



# Our products explained

INTENDED FOR PROFESSIONAL MORTGAGE INTERMEDIARIES USE ONLY

## The purpose

This document has been produced to provide you with full explanations of our products which will support you in ensuring the right product fits your clients needs and circumstances at the time of application.

## History of Platform

Platform is the intermediary lender of The Co-operative Bank p.l.c. We launched in February 2003 and were created from the merger of Platform Home Loans and Verso, both Britannia subsidiaries. At the end of 2007, we had originated over 152,000 mortgages worth over £14.5bn of mortgage business.

## Strategy

Our mission is to be known as the intermediaries' favourite lender- a great organisation to which our intermediaries and people are proud to belong.

As the intermediary lender of The Co-operative Bank p.l.c., we offer a service for intermediaries that includes the reassurance of strength and security.

Our product range offers a selection of products from Mainstream to Non-Conforming lending including specialist products such as Buy to Let. This means that we can meet the needs of a wide variety of borrowers, whatever their aims and circumstances. We help our intermediary customers find the right mortgage from our product range with just one application using a cascade underwriting facility. If a case fails from a credit perspective, the mortgage application can be moved down the credit scale, and offered on our Non-Conforming range of products. Please note that Platform's Mainstream products are only available through a select number of business partners. Please contact your local Business Relationship Manager for further information.

Platform is on the mortgage panel of a number of major insurance companies, broker networks and estate agency chains and our products are distributed through mortgage advisers who must be authorised, either directly or via a principle with the Financial Services Authority. They must also hold a current Consumer Credit Licence and have Professional Indemnity Insurance.

Platform is also a member of the Council of Mortgage Lenders, an associate member of the Association of Mortgage Intermediaries and NACFB – National Association of Commercial Finance Brokers.

## Treating Customers Fairly

Treating Customers Fairly (TCF) is one of the 11 principles set by the Financial Services Authority (FSA) to ensure fair treatment of customers, by improving standards across the financial industry.

At Platform our customers have always been a top priority. We have already made good progress and we continue to look for opportunities to further embed TCF within the organisation.

We are committed to fully embedding TCF into all of our processes and ensuring that the fair treatment of customers is at the heart of everything we do.

### So what does TCF mean for you as an intermediary?

The FSA expects firms to be able to demonstrate to themselves and to the FSA that they are consistently treating their customers fairly. TCF is not just about customer satisfaction, it should cover every aspect of your business. There are a number of things to consider including the following:

- Providing training for your staff so they understand what TCF means for your firm and what they can do to support it.
- Providing information for customers, that is clear and easy to understand not only in relation to documentation but also to verbal communication.
- Ensuring your customers receive the correct advice and get the right product, looking at all their circumstances and needs.
- Managing customer expectations, for example making sure they understand reversionary rates and the impact of rate movements.
- Getting things right first time, putting things right that might go wrong and understanding why it went wrong to prevent it happening again.

Platform is proud to be one of the founder members of TCF info - a website offering practical guidance to mortgage intermediaries on how to implement the FSA principle of Treating Customers Fairly. To find out more please visit [www.tcfinfo.co.uk](http://www.tcfinfo.co.uk).



*Supporting intermediaries in treating customers fairly*  
[www.tcfinfo.co.uk](http://www.tcfinfo.co.uk)

## An explanation of our products

Platform's products consist of the following credit categories:

### Conforming

Conforming is a general term used to describe borrowers who conform to certain standards and guidelines and is often associated to a borrower with no history of credit problems.

<b>Mainstream</b>	Platform's Mainstream product is the same as can be obtained from traditional high street lenders and is aimed at borrowers who have no credit history in terms of CCJ's, arrears or defaults.  Platform's Mainstream products are only available via appointed representatives of a select number of Platform's business partners. Please contact your local Business Relationship Manager for further information.
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<b>Buy to Let</b>	<p>Platform's Buy to Let product allows private individuals or professional landlords to purchase a property for investment purposes. Calculation of the maximum amount that can be borrowed is based on a percentage of rental income expected, rather than the borrower's earned income.</p> <p>Buy to Let mortgages are not regulated by the FSA.</p> <p>Although Buy to Let mortgages are not regulated the ideal approach is to apply the same best practice as with regulated borrowing.</p>
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**Non-Conforming**

The phrase 'Non-Conforming' can also be referred to as "sub prime". These mortgages are targeted at consumers with impaired or low credit ratings who may find it difficult to obtain finance from traditional sources. These mortgages can be used to consolidate existing secured and unsecured debts. They provide borrowers who have impaired credit ratings with an opportunity to repair their credit

Platform uses the term Non-Conforming to describe our customers who do not meet our conforming requirements.

