

COMMON TERMS AND ABBREVIATIONS

An A-Z reference for some common terms and abbreviations used by lenders, valuers, solicitors, real estate agents and on loan applications.

A.

ADD BACK... This term relates to the use of figures taken from applicant's tax returns that lenders may allow to be added back into servicing figures when calculating income. Certain depreciation items and directors superannuation above the standard rate would be 2 examples.

AAPR... 'Average Annual Percentage Rate'. Also commonly known as the mortgage comparison rate, or 'True rate'. It is used to ascertain the actual rate of the loan factoring in all upfront costs and ongoing fees and charges.

ACCRUED INTEREST... Interest that may have accrued since the latest payment, but has not yet been charged to the account. Should be allowed for when calculating any possible settlement payout.

ADDITIONAL PAYMENTS... Funds credited to the loan above and beyond the minimum required payment schedule.

ADJUSTMENTS... (In relation to a property settlement) The allocation of expenses such as utility costs, council rates and water rates on settlement of a property, those that the current vendor has paid for but not used. They are charged to the purchaser as the incumbent vendor as they will now use those services.

AMORTISATION PERIOD... The time taken to reduce the debt to zero, through payment of regular installments. For home loans the general maximum amortization period is 30 years.

APPLICANT... Any person or entity who is applying to be a party to the loan.

ARREARS... Any amount of payment on the loan that has come due and is yet to be paid. It is now overdue.

ASSETS... Everything that a person or entity owns or has a right to, from which a benefit can be derived. Net assets are assets in excess of any liabilities. Liquid assets are either cash or assets such as shares or managed funds that can be quickly converted to cash.

AUCTION... A process where a property is offered for sale to the highest bidder. If sold under Auction conditions a purchaser is not able to insert clauses such as 'Subject to Finance' and the sale is deemed 'Unconditional' on the fall of the hammer and exchange of contracts.

B.

BANKRUPTCY... A situation where a person or entity is unable to repay debts and their estate, business or company have been placed in the hands of a receiver who then has responsibility for its distribution or the wind up of affairs.

BDM... Business Development Manager. The term used for the person brokers use as intermediary with lenders.

BODY CORPORATE... A strata corporation incorporated in relation to land subdivided wholly or mainly for residential purposes under a law providing for strata, cluster or percentage or other subdivision of land or whose shares give a right to occupy land for residential purposes. The body corporate usually has the responsibility for the management and upkeep of the common areas of the property.

BREAK COSTS... Costs payable by the borrower if a loan is paid out inside a set term. Generally relates to fixed rate loans but may also be incurred within the early years of any loan product.

BRIDGING FINANCE... Short term finance put in place to allow the purchase of a property before settlement or sale of a previous property. Used to cover the shortfall of funds to purchase the second property.

BUILDING INSPECTION... An inspection carried out for a purchaser, usually by engaging a professional building inspection service, to discover if the building has any defects which may affect the preparedness of that purchaser to proceed with buying the property.

C.

CAPITAL GAIN... Profit realized from the sale of an asset. Where the asset is sold for a higher price than the owner originally paid for it. Generally taxable where property has been purchased and sold as an investment. Not taxable on the main owner occupied home.

CAPPED LOAN... A loan where a specific interest rate has been noted as the maximum that can be applied during the loan term or specific period of the loan term.

CAVEAT... A caveat is a legal restriction lodged on a property title that protects the holder of the caveat from the property being sold, transferred or having another party register an interest on the title without notifying the holder of the caveat. Generally speaking, once a caveat has been lodged against a property, nothing else can be lodged against the property without consent of the caveat holder.

CBD... Central Business District. The major core of any major town or capital city.

CERTIFICATE OF CURRENCY / CERTIFICATE OF INSURANCE... A document provided by the insurers of a dwelling or property to show sufficient insurance cover is in place to replace the asset. Banks will generally ask for evidence of this insurance cover and need to be named as the 'Interested party' on the certificate before settlement of any loan can occur.

