

Your guide to **REMORTGAGING**



When buying a home, most people take out a mortgage and view buying a house as a one-time purchase, however buying a house could in fact be the complete opposite – an ongoing financial commitment that needs reviewing regularly!

Any terms or phrases highlighted in **red** will be defined in the glossary at the end of the guide.

Why ask us?

Pattison Lane are part of a national network of qualified Mortgage Consultants offering advice on a range of both Mortgage and Protection products.*

Long-standing relationships with our panel of lenders mean we sometimes have access to exclusive rates, not available anywhere else on the high street and often not available with the lender direct. Our Mortgage Consultants also have an in depth understanding of each lender's criteria.

We take great pride in finding our customers the right mortgage and therefore our Mortgage Consultants are qualified to understand your requirements and recommend the best product/s to suit your Mortgage and Protection needs.

What is a remortgage?

A remortgage is when you change your mortgage without moving home. This is done by paying off the original mortgage with the **proceeds** of the new mortgage; using the same property as **security**.

Will you be paying an **Early Repayment Charge (ERC)**?

Most mortgages have an **Early Repayment Charge** that is most commonly applied during the **initial benefit period**, remortgaging during this timeframe can trigger those costs and it could be thousands of pounds; before proceeding with a remortgage, you should find out the following:

- Is there an **ERC** on your current mortgage?
- How much is the **ERC**?
- When does the **ERC** finish?
- How much do you owe your current lender?

What do I need to consider before remortgaging?

Before submitting a remortgage application to a lender, you will need to know exactly how much you owe on your existing mortgage. Your current mortgage lender will be able to tell you this.

*Pattison Lane is part of the Connells Group. Collectively, the group has 1300 Mortgage Consultants across England, Scotland & Wales.

Why remortgage?

There are various reasons you may want to remortgage, most commonly to save money by finding a cheaper deal. Let's explore some of the reasons home owners choose to remortgage:

End of your current mortgage deal

If, when you initially bought your house, you applied for a **fixed rate** (e.g. 5 year fixed **product**) and you are approaching the end of this 5 year term, your mortgage is likely to revert to your lenders **Standard Variable Rate (SVR)**, you may therefore be faced with increased monthly payments. Remortgaging to a new lender on another fixed rate could save you money on your monthly payments. Your Mortgage Consultant will be able help you find the most suitable **product** for your circumstances.

Debt Consolidation

Debt consolidation is a way of managing your debt whereby you take out a loan to pay off existing debts. Taking out a **further advance**, or remortgaging to a new lender with an increased mortgage amount to pay off existing debts, may help as the mortgage is likely have a lower interest rate than a personal loan or other forms of credit. However, you will be repaying the further advance or remortgage over the term of your mortgage, so this may not be the most cost effective option to repay your debts. You must remember that if you are repaying your existing debts, such as credit cards and loans, by either taking out a **further advance** or a remortgage it will mean that your debt will be secured against your property.*

Decreasing your mortgage term

Changes to your circumstances may also put you in a position where you could afford to decrease the term of your mortgage, remortgaging to a new lender may allow you to do so and this could be an option for you if your existing lender does not allow you to make large overpayments on your current mortgage.

Change in circumstances

Changes to your circumstances such as receiving inheritance may put you in a position to make overpayments or pay off a lump sum. Likewise, changes to your circumstances such as a divorce may affect your ability to repay your mortgage. Remortgaging is an option to alter your monthly payments to suit your change of circumstances.

To raise money

If your property value is more than your outstanding mortgage, you may want to consider borrowing additional funds. There are many reasons you may want to do this, including raising money for home improvements, helping your children raise a deposit for their home or to pay off other existing debts (known as **debt consolidation**). Your current lender may not agree to lend you the additional monies (known as a **further advance** or a **top-up**), in which case you may want to remortgage to a new lender who will allow you to borrow extra.