Non-Conforming rates will be higher than Conforming rates. This is due to the increased risk Platform is placed in by lending to a customer with impaired credit. As the risk increases down the credit curve so does the initial pay rate charged as Platform will be pricing in accordance to the risk undertaken.

Platform's Non-Conforming product categories currently consist of:-

<b>Almost Prime</b>	<p>As the name suggests the Almost Prime product is targeted at customers who just fall short of the credit bracket of a prime product. Primarily the difference is that Almost Prime will allow a customer to have CCJ's registered against them <b>(See our Glossary guide for a more detailed explanation)</b>.</p> <p>Please refer to our product guide for a breakdown of CCJ's that are accepted on this product.</p>
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**For full details of our product range, please see our product guide.**

## Which interest rate product is best for your customers?

Once you have established where on the credit curve your customer should be placed, you will then need to look at the interest rate deals on offer to find the one which is most suitable for your customer's circumstances.

There are two important decisions when choosing an interest-rate deal:

- Whether to choose a fixed or variable rate mortgage.
- Whether to choose a short term or longer term deal.

Platform offers two interest rate options - fixed and tracker. Each one has advantages and disadvantages. The best option for your customer depends on their particular needs and circumstances and their view on potential interest rate movements. You and your customer must consider what the overall cost of the mortgage will be and whether it is the most suitable product for them.

Platform's Conforming tracker rates are linked to Bank Base rate (BBR) and therefore will increase/decrease in line with BBR changes. Platform's Non-Conforming tracker rates are linked to London Interbank Offered Rate (LIBOR) which is set on a quarterly basis. (See glossary terms for explanations)

What looks like a more expensive mortgage today, because it has a higher monthly repayment, may end up being more suitable.

For example, it may:

- have a long term fixed rate, which protects your customer against rises in interest rates; or
- cap monthly payments, even if interest rates rise unexpectedly; or
- have lower initial charges or no early repayment charges, which would be an advantage if your customer wishes to repay early or make overpayments.

So what are the options?

<b>Fixed</b>	Your customers' payments will remain the same for a fixed period. At the end of the term the mortgage will automatically revert to the reversionary rate. At this point your customer has the opportunity to repay the mortgage without incurring any early repayment charges subject to terms and conditions.	Platform offers a number of fixed rate options across both Conforming and Non-Conforming products.
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<p><b>Tracker</b> (changes in line with a specified rate)</p>	<p>Conforming tracker rates are linked to BBR and Non-Conforming tracker rates are linked to LIBOR, as either of these rates change so will the rate of your customer's tracker mortgage. On expiry of the initial term the mortgage will automatically revert to the reversionary rate. At this point your customer has the opportunity to repay the mortgage without incurring any early repayment charges subject to terms and conditions.</p>	<p>Platform offers a number of tracker options across both Conforming and Non-Conforming products.</p>
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### Repayment Method

There are two main repayment methods that you and your customer can consider when taking a new mortgage.

#### Repayment mortgage

Monthly payments gradually reduce the amount owed in addition to repaying the interest charged on the mortgage. Provided your customer makes all the agreed payments, the mortgage will be fully repaid by the end of the mortgage term and your customer will own their property outright.

#### Interest only mortgage

Monthly payments repay only the interest portion of the loan and do not make any reduction to the original mortgage. On an interest only mortgage, your customer will still owe the original amount borrowed at the end of the term. As an intermediary it is your responsibility to ensure your customer understands the implications of taking out an interest only mortgage and to have considered how they will pay off the outstanding balance at the end of the term. It is important to discuss with your customer their affordability of both the interest only mortgage and the repayment vehicle. If your customer fails to repay the mortgage at the end of the term their property may be repossessed.

### **Early repayment charges (ERCs)**

Early repayment charges (ERCs) are applied to many mortgage products, such as fixed rates, capped rates and discounts, for those wanting to pay their mortgages off early.

An ERC is payable if you choose to switch mortgages or pay it off before the end of the fixed or tracker period. So, for example, if you have a three year fixed rate, you will have to pay an ERC if you want to get out of that deal within the first three years.

Platform charge an ERC on all of its products if the mortgage is switched or paid off before the end of the fixed or tracker period.

