

# GLOSSARY

A	
<b>AccessBond</b>	This facility allows you to draw funds up to a predetermined loan amount.
<b>Administration fee</b>	This is a monthly fee charged to cover the cost of maintaining your home loan account on the bank's system.
<b>Alienation of Land Act</b>	This law describes a property sale whereby the property is transferred into the buyer's name at a later date. It is used mainly for customers who do not qualify for a home loan.
<b>Amount limit</b>	This is the limit up to which you may transfer funds from your home loan account to another linked account via electronic facilities.
<b>Annual premium</b>	This is the premium payable once a year in respect of a life assurance or a home owner's insurance policy.
<b>Assessment</b>	This is the bank's assessed value of the property.
<b>Assessment fee</b>	This fee pays for the administration work that accompanies a property assessment.
<b>Authority to pay</b>	This is a document whereby you authorise the bank to make payments out of your home loan account. It forms the basis from which guarantees are issued.
<b>Available balance</b>	This is the difference between the balance and the ATM limit, or the balance and the balance limit.
B	
<b>Balance</b>	This is the balance reflected on the statement when the enquiry is taken and excludes accrued interest.
<b>Bond costs</b>	These are the conveyancer's fees, stamp duty and VAT. They are payable by the buyer to the attorney attending to the registration of the bond on behalf of the bank. Conveyancing fees and stamp duty are calculated on a sliding scale based on the bond registered.
<b>Bond term</b>	This is the original term of the loan.
<b>Borehole certificate</b>	This is a certificate issued by a specialist borehole contractor stating that the borehole yields a certain amount of litres per hour. These certificates are usually only required on agricultural holdings.
<b>Building loan</b>	This is a loan applied for to build a house.
C	
<b>Cancellation figures</b>	The bank advises the attorney of these figures. They comprise the outstanding capital amount and interest, plus any other costs required to settle the account in the bank's books.
<b>Cession</b>	This is a customer's policy that is ceded to the bank. The bank would hold the cession, while your insurance company would retain the policy document.
<b>Clearance certificate</b>	This certificate is required from the engineer where reinforced concrete is being used.
<b>Collateral</b>	This is the amount of security provided to secure the home loan.
<b>Consolidation</b>	This occurs where the customer owns two properties next to each other and would like them joined into one property. A new property description will be given and will be depicted on a Surveyor General Diagram.

<b>Contract price</b>	This is a fixed amount of what a contractor quotes to complete a house according to the plans supplied to him, with possible escalation built in.
<b>Cooling-off period</b>	This clause is included in an offer to purchase a property under R250 000. It is based on a new law allowing first time home buyers the opportunity to change their minds within five days of signing the offer.
<b>D</b>	
<b>Damp proofing certificate</b>	This is a clearance report on the work carried out by a specialist damp proofing contractor, stating that the problem has been solved and that it will not occur again within a specified time.
<b>Deed Office Registration Fees</b>	This is a government department whose task it is to attend to the registration of transfers of immovable property.
<b>Deposit</b>	This is the amount the customer has available to put towards the purchase of the property as a guarantee.
<b>Domicile branch</b>	This is the branch where the customer's home loan account is held.
<b>Domicilium Citandi et Executandi</b>	This is a physical address where the delivery of legal notice will be accepted by a party to a written agreement.
<b>E</b>	
<b>Electrical Compliance Certificate</b>	This certificate is issued by an electrician and registered with the local authority to verify that the electrical installation of the property complies with local by-laws.
<b>Equity</b>	This is the amount by which the value of a bonded property exceeds the amount owing on the loan.
<b>Estate Agent Introductory Commission</b>	This commission is paid by the bank to estate agencies for introducing home loan business to the bank.
<b>Estimated cost</b>	This is what the bank's assessors feel the house would cost to build, based on prevailing building costs.
<b>Exposure of a complex</b>	This indicates the number of units bonded to a bank as a percentage of the total number of units in the complex.
<b>Expropriation</b>	This is where the local authority needs a portion or the entire property for its use. The bank would require a letter from the customer and the local authority, and an assessment has to be done on the remaining security.
<b>F</b>	
<b>Finance charge</b>	This is the interest charged on the loan.
<b>Fixed interest rate</b>	This is when your home loan interest rate is fixed for a specified period.
<b>Freehold</b>	This is when you own the property as well as the land it is built on.
<b>Further advance</b>	This is when you register a further bond over the property in order to obtain additional funds.
<b>H</b>	
<b>Home Loan Pledge</b>	This is a certificate you receive from the bank before you start house hunting, that details how much the bank is prepared to lend you. It is subject to normal credit criteria and a satisfactory assessment of the property.
<b>Home Loan Protection Policy</b>	This policy is used to cover the outstanding balance on your home loan account, where capital is repaid via normal instalments in the event of death, disability, retrenchment or dread disease.
<b>Home Owner's Comprehensive Insurance</b>	This policy provides cover for certain loss or damages to the property. These are specified in the policy document.

