



P.A.M.

Property Advisory Mentorship

PROPERTY ACRONYMS EXPLAINED: A TO H

Your Resource from P.A.M.

P A M E L A G A Y L E



CONGRATULATIONS ON DOWNLOADING! PROPERTY ACRONYMS EXPLAINED: A TO H

GREETINGS AND WELCOME!



I'm P.A.M., the founder of the Property Advisory Mentorship website and the course entitled, "How to Safeguard Your Future Through Property". Buying property opens up a whole new world of acronyms, and I'm excited to support your learning by providing this resource.

It can be daunting when reading up on important information, only to come across acronyms without explanation. Understanding these terms can be beneficial for property investors.

The good news? P.A.M. is here to help. The most frequently used acronyms are listed in alphabetical order with explanations in plain English. This booklet starts at A and finishes at H. Further acronyms to follow. Happy acronym learning!

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AST

DEFINITION:

ASSURED SHORTHOLD TENANCY

EXPLANATION:

A rental contract, introduced by the Housing Act 1988, with the ability to evict without reason after a fixed term of 6 or 12 months under Section 21. Often called “no-fault evictions”. After the fixed term, the AST continues on a monthly basis. The government believes Section 21 causes homelessness (?), and aims to abolish Section 21.



BRRRR

DEFINITION:

BUY REFURBISH RENT REFINANCE REPEAT

EXPLANATION:

Buy a property. Refurbish it to add value. Rent it out for monthly cashflow. Refinance it to withdraw the added value. Use the finance raised as a deposit for another property. Then Repeat the process. Keeping the property long term, ensures another form of investment – capital growth/appreciation.



BTL

DEFINITION:

BUY-TO-LET

EXPLANATION:

This is a mortgage (loan), that started in 1996, to buy properties to rent out as residential homes for renters. Owners cannot live in BTL properties. Leverage (gearing) is the beauty of BTL because (1) you can get three quarters of the money from the bank, making your money go much further; (2) you can buy a property for only the deposit; and (3) you can use the leverage on one property in order to buy another property and scale up your portfolio.

BTS

DEFINITION:

BUY TO SELL

EXPLANATION:

Making a lump sum profit in a short space of time. Called “flipping” in the US. Expensive short term renovation loans called “Bridging” provide the financing. But it’s risky because (1) you need renovation skills/knowledge; (2) money to live on in the duration; (3) extra money for the renovation; (4) builders/trades who will work ethically; (5) you may uncover serious faults e.g., subsidence; (6) if the property is down valued or it takes too long to sell, you can lose the expected profit.



CGT

DEFINITION:

CAPITAL GAINS TAX

EXPLANATION:

Taxes the difference between the purchase price and the selling price (profit) when a property is sold. All taxpayers have an annual tax-free amount of £6,000 (reduced to £3,000 in 2024-25). Tax is paid at 18% for basic rate tax payers or 28% rate for higher rate tax payers after the allowance has been deducted. Broker and estate agent fees, stamp duty, and capital improvements are allowable expenses. No CGT is paid on your principal primary residence (PPR), i.e., the home that you live in.



DIP

DEFINITION:

DECISION IN PRINCIPLE

EXPLANATION:

Also called Agreement in Principle (AIP). It's an indication to show whether you would qualify for a BTL mortgage and how much they will lend you. Some estate agents may ask to see one, before viewing properties or after an offer has been made and accepted. DIPs are not legally binding but it shows that you are a serious buyer.



DPS

DEFINITION:

- DEPOSIT PROTECTION SERVICE
- TDS – TENANCY DEPOSIT SCHEME
- MYDEPOSITS

EXPLANATION:

Deposits must be protected within 30 days in one of the three government schemes. 5-weeks' rent is the maximum equivalent for deposits. When renters move out, deposits are returned less any damages or rent arrears. Disputes about returning deposits are dealt with by DPS's resolution services. These schemes form part of the PI (Prescribed Information) given to renters.



EICR

DEFINITION:

ELECTRICAL INSTALLATION CONDITION REPORT

EXPLANATION:

All tenancies in England must have a valid EICR since 1st April 2021, carried out by qualified electrical engineers every 5 years; (the government's response to the Grenfell disaster). It is a formal document assessing the safety of the electrics and describes its condition. Local authorities can impose a financial penalty of up to £30,000 if landlords breach this duty.



