

## Module 3: Retail banking 2 | Unit 1: Mortgages

A) Choose the correct alternative from the words printed in **green**:

For the majority of <sup>1</sup>**homeowners/houseowners**, the purchase of their property is financed by a **mortgage**. The bank or building society which lends money to buy a property is called a mortgage <sup>2</sup>**lender/giver** or **mortgagee**. The person who borrows money in the form of a mortgage is called a mortgage <sup>3</sup>**borrower/taker** or **mortgagor**.

There are several different types of mortgage <sup>4</sup>**in/on** the market. Probably the most common is a **repayment mortgage**, in which the <sup>5</sup>**capital sum/capital price** and interest are paid in <sup>6</sup>**instalments/pieces** over a long period of time (for example 25 years).

An alternative is an **interest-only mortgage**, in which the interest is paid, and the capital sum is <sup>7</sup>**repaid/paid** in another way, for example with an endowment assurance policy. This type of mortgage is known as an **endowment mortgage**.

With an **offset mortgage**, the mortgage borrower's <sup>8</sup>**daily/current account** is combined with her/his mortgage. Provided the current account is usually <sup>9</sup>**in/with credit**, this can reduce the interest repayments <sup>10</sup>**on/for the mortgage**.

### PRONUNCIATION TIP

endowment /ɪnˈdɔʊ.mənt/

You can check the correct pronunciation [here](#).

### SLOVAK CORNER

*building society* – stavebná sporiteľňa (v Británii)

*endowment (insurance)* – zmiešané (životné a kapitálové) poistenie

*endowment mortgage* – hypotéka zaručená životnou poisťou

*offset* – vyrovať, vynahradiť (opačným vplyvom),

napr. *offset account* – vyrovnávací účet

B) Match the types of mortgage with the definition (you can find some of the information above):

- |                               |   |
|-------------------------------|---|
| 1. repayment mortgage         | a. The mortgage interest rate is linked to the interest rate of the country's central bank. |
| 2. interest-only mortgage     | b. The mortgage interest rate stays the same.   |
| 3. endowment mortgage         | c. You pay the capital sum and the interest.  |
| 4. offset mortgage            | d. You pay the interest in instalments, and you pay the capital sum by another method.      |
| 5. fixed rate mortgage        | e. The mortgage interest rate can only rise as far as a certain level.                      |
| 6. base-rate tracker mortgage | f. An interest only mortgage, with the capital repaid by an endowment.                      |
| 7. variable rate mortgage     | g. Your current and mortgage accounts are combined to reduce the interest.                  |
| 8. capped mortgage            | h. The mortgage lender can change the interest rate as they wish.                           |



#### STUDY TIP

*pay up*, *pay out* and *pay off* are phrasal verbs (frázové slovesá). They are very difficult to translate as their meaning may change in different contexts. Sometimes there is a logic in their translation, e.g. *pay up* – zaplatiť, *pay out* – vyplatiť, but this is no rule and you need a bit of a language instinct to “feel” the meaning. 😊

The best way to learn phrasal verbs is to study them in collocations (in word combinations they usually come in) and without translation.

e.g. *Come on*, *pay up*.  
*pay off your debts*

#### SLOVAK CORNER

*hilt* – rukoväť, rúčka

(*be mortgaged*) *up to the hilt* – (byť zadĺžený) až po uši

*title deeds* – list vlastníctva, na Slovensku sa používa aj termín *letter of ownership* ako priamy preklad, ale v anglosaských krajinách ide o iný typ dokumentu.

Ďalším problematickým prekladom je *kataster nehnuteľností* - *cadastre (or cadaster) of real estate* alebo *Land Registry*

#### KEY:

A: 1 homeowners, 2 lender, 3 borrower, 4 on, 5 capital sum, 6 instalments, 8 current, 9 in, 10 on

B: 1c, 2d, 3f, 4g, 5b, 6a, 7h, 8e

C: 1b, 2c, 3b, 4b, 5c, 6a, 7a, 8b, 9a, 10c, 11b, 12b, 13a, 14c, 15c