



# Appendix a – Glossary

## A - B

<b>Advance</b>	Another term for the mortgage loan; the amount your lender agrees to lend you
<b>Agreement in principle</b>	An initial document from your lender that gives you an idea of the amount they are likely to lend you. This certificate is not a guarantee, but is often needed when dealing with estate agents, so they have an idea of the size of your mortgage and if you can afford the property. Also known as a ' <b>lending decision</b> ' or ' <b>decision in principle</b> '
<b>Annual Percentage Rate (APR)</b>	This is the interest rate you would pay over a year period and helps you to compare the 'cost' of borrowing between different mortgage lenders (also known as the 'overall cost for comparison'). It takes into account interest to be paid, length of the repayment term and any other charges. It also assumes you will keep the mortgage for the whole term and does not take into account possible changes in interest rates. Note: if you plan to remortgage at the end of your initial deal period, APR may not be the best comparison as it assumes you will have the mortgage for the whole term
<b>Arrangement fees (or booking fees)</b>	Charged by lenders to set up a mortgage loan. These are normally payable upfront and non-refundable
<b>Arrears</b>	When payments haven't been paid on the due date they are said to be in arrears

<b>Asking price</b>	The amount the seller values their property at and wants to get if it's sold. Remember you may be able to negotiate if you think a property is too highly priced
<b>Assets</b>	Anything that you own of a monetary value
<b>Bank</b>	An organisation that offers a range of services (e.g. current and savings accounts, loans and mortgages), and has shareholders
<b>Bank of England</b>	Responsible for setting interest rates, issuing bank notes and maintaining a stable financial economy; the Government bank and also a lender for commercial banks
<b>Base rate</b>	The interest rate set by the Bank of England which is used as a benchmark by lenders to set their own charges, which would generally be higher. This is reviewed from time to time throughout the year and can fluctuate (go up and down)
<b>Beneficial joint tenants</b>	This means the property is jointly owned, you don't own a specific share in the property and if you die the property goes to the other owner
<b>Binding contract</b>	An agreement that is legally enforceable



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<b>Bridging loan</b>	A special type of loan which is taken out to overcome a short term cash flow problem, usually needed when you buy a property before you sell
<b>Broker</b>	A person who gives advice (usually independent advice) on a mortgage (also called 'mortgage broker' or 'intermediary'). If using a broker, make sure they are registered
<b>Buildings insurance</b>	A type of insurance that covers you financially for any damage to your building (e.g. fire, flood, wind). Sometimes called 'home insurance' when grouped together with contents insurance
<b>Building society</b>	A financial company that offers the same kinds of services as a bank (e.g. letting you save or borrow money) but it is owned by its members (customers)
<b>Buoyant market</b>	When property is selling and prices are rising
<b>Buy-to-let investors</b>	People who buy property to rent out as a form of investment
<b>Buy-to-let mortgage</b>	Specific mortgages that are aimed at those that buy property to rent out

<b>Capital</b>	The amount of money you have actually borrowed, or still owe on your property (not including interest or other charges)
<b>Capital Gains Tax</b>	A tax levied on profit from the sale of property or of an investment
<b>Capital and Interest mortgage</b>	Where you pay off part of the 'capital' (amount borrowed) as well as interest each month (as opposed to 'interest only'). This usually means that everything (capital and interest) will have been fully paid off by the end of the agreed term. Also known as a repayment mortgage
<b>Capped Rate mortgage</b>	A type of mortgage where you have a guaranteed maximum amount that you have to pay each month. Your payments may go up or down under that amount, as interest rates increase or decrease, but you wouldn't have to pay more above that maximum even if the interest rates rise higher
<b>Cashback mortgage</b>	A type of mortgage that gives you an extra lump sum of cash at the beginning of your mortgage, for you to spend on anything you like (but usually the house!); often linked with variable rate mortgages. However, be aware that with some cashback mortgages you will need to pay this back (will be added to your overall mortgage)



