What does it mean to re-mortgage and what is the general process?

Re-mortgaging involves switching your existing mortgage to a new deal, either with your current lender or a new one. This guide outlines the steps and considerations for re-mortgaging in the UK. Careful research, understanding your financial situation, and considering all costs are crucial to making the best decision.

There are a number of reasons that can influence your decision to re-mortgage:

- Lower interest rates: Obtain a better rate than your current mortgage.
- Fixed rates: Secure a fixed rate to protect against interest rate rises.
- Release equity: Borrow more money against your home's value.
- Switch mortgage type: Move from an interest-only to a repayment mortgage, or vice versa.

If you are looking to re-mortgage, ideally you should consider staring the process a few months before your current deal expires to avoid moving onto a lender's Standard Variable Rate (SVR), which is typically higher.

There are a couple of key factors that you should explore before beginning re-mortgage process:

- 1. Evaluate your financial situation:
  - Know your remaining mortgage balance, interest rate, and type of mortgage.
  - Be aware of any early repayment charges or exit fees on your current mortgage. This can occur if you re-mortgage before the expiry of your current fixed rate.

- 2. Check your credit score: A good score can secure better deals.

- 3. Request an updated value for your property: Higher equity can access better rates.

- 4. Research mortgage deals available:
  - Use comparison websites, or contact DAM to review competitive deals. DAM work alongside mortgage brokers who can assist with researching the most suitable deals available - at no cost to you!
  - Consider both fixed and variable rates depending on your financial stability and market forecasts.
  - Factor in additional costs such as arrangement fees, legal fees, and valuation fees.

- 5. Choose a lender: you may wish to stay with your current lender or transfer to a new lender depending on rates available, experience, administration:
  - Staying with your current lender is known as a product transfer. It might involve fewer checks and paperwork.
  - Switching lenders may offer better deals but involves more paperwork and checks.

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- 6. Check eligibility: Ensure you meet the lender's criteria, including income requirements and loan-to-value (LTV) ratio.

- 7. Application process
  - Documentation required:
    - Proof of income (payslips, tax returns if self-employed).
    - Bank statements.
    - Proof of identity and address.
    - Details of your current mortgage.

- 8. Apply: Complete the mortgage application form. Again, your mortgage advisor via DAM can complete this on your behalf at no cost to you. This can usually also be done online.

- 9. Valuation and legal work:
  - The lender will arrange a valuation of your property.
  - A solicitor or conveyancer will handle the legal aspects, including transferring the mortgage.

- 10. Approval and completion
  - If approved, you'll receive a mortgage offer detailing the terms and conditions.
  - You will normally have a few days (known as a cooling off period) to review the offer and reconsider.
  - Your solicitor will finalise the re-mortgaging process, ensuring the old mortgage is paid off and the new one is set up.
  - Ensure you understand the new payment schedule and set up any necessary direct debits.
  - You should continue to monitor interest rates and mortgage deals periodically to ensure you're still getting a good deal.

Tips and Considerations

• Early repayment charges: Be aware of these charges on your current mortgage.

• Fees vs savings: Ensure the savings from a lower interest rate outweigh the costs of re-mortgaging.

• Independent advice: Consider getting advice from an independent mortgage advisor. Contact DAM to find out more.

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