## **Glossary guide**

### **A glossary of mortgage terms**

As a mortgage intermediary you will be familiar with the technical terms and jargon which are used when looking for a mortgage. Our comprehensive jargon buster shown below explains what those terms mean in clear English in the form of a handy mortgage dictionary to help you and your customers. **Not all of the following terms are used/referred to by Platform.**

#### **A**

#### **Ability to pay**

A borrowers capability of meeting his/her current and future debt obligations.

#### **Acceptance**

A borrowers acceptance of the terms of the mortgage.

#### **Accident, sickness and unemployment insurance**

A policy which covers the mortgage cost due to loss of earnings caused by accident, sickness, or unemployment.

#### **Additional security**

In some circumstances lenders may require additional security. The simplest form of additional security is a single mortgage loan to value; however other security such as cash or shares may be accepted.

#### **Administration charge**

A contribution to the cost of processing an application from receipt to completion and obtaining any necessary references.

**Advance**

Amount of mortgage/loan.

**Agreement in Principle/ Decision in Principle**

The customer has been accepted for a mortgage/loan subject to normal underwriting criteria as with any financial institution.

**Annualised Percentage Rate (A.P.R)**

Identifies the true cost of borrowing in order to provide a method of comparing costs of different loans. It is a legal requirement that a true APR figure be provided with any loan.

**Application**

The process of applying for credit.

**Arrangement fee**

A fee charged by a lender for setting up the loan. Normally payable upon completion, but may sometimes be added to the loan.

**Arrears**

A late payment, or a payment after the event. Specific timescales and definitions will vary between financial institutions.

**Arrears fee**

Fee charged for a late payment.

**Asking price**

This is the initial starting price for which the vendor is looking to sell their property.

**ASU**

See accident, sickness and unemployment.

**Auction**

The process whereby something is bought at a price that arises from a process of bidding. If you bid for and win a home at an auction you will be legally bound to buy the house.

**Audited figures**

These are a set of business accounts that have been ratified by an accountant. Self-employed people may need to provide up to 3 years worth of figures checked by an auditor to be able to get a mortgage.

**B**

**Bankruptcy**

The process of declaring an individual bankrupt. Bankruptcy can be discharged within 12 months, but remains on the credit rating for 7 years and limits a person's ability to borrow.

**Bank Base Rate (BBR)**

The basic interest rate set by the Monetary Policy Committee of the Bank of England.

**Basis point**

A basis point is 1/100th of 1%. For example the difference between a loan at 9.00% and a loan at 9.12% is 12 basis points.

**Benefit period**

Time frame in which the interest rate of a mortgage is discounted. (See fixed or tracker).

**Booking fee**

A fee charged by a lender to secure mortgage funds, payable on submission of the application and normally applies only to special offer loans, such as fixed or capped rates. Platform does not charge any booking fees.

**Breach of contract**

Failure to fulfill the terms and conditions of a contract.

**Breach of covenant**

Failure to obey a legal agreement.

**Bridging loan**

Short term loan used as coverage when buying a new property before selling an existing one.

**Broker fee**

A fee charged by an intermediary to the applicant for negotiating a loan. If a loan has not completed within 6 months of the date of introduction to a lender, the maximum fee that a broker may retain is £300, under the Consumer Credit Act.

**BSA**

Building Societies Association – the trade organisation for building societies.

### **Building society**

Building societies are mutual organisations owned by their members and regulated by the Buildings Societies Act.

### **Buildings insurance**

An essential insurance policy which covers the structure of the building. Where the property is leasehold the buildings insurance will normally be arranged by the freeholder and the cost charged on to the leaseholder within the service charges payable.

### **Buy To Let mortgage**

A mortgage for a property which the owner intends to rent out privately to tenants.



### **Cap and collar**

See capped rate.

### **Capital raising**

The act of remortgaging a property based on a higher value compared to the original purchase price. The capital raised is the amount left over after repayment of the original loan is deducted from the new loan. Some lenders will also take into account home improvement projects as part of the remortgage, if they are likely to significantly raise the value of the property.

### **Capped rates**

The mortgage interest rate will not exceed a certain value during a certain period of time, although it will fluctuate above and below the current level. Some capped products will have a ceiling and a floor between which the rate payable may move; such loans may be known as cap and collar mortgages.

### **Cash back mortgages**

Cash back mortgages provide a single lump sum of cash immediately on completion. The amount of cash is usually calculated as a percentage of the overall loan amount, though it can be a set figure. The percentage of the loan that is given as cash back can be as high as 5%, though amounts in the region of 1 to 3% are more common.