CERTIFICATE OF TITLE... The title document to any land holding issued by the titles office sets out the crown description of the land. It will contain information such as the Volume and Folio numbers, any registered interest on the title, caveats, proprietorship and any restrictive easements or covenants on the land.

CERTIFICATE OF OCCUPANCY... As the name implies, the certificate of occupancy is issued to show the property is completed to a stage that is fit for habitation. It is a requirement of most local councils that a certificate of occupancy must be issued prior to the property being occupied. This term will most commonly be referred to in relation to construction loans or properties bought off the plan and the lender will not allow final drawdown of a loan until the certificate is issued.

CHATELS... Chattels refer to personal property. With relation to property there are basically two types, the real chattels being buildings and fixtures and the second being personal items such as furniture, outdoor equipment, washing machines etc. A sale generally includes all fixed chattels but can also nominate non fixed chattels in the inclusion of any sale.

COOLING OFF PERIOD... In certain circumstances the purchaser of real estate is permitted to cancel the contract and walk away from it completely within 3 clear business days of having signed it. However a small percentage fee may be incurred if the purchaser chooses to cool of, this is currently .2% (Point two of one percent) of the purchase price. The vendor or seller can not invoke the cooling off clause and is committed to the sale on signing the contract.

COMMON AREA... Generally in reference to Strata titled properties these are areas for common use by all tenants and owners. These areas are generally driveways, stairwells and other common access areas but can also include some garden or recreation areas.

CONFLICT OF INTEREST... A conflict of interest will arise where a person has a duty of care to act **in** the interest of the client, but also has a duty to act **against** the interest of that same client. Or where a person who has a duty of care has been put in the position where they may be tempted by money or some other incentive to act against the interest of their client. As an example, this is why a Lawyer should not represent both sides in a divorce or property settlement, as they may be biased toward one party when they are supposed to be acting in each sides best interest.

CONSTRUCTION LOAN... For the purpose of funding the construction of a dwelling. Where payments are made on an agreed progressive scale at different stages of completion.

CONSUMER CREDIT CODE... CCC. Parliament act which governs the relationship between borrowers and lenders.

CONTRACT NOTE... The first document often signed for the purchase of a property is a contract note, they are often used by real estate agencies in place of officially prepared contracts and are used in conjunction with vendor statements (Known as Section 32's). This document is as legally binding as a fully prepared contract and should therefore be signed with the same considerations that would be given to a fully prepared legal contract of sale.



CONTRACT OF SALE...A written agreement which details the terms and conditions regarding the purchase or sale of a property, generally prepared by the vendor's solicitor, agent or conveyancer. The contract will also stipulate any chattels include in the sale if applicable.

CONVEYANCER... A person or business other than a current legal practitioner who carries out conveyancy services for fee or reward. Conveyancers carry out the clerical work associated with the settlement and transfer of a property title and disbursement of funds etc. but are prohibited from performing legal work or giving legal advice.

CONVEYANCING... The process of transferring ownership of real estate from one party to another. While this can be done by an individual it is generally carried out by a Conveyancing agent or Solicitor.

COVER NOTE... A document giving temporary insurance cover over a property until a formal policy can be put in place. Lenders will generally not accept a cover note only for evidence of insurance and will require the full policy to be in place.

CRAA... Credit Reference Association of Australia. The association stores credit details on all consumers who have applied for credit.

CREDIT TEAM...The group allocated by a lender to process loan applications. Generally comprises of 3 levels. An input or lodgment section, assessment section and head of credit or credit manager.

CREDITOR... The party to which a Debtor (Borrower) owes money.

D.

DEBTOR... The party who owes money (Borrower), to the creditor (Lender).

DEFAULT... Occurs when a borrower fails to meet payment/s by a due date or insufficient funds are in place for a direct debit to occur.

DEPOSIT... Initial amount of money placed as an intention of purchase. Placed in the trust account of the vendor's real estate agent or solicitor. Standard deposits are generally accepted as being 10% of the purchase price but can be any negotiated amount.

DIRECT DEBIT...The automatic debit of a particular account on a set regular basis for loan repayments.

DIRECT CREDIT...The automatic distribution of loan repayment from a particular source. (Generally PAYG wages.)