EPC

DEFINITION:

ENERGY PERFORMANCE CERTIFICATE

EXPLANATION:

A legal requirement, for every property that is built, sold, rented and brought in the England since 2007. The government aims to reduce carbon emissions from buildings. EPCs describes the property's efficiency, from "A", which is efficient, to "G" which is very inefficient. They are valid for 10 years. Properties rated "F" and "G" are illegal to rent out. Mortgage providers are giving their best rates to properties rated "C" or above but the cost of upgrading older properties can be thousands of pounds for property investors or inappropriate e.g., external wall insulation in flats.



FCA

DEFINITION:

FINANCIAL CONDUCT AUTHORITY

EXPLANATION:

Ensures that financial services are honest, fair and protects consumers from fraudsters. Along with the Prudential Regulatory Authority, the FCA is responsible for over 1,500 banks, building societies, credit unions, insurers and major investment schemes. Anyone running property investment clubs, any buy-to-let schemes, buy-to-let syndicates or property investment syndicates need to be regulated by the FCA.



FTB

DEFINITION:

FIRST TIME BUYER

EXPLANATION:

This is a person who has never owned a leasehold nor a freehold property before, either in the UK or abroad. FTBs are buying their main residence to live in. You're not a FTB if you have jointly owned a property before with a spouse and have been widowed, divorced, separated, or split up. You cannot be a FTB twice.



Currently no Stamp Duty is payable by FTBs, up to certain prices. The level at which stamp duty becomes payable, varies according to the location of the property and government attempts at boosting the housing market.



GSC

DEFINITION:

GAS SAFETY CERTIFICATE (CP12)

EXPLANATION:

A legal requirement every year, for all gas appliances in rental properties to be checked for safety by a recognised Gas Safe engineer. The certificate documents the safety of the installation or other issues.



HEO

DEFINITION:

HOUSING ENFORCEMENT OFFICER

EXPLANATION:

Enforces a wide-range of poor housing conditions, nuisances; deals with MP and tenant complaints as well as other related legislation, within the private rented sector. Employed by local authorities and qualified as an EHO (Environmental Health Officer) and/or in HHSRS (see below).



HHSRS

DEFINITION:

**HOUSING HEALTH SAFETY RATING SYSTEM
(HHSRS)**

EXPLANATION:

A evaluation tool used by HEOs to identify any of the 29 hazards that would affect vulnerable occupants. Landlords can be prosecuted/banned for the most serious hazards in their rental properties. Damp and mould, condensation, electrical overload, smoke detectors covered up, pest infestations, falls, excess cold and overcrowding are common.



HMO

DEFINITION:

HOUSES IN MULTIPLE OCCUPATION

EXPLANATION:

HMOs are house or flat shares, bedsits and student homes. Under Section 254 of the Housing Act 2004, HMOs are (1) room rentals; (2) unrelated (not blood related) individuals; (3) share bathrooms and kitchens; (4) three unrelated people are small HMOs; (5) five or more unrelated people are large HMOs. Some LAs have stopped HMOs via Article 4, meaning planning permission is needed to establish a HMO in particular areas.

Section 257 HMOs under this Act are buildings or part of buildings that have been (6) converted entirely into self-contained flats; (7) that conversion did not meet the Building Regulations 1991 (or later); and (8) less than two-thirds of the flats are owner-occupied.

Although HMOs may be profitable, they are usually not passive investments. They require huge investments and are subjected to wide ranging legislations such as: (1) minimum room sizes; (2) commercial waste disposals; (3) fire, hygiene and sanitation regulations; (4) local authority licenses with the names and addresses of all HMO owners, publicly available on council websites.



THANK YOU FOR LEARNING!

Check out P.A.M.'s website for trainer and course info:
www.propertyadvisorymentorship.com

Check out P.A.M.'s course on Eventbrite page:
How to Safeguard Your Future Through Property plus
Rum Punch Property Day Out.

Ring the venue CSEP to book the course on:
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