### **Cash buyer**

Person or persons who do not need a mortgage in order to buy a property.

### **CAT standard (Changes Access Terms)**

These are a set of standards proposed by the government aimed at ensuring a certain level of standard amongst financial products. Whilst they are a sign that a lender or provider is a reputable business and offers products that are of a certain quality, a CAT mark does not ensure that a product is the most suitable for your customer.

### **CCJ**

A county court judgment is a penalty for debt in the county court. This debt does not appear in the credit register if it is settled within 30 days of issue. Very few lenders are willing to offer loans to anyone with an outstanding or unsettled CCJ's. Even once the CCJ has been settled many lenders will still refuse a mortgage or other credit application.

### **Centralised lender**

A general term applied to mortgage lenders who mainly operate wholly from a head office location. This does not apply to high street banks and building societies.

### **Certificate of deposit**

Certificates from a financial organisation declaring the funds to pay the deposit are available.

### **Charge**

Security the lender relies on when granting credit.

### **CML**

Council of Mortgage Lenders.

### **Code of practice**

A group of principles and procedures individual employees of an organisation are expected to follow. This will cover issues such as customer confidentiality, fairness and courtesy towards customers.

### **Collection**

Steps taken by a lender to bring a person's payments back up to date.

### **Commercial mortgage**

Where the loan granted is for commercial purposes and is usually secured against commercial property, though residential property may be used. With a commercial mortgage there is a higher rate of interest, as it is a higher degree of risk for the lender.

### **Commission**

A percentage of the overall sale price that is received by the selling party when acting on someone else's behalf.

### **Completion**

The moment at which all the legal formalities of the purchase or mortgage are finalised and the funds are drawn down from the lender, this would usually be into the solicitors account.

### **Completion date**

The official date for completion of the sale. This would be the day that keys are transferred to the new party.

### **Conditional insurance**

usually be taken out via the lender's agency. See compulsory products.

### **Contents insurance**

This is the insurance of property within a home i.e. furniture, clothing, personal possessions etc. Contents cover is an optional type of insurance and is in addition to buildings insurance.

### **Contract work**

Many employers offer employment under fixed-term contracts as they have a greater control over staffing costs and are able to limit their redundancy payment liabilities.

### **Conveyancing**

It is the process of legally transferring the ownership of a property.

### **Conveyancing fee**

A fee charged by a solicitor or licensed conveyancer for arranging the necessary legal work in transferring the ownership of a property. The total cost of the legal work also includes profit cost, stamp duty, land registry fees and disbursements.

### **Co-ownership**

Shared ownership, a method of purchasing property in partnership with a housing association, where the borrower purchases part of the property and rents the rest from the housing association.

### **Council tax**

An annual fee paid to a local authority to cover essential services such as road maintenance, rubbish collection and leisure centres. Council tax is based on the value of the property according to set bands.

### **County court fee**

Fee for when a lender provides information to solicitors regarding county court rules when payments are in arrears.

### **County court judgment (CCJ)**

A county court judgment is a penalty for debt in the county court. This debt does not appear in the credit register if it is settled within 30 days of issue. Very few lenders are willing to offer loans to anyone with an outstanding or unsettled CCJ's. Even once the CCJ has been settled many lenders will still refuse a mortgage or other credit application.

### **Cover**

The risk that an insurance policy protects against, such as third party, fire and theft.

**Credit check**

Where an enquiry is made on the credit history of an applicant, normally by reference to one of the major credit agencies such as Equifax or Experian.

**Credit checking agency**

A service used by lenders to establish a level of risk involved when lending monies.

**Credit curve**

A term often used to describe a borrowers credit history, e.g. the further down the credit curve, the higher the risk the borrower is to the lender.

**Credit file**

A record held on an individual or a company by a credit reference agency. Individuals can request a copy of their own credit file by writing to these agencies.

**Credit history**

The financial history of a borrower.

**Credit rating**

Rating used to establish risk involved in lending monies. This is used in conjunction with credit history and financial status.

**Credit reference agency**

Companies that hold credit information.

**Credit scoring**

A way of assessing and scoring the credit application determined by scoring the answers given on an application. It is important that there are no missing answers on an application otherwise the result for the question becomes a negative.

