

Property Finance Jargon Buster



Our Savings Jargon Buster is a list of common terms and simple explanations for words you may come across on our website, application forms and other documents. The list is organised alphabetically to help you find what you need quickly and easily.

Acquisition and Rent	The Shariah-compliant alternative to a conventional repayment (capital & interest) mortgage
Account Settlement Fee	An account settlement fee is payable at the end of the Purchase Plan to cover the Bank's legal and administration costs (either at the end of its full term or on any earlier settlement date)
Additional Acquisition Payment (AAP)	An additional payment, above the standard monthly payment and often known as a 'lump sum' payment, made to buy more of the Bank's share in the property, helping you increase your ownership faster
Additional Finance	This finance is in addition to your original home finance agreement, increasing the overall finance amount
Application Fee	A non-refundable fee charged for assessing and processing your home finance application, even if your application is unsuccessful or you withdraw it
Arrears	Missed payments on your home finance agreement
Buildings Insurance	Covers the structure of your property against risks like fire, flood or storm damage and must be in place before Completion
Buy-to-Let Purchase Plan	A Shariah-compliant home finance option for buying a property to rent out, rather than to live in
Completion (Date)	'Completion' is where ownership of the property legally transfers from the seller to the buyer. The 'Completion Date' is the date when the legal transfer of ownership is either proposed or completed
Conveyancer	A licensed solicitor or legal specialist who handles the legal process of your property purchase or sale
Conveyancing	The legal process involved in buying and/or selling property, including searches, contracts and the transfer of ownership
Credit File, Credit Report or Credit History	A credit file, also known as a credit report, is a detailed record of your credit history, including your debts, payments, and other financial information. Credit files are held by Credit Reference Agencies
Credit Reference Agency	A Credit Reference Agency is an independent company that collects and stores information about individuals' credit history, including their payment history
Decision in Principle (DIP)	A Decision in Principle (DIP) is a preliminary indication from the Bank as to how much property finance we may be willing to provide. It is not a formal offer of finance, so you will still need to make a full finance application before a formal offer can be issued
Deed	The legal document that confirms ownership of the property
Deposit	Your upfront contribution towards the property cost
Diminishing Musharaka	In Shariah finance, the process of buying an increasing share in the property is called Diminishing Musharakah. Musharakah means 'joint venture', an Arabic term that can be used to describe this type of property finance arrangement. Under this structure, the customer's share in the property increases over time with each acquisition payment as the Bank's share decreases
Early Redemption Charge	<p>This may be charged if your product has an Early Redemption Charge. The fee covers our administrative and operational costs in connection with your Purchase Plan and is payable if, during a Fixed Rental Rate Period:</p> <ul style="list-style-type: none"> - You make an Additional Acquisition Payment that exceeds your Purchase Plan terms and conditions, including full settlement of finance; or - You transfer to a different product
Energy Performance Certificate (EPC)	A legal document showing how energy-efficient a property is, rated from A (most efficient) to G
Equity	The difference between the amount outstanding on your property finance and the current market value of the property

Property Finance Jargon Buster (Continued)



Exchange of Contracts	The point when the buyer and seller legally commit to the property sale and the deposit is paid
Finance to Value (FTV)	The percentage of the property's value that the Bank is financing. This would be known as the Loan to Value, or LTV, on a conventional mortgage
Fixed Rate	A set rental rate that will remain fixed during the specific period
Fixed Term Period or Fixed Rental Rate Period	The agreed period during which the rental rate remains fixed
Forbearance	In relation to finance, our Forbearance policy reviews on a case by case basis where a customer may not be able to meet their financial obligation
Gifted Deposit	A financial gift given to you by a family member, towards your deposit for the property purchase cost
Green Home Finance Products	Our Green Home Finance Products offer a discounted rental rate for homebuyers that are purchasing or refinancing a more energy efficient home, with an EPC rating of A or B
Guarantor	A guarantor is a person who guarantees to pay your monthly property finance payments if you are unable to
Home Finance Agreement	The formal contract between you and the Bank outlining how the property is financed
Home Purchase Plan	A Shariah-compliant alternative to a conventional mortgage where you and the Bank jointly purchase the property. Once all your payments are made, full ownership transfers to you
House in Multiple Occupation (HMO)	A House in Multiple Occupation (HMO) is a property rented out where three or more people, forming more than one household, live together and share facilities like kitchens, bathrooms, or toilets
Key Facts Illustration (KFI)	A document that explains the full costs and features of a property finance product. Also known as a Financial Information Statement (FIS) for home purchase plans
Leasehold	Leasehold is a form of homeownership where you own the property but not the land it stands on. You have a legal agreement (a lease) with the freeholder (the owner of the land) that allows you to occupy the property for a set period
Legal Fees	Fees paid to a solicitor or conveyancer for undertaking the legal work involved in buying and/or selling a property
Monthly Rental Payment	Your regular monthly payment for your Home Finance Agreement
Multi-Unit Freehold Block (MUFB)	A Multi-Unit Freehold Block (MUFB) is a single freehold property that contains multiple, self-contained residential units, each with its own entrance, kitchen, bathroom, and living space
Negative Equity	When a property is worth less than the amount of finance outstanding
Offer of Finance or Finance Offer	A document which contains the full terms of the finance offered
Outstanding Balance	The remaining amount owed on your property finance
Product Fee	A product fee (where applicable) forms part of the cost of the product and may be a flat fee or a percentage of the finance amount
Property Survey	A detailed inspection of the property's condition
Property Valuation	An assessment to check that the property is suitable security for the Bank and to confirm its value is worth the agreed price
Redemption (of finance)	Fully paying off your home finance, ending your agreement with the Bank
Refinance	Switching your property finance from your existing provider to a new provider. In conventional finance this is referred to as a remortgage
Reinspection Fee	A charge for revisiting the property to confirm that any works identified have been made

Property Finance Jargon Buster (Continued)



Rent Only	The Shariah-compliant alternative to a conventional interest only mortgage. Your payment only covers the Rent on the Bank's share in the property, and no acquisition payments are made
Rental Rate	The percentage rate to show how much Rent you pay on the Bank's share of the property
Rental Top Up	This is where your personal income may also be taken into consideration when assessing affordability for Buy-to-Let finance
Re-valuation Fee	If your property valuation expires or the application requires an additional valuation, this fee covers the new valuation we need to do
Shariah-compliant	Financial activities which conform to a set of principles, derived from Islamic teachings, which encourage fair play and ensure that financial affairs are handled responsibly
Stamp Duty	Stamp Duty Land Tax (SDLT) is a tax paid to the Government when buying a residential property in the UK, the amount depending on the value of the property. In Wales, this is known as Land Transaction Tax (LTT)
Standard Variable Rate	Our default rental rate which may be charged after the initial finance deal ends, unless you choose a new product
Tariff of Charges	A list of all fees and charges that may apply during the lifetime of your property finance agreement
Term	The length of time over which the finance is to be paid
Valuation Fee	The fee charged by the Bank to arrange a valuation of the property to be financed

**YOUR HOME MAY BE AT RISK IF YOU DO NOT KEEP UP
THE PAYMENTS ON YOUR HOME PURCHASE PLAN.
YOUR RENTAL PROPERTY MAY BE AT RISK IF YOU DO NOT KEEP
UP THE PAYMENTS ON YOUR BUY-TO-LET PURCHASE PLAN.**

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