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<b>Chain free</b>	Where a purchaser is not dependent on other properties selling first before buying or where the vendor is not reliant on their purchase proceeding before they can complete the sale of their house
<b>Claim for possession</b>	A legal claim, made by the mortgage lender, for possession of a mortgaged property because the borrower has not paid their mortgage loan; this is the next step after a notice of default has been issued (see <b>Notice of Default</b> )
<b>Collared mortgage</b>	A type of mortgage usually found in combination with a capped or tracker mortgage where there is a set upper and lower level (the 'collar'), so your payments would always be within that (never rising higher or falling lower than those levels)
<b>Collateral</b>	Something of value that is given as a guarantee to the lender that you are able to payback the loan; in the case of mortgages it is the house itself
<b>Commission</b>	The fees charged by estate agents, usually calculated as a percentage of the final selling price of the property; this is known as the rate of commission
<b>Compensation</b>	Something, typically money, awarded to someone for loss, injury, or suffering
<b>Completion</b>	The final stage of the sale when the ownership changes hands from the seller to the buyer

<b>Completion day</b>	The day when all money is transferred and the buyer has access to the property
<b>Contents insurance</b>	Insurance against damage to or theft of the contents of your house including furniture and furnishings, TV and audio, all electric goods and appliances, clothing and jewellery
<b>Contract</b>	A legal document showing an agreement between two people, in this case between the lender and the borrower or the seller and the buyer
<b>Conveyancing</b>	The process of transferring ownership from one person to another
<b>Conveyancer (or Solicitor)</b>	The professional required to carry out the legal work involved in the process of buying and selling property
<b>Council Tax banding</b>	A letter code indicating assessment of a property market value on a specific date. This is given for the administration of council tax bills and will affect how much you pay
<b>County Court Judgements (CCJs)</b>	Is an order made in a county court for a debt to be repaid in England and Wales
<b>Credit rating</b>	See <b>Credit score</b>



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<b>Credit score</b>	A score given to a person based on their 'creditworthiness' (how big a risk there is for you managing to keep up with repayments), used to assess credit and loan applications; done through a credit agency
<b>Credit reference agency</b>	These are specialist companies that are used to check your credit rating or worthiness
<b>Credit worthiness</b>	See <b>Credit Score</b>
<b>Current account mortgage</b>	This combines your current account and your mortgage into one. You still make a monthly mortgage payment, but any savings or money paid in acts as an overpayment
<b>Daily interest</b>	The interest on a mortgage is calculated on a daily basis, so you only pay interest on what you actually owe
<b>Debt consolidation</b>	To add your debts together to help in paying them off. It may be possible to increase your mortgage to pay off debts, but it's best to seek advice before doing this. You need to think very carefully before securing other debts against your home as your home may be repossessed if you do not keep up repayments on your mortgage
<b>Decision in principle</b>	See <b>Agreement in Principle</b>

<b>Deposit</b>	The money you put in upfront towards buying a house, usually at least 5% of the property cost, depending on how much money you have saved and the lender of the mortgage
<b>Disposition</b>	The Scottish legal term for the formal document transferring ownership or 'title' to land
<b>Draught-proofing</b>	The process of filling in unwanted gaps in a building to reduce heat loss and save energy
<b>Early repayment charge (ERC)</b>	An amount of money (a charge) you may have to pay a lender if you either move your mortgage to another lender during the special deal period or overpay by more than you are allowed within the agreed period
<b>Endowment policy</b>	A long-term savings policy (usually between 10 and 25 years), which can usually be used to repay the capital element of an interest-only mortgage at the end of the term
<b>Energy Performance Certificate (EPC)</b>	This certificate shows how much energy a building uses, and how energy efficient it is, looking at things such as insulation and electricity use. The certificate gives the building a rating from A to G, where A is the most and G is the least energy efficient
<b>Equity</b>	The difference between the value of the property, and what you owe as a mortgage



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## E - G

<b>Equity release</b>	Where you can borrow more on a mortgage against any increase in the value of your property
<b>Evicted</b>	To force someone to move out of a property by legal means
<b>Evidence of title</b>	Legal proof of land ownership, normally in the form of a deed
<b>Exchange of contracts</b>	The swapping of contracts between the seller and the buyer usually carried out by their solicitors and, once exchanged, it's a legally binding agreement
<b>Exit fees (also known as redemption charges)</b>	Charged by some lenders when you pay off your mortgage early
<b>Expenditure</b>	The amount of money spent on goods and services
<b>Extended tie-in</b>	Some lenders specify a set time beyond a mortgage's special deal period, during which you will be charged if you pay off or move your mortgage
<b>False economy</b>	An action that saves you money in the beginning but which in the longer term results in being more costly
<b>Financial Services Authority (FSA)</b>	An independent non-governmental body that regulates the financial services industry in the UK (www.fsa.gov.uk)