I	
<b>Initiation fee</b>	This is a once-off fee allowed in terms of the Usury Act to offset the cost of opening the account.
<b>Instalment amount</b>	This is the basic monthly instalment amount payable on the home loan, excluding insurance or assurance premiums, where applicable.
<b>Instalment status</b>	This is the status of the account, which is the difference between the balance and the balance limit.
<b>Interest accrued</b>	This is the interest accrued on the daily balance outstanding - from the first day of the current month, up to the day before the enquiry was taken.
<b>Interim interest</b>	Once funds are paid out of the home loan account, interest is calculated on a daily basis on the outstanding balance. The interest is debited to the home loan account at month-end. (The longer it takes to complete the building, the less money is available in the account).
L	
<b>Latent defect</b>	This is a fault or flaw that is not immediately detectable, or is hidden from view on inspection of the property.
<b>Leasehold</b>	The township developer or local authority owns the property but grants leasehold rights.
<b>Levy</b>	This is the owner's proportionate share of the costs incurred by the complex for the month.
<b>Lodgement</b>	This is when bond documents are presented at the Deeds Office for checking by officials before registration of the bond.
<b>Loan to value</b>	This is the percentage the bank is willing to lend you, expressed as a percentage of the bank's estimated value of the property and the loan amount required.
M	
<b>Mandate</b>	This is an agreement between the seller and the estate agent to market the property.
<b>Mortgage bond</b>	This is an agreement between you and the bank, stating that the bank will lend you a certain amount of money in the form of a home loan, and that you will pay the bank back over a certain period, on a monthly basis, and at a certain interest rate.
N	
<b>NHBRC</b>	The National Home Builders Registration Council ensures that builders extend their commitment to customers by providing a five-year warranty.
<b>Non-resident</b>	This is a person whose normal place of domicile is outside the common monetary area (outside South Africa).
<b>Notarial Tie Agreement</b>	This is similar to a consolidation, but the property description does not change.
O	
<b>Occupation</b>	This is the date the buyer moves into the property.
<b>Occupation rent</b>	This is paid by the buyer to the seller at an agreed amount, if the buyer decides to move into the property before transfer of ownership takes place.
<b>Offer to Purchase</b>	This is an offer in writing from the buyer to the seller, which is usually prepared by the estate agent. Once signed by all parties it becomes a legal and binding contract between the seller and the buyer.
<b>Ordinary loan</b>	This is a loan over property on which there is a dwelling and freehold rights apply.