**Credit worthy**

A description of someone who is deemed by a lending institution to be a low risk to lend to (colloquial term). There is no such thing as a "perfect credit score", or someone who is "completely credit worthy", as there is always an element of risk involved when loans are made. The criteria taken into consideration will vary between lenders when evaluating such risk.

**Creditor**

Person or company to whom a debt is owed.

**Critical illness insurance**

Insurance cover for major illness, diseases and other potentially fatal medical conditions.

D

**Daily interest**

Where interest is applied on a daily basis instead of the traditional monthly time frame.

**Data Protection Act (1988)**

Regulations introduced to protect the processing of personal information within and between different organisations. Processing in this context means obtaining, recording, holding, or processing the information.

**Debt**

Funds owed to a lender.

**Debt consolidation**

Replacing a number of existing loans with a single loan.

**Debt-to-income ratio**

A method used by lenders to establish how much a customer can borrow.

**Deed**

The document that proves who owns the property. It will also show any land boundaries.

**Deed of covenant**

The document expressing the terms of a covenant (a binding agreement), which may typically be imposed by a lender to restrict certain activities, such as use of a house for commercial purposes, or sub-letting.

**Deeds release fee**

This fee is charged by the lender for releasing the deeds of the mortgaged property at the end of the mortgage term or upon redemption of the mortgage.

**Default**

When a payment or a series of payments are missed.

**Default notice**

A letter served by a creditor to the borrower to say that a credit agreement has been breached, and that action must be taken by the individual to prevent the creditor seeking repayment via a county court judgment (CCJ).

**Deferral period**

A time period on a loan during which no repayments need to be made. This is particularly popular with student and graduate loans, to enable young people to finish their studies, or to travel, before having to start making repayments.

**Deferred interest**

A type of loan where some or all of the interest owed by the borrower is added to the amount outstanding which therefore causes the borrower to owe much more than originally borrowed.

**Delinquency**

Not making payments at the correct time.

**Delinquent loan**

A loan whereby the borrower is behind on payments. If payments are not brought up to date within a set time frame the lender may foreclose proceedings.

**Dependant**

An individual who depends financially on another person.

**Direct debit**

A method of making automatic payments electronically from a current account.

**Direct lenders**

Lenders who operate on lower overheads, through use of call centre's, mailing houses, or internet based operations, instead of an expensive branch-based network.

**Disbursements**

Search fees, land registration, stamp duties are all examples of disbursement.

**Discharged bankrupt**

Individual whose period of bankruptcy has ended.

**Discharged CCJ**

A county court judgment that has been repaid.

**Disclaimer**

Any written notice designed to discharge liability of a company, for providing inaccurate information in a leaflet.

**Discount period**

Time period in which reduced payments are offered.

### **Discount purchase price**

The price of a property which has been reduced below the open market value, such as in the case of a Right to Buy purchase or a builder's discount. Under Right to Buy legislation, properties are not offered at the open market value, but at a discount, and if the property is resold within a 3 year period some, or the entire discount, will have to be repaid.

### **Discount rate**

The mortgage interest rate is lower than the current standard variable rate for a certain period of time. Usually shown as a fixed percentage reduction to the lender's normal variable rate, e.g. 2.00% discount for 2 years.

## **E**

### **Early repayment charge (ERC)**

A fee charged for choosing to repay the mortgage before the end of an agreed term.

### **Easement**

A right of way giving individuals in addition to the owner permission to use a property for a specific purpose.

### **Endowment mortgage**

A mortgage with an interest payment and a separate payment into an endowment investment product designed to repay the mortgage at the end of the term.

### **Equity release scheme**

Enables homeowners to 'free up' some of the value of their property in exchange for a cash lump sum or income.

### **Estate agent**

A person whose business is the sale or lease of buildings or land on behalf of others. Currently unregulated.

## F

**Fee**

The amount charged by a lender, broker or other middleman for arranging a mortgage or property purchase.

**First charge**

A legal charge used to secure the main mortgage. A lender with a first legal charge over a property has a first call on any funds available from the sale of the property. See also: second charge.

**First time buyer (FTB)**

A person that is purchasing a property for the first time. Some lenders offer preferential lending terms to first time buyers. A borrower who has owned a property before but has sold this prior to buying again may be offered first time buyer terms by some lenders but this is dependent on the lender.

**Fixed rates**

A loan where the initial payments are based on a specific interest rate for a fixed period of time.

**Fixtures and fittings**

Items within the property that may be included in the sale such as carpets, door handles, light fittings etc.

