Key Mortgage Terms Explained

Annual Percentage Rate of Charge (APRC): The APRC is the total cost of a loan expressed as an annual percentage of the total cost of the Loan, on an annual basis equating to the present value of all commitments (loans, repayments and charges), future or existing, agreed by the Lender and the borrower(s). It considers the costs of credit involved over the term of the loan. We calculate it to a standard set out in consumer protection legislation.

Application in Principle ("AIP"): is provisional approval for a mortgage loan amount and term subject to valuation of the property to be mortgage and no change to the applicant's circumstance which would impact on the ability to repay the mortgage and any other special conditions Avant Money may issue. It is not a legally binding agreement.

Arrears: arise on a mortgage loan account where you do not make a full mortgage repayment, or only make a partial mortgage repayment, in accordance with the original mortgage contract, by the scheduled due date.

If you fall behind in your Mortgage repayments it means your Mortgage is in arrears. We will continue to charge you interest on the amount that is outstanding, including the arrears, at the current rate of interest applied to your mortgage account.

Broker: Your advisor on the mortgage(s) available from Avant Money and other lenders.

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

Contract Agent: means an entity which has contracted with Avant Money to assist in the conduct of its business or in providing services to you.

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

Debt Settlement Arrangement: is an insolvency solution for people who have unsecured debts (i.e. credit cards, loans, overdrafts etc.). A Debt Settlement Arrangement is a formal agreement with creditors that allows for some write off debt. With this solution a person agrees to pay a percentage of their overall debt over a specified period. At the end of that period they will be solvent.

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 you authorise Avant Money 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.

Drawdown: Once all of the conditions of the Mortgage have been fulfilled to the satisfaction of Avant Money and the contracts have been exchanged, Avant Money will 'draw down' the Capital and send the funds to your solicitor.

Equity: This is the difference between the value of your property and what you owe under your Mortgage loan.

Early Redemption: is where the Mortgage is repaid before the end of the Mortgage Term.

Family Home: 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.

First Time Buyer (FTB): An applicant to whom no housing loan has ever before been advanced. Where the borrower under a housing loan is more than one person and one or more of those persons has previously been advanced a housing loan, none of those persons is 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.

Home Insurance: you need a Home Insurance policy in place to the satisfaction of Avant Money before you can draw down your mortgage. A Home Insurance policy must include the full reinstatement value of the property.

Interest rate: You can choose between our fixed and variable rates. Fixed makes it easy to budget because you know what your repayments will be. Variable rates vary over the period of the loan but let you make early or lump sum repayments.

Lender: means Avantcard DAC, trading as Avant Money.

Life Assurance: This is a common form of life insurance that ensures that the Mortgage will be paid off if the Borrower dies during the term of their mortgage.

Loan: means the sum of money which the Lender has in the Loan Offer agreed to advance to the borrower.

Loan Offer: Once a mortgage application is approved, you'll receive a formal letter setting out the conditions of the loan.

Loan to Value Ratio (LTV): The gross amount of the loan advanced as a percentage of the value of the property (either market value or purchase price, whichever is lower). For example, if you borrow €80,000 on a property valued at €100,000 your LTV is 80%.

Loan Term: is the length of time over which you agree to pay off the loan.

Monthly Payment: is the amount of each monthly instalment payable on your Loan.

Monthly Payment Day: is the day or days specified as such for payment of the Monthly Payment in the Loan Offer.

Mortgage: an instrument you sign to create security over a house or land. For example, security in the form of a mortgage is usually given to a lender to enable it to lend to a borrower so they can finance the purchase of a property. A loan secured by a mortgage can be called a mortgage loan.

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

Mover/Trader Up: If you already own a home (or have owned one before) and are moving to a new home you will be considered a Mover. You may be seeking a mortgage loan to allow you move home.

Negative Equity: A mortgage in which the value of the property is less than the balance outstanding on the mortgage.

Personal Insolvency Arrangement: is an insolvency solution for people with unsecured and secured debts. It is a formal agreement with creditors that will write off some unsecured debt and restructure any remaining secured debt, while keeping the person in their home where possible

Stamp Duty: A Government tax on the purchase of a property.

Switcher: Where a borrower moves a mortgage, loan secured on a house from one financial institution to another without moving home.

Title: The right to ownership of property, especially land. Types of title include freehold (where the owner owns land outright) and leasehold (where the owner has a lease of the land).

Valuation: A report which describes a property and estimates its market value. It is prepared by a professional valuer. When we agree to offer a mortgage loan, we require such a report (called a Valuation Report). The valuer must be acceptable to the lender. Remember the Valuation Report is not a detailed structural survey or planning survey and we strongly recommend you have your own surveyor or valuer carry out a survey / valuation for your own peace of mind.

Variable Rate: This is a rate of interest that can change in line with the Lenders Variable Rate Policy Statement.

Variable Rate Policy Statement: This is a document that sets out how the Lender sets its Variable Rate and is published on the Lender's website.