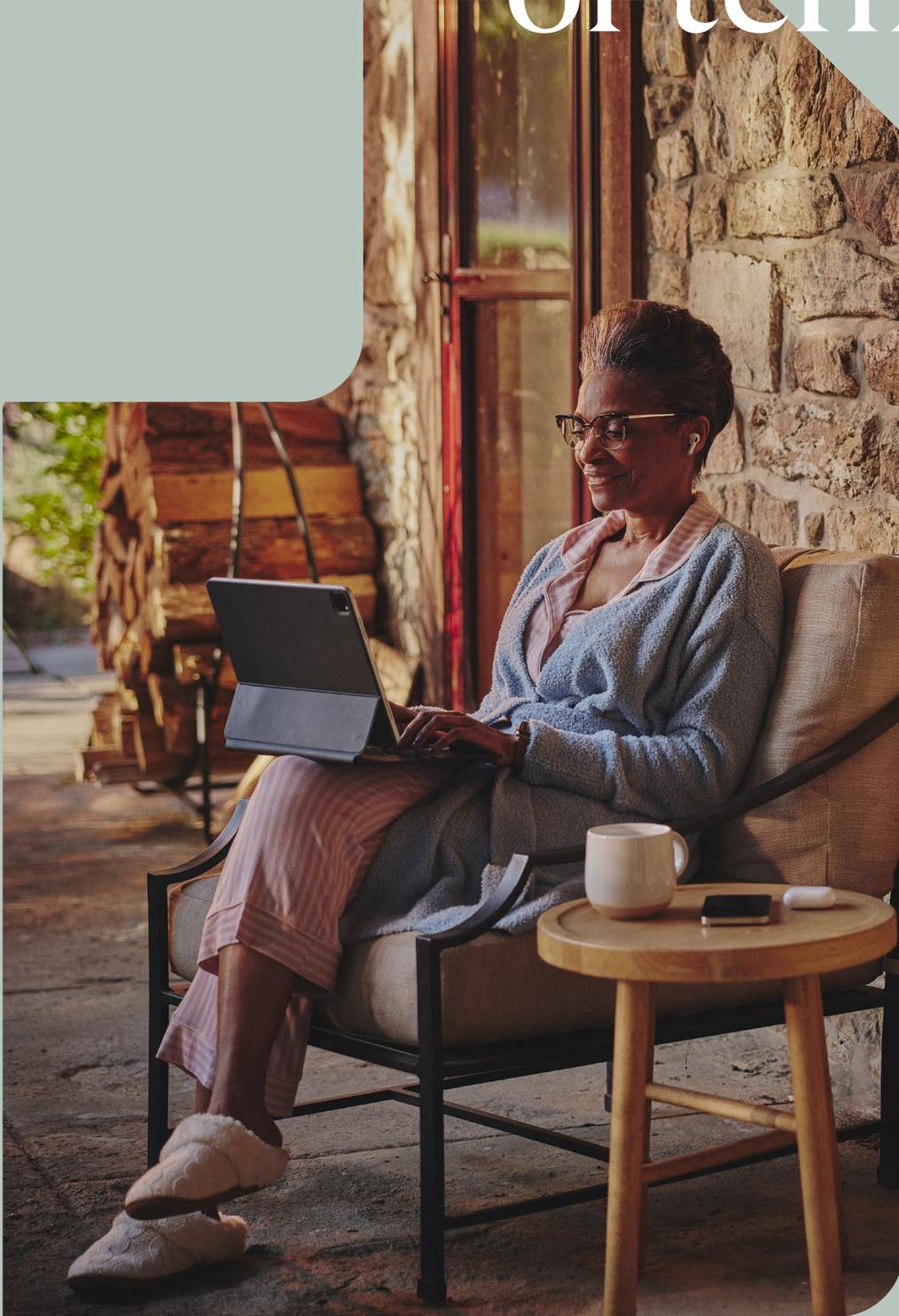


# Glossary of terms



Here is a guide to help you understand the different terms used across our website.

