounted price, of a minimum of a 20% discount, on an Assured Shorthold Tenancy of between 2 to 3 years. At the end of your tenancy you can apply to buy your home on New Build HomeBuy terms.
Resale	This is the second hand sale or purchase of a shared ownership property that was built and sold in the past and is now available for purchase because the existing shared owners wish to sell.
Right to Buy/Acquire	A scheme whereby Social Housing Tenants can buy the home they currently live in with a discount from the Council or Housing Association.
RSL	This stands for Registered Social Landlord and is another term used to describe a Housing Association.
Shared Ownership	This is the part buy, part rent of a property on the basis of a Shared Ownership Lease.
Social HomeBuy	This is where the tenant buys their home from the Housing Association with a discount. They can buy outright or buy on a shared ownership basis, in which case they only get a proportion of the discount.
Social Housing	Rental Housing (at a below market rent) provided by a Council or Housing Association to tenants who cannot afford to buy or rent in the open market.
Staircasing	The process of buying a further share, or the final share, of your Shared Ownership home.
Stamp Duty Land Tax	For properties purchased at a price of more than £175,000 Stamp Duty Land Tax is payable to the Inland Revenue at the rate of 1% of the purchase price up to £250,000, 3% for prices exceeding £250,000 but not exceeding £500,000 and 4% thereafter.
Structural Survey	A survey of a property to give details of its condition and any structural problems.
Subject to Contract	The stage of a transaction before such time as Contracts are exchanged.
Telegraphic Transfer / CHAPS	Same day electronic transfer of funds from one bank account to another for which most banks make a charge.
Title Information Document	The official Land Registry document containing important details about the property, such as the owner, mortgage lender, easements, and restrictions.
Valuation	A survey of a property that is for valuation purposes only and does not investigate the structural condition.
Vendor	The seller of the property.