DISBURSMENTS...Are the out of pocket costs associated with transferring property, as opposed to legal costs for the services being provided. E.g. In a Conveyancing matter the legal costs would include checking of the contracts and preparation of transfer documents etc. Disbursements would include the amount paid to the titles office for search fees and amounts paid to rating authorities for certificates etc.

DRAWDOWN... The disbursement of loan funds provided by the lender. Generally occurs at settlement of the property or in the case of a construction loan at the first progress payment.

E.

EASEMENT... A right of way over a particular land allotment that cannot be restricted or built over without council consent. Often relates to pipelines, water ways, sewage access points etc.

ESTABLISHMENT FEE... Fees charged for the setting up of a loan facility.

ENTITY...Relates to the 'Borrower' or 'Guarantor' on a loan application. Eg. Borrowing entity. This might be an individual, company or trust.

EQUITY...This is the sum of funds above debt which an entity may hold in a property or asset. Eg. If a person were to have a property worth 300k and owed 150k then they would have 150k or 50% equity.

F.

FHOG...An abbreviated term for 'First Home Owners Grant'.

FHOB...Relates to the 'First Home Owner Bonus' that is available in certain circumstances above and beyond the FHOG.



FINANCE CLAUSE... When a purchase is made and a purchaser wishes to apply to a lender for finance they can make any offer or contract 'Subject to Finance'. This is generally for a set period of around 14 days to give the purchaser time to organize unconditional finance approval. If finance is refused on the purchase the client is then entitled to end the contract without penalty and any deposit paid must be returned. If ending a contract due to the finance clause then the real estate agent or solicitor involved will need to be notified in writing within the designated 'Finance clause' duration.

FITTINGS... Items that are removable from a property without causing damage, such as drapes, washing machines, paintings etc. (See also 'Fixtures' below.)

FIXED...In lending terms relates to a 'Fixed rate loan' for a designated term. As opposed to having a variable rate.

FIXTURES... Items that are fixed to and form part of a property and cannot be removed without unscrewing, unbolting or causing any alteration to the structure of a property. Such as fitted air conditioners, TV, aerials, ovens etc. If in doubt as to what may or may not be a fixture then have any items to be included with the sale included on the contract.

FREEHOLD... Where a proprietor has sole ownership of a property without encumbrance. In other words they have free title without a mortgage.

FULLY DOCUMENTED...When a client's financials such as income assets and liabilities are fully disclosed and documentation of proof is provided.

FUNDS TO COMPLETE...The funds needed to complete the settlement of a property purchase beyond those which the loan will provide. Also known as the '**Shortfall**'.

G.

GAZUMPING... A term used in real estate to describe where a vendor or agent has accepted a verbal offer from a purchaser only to sell the property to a third party at a higher price. It is worth noting here that until a contract is signed by both parties then no offer is considered legally binding by either party.

GENUINE SAVINGS...Client funds that can be documented through statements, which a client has either held or is shown to have progressively saved over a stated period. This is generally 6 months but can be as low as 3 months or as great as 12 depending on lender.



GIFT...Funds 'Gifted' to the applicant for completion of any purchase. (**Shortfall/Funds to complete**). Gifted funds are to be non-repayable by the applicant.

GROSS INCOME...Relates to an applicant's income before any deductions such as taxation. As opposed to '**net income**', this is after all deductions have occurred.

GUARANTEE... In relation to a home loan a guarantee is a person or entity which provides promise that the loan will be repaid by them if the borrower fails to meet their commitment of loan repayments. The person or entity providing the guarantee (Known as the Guarantor) is legally responsible for the repayment of the loan if the borrower defaults. A lender can demand full payment of the loan from any person or entity providing a guarantee.

GUARANTOR... The person or entity that provides a guarantee of payment on any loan contract for payment should the borrower fail to meet the payment conditions set out in the contract. Guarantors will generally then have the right to pursue the borrower for repayment of these funds.

H.

HONEYMOON RATE... A reduced rate of interest generally for 6-12 months of a loan term to induce customers to the product. Generally reverts to a standard variable rate after the honeymoon term.

