# Mortgage Glossary.

**Annual Percentage Rate (APR) or Annual Percentage Rate of Charge (APRC).** The yearly cost of your borrowing. It takes into account the interest rate charged and any other fees.

**Arrears.** Mortgage repayments that haven't been made.

**Building Energy Rating (BER).** A Building Energy Rating or BER is an energy label with accompanying advisory report for homes. The rating is a simple A to G scale. A-rated homes are the most energy efficient and will tend to have the lowest energy bills.

**Broker.** Your advisor on mortgage deals available from various lenders.

**Capital.** The amount you owe excluding costs and interest. Also known as the principal of the loan.

**Collateral.** Security offered against the value of the loan.

**Cost of Credit.** Cost of Credit is the difference between the amount you borrow and the total you repay by the end of the loan period.

**Deeds.** Official documents of ownership.

**Deferred Start.** A deferred start is where you have the option to delay your mortgage repayments for the first 6 months of your mortgage. At the end of the deferred start, your mortgage repayment amounts will be increased to ensure that your mortgage will be repaid (together with interest due) within its original term.

**Deposit.** An initial sum paid to the seller for purchase of a property. The buyer could forfeit this if they don't complete the transaction.

**Direct Debit Mandate.** By signing a Direct Debit Mandate (DDM) you authorise AIB Mortgage Bank u.c. to send instructions to your Bank to debit your account in accordance with the instruction received. This enables you to pay your monthly mortgage repayment amount from a current account. If your repayment amount increases or decreases as a result of interest changes then this will automatically be reflected in the amount debited from your account.

**Equity.** The difference between a home's value and the outstanding mortgage debt.

**First Time Buyer.** A first time buyer is someone who has never borrowed money before that was secured on residential property or land (where they had an intention to build a dwelling) in or outside the State. Where there is more than one borrower on a mortgage application and a housing loan has previously been advanced to any one of the borrowers, none of the borrowers will be considered a first time buyer.

**Fixed Interest Rate.** The rate on a mortgage loan, which doesn't change for a specified period, known as the fixed period.

**Foreign currency mortgage loans.** The currency of your loan and repayments will be euro. If the currency of (some of) your income or assets you intend to use to repay the mortgage loan is not euro, and/or you live in a European Economic Area (EEA) state that is not in the euro zone, the mortgage loan is a foreign currency loan.

**You should be aware that fluctuations in the relevant currency exchange rates may affect the value of your outstanding mortgage balance and/or your repayment.** This could mean that you may find it difficult to afford your mortgage repayments.

We can only facilitate one non-euro currency per mortgage application.

**Freehold or Leasehold.** A freehold title gives the holder ownership of the land and buildings for an indefinite period. A leasehold title gives the holder a right to use and occupy land and buildings for a defined period of time.

**Guarantor.** Somebody, other than you, who can guarantee your mortgage loan repayments.

**Home Insurance.** You need a Home Insurance policy in place before you can draw down your mortgage. To get a quote today, simply drop into your local branch, call us on **1890 724 724** or click on **aib.ie** to ensure you're protected.

**Interest Rates.** You can choose between our fixed, variable or split interest rates. Fixed makes it easy to budget because you know what your repayments will be. Variable lets you make early or lump sum repayments. And Split Rate lets you split your mortgage loan between variable and fixed rates, in whatever proportion you choose.

**Judgement.** Judging the right location, size and style of home is very important. You also need to consider its resale value in case you want to move in future.

**Letter of Loan Offer.** Once a mortgage application is approved, you'll receive a formal letter setting out the conditions of the loan. This includes the requirement of a valuation report. This valuation report must be dated within four months of the date of the drawdown of funds otherwise you may be required to obtain a new valuation Your solicitor will also get a copy.

**Loan to Value (LTV).** These are percentages representing the difference between your mortgage loan and the value of your property. For example, a mortgage of €90,000 on a property valued at €100,000 would be shown as 90% Loan to Value.

**Maturity Date.** The last day of the mortgage agreement – the day the mortgage loan must be paid in full or the agreement renewed.

**Moratorium.** A Payment Break (Moratorium or Interest Only) gives you the flexibility to take a break from your mortgage repayments for up to 6 months or reduce your repayments to Interest Only for up to a maximum of 12 months. These options can be useful for certain family/lifestyle events such as maternity leave, education fees or home property improvements. Or at a time when you need extra cash, such as Christmas or holidays.

When the Moratorium or Interest Only period ends, your monthly repayments over the remaining term of your loan will be increased to ensure that your mortgage will be repaid (together with interest due) within its original term. The Payment Break options are available to existing AIB PDH (Private Dwelling House) mortgage customers*, subject to approval.

*Existing owner occupier mortgage customers not in financial difficulty.

**Mortgage Loan.** A long-term loan, usually 20 to 35 years, secured by a mortgage against the borrower's property.

**Payment Protection Insurance.** This is an optional product designed to protect your mortgage repayments should your circumstances change. This can cover your payments for up to 12 months in the event of an accident, sickness, involuntary unemployment, business failure or critical illness.

**Principal private residence, Home, PDH (Private Dwelling House).** A person's primary residence, or main residence is the dwelling where they usually live within the state. A person can only have one primary residence at any given time.

**Sanction in Principle.** A Sanction in Principle (SiP) is provisional approval for a mortgage loan amount and term subject to evidence of income and employment, proven repayment capacity and any other special conditions the Bank may issue.

It is not a legally binding agreement.

A SiP is invaluable in giving you the confidence to go out into the market knowing, in most cases, your mortgage will be approved. In addition, Estate Agents and Vendors will be more comfortable proceeding knowing you have a Sanction in Principle in place.

**Standard Variable Rate.** A standard variable rate is a rate set by the lender, which may change when necessary.

**Terms and Conditions (T&C's).** Remember all loans will have different terms and conditions, ensure you are familiar with your loans T&C's.

**Tracker Retention Interest Rates.** If you are eligible for our Tracker Interest Rate Retention, the Tracker Interest Rate will be made up of two parts:

(a) the European Central Bank's main refinancing operations minimum bid rate (the "ECB rate") which is variable; and

(b) the Margin/Adjustment above the ECB rate, this will stay static throughout the life of the loan.

If you choose to convert the tracker interest rate to an alternative interest rate (e.g. fixed interest rate), at a later date, you will not have the option to revert back to the tracker interest rate.

**Valuation.** This report, carried out by a professional valuer, gauges the market value of your property. It is important to remember that this report is different to a structural or planning survey. AIB has agreed with the panel a fee of €150 for the initial valuation and €65 for any subsequent valuations should they be required.



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