Application: A mortgage application submitted to the lender that includes information on the borrower’s income, savings, assets, debts, and more.

Appreciation: The increase in the value of a property over time.

Asking Price: The price of a property that an owner may be willing to negotiate at. The seller does not have to give the agent an asking or reserve price. However, the property must not be advertised for a price that is less than the agent’s estimated price.

Auction: The selling of any property in public by a licensed auctioneer. Not all auctions result in a sale.

Auctioneer: The licensed person who runs an auction. This person may be different to the Real Estate Agent on the property of purchase.

Big Four: The four major banks in Australia including Westpac, Commonwealth, NAB and ANZ.

Body Corporate: An owner’s corporation is the legal entity comprising all the individuals that own the various lots in a strata scheme. The main purpose is to manage and look after the building’s communal areas.

Borrower: the individual or individuals who take out a mortgage for the purchase of a property. They are responsible for making all payments and fees associated with the loan over the life of the loan.

Bridge loan: a short-term loan used to cover the period between the purchase of one property and the sale of another. These types of loans generally have very high interest rates.

Building inspection: What you need before you purchase a property. It will make you aware of any building defects that you may or may not be aware of.

Buyers advocate: See buyer's agent.

Buyer's agent: Also known as a purchasing agent. A person or company that offers to buy a property on behalf of another party.

Capital Gain: The profit from the sale of the property.

Comparison rate: To help you work out the true cost of your loan. A variable rate excludes extra fees and charges, so a comparison is more accurate. It allows you to compare loan rates across different lenders.

Conditional offer: When an offer is made on a property subject to a condition being met. This could be subject to finance or a building inspection.

Contract of sale: Contract between two parties outlining the transfer of property.

Conveyancing: Where a conveyancer makes sure you and the seller are meeting the legal requirements of the sale. This includes helping with settlement and ensuring the title transfer.

Cooling Off Period: The time during which a buyer can terminate the contract. This differs from state to state and in Western Australia there is no cooling off period at all. There may still be a penalty for cancellation of the contract.

Credit Report: A credit report is a record of the borrower's credit history from banks, credit card companies, collection agencies, and governments.

Deposit: A sum payable as a first instalment on the purchase of your new property. This is also known as a down payment.

Depreciation: The decline of an asset value.

Equity: The difference between the current market value of a property and the principal balance of the loan outstanding.

Fixed rate loan: A fixed rate loan with an interest rate that remains at a set level for a specified period.

Foreclosure: The legal process involved in selling the property by auction to settle the mortgage debt. This is due to the borrower defaulting on payments.

Guarantor: Someone who helps you obtain a loan by guaranteeing that they will pay the amount which they guarantee to the lender if you were to default on your repayments.

House flipping: The act of purchasing a property with the aim of selling or 'flipping' the property in a quick timeframe with the desired outcome to make a profit. Most house flippers do some renovation in order to turn a profit on a home.

Interest only loan: When your loan only requires you to pay the interest on the amount you have borrowed. This loan is usually for a set period, after which the loan changes to a principal and interest loan. Interest rates are generally higher on interest only loans.

Interest rate: The proportion of a loan that is charged as interest to the borrower for the cost of borrowing money from your lender.

Investment Property: A property that is for the purpose of generating income and is not owner occupied.

Joint Tenancy: Joint ownership by two or more persons that includes the right of survivorship. This means that all owners inherit and are responsible for one others debt. All are equal parties.

Land survey: This is a survey of the boundaries of a property.

Landlord: The property owner who leases it to another party.

Lease: The agreement between a tenant and the landlord that outlines the terms of the tenancy.

Lender: The bank or non-bank lender offering the loan. Many institutions only "originate" loans and then resell the obligation to third parties.

Lenders mortgage Insurance (LMI): A premium that is added to your home loan. It is sometimes required if you do not have the full 20% deposit on your property purchase but do have the income to support the regular mortgage repayments.

Living expenses: The amount required to maintain your household's standard of living.