HOME UNITS... A group of residential dwellings that may share common areas such as driveways, gardens, car parking, storerooms, etc. and are commonly registered under a Strata Title.

I.

INDEPENDENT LEGAL ADVICE...When a person needs legal advice it is important the person providing that advice not only knows the law and how to apply it, but is also in a position to provide that advice without bias. The person in question must be totally independent of the matter concerned. They should not be personally involved in the matter, nor acting for or advising anyone else involved in the matter or who stands to gain anything from it. See also '**Legal advice**'.

INTEREST... A percentage charge on funds borrowed or return on funds invested. Generally given as an annual percentage, but can be any duration such as monthly or Quarterly for shorter term borrowings or investment.

INTEREST ONLY...The period of the loan contract in which the repayments will be calculated only on the interest accrued on the money borrowed. As opposed to '**Principal and interest**'.

INTEREST IN ADVANCE...Where a borrower can choose to pay the interest for a given period on a mortgage before it is accrued. This will often be done to enable the applicant to claim an early tax advantage instead of waiting to pay the interest under the normal accrued method and waiting until the next tax year to claim any tax concession. This will generally be paid 12 months in advance just prior to the end of a financial year.

J.

JOINT TENNANTS... The holding of property by two or more persons where there is a right of survivorship. I.E. Upon the death of one owner the property will transfer equally between the surviving owners. Common in purchases between spouses so that ownership automatically reverts to the surviving partner.

K.

L.

LAND TAX...A government tax placed on some investment, commercial and industrial property based on the property value.



LEASE... An agreement between the owner of a property and a second party for use of that property by the second party. An agreement is signed for a specific duration that the second party can occupy the property for the stated period in return for a set remuneration. Commercial and retail leases often have optional extension periods that can be invoked by the second party.

LEASEHOLD... The right to use and have exclusive possession (But not ownership) of real estate certain for a specific period and subject to any terms and conditions set out in the lease agreement. E.G. A person may buy the 'Leasehold' of a business such as a hotel, not only do they get the right to use the property, they also get the right to conduct the business. Leaseholds are generally for extended periods of 5, 10 or 15 years and can in fact be any period some as long as 99 years. The holder of the leasehold may also retain the right to sell that leasehold to another party in the future for the remaining term of the leasehold (If this option is included in the original lease).

LEGAL ADVICE... Where a person will seek advice from a legal practitioner in relation to any matter. With property this may relate to contract terms, guarantees, caveats etc.

See also '**Independent legal advice**'.

LEVERAGE... A term used to describe the use of equity in one property (or asset) that is used as collateral security to purchase another property.

LIABILITY... Debts owed by an entity or individual.

LMI... Lenders mortgage insurance. An insurance charged by the lender when a certain LVR is to be exceeded. Generally 60% for 'Lowdoc' loans and 80% for 'Fully documented' loans. This percentage can vary with individual deals and lenders and should be taken as a guide only.

LOAN OFFER... An offer made in writing from the lender to the borrower which outlines the terms, conditions and fees associated with the loan.

LOAN REPAYMENT CAPACITY... Expressed as a percentage after dividing the debt commitments by gross monthly income.

LOC... Line of credit. A loan facility with a given limit, which can be drawn on and repaid within the given limit, at the discretion of the borrower. Interest will be debited to the loan account based on the amount of funds drawn at any given time.



LOWDOC...Where a loan application is supplied with limited documentation. Generally relates to where a client is unable or unwilling to provide fully completed tax returns. Different lenders will typically have varying maximum amounts and LVR's they will lend to with this type of product. They will also vary or refuse lending dependant on an applicant's credit history. The main steam lenders will not tolerate an adverse credit history and non-conforming lenders will assess each of these types of application on merit. See also '**No Doc**'.

LVR...Loan to value ratio. The percentage amount of the loan in relation to the value or purchase price of the asset. Eg. Loan 200k. Asset value 250k. LVR=80%.

M.

MORTGAGE... Security for a loan taken over an asset (Generally property).

