

Agent's Commission

The fee to the real-estate agent for selling the property.

Appraised Value

Estimate of the value of a property being used as security for a home loan. This is for lending purposes only.

Application Fee

Fee charged by the lender to cover the cost of setting up a loan

Body Corporate (Owners corporation)

A corporation of the owners of units or townhouses within a strata building. They form a self-elected council to manage the block and maintain common areas.

Bridging Finance

Short-term finance that covers the gap between the purchase of a new property and the sale of an old property.

Capital Gain

Profit from selling an asset at a higher market price than it cost.

Capital Gains Tax

A Federal Government tax on the monetary gain made on the sale of an asset bought and sold after September 1985.

Caveat

Notification placed on a title to warn any purchaser that someone else holds an interest in the property. This ensures it is not sold without the consent of this third party.

Caveat Emptor

Latin for 'let the buyer beware'. In other words, the buyer has the responsibility to examine the goods being purchased.

Certificate of Title

Records your ownership of a piece of property.

Cooling-Off Period

The amount of time either the buyer or seller has to change their minds in a private sale. This doesn't apply if you buy or sell at auction.

Common Property

A part of the property that is for the use of all tenants.

Company Title

Older style title pre strata title where the block of units is owned by a company and the owners of the units buy shares in the company

Comparison Rate

An adjusted interest rate that takes into account the lender's fees and charges over the term of the loan.

Contract of Sale

A written agreement containing the terms and conditions for the purchase and sale of a property

Conveyance

A legal document by which the ownership of property is transferred.

CRAA

Credit Reference Association of Australia (now known as Veda), used by lenders to check credit history.

Debt Service Ratio

Ratio used by some lenders to assess the borrower's serviceability of a loan

Deposit Bond

A guarantee that can be used instead of having to provide cash for the 10% deposit on a property purchase.

Disbursements

A solicitor's incidental costs in dealing with a client on behalf of a lender

Display Home

Homes built by the builder to display to the public, they normally have a leaseback agreement with the builder as the tenant

Dual Occupancy

Where there is more than one residence on the one block of land, i.e. duplexes

Equity

The difference between the value of your home and the amount that is owed on your home loan.

Exchange of Contracts

When the buyer and seller swap contracts of sale.

Family Pledge

A security guarantee from a family member to assist a home buyer purchasing their home.

Fittings

Items that can be removed from the property, such as furniture.

Fixtures

Items that are part of the property, such as baths, dishwashers and curtain rods.

Freehold

Freehold land is land that is not leased from the Crown (government).

GST

A 10 per cent consumption tax levied on the final consumer of the goods or services.

Guarantor

A promise by a third party to meet a borrower's payment obligations if they are unable to pay. It is often secured by the guarantor's own property.

Holding Deposit

A refundable goodwill deposit to show a buyer's intention to purchase.

Home Equity Loan

A loan which allows you to access the equity that you have built up in your home.

Inclusions

Items included in the property, such as light fittings, which should be listed in the contract.

Interest-Only (IO) Loan

The borrower only pays interest on the loan over a pre-determined period, e.g. 5 years, instead of interest plus principal. At the end of the period, the loan usually reverts to principal and interest for the remainder of the loan's term.

Joint Ownership

A form of ownership where there is right of survivorship, i.e. passes to the other joint owner

Land Tax

An annual tax paid to the state government, calculated according to the value of the property.

Lender's Mortgage Insurance (LMI)

Paid by you to the lender to ensure that the lender is covered if you default on your repayments and they suffer a monetary loss if they have to sell your home, e.g. the sale price is insufficient to cover the home loan debt. If this occurs, the insurer will then approach the borrower for the difference.

Line of Credit (LOC)

A transaction account that has a credit limit attached to it. The borrower can generally withdraw funds at any time, up to the credit (or facility) limit. There is usually no fixed repayment schedule however the borrower is usually required to make payments to at least cover the interest and fees on the loan.