Product Transfers

A product transfer allows you to transfer your existing mortgage to a new mortgage deal with the same lender. For example, you may currently be on a rate of 1.99% with your lender and approaching the end of your **initial benefit period**, to prevent going on to the **SVR** you can apply for a new **product** with the same lender (instead of switching lender). Commonly, lenders contact their customers in an attempt to retain their customers; however a product transfer is not always the most cost effective option. Our Mortgage Consultants will be able to compare what your current lender is offering you and the other lenders on our selected panel to find you the most suitable deal.*

THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME OR PROPERTY. YOUR HOME OR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE. YOU MAY HAVE TO PAY AN EARLY REPAYMENT CHARGE TO YOUR EXISTING LENDER IF YOU REMORTGAGE.

*There may be fees and additional costs involved, your Mortgage Consultant will be able to discuss this with you.

Who can help me remortgage?

High street banks or building societies will be able to discuss your remortgage options with you; however they will only be able to recommend the products that they offer.

Using a Pattison Lane Mortgage Consultant is a good idea for many reasons:

- We are able to compare Mortgage products from our panel of lenders to find you the right mortgage – subject to status and lender criteria
- We regularly review our panel of lenders to ensure we do not have any gaps in the market
- We have strong working relationships with our panel of lenders, meaning we sometimes have access to exclusive products that would not be available if you were to go to the lender direct
- We will also look at your options in regards to protection to ensure you have adequate cover in place should you be unable to pay your mortgage.
- We can also help you arrange insurance for your home and contents

How much does a remortgage cost?

It is a good idea to do your sums before considering a remortgage – your Mortgage Consultant will be able to discuss these fees with you, however we have noted below the fees you may be subject to pay your lender, should you choose to remortgage:

- **Arrangement fee** – this fee is paid to the lender for arranging your mortgage
- **Booking or reservation fee** – this fee is usually charged upfront and pays for the 'booking' of the mortgage product whilst your application is being processed
- **Valuation fee** – this fee pays for the survey/valuation that your lender will carry out on the property
- **Legal fees** – legal fees pay for the legal work your Conveyancer will carry out
- **A broker fee and administration fee** may be payable



Lifetime membership

Our lifetime members receive ongoing mortgage support for life. We're constantly reviewing the products and services we offer to make sure lifetime members get great value. If you join, we'll be in touch about finding you another great mortgage product when your initial benefit period is coming to an end.

You'll always have access to our advice, you'll get a discount on our conveyancing service, and should you decide to sell with us in the future, you'll get a discount on our estate agency fees too. We'll also reward you* if you recommend a friend or family member who goes on to arrange their mortgage with us.

Don't forget: once you're a member you'll never pay another broker fee again – no matter how many times you move or remortgage.**

*Can be withdrawn at any time.

**An administration fee will still apply on all future mortgage and remortgage applications.

Applying for a remortgage

How much can you afford to borrow?

This depends on your income, expenditure and personal circumstances. Lenders need to know much more about you than just your salary before making a decision on how much they are willing to lend by way of a mortgage. The lender will look closely at your financial history and existing commitments before making a decision. This is done for every mortgage application, including remortgages.

Each lender's criteria can be a little different, so what might be enough for one isn't guaranteed to be accepted by another. Speak to one of our Mortgage Consultants who can explain each lender's criteria and advise you on what you can afford to borrow.

How to apply

Simply make an appointment with one of our Mortgage Consultants who will recommend a mortgage product based on your circumstances.* They will then submit the application to the lender with certified copies of your documents (to prove they have seen the originals) and details of your property.

What you will need

You (and another applicant(s) if you are remortgaging together) should have available the following original documents for your remortgage meeting. Don't worry if you don't have them all to hand, our Mortgage Consultant will advise you which documents you need, depending on the lender.

Photo ID

- Valid UK/EU passport
- Valid driving licence (if not being used for address verification)
- Valid firearms ID card
- National ID card

Address Verification

- Utility bill dated in the last 3 months (not a mobile phone bill or junk mail)
- Valid driving licence (if not being used to verify ID)
- Annual council tax bill
- HMRC/DWP letters within the last 3 months
- Last 3 months' bank statements (showing income and expenditure)
- Latest credit card statement
- Latest mortgage statement (if applicable)

Income Proof

- Latest P60 and last 3 months' payslips (some lenders may accept less than 3 months' documents)
- If self-employed, last 3 years' audited accounts/SA302 form, including tax year overviews (some lenders may accept less than 3 years' documents)
- Accountant's certificate (which includes their name and address)
- Proof of any recent bonuses or pay rise
- Pension/benefit statement(s)

* Subject to status and lender criteria.