Term	What it means
Additional borrowing	When applying to borrow more money - may also be referred to as a "Further Advance".
Advice fee	An adviser may charge you a fee for the financial advice and support you receive through the application process.
Adviser	Another term for a broker or broker firm. The person who arranges your mortgage and gives you the relevant information. At Riverton we refer to brokers as advisers or financial advisers.
APR (Annual percentage rate)	The annual rate charged for borrowing. Usually expressed as the actual yearly percentage.
Beneficiary	A person (usually family) that would receive benefits or money from an individual.
Change of Heart Guarantee	The opportunity to change your mind and repay your funds without incurring an early repayment charge within the first month of you taking out the mortgage. Note, this is subject to certain terms and conditions.
Completion	Completion of a mortgage is when you receive the agreed-upon lump sum from the mortgage lender
Compound interest	This is interest that is added and paid on any interest accrued on a loan, as is usually the case with a lifetime mortgage. Also known as roll up interest.
Consumer Duty	The Duty imposed by the Financial Conduct Authority (FCA) which sets high standards of consumer protection across financial services and requires firms to put their customers' needs first.
County Court Judgement (CCJ)	A court order that can be issued against a borrower if they fail to pay an outstanding debt.
Criteria	A set of standards that the property and borrowers must meet to be eligible for a loan.

<b>Debt Management Plan (DMP)</b>	A plan a person makes with their creditors to pay off their debts at a rate that is affordable for that person. A lifetime mortgage can be used as a tool to pay off outstanding debts.
<b>Deed of consent</b>	A legal document that a mortgage lender needs to be signed by a person occupying the property for which the lifetime mortgage is being provided but is not party to the mortgage.
<b>Deeds</b>	A legal and written document that confirms the agreement made between a person and in this case a lifetime mortgage lender about a property.
<b>Downsizing</b>	The process of selling a home in order to move to a smaller property.
<b>Drawdown</b>	A lifetime mortgage with the option to release more money at a later date, after taking an initial lump sum. An alternative to taking one large lump sum.
<b>Drawdown facility</b>	The pre-approved cash reserve that you can make withdrawals from if you have a lifetime mortgage with a drawdown option. You only pay interest on the amount you have actually borrowed, not the total available amount in your facility.
<b>Early Repayment Charge (ERC)</b>	You may be required to pay an early repayment charge if you pay off all or some of your lifetime mortgage earlier than planned. This will be detailed in your offer documentation.
<b>Energy Performance Certificate (EPC)</b>	An EPC tells you how energy efficient your property is. An EPC rates a home from A (very efficient) to G (inefficient) and tells you how costly it will be to heat and light your property (including what its CO2 emissions are likely to be).
<b>Equity Release Council</b>	The equity release industry trade body that sets governance standards and a Code of Conduct that all members must follow. Riverton Home Finance is a member and supporter of the Council. Their website address is <a href="https://www.equityreleasecouncil.com">https://www.equityreleasecouncil.com</a>
<b>Equity release mortgage</b>	The financial product that allows homeowners over the age of 55 to borrow against some of the equity that has built up in their home over time.

Equity	The market value of your property, minus any secured loan(s) or mortgage(s) outstanding on it. The remainder is the equity in your property. For example, if your property is valued at £300,000 and there is an outstanding mortgage on £50,000 on the property, the equity in the property is £250,000.
Estate charge	A charge payable by a person in a freehold property on a private estate to help fund services, repairs and maintenance of the communal areas.
Estate	The collective term for all your assets or everything in your ownership when you pass away. This typically includes your home, finances (such as savings) and possessions.
Executor	A legal executor is named in the Grant of Probate document and holds legal authority to administer the deceased's estate.
Financial Conduct Authority (FCA)	Regulator of financial services firms and markets in the UK, setting standards for firms to meet and holding them to account if they don't.
Financial Ombudsman Service (FOS)	The organisation that settles disputes between financial services businesses and their clients. It is a free to use service and information can be found on their website: <a href="https://www.financial-ombudsman.org.uk/">https://www.financial-ombudsman.org.uk/</a>
Freeholder	A person with a 'Freehold' property has outright ownership of the property and the land on which it is built.
Further advance	When a person applies to borrow more money from their current lender. This is typically at a different rate than the initial lifetime mortgage ('prevailing rate') and may affect a person's welfare benefits and tax position.
Grant of Probate	A Grant of Probate is a document that states the legal executor of someone's estate and confirms they have authority to deal with their assets.
Ground rent	A fee charged on leasehold properties as a condition of the lease of the land a property is built on. The cost of ground rent will vary across properties.
Interest rate	A rate telling a person how high the cost of borrowing currently is. This is dependent on a person's individual situation. An independent equity release adviser can help you find the best rates for your situation.