P	
<b>Possession</b>	This is the date when the risk in the property passes to the buyer.
<b>Progress Payment Form</b>	This is a form signed and completed by the customer as building work progresses. The assessor does an inspection and releases the retention accordingly.
<b>Property Guarantee</b>	This is a written document issued by a bank that promises to pay to the person or financial institution named, the sum referred to on registration in a Deeds Office of the transactions mentioned in the guarantee.
R	
<b>Readvance</b>	When you have repaid a portion of your home loan, you may borrow all or part of the loan amount.
<b>Registration</b>	This is the process whereby ownership of the property is transferred from the seller to the buyer via a deed of transfer. Your home loan will be secured at the Deeds Office as a mortgage bond.
<b>Repo rate</b>	This is one of the credit management tools used by the Reserve Bank to regulate liquidity in South Africa (customer spending). The bank borrows money from the Reserve Bank to cover its shortfall. The Reserve Bank only makes a certain amount of money available and this determines the repo rate. If the bank requires more money than what is available, this will increase the repo rate - and vice versa.
<b>Retention</b>	This is the money retained by the bank and paid to you once the bond is registered. Payments are made in the form of progress payments as work on your house progresses.
S	
<b>Safe custody</b>	This is placing the bond documents in a safe place once an instruction has been issued and the bond has been paid up.
<b>Servitude</b>	A servitude is a right to access which allows a local authority access to a property for inspection or installation of pipes, sewerage lines, electricity cables and so on. It is registered against the title deed.
<b>SG Diagram</b>	This is a Surveyor General's diagram and shows sub-divisions, servitudes, expropriations and so on. It becomes a loan condition when the assessor cannot identify the property to be bonded, with the latest municipal map.
<b>Shortfall</b>	A shortfall arises when the bank's estimate of what it will cost to complete the building work is higher than the contract price quoted by the builder.
<b>Share block developments</b>	Companies own these properties and you buy the shares representing your unit or house. Because no title deed can be had, the bank cannot consider granting loans over share block developments.
<b>Sole mandate</b>	This is an agreement between the seller and the estate agent to exclusively market the property. Once the agent is allowed to market the property, he has sole rights.
<b>Stamp duty</b>	Stamp duty is a tax imposed by the government.
<b>Subdivision</b>	Subdivision is the dividing of property into two or more portions.
<b>Suspensive Condition</b>	This is a clause in the agreement of sale whereby the validity of the contract is made subject to the occurrence or non-occurrence of a future event.
T	
<b>Tax certificate</b>	This certificate includes a breakdown of how much interest and insurance was paid, as well as total repayments to the home loan account over a certain period.
<b>Title deed</b>	This legal document is registered at the Deeds Office as proof of ownership of property.

<b>Timeshare</b>	This is a property development where occupancy time is sold. The bank does not grant loans for timeshare properties.
<b>Transfer fees</b>	These comprise transfer duty, conveyancer's fees and VAT.
<b>Transfer duty</b>	Transfer duty is a tax levied by the government on the purchase of immovable property and is calculated on the purchase price.
<b>V</b>	
<b>Vacant land</b>	This is a loan to purchase a vacant stand with a view to build in the future.
<b>Variable interest rate</b>	The official interest rate charged by the bank fluctuates according to the repo rate.
<b>Variation agreement</b>	This states that the bank may change the interest rate at any time without giving notice and you, as the customer, may not appoint your own insurers. A variation agreement must be completed for all loans granted prior to 31 July 1990.
<b>Voetstoots</b>	This clause is always found in a sale document and means "let the buyer beware". All defects must be mentioned to the buyer upfront. If there are any defects in the property of which the seller was unaware, the buyer will acquire the property with such defects.
<b>W</b>	
<b>Waiver of Lien</b>	This is a legal document where a contractor waives his common law right to hold control over a property if he is not paid in full.
<b>Waterproofing Certificate</b>	This is a guarantee by a waterproofing contractor that the item involved has been adequately waterproofed in terms of the instructions specified by the manufacturer.
<b>Z</b>	
<b>Zoning</b>	The local authority determines the purpose for which your property may be used, for example, residential or business. If your property is granted business rights, talk to your local authority as it may affect its saleability.