**Flexible mortgage**

A mortgage which will cater for flexibility, usually allowing drawdown facilities, overpayments, underpayments and payment holidays. The terms of the mortgage will vary depending on the lender.

**Foreclosure**

The legal process when a borrower defaults on a loan.

**Freehold**

Land or property which is owned outright, as opposed to leasehold where the owner has the right to occupy the land or property for a given period of years only.

**Financial Services Authority (FSA)**

The body responsible for regulating the mortgage market, among others.

**Full status**

A loan where complete checks are made on the borrower's credit history and evidence of all income must be submitted.

**Full structural survey**

Comprehensive survey which undertakes more checks than a standard valuation.

**G**

**Gazumping**

Where the seller accepts a higher bid after already accepting another bid.

**Gross income**

Total income prior to tax deductions.

**Ground rent**

A sum of money paid to the property freeholder by the leaseholder to cover maintenance and upkeep for the grounds surrounding the leasehold property.

**Guaranteed earned income**

Income that is received along with a basic salary that is not part of the normal basic pay under the terms and conditions of employment but which are guaranteed to be received.

**Guarantor**

Is a person who agrees to guarantee that a loan will be paid. The guarantor is therefore fully liable for the repayment of the borrowed amount should the borrower default.

**H**

**Higher lending charge (HLC)**

An insurance premium which insures the lender against any loss of money, e.g. default on a loan or repossession. This usually only applies if more than 75% of the price asked for the property is borrowed. Even though the buyer has paid the insurance premium, it does not mean that they are covered by the insurance, the lender is. Platform does not charge this fee on any of its products.

**High street lenders**

Mortgage providers based on the high street. These are mainly banks and building societies such as Platform's parent, The Co-operative Bank p.l.c.

**Holiday home**

A property that will not be the main address or place of residence.

**Home equity loan**

A method releasing capital from people's homes.

**Home improvements**

Work carried out to improve a home.

### **Homebuyer's report**

A less stringent report than a full structural survey.

### **Homebuyer's valuation fee**

A fee paid for a simple survey of the property.

### **House or flat buyer's report**

A more thorough survey than the simple valuation carried out on the property by the lender. If the lender does not offer this as an alternative to the basic valuation the purchaser can negotiate with the surveyor carrying out the valuation for the fuller inspection.

### **Household insurance**

Insurance cover for a home. The two main types are buildings and contents insurance.

### **Housing association**

A body of trustees or company that is established for the purposes of providing, building, improving, managing, facilitating or encouraging the construction or improvement of housing accommodation. It does not trade for profit. Anyone wanting help with housing puts his or her name down on the housing association list which acts in the same manner as council house lists.



### **Illustration**

An illustration gives an example of the monthly cost of a mortgage and other expenses associated with the loan such as set-up costs and is referred to as a Key Facts Illustration (KFI).

### **Impaired credit**

A customer with an impaired credit record will usually need a sub prime mortgage which will normally be charged at a higher interest rate than standard.

### **Individual voluntary arrangement (IVA)**

IVA's were introduced under the insolvency act 1986 with the intention of allowing an individual to avoid bankruptcy and make maximum possible restitution to creditors. An IVA is seen as preferable to bankruptcy as the debtor can retain his tools of trade and, in the case of a professional person, continue to practice, or hold company directorships.

### **Inflation**

Increase in earnings or prices, which change in accordance with price inflation, and the national average earnings.

### **Inheritance tax**

Tax payable on an estate when the owner dies. This is charged at 40% on anything over £285,000

**Interest only**

Mortgages where only the interest is repaid.

**Interest rate**

Percentage of loan which a lender charges each year for lending monies.

**Intermediary**

Broker or person who arranges financial packages such as mortgage, investment and pensions.

**J****Joint application**

A mortgage application that involves more than one person as the borrower.

**Joint liability**

Two people who are responsible for a loan or debt.

**L****Land registry**

A record of property, ownership and the mortgage is registered in a central register at HM land registry.

**Land registry fees**

A fee payable to the land registry to change an entry in their records following a transaction involving registered land. This can be following a change of ownership or just a change of mortgage.

**Landlord's reference**

This is a reference from the previous landlord regarding the general conduct of the tenant and whether rent has been paid promptly.

**Late charge**

A fee the lender imposes for receiving payments late.

**Late payment**

A payment a lender receives after the due date has passed.

**Leasehold**

The land on which the property is built is not owned directly by the property purchaser and is held under a lease for a fixed period.

