

Common words

When you are buying a home you may come across some unfamiliar words. Here are definitions of some words and phrases you need to be familiar with.

Body Corporate

You will come across this if you are buying a town house or unit that has been 'strata titled'. The Body Corporate arranges maintenance of common areas, such as roof repairs, and helps resolve disputes. The Body Corporate will normally charge a levy to cover costs associated with maintenance and building insurance.

Certificate of Currency

This is a certificate issued by an insurer that confirms the assets you have insured and the amount the assets are insured for. You should insure the property once the contract of sale has been exchanged and is unconditional, because at this point you must go ahead with the purchase no matter what happens to the property.

Certificate of Title

Every property has an original Certificate of Title held by the Land Titles Office that notes all legal interests in the land. When you buy a property, a transfer to you will be registered on the Certificate of Title and any applicable mortgages. Once you have repaid your mortgage, you have the option to obtain a duplicate Certificate of Title for your own records.

Chattel

This is an item in a house that may be included in the sale. This could be items such as furniture or pot plants. These are usually not included in the mortgage as they are not fixtures.

Commission

The fee the seller pays the real estate agent when the house sale is completed.

Comparison rate

A comparison rate reflects the true cost of your home loan. It takes into account the interest rate, the term of the loan, and any other up front or ongoing costs you are required to pay to the bank or financier associated with your home loan.

It's also important to know that the comparison rate does not include:

- government charges, such as stamp duty or mortgage registration and discharge fees.
- fees and charges which may not be available at the time the comparison rate is provided.

Contract of Sale

An agreement between the seller and buyer containing conditions for the sale of the property. You should read and understand this agreement before you sign it. It becomes unconditional once all special conditions are met. Once the contract of sale is unconditional, the agreement is binding and the sale must be completed by the date specified, otherwise late settlement fees will apply.

Credit foncier loan

A loan where the repayments cover the interest and the principal, which reduces over the term of the loan.

Equity

The equity in a property is the value of the property less any debts owing on the property.

Freehold

A form of ownership of land. Most land that can be mortgaged in the Northern Territory is either freehold title or a Crown Lease. Freehold land can be sold, mortgaged or leased without the permission of the Crown (the Northern Territory Government).

Lands Titles Office

Commonly referred to as the LTO. It is the government department that holds the land registration records.

Mortgage

Credit Contract

The loan agreement with the bank or financier lending the money to purchase the property. This contract details information you need to know about the loan, including the interest rate, repayment amounts and whether the interest rate can change. This agreement is legally binding and you need to read and understand it before signing. If you are unsure of any details, you should seek independent legal advice.

Easement

A right for someone else to use your property for a particular purpose. The most common is a PowerWater easement or a neighbour's access to their property.

Fixtures and fittings

Items attached to a house that are legally considered to be part of the house. For example, a stove or light fittings. When a property is sold, the fixtures and fittings cannot be removed unless agreed in the contract of sale. Check what is included with the real estate agent before signing the contract of sale.

Interest only loan

Loan where the repayments only cover the interest and the principal does not reduce.

Market value

The price your home is likely to sell for, as determined by the Valuer-General.

Mortgagee

The legal document that allows the lender to sell the property to recover the loan if you breach the credit contract.

The person or business lending the money. The lender.

Mortgagor

The person offering the security, usually the person who has borrowed the money.

Permit to Occupy

This is issued on behalf of the Building Board stating that the building meets the Building Code.

It was previously called Certificate of Completion or Certificate of Compliance.

Principal

The initial amount of money borrowed.

Rates

Fees paid to the council for services such as rubbish collection. At settlement the buyer reimburses the seller for any rates they have prepaid. This is calculated by your conveyancer or solicitor.

Reference rate

A reference rate is a benchmark, index or other reference rate (*National Consumer Credit Protection Act 2009*). HomeBuild Access loans have a reference rate based on either the Commonwealth Bank of Australia's Standard Home Loan Variable Rate or the People's Choice Standard Variable Home Loan Rate.

Settlement date

The day the money is paid in exchange for the Certificate of Title document. If you are borrowing money, the lender holds the Certificate of Title. This can also be referred to as Completion Date in Contracts of Sale.

Strata Title

This is where a block of units, apartments or town houses have an individual Certificate of Title for each unit or townhouse, and one for the common property. The common property is the area used by all the unit holders such as the driveway.

Variable Interest Rate

An interest rate that will vary from time to time in accordance with changes to the reference rate. HomeBuild Access loans have a reference rate based on either the Commonwealth Bank of Australia's Standard Home Loan Variable Rate or the People's Choice Standard Variable Home Loan Rate. So if the Commonwealth Bank or People's Choice interest rate changes, so will the interest rate for HomeBuild Access home loan.

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