<b>Interim charging order</b>	An escalation of a County Court Judgment (CCJ) that secures the debt a person owes against their home or other property they own. An interim charging order is made by a court officer without a hearing. When a creditor puts an interim charging order in place, a person can't sell their home without the creditor being informed of this.
<b>Individual Voluntary Arrangement (IVA)</b>	An agreement between creditors and a person on paying all or part of a debt owed.
<b>Key Facts Illustration (KFI)</b>	A document in a set format, created and provided during the advice process, which illustrates the features and risks of prospective equity release plans. Usually given to customers to help them understand the products in more detail.
<b>Leasehold</b>	When the ownership of a property has a set duration, after which said ownership is returned to the landlord (known as the "freeholder"). Lease durations can in most cases be extended – usually at a cost.
<b>Lender</b>	A mortgage lender is a financial institution that originally loaned you the money. Riverton is known as a lender.
<b>Lifetime mortgage</b>	A type of equity release and a form of mortgage (a loan secured against your home), in which you retain full ownership of your property. It is designed to be repaid when the borrower(s) passes away or moves into long term care.
<b>Loan to Value (LTV)</b>	This figure, usually expressed as a percentage, represents the size of the loan amount in comparison to the value of your property. For example, a loan of £20,000 on a property worth £200,000 would be at a 10% LTV.
<b>Lump sum</b>	A fixed amount of money released to the customer in a single, up-front amount.
<b>Mainland Scotland</b>	The portion of the country that excludes all offshore islands such as the Shetland Islands, Orkney Islands and the Hebrides. It is the part of Scotland that runs from the English boarder to the northern coast.
<b>Means-tested benefits</b>	Government financial support for individuals or households whose income and capital fall below specific thresholds. Eligibility is determined by a "means test" which assesses your financial resources including income, savings and other assets. An example of a means-tested benefit is pension credit.

Next of kin Your closest living relative or relatives.

**“No Negative Equity” Guarantee** A guarantee with all plans that meet the Equity Release Council standards that mean you can never owe more than the value of your home. In effect, it is not possible to pass any debts from an equity release mortgage to your beneficiaries.

Offer A conditional proposal presented by Riverton to the lifetime mortgage applicant. This offer is legally binding, and it’s crucial for the applicant to discuss it with their independent financial adviser and their solicitor before making a final decision.

Porting The act of moving your mortgage from one property to another.

**Power of Attorney (POA)** There are two types of POA – financial or health. A POA provides legal authority that allows a third party to manage either your financial affairs or health and wellbeing affairs on your behalf should you lose the capacity to do so.

A POA handles things on your behalf for a set period, a Lasting Power of Attorney (LPA) grants ongoing authority in case you become unable to make decisions or look after your affairs yourself.

An Enduring Power of Attorney (EPA) was used for managing property and financial affairs, it was replaced by LPA in 2007, so you can no longer create new EPAs. However, existing EPAs are still valid provided it is registered with Office of the Public Guardian when the donor begins to lose mental capacity.

**Property tenure** Tenure refers to how a piece of land is held by the owner. Properties usually fall within two types of tenures: freehold and leasehold.

**Property title** Refers to a document stating the person who owns the property, including details of any mortgages they may have. A solicitor is likely to check the title on the property.

**Qualified equity release adviser** An adviser who is qualified to advise on equity release products. It is a legal requirement to have financial advice for these types of products, from a suitably qualified person, before applying.

**Redemption figure** A redemption figure refers to the amount of money left on a mortgage for a person to have fully paid it off.

<b>Restriction</b>	Refers to certain conditions or limitations imposed by the lender on the property or the borrower. These restrictions can vary depending on the lender and the specific mortgage product. For example, the property criteria may state that a minimum property value is required.
<b>Service charge</b>	A fee relating to repairs, maintenance, improvements, insurance, or costs of management of your property and/or surrounding land.
<b>Solicitor</b>	A legal professional qualified to give legal advice and support.
<b>Special conditions</b>	A set of actions a person needs to complete before a lifetime mortgage can complete. For example, Riverton may ask a person to carry out a set of repairs which were recommended through the property valuation.
<b>Use of funds</b>	The intended use of funds received from a lifetime mortgage.
<b>Valuation</b>	As part of the equity release process, the property must be valued by a qualified surveyor. This ensures that it is fit to lend against, and it also confirms the market value of the property.
<b>Voluntary repayments</b>	A feature of a Riverton lifetime mortgage, which allows you to repay up to 10% of the original amount borrowed each year without penalty or proof of income.