<b>First Buy</b>	Only for First Time Buyers and new-build properties. Unlike with shared ownership, in First Buy shared equity the first time buyer owns the property, with as little as a 5% deposit. A shared equity mortgage covers 75-80% of the property and a 15-20% shared equity loan covers the rest of the deposit.
<b>Fixed Rate mortgage</b>	A type of mortgage where the rate of interest stays fixed for an agreed period of time (2, 5, 10 years or longer) allowing monthly payments to remain the same throughout
<b>Freehold</b>	Where the sale includes the property and the land on which the property is built, and you have complete ownership of both for an unlimited time
<b>Freeholder</b>	A person who owns a freehold building or land estate
<b>FSA Register</b>	A list of firms, advisors, etc that are regulated by the FSA, which means they meet certain standards and give information that you can trust
<b>Gazumping</b>	When the seller accepts a buyers offer and then later rejects it, to accept a higher offer from another buyer
<b>Gazundering</b>	This is when a buyer who has agreed to pay a certain amount for a property, then tries to reduce the price they will pay at a crucial point in the selling process



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# G - I

<b>Ground rent</b>	The amount of money a leaseholder has to pay to the freehold owner as a condition of taking a lease; usually paid on an annual basis
<b>Guarantor</b>	A person who guarantees you will pay the mortgage repayments. If you don't pay they are liable to have to pay them themselves. Often parents or relatives are guarantors for first time home buyers to help them to afford a property
<b>Guarantor mortgage</b>	A type of mortgage where a guarantor ensures the lender receives the mortgage payment each month, by paying the mortgage if the borrower is unable to. This does not necessarily need to mean jointly owning the property
<b>HomeBuy Direct</b>	A Government initiative to help eligible applicants in England to buy their first home. Entitles applicants to a loan of 30% the cost of the property (called an 'equity loan'), which must be paid back when the property is sold
<b>HomeBuyers Report</b>	A report on the condition of the property showing the value of the property, any major faults and estimated costs to fix; though it does not include any detailed, or minor issues
<b>Home Condition Report</b>	Information about the physical condition of a property, done by a certified Home Inspector; this is helpful for the buyer, seller and lender. A Home Condition Report usually forms part of the Home Report

<b>Home Contents form</b>	Contains details of a property's fixture and fittings (e.g. curtains, carpets, kitchen appliances) which the seller is including, excluding or willing to negotiate over in the sale
<b>Home Report</b>	An information pack, prepared by the seller containing key information about the property (a requirement in Scotland)
<b>Home reversion loan</b>	Where you sell your home, or part of it, to a company in exchange for a cash lump sum, a regular income or both
<b>House swapping</b>	Where two home owners, that want to live in different homes or locations, trade homes
<b>Housing Associations</b>	Independent not-for-profit organisations that provide affordable homes (for rent or to purchase) for people in need
<b>Income</b>	The amount of money you earn or you receive in gifts
<b>Income multiples</b>	The number by which your income can be/ is multiplied, so a lender can decide how much you can borrow
<b>Income protection</b>	This insurance can give regular monthly income if you can't work because of an accident or illness
<b>Independent Financial Advisor (IFA)</b>	A person who gives independent, unbiased advice on a range of financial products (including mortgages), acting in the best interest of the client



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<b>Individual Savings Account (ISA)</b>	A tax-free savings account, where the interest earned does not need to be declared on the savers tax return.
<b>Inflation</b>	An increase in the general level of prices
<b>Interest</b>	The amount of money that is charged on money borrowed
<b>Interest only mortgage</b>	A type of mortgage where each month you only pay the interest on what you have borrowed. It usually means lower monthly payments, but at the end of the agreed mortgage term you still owe the entire amount borrowed
<b>Interest rate</b>	Tells you how much interest you are charged on your mortgage loan, expressed as a percentage
<b>Insurance</b>	Compensation for specified loss, damage, illness or death, in return for a premium
<b>Investment</b>	Putting money or capital into something, with the hope that you will get a profit out of it at a later date; for instance you invest in property so that when you sell your home you hopefully get more than what you bought it for. But remember, house prices can move up or down so this might not necessarily be the case
<b>Joint agency</b>	Where two estate agencies market a home and share the commission regardless of which actually finds the buyer

