



REMORTGAGING YOUR PROPERTY

WHAT IS THE PROCESS FOR REMORTGAGING A PROPERTY?

Remortgaging is when you move your mortgage on your existing property from one lender to another or get a new mortgage with the same lender to replace your old one. This is usually because you're coming to the end of your existing mortgage rate.

This simple to follow step-by-step guide will give you a better understanding of how remortgaging works;

1. Ask your existing lender for confirmation of your existing balance on your current mortgage. This will be the remaining mortgage loan owed and any fees due. In particular, you need to consider whether there is an Early Repayment Charge (ERC) and if so, when the ERC is due to be waived by the existing lender. This will usually coincide with the end of your existing mortgage rate.
2. Find a mortgage broker/adviser (this isn't a requirement but can help you to find a cheaper deal). The broker will search the market (including deals not on the open market) to find the most appropriate remortgage deal for your circumstances. You can also discuss whether you need to apply for additional borrowing.
3. Decide the type of remortgage (repayment or interest-only).
4. Organise the appropriate documents (three-month financial statements, utility bills, credit card statements, past three-year details of your addresses, legal ID, outgoings, proof of extra income, e.g. bonuses or commission and your P60).
5. Mortgage In Principle – your lender will provide you with a MIP. The MIP will state the amount they are prepared to lend you (this is not an official confirmation of the offer).



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6. Get a [quote](#) from a Solicitor. They will do the remortgage administration, such as drawing up and signing the Mortgage Deed, complying with any requirements within the new mortgage offer, redeeming your existing mortgage and registering the change at the Land Registry.
7. Your new mortgage lender will require a valuation which states the value of the home.
8. Apply for the remortgage with your chosen lender.
9. Receive the remortgage offer – this document is often valid for 12 months and will state the amount you can borrow.
10. When you have accepted your remortgage offer, your [remortgage Solicitors](#) will request the loan from your new lender and use it to pay off your old mortgage. At this time, your Solicitor will provide you with a financial breakdown (often known as a 'Completion Statement').
11. Once completion of the remortgage has taken place, your Solicitors will register your new mortgage with the Land Registry.

HOW LONG DOES REMORTGAGING TAKE?

Upon receiving a mortgage offer, the usual process time for a remortgage is three to four weeks, so it is important to leave enough time from the date of your current mortgage ending. However, this can vary and isn't an exact time frame.

HOW MUCH DOES REMORTGAGING COST?

Before deciding to remortgage your property, it is sensible to be aware of the potential fees that you need to pay.

Remortgaging won't necessarily come at a low cost as the price you pay will depend on several factors, including:

EARLY REPAYMENT CHARGE

If you are ending your current mortgage earlier than agreed, your mortgage lender will likely charge you a percentage of the outstanding mortgage, which could be as high as 5% of the amount you owe. It usually depends on the number of years you have remaining with the particular lender and the size of the outstanding mortgage balance, e.g. If you have two years remaining, it could be 2% of the outstanding loan.



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DEEDS RELEASE / REDEMPTION FEE

A deeds release fee may be charged by your current lender to forward the property's Title Deeds to your Solicitor and remove the existing charge but not all lenders will charge this fee. This fee is normally nominal.

MORTGAGE ARRANGEMENT FEE

When lenders set up your new mortgage, they will often charge an arrangement fee, and it is generally the most expensive part of the remortgaging process. You can usually decide whether to pay this amount up front (and you would then usually get a better rate) or add the fee onto your mortgage meaning you pay it back over the term of your mortgage.

BOOKING FEE

Your new lender could charge you what's known as a 'booking fee', usually charged when they are able to secure you a fixed-rate, tracker or a discounted remortgaging deal.

VALUATION FEE

Your lender will need to know the value of your property before deciding how much they are willing to lend you and what terms to offer. Most lenders will usually cover the cost of the valuation fee.

BROKER FEE

If you choose to find your remortgage through a broker, you might be charged a fee, although some brokers are fee-free and take a commission from the lender, which will be disclosed in the mortgage offer.

REMORTGAGE CONVEYANCING FEE

You will need a [conveyancing Solicitor](#) when remortgaging your home. Please get in touch with us to discuss how we can assist you. Some lenders give cashback upon completion of the new mortgage which you can offset against the costs involved.

WHEN IS THE RIGHT TIME TO REMORTGAGE?

For most people, the obvious time to remortgage is when your fixed rate is coming to an end with your current lender. Doing this will help you to avoid higher monthly mortgage payments, by agreeing to start your new mortgage at the optimum time, before your existing mortgage rate rises.

For example, if your existing mortgage rate comes to an end on the 30th June, you would want to pay off your existing mortgage and start your new mortgage as soon as possible thereafter (1st July) to avoid paying your existing mortgage lender a highly monthly charge in July. You would also then not pay your existing lender an ERC as the fixed term would have ended when you complete.



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WHEN IS THE RIGHT TIME TO REMORTGAGE?

The ideal time to begin the process is 3-6 months before your current rate comes to an end, as you will be able to find better rates than leaving it until the last minute.

At Stephen Rimmer our team are experts in all aspects of remortgaging, and you can be assured that we will always have your best interests in mind. Follow this link for a [no-obligation remortgage quote](#) or call us on 01323 644222 to see how we can help you.