MORTGAGE DOCUMENTS... Contracts prepared by the lender or their solicitor for the borrower to sign acknowledging acceptance of the terms and conditions of the loan and allowing the lender to take a mortgage over the security offered on provision of the funds.

MORTGAGE INSURANCE... (See LMI.)

MORTGAGEE... The lender or provider of funds to the borrower.

MORTGAGOR... The borrower of funds under a mortgage.

MULTIPLE LISTING... This is where the seller of real estate lists the property for sale with more than one real estate agent on a non-exclusive listing agreement. The first agent with a buyer who signs an acceptable contract will be the one who receives the commission on the sale.

N.

NEGATIVE GEARING... A way of claiming tax deductions on an investment where the cost of maintaining the investment plus interest charged exceeds the return generated from that investment.



NET INCOME...An applicant's income after all deductions, such as tax and superannuation has been allocated. As opposed to '**Gross income**', which includes these figures.

NODOC...As for Lowdoc an application in this category will require limited documentation. Generally they are lending against the asset value without consideration to current income, debt or asset positions. Can also be referred to as 'Asset loans'

NON CONFORMING...Relates to lending outside of normal standards. Clients may have adverse credit histories, irregular income, start up businesses or limited documentation, etc. Non conforming loans are generally specialist lending areas outside normal bank lending and provided by specialist lenders.

O.

OFFSET...A loan product that has an account attached where any interest calculation is made after first deducting any amount in the offset account. Eg. If a loan balance were 100k and 10k was in the offset account then the interest may be only calculated on 90k. Careful detail should be paid to this type of account, some lenders allow 100% offset and some allow only partial offset.

OFF THE PLAN... The purchase of a property before construction has been completed and often before construction has even commenced. The purchaser will view the plans for the property to be constructed and sign a contract that they agree to purchase on completion.

OFFER TO PURCHASE... A written offer to the seller of a property generally made through their agent. It will be in contract form and state the terms and conditions of the offer. This may include finance clauses, the inclusion of fixtures and fittings, proposed settlement date, price offered, etc. Or it may be deemed an 'Unconditional offer' where no clauses or conditions are included. The offer is not deemed to be a contract until all parties have signed the agreement.

OMBUDSMAN... Australian Banking Industry Ombudsman. A body which provides borrowers with an avenue to make formal complaints in regards to finance which can be assed independently.

ONGOING FEES... Generally a monthly or annual fee charged to any loan facility over the life of the loan.

P.

PASSED IN... An auction term used to describe when a property has been placed for sale at an auction but buyers have failed to meet the seller's minimum sale price (Reserve price). The property is then 'Passed in' and the sale may or may not be negotiated after the auction.

PAYOUT FIGURE... The figure a lender will give that will include current loan balance, early repayment fees, interest and associated costs for the closure of any current loan facility. The payout figure will be date specific and if not paid out on the date specified may alter.

PAYG... Pay as you go. In relation to how a person pays their tax liability in relation to earnings. PAYG typically relates to a person employed on a salary who has their tax deducted at time of payment of income.

PENALTY INTEREST... Penalty interest can be interest payable above the normal amount if a payment is not made by the due date. This will also mean that late payment of deposit or late payment of the balance of the purchase price at settlement will generally give rise to an obligation to pay penalty interest.

PI INSURANCE... Public indemnity insurance held by a broker to potentially cover the holder for any litigation by a consumer or lender in event that the consumer or lender litigates against the broker.

PLAN... Shows the ground plan, elevations, dimensions and position of proposed constructions in detail.

PLAN OF SUBDIVISION... A plan of subdivision is the map of an area of land that will be or has been divided into smaller blocks or 'lots'. The plan will show the dimensions and location of each lot within the subdivision. Each lot will be separately numbered and when the plan is registered each lot will be identified by way of the lot number and the number of the subdivision. A certificate of title will then be issued for each individual lot bearing a distinct volume and folio number to identify that title along with the lot and plan of subdivision number. Plan of subdivision can be abbreviated to the letters 'PS'. On many documents.