### **Legal charge**

The means by which lenders enforce their rights to a property. These are recorded at the land registry. There are various different types of legal charge and the type used will vary from lender to lender. A primary mortgage will normally be secured by a first charge.

### **Legal mortgage fee**

The fee charged by the solicitors acting for the lender in creating their legal charge over the property.

### **Liabilities**

Debts and outgoing payments where there is a legal responsibility to pay.

### **LIBOR**

London interbank offered rate is the rate at which banks notionally buy and sell money to each other. It varies from day to day and is closely linked to base rate. Platform uses LIBOR as an index for its Non-Conforming tracker mortgages.

### **Life company**

A life assurance company.

### **Life insurance**

A policy payable upon the death of the insured, usually referred to as assurance.

### **Loan**

The amount to be borrowed.

### **Loan application**

Form to fill in when applying for a loan.

### **Loan authority search fee**

This is the fee payable for the local authority search.

### **Loan illustration**

Is the example of the monthly cost of a mortgage and other expenses associated with the loan such as set-up costs.

### **Loan to value ratio (LTV)**

Is the ratio of the loan amount to the property valuation expressed as a percentage. So if a borrower is seeking a loan of £100,000 on a property worth £200,000 it has a 50% loan to value rate.

### **Local authority search**

A search of local authority records to confirm the status of the property. Local authority searches should reveal any proposed changes in the area, the details of the planning permission for the subject property and whether any enforcement notices have been served by the local authority.

**M**

**Monthly repayment**

This is payment made to cover interest or reduction in principal of a loan.

**Mortgage**

The name given to credit used to buy property or loan secured by land.

**Mortgage deed**

Legal document establishing a loan on property.

**Mortgage term**

Is the length of time before the mortgage loan must be repaid.

**Mortgage payment protection insurance (MPPI)**

An insurance cover to protect the mortgage payments.

**N**

**Negative equity**

A situation that occurs when the amount loaned against a property is in excess of the market value of the property.

**Net profit**

The income of a company or self-employed business after making full allowance for the expenses of running the business. This should be the amount available to the owners of the business for their own benefit. It is the figure that can be used to calculate their ability to service a mortgage.

**New build**

Refers to properties built in the last 24 months. Can refer to a single property or whole estates.

**Non status**

A loan granted without making enquiries as to the borrower's income or credit history.

**Notice of default**

A lender's initial contact when a customer falls behind on credit repayments.

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**Open market value**

The value of a property on the basis of a willing buyer and willing seller in the open market allowing a reasonable period for sale.

**Outgoings**

This includes existing liabilities and or debts, other than an existing mortgage such as hire purchase, personal loans, school fees etc.

**Outstanding balance**

The amount that is outstanding on credit.

**Overpayments**

When a customer makes payments over and above the monthly repayment amount agreed in the terms of the mortgage.

P

**Payment default**

A default on credit repayments. The lender is entitled to repossess property in order to recover the debt.

**Payment method**

A means by which the mortgage capital is eventually repaid.

**Payment protection insurance**

See accident, sickness and unemployment insurance.

**Payment schedule**

A schedule of monthly payments under a loan.

**Payment shock**

Where a mortgage has been obtained at a low interest rate and upon completion of the initial low rate the payment will revert to the standard variable rate which can be much higher.

**Pension mortgage**

An interest only mortgage where the capital will be repaid from the tax free cash sum that can be received from the pension fund at maturity. Only suitable for those anticipating very large pensions.

**Portable**

Describes a mortgage that can be transferred from one property to another. Currently Platform does not allow porting.

**Previous lender's reference**

A reference from a lender who has previously lent money to a prospective borrower regarding the conduct of the loan account.

**Principal**

The amount of credit still outstanding - the amount on which interest is calculated.

**Product**

A mortgage deal offered by a lender.

**Purchase**

The acquisition of a property.

**R****Redemption**

This is repayment of the mortgage in full.

**Redemption charges**

See early repayment charges.

**Refinancing**

This is where borrowings are rearranging their current mortgage. Usually this would be done to receive more attractive terms or to raise fresh capital.

**Remortgage**

The arranging of a loan on a property in which the borrower already resides. Normally this involves redeeming an existing loan on the property.

**Repayment**

This is payment made to cover interest or reduction in principal of a loan.

**Repayment plan**

If the customer falls behind on their payments a lender may try to renegotiate their repayment plan.