<b>Joint application</b>	When two or more people apply for a mortgage together (e.g. a couple)
<b>Joint mortgage</b>	When a lender buys a property with someone else (e.g. parents or a partner), usually for financial reasons, in which case the property would be jointly owned
<b>Kerb appeal</b>	The attractiveness of a home to potential buyers when viewed from the road
<b>Key Facts Illustration (KFI)</b>	This sets out details of the mortgage product that a customer is interested in. All mortgage sellers are required to set out the details in a Key Facts Illustration in the same format, so it's easier for you to compare different mortgage deals
<b>Land registration fees</b>	Fees paid to the Land Registry, for instance when ownership of land is transferred
<b>Land Registry</b>	A Government department that records registered land in the UK (or ownership), along with details of that land such as mortgages or sales
<b>Lease</b>	A contract that conveys land from one person to another for a specified period (e.g. 99 years), usually in return for rent



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## L - M

<b>Leasehold</b>	Means you own a property (possess it), for an agreed number of years, (as set out in the lease) but once the lease expires or finishes, the property belongs to the freeholder; leases can be extended but this often means an increase in charges
<b>Leaseholder</b>	A person who has possession of a leasehold property; a tenant under a lease
<b>Lender</b>	The mortgage company or financial institution (such as a Building Society) that loans you the money i.e. gives you a mortgage
<b>Lending decision</b>	See <b>Agreement in Principle</b>
<b>Length of term</b>	The time period over which you choose to take out your mortgage loan
<b>Liabilities</b>	These are the debts you owe to creditors, which may include your mortgage, car loan, credit card debt, etc.
<b>Life assurance</b>	Also called life insurance, it is a type of insurance that can give cash to your next of kin, if you die or become terminally ill
<b>Lifetime mortgage</b>	A way for older homeowners to release value from their property as a lump sum or as a regular income

<b>Loan to Value (LTV)</b>	The amount of money you have borrowed/want to borrow expressed as a percentage of your property value. For example, if you borrow £90,000 on a property worth £100,000, your loan to value will be 90%
<b>Local Authority Search</b>	When solicitors carry out searches with the local authority to check for any likely rights of way, or changes or developments etc are due in the area that might affect the property you are buying
<b>Mortgage</b>	Simply, it means a loan. It's an agreement to borrow money in order to buy a property, with the property belonging to the lender until all the money has been repaid by the borrower. Once the money is fully repaid, the property then belongs to the borrower
<b>Mortgage Advisor</b>	A person who gives advice and recommendations on mortgages (usually from their own companies). Always make sure they are FSA registered
<b>Mortgage Payment Protection Insurance (MPPI)</b>	This insurance can cover your mortgage payments if you can't work because you've become unemployed, or can't work because of an accident or illness. But this type of insurance has many exclusions, so make sure you check for instance how long it will cover your payments for



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## M - P

<b>Mortgage term</b>	The agreed length of time for your mortgage, within which you have to pay back all the borrowed money and interest
<b>Multiple agency</b>	Where several estate agencies market a home and only the one that sells it gets paid the commission
<b>Negative equity</b>	This is usually when house prices fall and the value of the property is less than the amount you owe as mortgage
<b>New Buy Direct</b>	Where you buy a share of a newly built property and pay rent on the remainder
<b>NHBC Guarantee</b>	The National House-Building Council is the standard setting body and leading warranty provider for new homes in the UK. They provide new home buyers with a 10 year warranty and insurance policy, paid for by the builder
<b>Notice of default</b>	Legal notice given by the mortgage lender detailing a payment default (missed payments) by the borrower. This notice will also contain details of the steps the borrower must take to pay this off and by what date, otherwise it may be taken over by the lender (see <b>Claim for possession</b> )
<b>Noting an interest</b>	Where you let the seller's Solicitor or estate agent know you are interested in buying a property. If two or more people 'note an interest' a closing date is fixed and sealed 'offers' are made by all those interested