PRE APPROVAL... An approval in principal where the lender will review a client's information and provide approval for borrowing to a chosen level. Final approval will still be subject to valuation of purchase and any other terms indicated on the pre approval. This should not be taken as a guarantee that finance would be approve but an indication that the lender would likely proceed if all other criteria are met. Care should still be taken to sign a purchase 'Subject to finance' wherever possible.

PRINCIPAL... The face value of a loan and the amount on which the interest is calculated.

PRINCIPAL AND INTEREST... When loan repayments are calculated using the basis of interest due plus an additional sum to reduce the overall loan balance over a given loan term. The principal amount is calculated to ensure the loan is paid out over the given term. As opposed to 'Interest only' where the principal amount of the loan is not reduced.

PRIVATE TREATY SALE... The sale of a property, generally through an agent, through private negotiation rather than an Auction or Sale by Tender process. Any offer from a purchaser can then include terms and conditions such as finance clauses etc. At an Auction the successful bidder is deemed to have purchased the property 'Unconditionally' and cannot insert terms and conditions into the sale contract, a tender offer can include terms and conditions but once accepted is binding.

R.

RBA... Reserve Bank of Australia.



REDRAW FACILITY... A loan account that has the ability for the borrower to redraw any additional payments that have been made. Some accounts may have minimum redraw amounts and/or incur fees to redraw.

REFINANCING... Where a borrower raises funding to payout an existing debt. The borrower typically also changes lender at this time.

RESERVE PRICE... Relates to an auction sale of a property and the minimum price the vendor will accept to offer the property for sale. After the reserve price is met the selling agent will declare the property to be 'On the market' and will sell the property to the highest bidder. If the reserve price is not met the property will be 'Passed in' and either not sold, or private negotiations will take place, these negotiations are as a rule offered to the previously highest bidder.

ROLLOVER... The renewing of a loan facility at its maturity date, this will also generally include a review of the interest rate. Rollovers typically will be used for shorter term borrowing.

S.

SALE BY TENDER... A sale conducted under these guidelines will generally have a closing date by which all offers to purchase should be submitted. The property is then sold to the bidder with the terms most favorable to the seller. These will obviously include the price, but as with a private treaty offer may also include terms and conditions. Therefore price may not be the only deciding factor.

SECTION 27 (Deposit release statement)... Section 27 of the sale of land act says that under certain circumstances and on approval of the purchaser the deposit funds may be released to the vendor. Care should be taken to check with your legal advisor.

SECTION 32 (Vendor statement.)... The vendor statement or section 32 is the means by which a vendor provides legal information such as planning restrictions, building approvals, etc about the property to a prospective purchaser.

The name comes from section 32 of the sale of land act, which sets out what information and warnings must be given to any prospective purchaser.

For vendors it is important that the section 32 is complete and correct as any sale can be terminated if it has not been properly prepared. A vendor who knowingly omits mandatory information may also be subject to fines.

For purchasers it is necessary to have the section 32 checked thoroughly, this is where legal advice can be extremely helpful.

SECURITY... The property or asset offered as surety for the debt. With home loans this will generally be the property being purchased.

SEMI DETACHED... Two or more dwellings attached by a common wall but with a generally independent title.

SETTLEMENT... This is when the transfer of ownership takes place or in the case of a refinance the time where the new loan will be put in place and payout the existing debt. In the case of a purchase the settlement will be conducted between the purchasers, vendors and lenders legal representatives. With a refinance it will generally be conducted between only the incoming and outgoing lenders representatives.

SETTLEMENT DATE... A specific date referred to where settlement as described above is nominated to take place.

SHAREHOLDER... A person or entity who buys a portion of a public companies capital. By doing so they become a shareholder in that companies assets and may become due to receive a share of any company profit as a dividend.

SHORTFALL... Funds required to complete a purchase or settlement that is not being provided by the loan facility.

SIGNATORY... A term used to describe a person who has authority to operate an account.

SOLE AGENCY... A sale authority that is given to one agent only who will then act as sales agent for the sale of a given property. Also referred to as a '**Sole agency agreement**'.