Protecting you, your family and your home

The mortgage lender will require you to have buildings insurance in place from the moment you complete on your remortgage.

Some buildings insurance policies have an element of accidental damage cover included, but you may want to add additional cover for more protection.

You might want to consider adding contents insurance for your possessions too.

If you require insurance, or would like to review your existing cover, our Mortgage Consultant can help you with this.

There are other insurance products you may also want to consider:

- Life insurance
- Critical illness
- Income protection



Making a Will

If you don't already have a Will now is a good time to put one in place.

Deciding what will happen to your property, possessions and assets in the event of your death would save your loved ones untold worry, costs and stress and provide stability and protection at a difficult time.

Ask our Mortgage Consultant how our Will-writing partner can guide you through the process, help you safeguard your home and your possessions, and give your family peace of mind, whatever the future holds.

Glossary

**Conveyancer/
Conveyancing In law**

In law, conveyancing is the process of transferring legal ownership on a property from one person/s to another. A conveyancer is the person who completes the actions needed to do so.

Debt Consolidation

Debt consolidation is a debt management activity whereby you take out a loan to repay other debts.

Early repayment charge (ERC)

This is a penalty fee charged on some mortgages when the loan is repaid in full within a set period of time.

Fixed rate

A fixed rate means that the interest rate will not change over the initial benefit period.

Further Advance/Top up

Some lenders may allow you to borrow additional funds alongside your existing mortgage; this is known as a Further Advance or a Top-Up.

Initial Benefit Period

The initial benefit period is the time an interest rate is lower, usually at the beginning of the mortgage; this is most likely to apply to a fixed rate mortgage.

Panel of Lenders

A panel of lenders means that our Mortgage Consultants can only submit business to those on the panel. Our panel is hand chosen and reviewed regularly. Each of our lenders represents a different sector of the market, which means that it is very unlikely that we will not be able to help you with your Mortgage application.

Proceeds

Money obtained. In this instance, your existing lender will pay your new lender should you choose to remortgage.

Product

When applying for a mortgage, you will apply for a specific product. There are several different types of product including a fixed rate product or a variable rate product. Each product will consist of the interest rate and may include other benefits such as cash back or payment holiday permitted.

Protection

In this manner, the term protection is used to collectively define any mortgage related insurance policies you require. E.g. Life Insurance and Buildings Insurance.

Security

When offering you a mortgage, your lender will ensure your property is of suitable security, this means if you were unable to keep up on your mortgage repayments and the lender was to repossess the property, they would have security in knowing that the value of the property can repay your loan.

Standard Variable Rate (SVR)

The Standard Variable Rate is the reverting rate after the initial benefit period, this rate is determined by the lender.

Survey/Valuation

Your lender will require a valuation on your home to establish the lending risk, the valuation is usually carried out by a third party to the lender and assesses the nature of the property, taking in to consideration any factors that may affect the value.

Variable rate

A discount mortgage is a type of variable-rate mortgage which means that your mortgage payments may alter month on month. The interest rate on this type of mortgage is a discount on your lenders standard variable rate. You can choose this product for a set period of time (known as the initial benefit period) or for the whole of your mortgage. As the SVR is set by your lender, they are able to raise or reduce the rate as often as they wish which causes the fluctuation in monthly payments.



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ALL MORTGAGES ARE SUBJECT TO STATUS AND LENDER CRITERIA

A BROKER FEE MAY BE PAYABLE UPON MORTGAGE APPLICATION AS WELL AS AN ADMINISTRATION FEE. THE TOTAL FEE PAYABLE WILL DEPEND ON YOUR CIRCUMSTANCES. YOUR MORTGAGE CONSULTANT WILL EXPLAIN ANY FEES APPLICABLE IN YOUR INITIAL APPOINTMENT.

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