<b>Offset mortgage</b>	A type of mortgage that allows you to save on the interest you will pay on your mortgage debt by 'offsetting' any savings you (or perhaps family/friends) have linked to your mortgage. For example if you have a mortgage of £120,000 and put savings of £20,000 with your lender, in this type of mortgage you would only pay interest on £100,000
<b>Overall cost for comparison</b>	See <b>Annual Percentage Rate (APR)</b>
<b>Overpayments</b>	When you pay more than the minimum (or agreed) monthly payment. This builds up as a reserve and depending on your mortgage and lender, can allow you to save money on interest, pay off your mortgage earlier, make an underpayment in the future or even take a payment holiday (see <b>Payment holiday</b> )
<b>Part and part mortgage</b>	Where you chose to split your loan so that you repay part of it on an interest-only basis and part of it on a repayment (capital and interest) basis each month
<b>Part-exchange</b>	See <b>house swapping</b>
<b>Payment break</b>	See <b>payment holiday</b>



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## P - R

<b>Payment holiday</b>	Available with some mortgages, this is an agreed period of time when you don't have to make any mortgage repayments; for instance because of a previous overpayment
<b>Planning permissions</b>	Written permission from a local authority permitting development of a house, extension or certain renovations
<b>Portable</b>	A feature of a mortgage which means it can be transferred from one property to another
<b>Predicted Energy Assessment (PEA)</b>	This is the energy certificate used by property developers of new build homes before they are complete
<b>Product fee</b>	A fee charged on some mortgages to secure a particular mortgage deal. Also known as a reservation fee
<b>Property auction</b>	The sale of a property by auction, where it goes to the highest bidder; in some cases the property is not sold if the minimum selling price has not been reached. Auctions can be in person, by phone or online
<b>Property Information Questionnaire (PIQ)</b>	Contains information on things such as parking, council tax bands, property access and utility suppliers

<b>Purchase price</b>	The amount or cost of the property you are buying or purchasing – it may differ from the initial asking price if you have negotiated!
<b>Redemption charges</b>	See <b>exit fees</b>
<b>Redemption quote</b>	Is issued by an existing lender to show exactly the total amount needed to pay off your current mortgage
<b>Redundancy</b>	A situation in which someone must leave their job because they are no longer needed
<b>Release of funds</b>	When a lender moves the funds required when purchasing a house. There is usually a charge for the electronic transfer of this money
<b>Remortgage</b>	When you move your mortgage to another lender (adding to or replacing your existing mortgage) without moving home. Usually people remortgage to save money by taking a better deal with another lender, and sometimes also to get cash for (e.g.) an extension, car or other purchase
<b>Rent to Buy</b>	Allows you to rent with a view to buying at a future time at an agreed price, protecting you if property prices rise drastically



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## R - S

<b>Rent-a-room scheme</b>	The government currently allow homeowners to earn a certain amount of money a year, which is tax free, by renting out a room in their home
<b>Repayment mortgage</b>	Each month you pay off part of the ‘capital’ (amount borrowed) as well as interest. This usually means that everything, capital and interest, will have been fully paid off by the end of the agreed term of the mortgage
<b>Repayment term</b>	The period of time over which you choose to repay your repayment mortgage (capital and interest)
<b>Repossessed</b>	A property is ‘taken back’ by the lender if the borrower fails to make the repayments. The properties are then sold so the lender can get their money back; usually a last resort for the lender – always let them know as soon as possible if you are struggling with repayments
<b>Sale statement</b>	Contains basic information about the property such as the full address, if it is a house or flat, whether it is freehold or leasehold, registered or unregistered land and sellers details
<b>Searches</b>	An investigation or ‘search’ of the local area to see if there are proposed plans or problems in the area that you should be aware of. Some searches are required, while others will depend on the property type and location

<b>Secured/ Security</b>	A guarantee of a payment on your mortgage. If you fall behind with payments or cannot repay your loan your lender has security of your home and can sell it to get its money back
<b>Seller</b>	(Also called <b>vendor</b> ) The present owner of the property who wants to sell it
<b>Shared Equity</b>	A form of affordable housing to help people (e.g. first time buyers) get on the property ladder. It is similar to shared ownership, but generally, with shared equity you purchase all of a property, with an equity share loan making up the difference between the mortgage and purchase price. The equity loan is always paid back as a percentage of what your home is worth, which means the amount you owe will rise and fall with the value of your home
<b>Shared ownership</b>	Similar to shared equity, but with shared ownership you own a ‘share’ in a property with another party – usually a Housing Association and you pay rent to them for their share of the property
<b>Show homes</b>	Newly built houses that are decorated and furnished for prospective buyers to view