### **Reversionary Rate**

The reversionary rate is the rate which Platform will charge your customer at the end of the initial fixed or tracker period. Similar to tracker rates the reversionary rate will track either BBR or LIBOR.

### **Right to Buy**

This is an option for council tenants to purchase the property in which they live in. The property price is often at a discount, proportional to the length of occupancy.

### **Royal Institute Of Chartered Surveyors (RICS)**

The professional body for surveyors which sets a code of practice for its members.

## **S**

### **Search fee**

The fee paid to the local authority prior to purchasing a property. This covers the authority undertaking searches to ensure that there are not any plans that will affect the long term value of the property.

### **Second charge**

A legal charge that ranks behind a first charge, possibly to secure a second mortgage, or a guarantee given to secure other borrowings.

### **Second home**

An alternative to the main residence which is subject to capital gains tax. See also 'holiday home'.

### **Second charge mortgage**

A further loan on a property which applies after the first charge mortgage.

### **Secured loan**

A loan that uses property as security.

### **Self build**

A property, the construction of which is controlled by the borrower; not a finished unit. Loans on self build properties will normally be advanced in stage payments and are subject to strict limits on loan to value. A qualified architect will need to be involved.

### **Self-Certification**

A mortgage loan where the borrower makes a statement of his or her income and the lender makes fewer checks than normal on the accuracy of this statement.

### **Self-employed**

An individual working on own account. For mortgage purposes this will include partners in unlimited liability businesses and professional practices.

### **Semi commercial**

A property that has at least part commercial use. A semi commercial mortgage is a loan on security that is not entirely used for residential purposes, e.g. a shop.

### **Shared ownership**

A method of property purchase in partnership with a housing association. The borrower purchases part of the property and rents the remainder from the housing association. Also known as co-ownership, this arrangement is designed for people who could not otherwise become homeowners. Under most arrangements, the minimum purchase amount is 25% of the property value with the remainder available to be purchased in blocks of 25%.

### **Simple valuation**

The value of the property, this does not state if the property is structurally sound.

### **Sitting tenant**

A person having a legal right of occupation, even if the property changes ownership. The sitting tenant is able to apply to the local authority to set a fair rent. Properties with sitting tenants are generally worth at least 30% - 40% less than their open market value with vacant possession.

### **Sole occupancy**

A property that is occupied by the borrower and his or her immediate family only. No paying tenants are in residence.

### **Special conditions**

Specific terms, usually outlined on the mortgage offer document, that apply to a particular loan offer.

### **Stamp duty**

Stamp duty is the tax paid when a property or shares are bought. 'Stamp Duty Land Tax' is paid on property and either 'Stamp Duty' or 'Stamp Duty Reserve Tax' is paid on shares.

For more information please visit

[http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/BeginnersGuideToTax/DG\\_10010529](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/BeginnersGuideToTax/DG_10010529)

### **Structural survey**

The most comprehensive form of inspection undertaken by a chartered surveyor.

### **Survey**

An inspection carried out for the benefit of the mortgage lender to make sure that the property forms a good security for a loan. This inspection should not be relied upon when deciding whether to purchase a property or not. Purchasers should be advised to obtain either a house or flat buyer's report or a full structural survey before proceeding with a purchase.

**T**

**Term**

The mortgage term is the length of time before the mortgage loan must be repaid.

**Tied agents**

Most advisers and agents have access to mortgages that would not normally be found on the high street. They may be part of a particular financial organisation or estate agent. Therefore they are not fully independent.

**Top up loan**

A form of second mortgage, used to provide an overall loan in excess of the loan to value ratio allowed by the primary lender.

**Tracking**

A process following the progress of a loan application.

**V**

**Valuation**

Basic survey carried out by a surveyor to establish the value of a property.

**Valuation fee**

A fee paid by the borrower for the lender to instruct and carry out an inspection of the property.

\*Calls from a BT landline will cost no more than 2p per minute plus a call set up fee of 6.85p. Mobile and other providers' charges may vary. Telephone calls may be monitored. This user guide is for the use of financial intermediaries only. It is not to be disclosed or given to the public or intended as a consumer advertisement. Platform Home Loans Limited Registered in England & Wales Number 2334606. Registered Address: Exchange Tower, 2 Harbour Exchange Square, London E14 9FR. Platform is the trading name of Platform Home Loans Limited (FSA No. 303337) and of Platform Funding Limited (FSA No. 303387), both authorised and regulated by the Financial Services Authority.