Loan-To-Value Ratio: The mortgage loan and the appraised value of the property expressed as a percentage. An LTV ratio of 90 means that a borrower is borrowing 90% of the value of the property and paying 10% as a deposit.

Mortgage Broker: A person that arranges mortgages between borrowers and lenders. They have access to a wide range of loan products that will ensure a competitive and best suited mortgage for their client.

Mortgage calculators: Online financial tools to allow potential buyers to play out various financial scenarios to decide what you can afford. Ask for mortgage brokers for some.

Mortgage repayments: The regular instalments you pay to your lender. These are done weekly, fortnightly or monthly.

Mortgage: A legal document that pledges property to a creditor for the repayment of the loan, and is the term used to describe the loan itself.

Negative gearing: For investment properties. When the income from rent received is less than expenses incurred, the loss can be claimed as a tax deduction.

Positive gearing: For investment properties. When the income received from rent is higher than your mortgage repayments and outgoings. So, you make a profit. This may be taxed.

Capital gains tax: The profit taxed from selling an investment property. If you own the property for more than a year the capital gain is generally discounted by 50 percent.

Non-bank lender: a financial institution that offers mortgages and other types of loans, but which doesn't hold a banking licence. Their size means they can offer competitive mortgage rates but cannot offer savings accounts.

Off the Plan: Purchasing a property before completion and from a plan.

Passed In: Is when the highest bid at an auction fails to meet the selling price the seller has set.

Pre-approval: When a lender has agreed to lend you a certain amount of money for the purchase of a property. It is not a final approval but allows you to know the maximum available that you can borrow. This is helpful in narrowing your search for a new property and in the negotiating process.

Pre-auction offer: Putting in an offer on a property pre-auction. The vendor can accept this offer or decline it and move forward to auction.

Principal: The amount borrowed on a home loan from your lender.

Property appraisal: Conducted in order to gain a market value of your property.

RBA: Reserve Bank of Australia.

RBA cash rate: Set by the RBA almost once a month. The cash rate influences other interest rates in the economy. When the RBA raises the cash rate, generally it is because they want to put the brakes on demand growth and the rate of inflation. If the cash rate falls, the RBA is trying to boost economic activity and inflation by encouraging consumer spending and business investment.

Refinance: When a borrower/homeowner finances their loan again. This is generally to have a new loan at a lower interest rate which can be done with the same or a new lender.

Rental yield: How much income a property produces each year as a percentage of that asset's value.

Reserve Price: The price at which the owner of a property is prepared to sell at auction.

Row house: A row of homes built in a similar style that have common dividing walls. Commonly known as a terrace.

Section 32: See vendor statement.

Semi Detached: Two properties that share a common wall or walls.

Settlement Date: The date when the purchaser assumes possession after finalising payment and title changes.

Settlement period: Set out in the contract of sale. Usually 30, 60 or 90 days. Starting from the day you sign the contract.

Split loan: Where a portion of your loan is fixed, and a portion is variable. This gives you both some flexibility and security of interest rates changing.

Stamp Duty: The State Government tax on the purchase price payable at time of settlement by the purchaser.

Supporting financials: Documents to support your income. For example, payslips, bank statements and tax returns.

Tenants in Common: Two or more people who co-own a property in defined shares that they can dispose of as they wish. The shares owned by each tenant in common can be equal or unequal. There is no right of survivorship.

Title Search: The process of retrieving documents evidencing events in the history of a piece of real property, to determine relevant interests in and regulations concerning that property.

Title transfer: The act of point in place or time at which ownership of a thing is passed from one person to another.

Title: The official document that states the right one has over a piece of property that they own.

Variable loan: A loan in which the interest rate charged on the outstanding balance varies as market interest rates changes. As a result, your payments will vary.

Vendor Statement: The legal statement outlining information of the property. It must be factual, complete and provided before a contract is signed.

Vendor: Seller of the property.

Zoning: The guidelines as to the permitted uses of land by local authorities.