SOLICITORS MORTGAGE... Loans that are offered through a solicitor, generally they are interest only and used as a last resort. They are mostly shorter term and high in rate. Also referred to as private funding.

SPLIT LOAN... One loan facility split into two or more accounts. Generally to accommodate a fixed portion and variable portion of the loan. But may be split into any combination for varying reasons.

SRO... State Revenue office.

STAMP DUTY... Revenue (Tax) raised by governments on written instruments such as agreements, conveyances and transfers of land. When buying property the most



common type of stamp duty is payable on the transfer of land, in some states stamp duty is also payable on the mortgage/loan used to purchase the property.

STAMPING AND LODGING...This is the term used to describe the process of taking the registrable documents obtained at settlement to the State Revenue Office (SRO) and having the documents 'Stamped' to show duty has been paid and then lodging the documents at the Land Titles Office for registration.

STRATA TITLE... Most commonly used for flats and units, this type of title gives you ownership of a section of a larger property. You have sole ownership over this section plus equal rights with all strata title holders within the main title to common areas on title. It will also give the ability to become part of the body corporate which controls maintenance and insurance issues.

STRATUM TITLE...This type of title gives you legal ownership over a section of a larger property, plus a share in the company that has been set up to look after any 'Common areas' of the complex.

SURPLUS...Generally relates to funds in excess of those required to settle any transaction. 'Surplus funds'.

SURVEY... Used to show the boundaries of any given property and if required the site location of any structure on or planned for the property.

T.

TERM... The length or duration of the loan facility.

TENNANTS IN COMMON...Each tenant (Owner) owns a specified share of the property. Shares can be equal or unequal on a percentage basis. Unlike 'Joint Tenants', there is no right of survivorship. Each share may be sold, gifted or bequeathed as for sole ownership.

TITLE SEARCH... A search undertaken of records at the Land Titles Office to confirm details such as ownership, registered mortgages, charges, covenants or caveats etc. That may have been registered on the title or have been placed there as restrictions.

TOWNHOUSE... Detached, semi detached or attached housing forming part of a cluster of homes sharing some common grounds. Generally will have its own private entrance and courtyard or garden areas. Can be single or multi story.



TRANSFER OF LAND... A document registered at the Land Titles Office which recognises and acknowledges change of property ownership. This is also noted on the certificate of title.

TRUST... A relationship where a person or entity (The Trustee), is under obligation to hold property for the benefit of other persons (The beneficiaries). The terms of the obligation are defined by the terms of the Trust Deed entered into between the trustee and the settler. A trust is not a separate legal entity even though a trust tax return will required to be lodged each year. The trustee is the legal owner of the trust property and the beneficiaries hold the beneficial interest in the trust property.

U.

UNENCUMBERED...A property or asset which has no lean against for borrowings. Also referred to as a clear title.

UNIT TRUST... An investment structure which operates under the issuing of a specific number of units (Shares) enabling investors to share in a pool of professionally managed investments. The success or failure of a unit trust will depend on the management company responsible for the trust's investment strategy. Unit trusts are not limited to property trusts but can also include shares, mortgages, Short term funds, etc.

UTILIZATION...Some lenders have a utilization clause with their products, especially some 'Lines of Credit'. If a client does not use a certain percentage (Around 75%) of the loan facility within a given period (generally 6 months) the lender can reduce the limit on the account and claw back commissions to the broker for non-utilization of the approved funds.

V.

VALUATION... A report completed by a suitably qualified and registered valuer that details their opinion of the value of the property for mortgage lending purposes.

VARIABLE...Variable interest is where an interest rate can be changed by the lender at any given time totally at the lenders discretion. While usually linked to RBA benchmark movements. In recent times lenders have often moved outside these guidelines.

VENDOR... The vendor is the owner of the property offered for sale.

VENDOR STATEMENT... (See 'SECTION 32')

W.

X.

Y.

Z.

ZONING... An area designated by council/Planning or Government that specifies as to what uses the properties within a particular 'Zone' may include. While there are many different types of 'Zones' they include, residential, commercial, industrial, farming, rural etc.