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# S - S

<b>Single Survey</b>	This is required in Scotland and contains an assessment by a surveyor of the condition of the home, a valuation and an accessibility audit for people with particular needs
<b>Sole agency</b>	Where an estate agent has exclusive right to market a home but no commission is due if you find your own buyer
<b>Sole selling</b>	Where an estate agent has exclusive right to market a home and the commission will still be due even if you find a buyer yourself
<b>Special deal period</b>	The time period during which the 'deal' you have selected applies (i.e. usually a fixed or tracker rate), before you move onto the lender's Standard Variable Rate (SVR). Most lenders offer a choice of deal periods, e.g. 2, 3, 4 or 5 years etc
<b>Staircasing</b>	A process used in shared ownership home buy schemes that allow you to increase your 'share' in a property as your financial situation improves, eventually to 100% of the property
<b>Stamp Duty Land Tax</b>	The one-off tax you would need to pay the Government for your property if it's over a certain value. Currently the rate is 1% on properties over £125,001 but less than £250,000, 3% on properties between £250,001 and £500,000 and 4 to 5% on properties over £500,001. First time home buyers do not pay Stamp Duty if their property value is less than £250,000

<b>Standard Variable Rate (SVR)</b>	This is a variable rate that is set by the lender, and is usually the rate you move onto at the end of your special deal period
<b>Structural Survey</b>	A comprehensive, survey of all parts of the property detailing faults (major and minor), estimated costs to repair and if any further reports are needed; does not give you the value of the property
<b>Subject to Contract</b>	The agreement to go ahead with the purchase or sale of the property depending on the final contracts being signed by the seller and the buyer; at this stage either side can still 'pull out' of the deal
<b>Sustainability</b>	Living in a way that minimises the cost to the environment
<b>Survey</b>	An inspection of the property by a qualified surveyor carried out before buying a property (for example a <b>Home Buyers Report</b> or <b>Structural Survey</b> also known as 'building survey'. See also <b>Surveyor</b> and <b>Valuation</b> )
<b>Surveyor</b>	The professional who carries out the valuation or survey of a property by checking the house for faults, etc; qualified by the Royal Institute of Chartered Surveyors (RICS)
<b>Surveyor's Report</b>	A report by a qualified surveyor detailing the results of a property inspection



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<b>Tenants in common</b>	When you jointly own the property, but you own a share of the value, which you can give away or sell, or leave to someone else if you die
<b>Title Deeds</b>	The documents held at the Land Registry that prove legal ownership of a property and all other dealings with that land; England and Wales, Scotland and Northern Ireland all have their own Land Registries
<b>Tracker mortgage</b>	A tracker mortgage is a variable mortgage that tracks (is linked to) the Bank of England's Base Rate by a set percentage. This means that your payments move up and down in line with any changes to the Bank of England Base Rate
<b>Transfer deed</b>	A legal document transferring ownership of land, for instance from the seller to the buyer
<b>Under-payments</b>	When you pay less than the agreed or minimum mortgage payment. Usually only allowed once you have built up a reserve through overpayments
<b>Unsecured debt</b>	An amount of money borrowed without any property or goods used as security against it

<b>Utilities</b>	The public services we need everyday such as water, gas and electricity
<b>Valuation</b>	The inspection that checks the value of a house to see how much it is worth, for instance to see if it is worth the asking price, usually conducted by a surveyor. Also used by lenders to decide how much money they are willing to lend you (also called land valuation or real estate appraisal)
<b>Valuation fee</b>	(Also called valuation cost) The charge for a report detailing the value of a property. Usually the fee increases with the value of the property
<b>Valuer</b>	The person who checks the property and values it by comparing similar properties at that time in the area and also by checking the property for faults, etc, usually done by a qualified surveyor (see <b>Surveyor</b> )
<b>Variable Rate mortgage</b>	A type of mortgage where payments can move up or down dependant on the movement of the interest rates of the mortgage lender
<b>Vendor</b>	Another word for the person selling the property