Loan to Value Ratio (LVR)

Ratio of the amount lent as expressed as a ratio to the value of the property

Maturity

The date by which the debt must be paid

Mortgage

The document recording that a property is security for the money borrowed to purchase it.

Mortgage Broker

A broker helps find the right loan for your needs from a selection of lenders.

Negative Gearing

When the tax deductions from an investment property exceed the income the property generates, the investor has a tax loss to offset against their other taxable income.

NRAS

National rental affordability scheme where approved properties will receive a tax rebate from federal and state governments for up to 10 years

100 per cent Offset Account

A savings account linked to your home loan which can help to reduce the amount of interest payable on the loan.

Off-The-Plan (OTP)

Buying a property prior to construction taking place.

Option

A legal method by which a purchaser may reserve a property for a period of time under mutually agreed terms. This sometimes includes financial penalties, so discuss with a solicitor before entering into any option arrangement.

Passed In

When a property fails to sell at auction, it is said to be 'passed in' at the highest bid.

Portability

Where a loan can be transferred to a new property used as security

Principal

The capital sum borrowed on which interest is calculated

Private Treaty Sale

A real-estate agent finds a buyer without going to auction. A price is set and prospective purchasers can submit offers that are usually below the asking price.

REI Contract

Standardised 'plain English' contract used as the basis for home and land transactions. Can be amended with special clauses to suit buyers and sellers.

Redraw Facility

Feature of a loan that allows borrowers to access any additional repayments they have made.

Reserve Price

The minimum price that the vendor will sell the property for at auction.

Second Mortgages

A charge over a property that already has another mortgage on it, it is ranked in order in which it is

lodged

Security

An asset that guarantees the lender their borrowing until the loan is repaid, i.e. the house

Semi-Detached

A house that shares a common wall with another house.

Serviced Apartments

Normal apartments that are leased out short term, often with additional services like cleaning and security

Settlement

Money paid in full in exchange for title documents, keys and the right to take possession.

Strata Title

The concept of 'layer upon layer' - lots, stacked one on top of the other, e.g. a block of units. Each unit relates to a 'lot' in the Strata Plan.

Stratum Title

Similar to strata title where each owner has title to their own unit/townhouse but the common areas are owned by a service company which in turn is owned by the owners of the units

Student Accommodation

Specialist buildings zoned for student accommodation, often bunk beds, communal kitchens, shared bathrooms and study areas

Studio Apartments

A small apartment often < 40m²

Tenants-in-common (TIC)

A form of ownership where each party holds a percentage of ownership. If one owner dies, then that percentage will pass according to their respective estate and will

Term

The length of time over which a home loan is repaid, generally 25 or 30 years.

Term Deposit

A type of savings account where the size of the deposit, the interest rate, and the length of time the money is deposited for, are all fixed.

Title Deeds

Formal documents signifying ownership.

Torrens Title

The system of title that applies to most land in Australia.

Transfer of Land Duty

A state government stamp duty on property purchases calculated on the purchase price.

Valuation

A report which details the value of your property.

Variable Interest Rate

A rate that varies in accordance with the rates in the marketplace.

Vendor

The party offering a property for sale.

Zoning

Used by local authorities to control use of property, e.g. residential or retail.

Crack the Code

A quick guide to real-estate advertising abbreviations.

AC	Air Conditioning
BIR	Built-in robe (wardrobe)
BV	Brick veneer
Dble	Double
DF	Double-fronted
Dep	Deposit
Ens	Ensuite
Entr	Entrance
Grge	Garage
Htg	Heating
Int	Internal
Lge	Large
Lnge	Lounge
LU	Lock up
OFP	Open Fire Place
ONO	Or Nearest Offer
OS	Off-street
Pkg	Parking
RLA	Rear Lane Access
ROW	Right of Way
Rm	Room
SB	Solid Brick
SC	Self-contained
Semi	Semi-detached House
SF	Single-fronted
Sqm	Square Metres
Sty	Storey
UC	Undercover
WB	Weatherboard
WTW	Wall-to-wall