

Glossary of Property Investing Terms

TOP 41

PROPERTY TERMS

J A R G O N

7 day notice

The 7 day notice period is the notice period required by the banks before exchange of contracts on a repossessed property.

Best and final

The estate agents' terms when a property has more than one interested party and negotiations are going back and forth with both parties increasing, a situation may occur where sealed bids are offered.

BMV (Below Market Value)

BMV stands for 'Below Market Value' and means buying a property below the value that the market currently suggests.

Broker

A mortgage broker is a person who acts on behalf of an individual or business in order to source a mortgage. The existence of a mortgage broker is predicated on them finding a bank to lend a specific loan someone is seeking.

UK mortgage brokers are governed by the FCA (Financial Conduct Authority).

Deposit

The term 'deposit' refers to the amount of money you need to put down to purchase a house. When applying for a mortgage you will need to put a deposit down as a percentage value of the property. The minimum UK deposit is 5%.

For example, if a property costs £150,000 your minimum deposit would be £7500. The more deposit you offer the lower your mortgage payments will be.

DIP and AIP

AIP stands for 'Agreement in Principle'. DIP stands for 'Decision in Principle'. A 'decision in principle' or 'agreement in principle' is an indication from your mortgage lender of how much you may be able to borrow to purchase a property.

Remember: a decision in principle is NOT legally binding.

Downval

A 'down valuation' is when a buyer's mortgage surveyor values the property in question for less than the agreed price. The difference between their valuation and the sale price is the down valuation.

For example: you agree to buy a property for £150,000 but the mortgage surveyor values the property at £135,000. Down valuation = £15,000.

Freehold

Freehold is a form of property ownership when a person or organisation has outright ownership of a property and the land on which it is built. There is no expiration of the rights, you have ownership forever.

Freeholder

Freeholder is the noun used to describe the person who owns the freehold.

FTB Property

FTB stands for First Time Buyer. The definition of a first time buyer is someone has never owned a property before in any capacity.

Gazundering and Gazumping

Two of the quirkiest property terms you'll come across.

Gazundering: when you have an offer reduced at the eleventh hour.

Gazumping: happens when you are outbid on a property by another prospective buyer.

Guide Price

A guide price is exactly that, a guide. It is usually the minimum a seller wants for their property.

Remember: you can offer above or below this value.

HMO (House of Multiple Occupancy)

Stands for House of Multiple Occupancy. HMOs can sometimes be referred to as a multi-let property.

A property is an HMO if both of following criteria apply:

At least 3 tenants live in the property forming more than 1 household

The tenants share toilet, bathroom or kitchen facilities.

If more than 3 people live in the property forming more than 1 household, your HMO is classified as a large HMO.

Leasehold

A leasehold is provided for a property where the land it is situated on is owned by someone else. You can only own a leasehold property for a fixed period of time.

Once the lease comes to an end, ownership of the property must be returned to the landlord/freeholder.

Lister or Valuer

A lister, or valuer, is the agent who values properties before they are put on the market. It is their job to determine how much a property should be marketed for.

LO (Lease Option)

A lease option is a legal arrangement that allows you to control the property (and create revenue from it) with the right to purchase it at a later date.

Remember it is a right to purchase, not an obligation

LTV (Loan To Value)

Loan to Value is the amount of your mortgage in relation to the value of your property, represented as a percentage figure and reflects the amount of your property which is mortgaged.

For example: if you have a £150,000 mortgage on a house worth £200,000. This would mean you have a loan to value of 75%.



MO (Mortgage Offer)

A term used in writing and we do not recommend saying it to people.

MTG (Mortgage)

MTG is real estate shorthand for Mortgage.

Neg

Neg refers to a property negotiator. The negotiator is the agent who sells properties.

Offers over

Offers over means the same as OIEO which we have covered further down this list.

OMV (Over Market Value)

OMV stands for Over Market Value and is the opposite to BMV (Below Market Value). **For example**, if a property is listed for £150,000 and you pay £175,000, you paid £25,000 Over Market Value (OMV).

OIEO (Offers In Excess Of)

Stands for Offers in Excess of and means that they want offers in excess of the price advertised.

For example, if a house is priced OIEO £150,000 the agent only wants offers in excess of £150,000.

OIRO (Offers In Region Of)

Offers in Region Of and is used when a firm price isn't set for a property. This is like a guide price and offers could be over or under this.

For example: a property is on the market for OIRO £150,000. So you could offer more or less than this amount, it's a ballpark figure.

Part Exchange

A property that is taken in as part payment for another property.

Probate

The legal process under which the estate of someone who has recently passed is managed.

Peppercorn rent

A nominal rent amount, which can be as little as £1, paid in order to form a legally binding lease contract. This forms the relationship between a landlord and the tenant.

Reneg

A shortening of the phrase 'renegotiate' when someone wishes to renegotiate the price of a property. We recommend that you don't use this one as it has the negative connotation of withdrawing.

Repo

Stands for repossessed property. A repossessed property is when a homeowner has defaulted on their mortgage payments to the lender and the lender has in turn taken the house back.

Reval

Used in conjunction with the property term downval. After a surveyor has down valued a property, another surveyor is then instructed to reevaluate the property.

Sealed Bids

The same as best and final offers. Using the terminology 'sealed bids' can be used to infer that these are final offers and won't be known to the other party.

Shared Ownership

A scheme in which you buy a portion of a property from the builder or housing association and pay rent on the remaining value.

Sols

An abbreviation of the word solicitor and it is normally used in written form. When buying property or selling property you will need solicitors in order to get legally binding contracts sorted.

STPP (Subject to Planning Permission)

Stands for 'subject to planning permission' and means a property is being sold that you could extend in the form of an extension etc. Used as a disclaimer by the selling agent in case planning permission is denied.

STS (Subject To Survey)

Stands for 'subject to survey' and is an estimation of the land size that is sold with the property. The term is mainly used with regards to land but can be used just with property in the case of having a surveyor revalue the property.

STS (Subject To Sale)

Stands for 'Subject To Sale' and in essence a conditional offer to purchase a property on the basis that you sell your current property.

SSTC (Sold Subject To Contract)

Stands for 'Sold Subject To Contract'. This means the same as under offer so the vendor has now opted to halt all viewings on the property but the paperwork and contracts have not yet been completed.

Tied-up

Tied up and tying up are quite informal terms used when a property has been accepted by a vendor.

Under Offer

Refers to a property where an offer has been made but hasn't necessarily been tied up yet. When under offer a property can still be in negotiation.

Vendor

The title given to the seller of a property and will sometimes be referred to as a property vendor. A vendor does not necessarily own the property in question.

Vendor Paid Deposit

The amount of deposit that is gifted by the vendor to aid the purchaser in buying a property. The title given to the seller of a property and will sometimes be referred to as a property vendor. A vendor does not necessarily own the property in question.





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