



RESOLVE FINANCIAL SOLUTIONS

# OUR GUIDE TO REMORTGAGING





*Our guide explains all you need to know about remortgage costs and fees and other things to consider when you switch mortgage provider on your property.*

When you remortgage, you can usually review the rates available to you with the aim of taking advantage of lower rates if they are available. This can help you save money on your mortgage payments.

You should be aware though that there may be extra costs to pay. For example, your new lender may want you to pay an 'arrangement fee' for the new deal you wish to take from them. Often this can be added to your mortgage.

Additionally, leaving your previous mortgage might result in an exit fee or 'Early Repayment Charge'.

Other things to consider are potential legal fees and the cost of getting your property valued by the new lender. Sometimes, lenders include these in the package they offer you to attract you to them.

When you are considering a remortgage, talking to a mortgage broker will ensure you know all the fees upfront and be able to accurately compare the different rates available to ensure that you get the best deal.



## REMORTGAGE COSTS - WHAT ARE THEY?

Remortgage costs are the extra fees and charges that you will have to pay when you remortgage. There are a variety of costs, from the fees you might have to pay to leave your current mortgage provider to the costs of legal and administrative work when setting up your new mortgage deal.

The cost to remortgage depends on your current loan and the deal you are moving to. For some, this cost will be minimal however, for others it could run into thousands of pounds. Taking advice is key.

If you are still within the term of an existing deal (usually a fixed, tracker or variable rate over two, three, five or ten years), then you may have to pay an 'ERC' or Early Repayment Charge if you want to move to a different mortgage deal. This is usually calculated as a percentage of the amount remaining on your mortgage; depending on the percentage, it could be quite a large fee so being aware of this upfront is important.

Many homeowners decide to wait until their existing mortgage deal is ending before remortgaging to avoid any early repayment fess. Sometimes, if you find another deal that has a much lower interest rate, it can be possible to save money even after you've paid the ERCs.



# DO YOU NEED A SOLICITOR TO REMORTGAGE?



When you remortgage, you will usually need a solicitor to handle the 'Conveyancing'. Conveyancing is the legal process that comes with moving you on to your new deal, repaying your current lender and completing on the mortgage offer from the new one. You might not need to pay for the solicitor yourself however many mortgage lenders offer deals that will include the legal costs being paid for you or cashback which can be used to offset the legal costs.

The one major exception here is if you are doing a product transfer, this is where you switch to a different mortgage product but stay with the same provider. This doesn't require conveyancing so you won't need to get a solicitor and the lender will not require any legal work to be done.

Some lenders will include free legal work with your mortgage, which means you won't have to pay for the solicitor yourself. However, think carefully before doing this as you will have to go with whichever solicitor your lender chooses and a solicitor you, or we as your broker, instruct might be able to get the job done faster.

At this stage, remember to keep other fees in mind. A deal that offers free legal work might still be more expensive if it comes with a higher upfront product fee.

**SOME LENDERS WILL INCLUDE FREE LEGAL WORK WITH YOUR MORTGAGE, WHICH MEANS YOU WON'T HAVE TO PAY FOR THE SOLICITOR YOURSELF.**



## WHAT IS THE COST TO REMORTGAGE?

There are two main sets of fees that you might have to pay when you remortgage. These are the cost of leaving your old deal and the expenses of taking up your new one.

These are the main costs that come with ending your current mortgage:

Fee	What is it?	How much does it cost?
<b>Early repayment charge (ERC)</b>	If you are still in your tie-in period, your lender will charge you extra to pay off your mortgage early. It is usually best to wait until the deal period ends before Remortgaging to avoid this fee. However, you could avoid paying it all at once by increasing the size of your new mortgage to cover it.	Around 1% to 5% of the amount remaining (outstanding balance) on your mortgage.
<b>Exit Fee</b>	Some lenders will charge a fee when customers leave to go to a new lender. This is regardless of whether they are in a current deal or paying standard variable rate. This is usually a small admin fee.	Typically, this can range between £0 and £250 depending on lender. Some charge more.
<b>Deeds release fee</b>	This is a fee to cover the administrative costs of sending your property's title deeds to the new lender. Some mortgages will let you pay it upfront at the start of your loan, but the cost is the same either way.	Usually between £50 and £300, but some lenders won't charge it at all.







## WHAT IS THE COST TO REMORTGAGE?

When it comes to setting up your new mortgage, these are the costs to look out for:

### **Product fees**

Usually about £1,000, this is often called an arrangement fee or a product fee and usually covers the cost to the lender of providing the new mortgage to you. Lenders often offer a lower interest rate and charge a fee or a higher rate with no fee. We can assess for you the best option depending on the value of your mortgage.

Some fees on the most competitive mortgage deals could be £2,000 or more. You may also have the option to add this fee to your mortgage. This spreads the cost and you will also get a refund if your mortgage falls through. However, it does mean you will be paying interest on it, so it will cost more overall. We can provide you with advice on this.

### **Booking fee**

Some lenders might charge an extra one-time fee when you sign up to their best deals. This needs to be paid when you submit your application. Therefore, it won't be refunded if the mortgage doesn't go ahead.

Usually this is around £100 - £200 however there are many lenders and mortgage deals that do not charge such a fee.

### **Conveyancing fee**

When you get a remortgage, your new lender needs to be added to the property's title deeds and the old one removed. This is known as conveyancing and it needs to be done by a registered solicitor.



This fee covers the lawyers' fees. The cost of this can again depend on the value of the property or the mortgage however some lenders will offer this for free as part of the remortgage package on offer.

### Broker fee

If you use a mortgage broker, they may charge a fee. In addition, they will often be paid a 'Procuration Fee' (commission) from the lender as well. Some brokers charge a flat fee while others will want a percentage of the value of the mortgage which usually ends up being much more expensive. Our fees can be found [here](#).

## DO I HAVE TO PAY AN EARLY REPAYMENT CHARGE (ERC)?

It all depends on your circumstances, if you want until the end of your mortgage term you will not have to pay an ERC. However, you may find yourself in a situation in which you need to exit your existing deal sooner.

If this was the case, you won't be able to avoid paying an ERC completely, but you may have the option to spread it over a series of payments. For example, some lenders will allow you to increase your mortgage borrowing to cover the ERC too.

However, this will probably raise the loan-to-value (LTV) ratio of your loan. This means that you may not be able to benefit from the most favourable and competitive interest rates. This option will also mean that you will end up paying interest rates on your actual ERC which might sound like a good idea at first however delaying your ERC payment may not be the most cost-effective solution in the long run.





## IS IT CHEAPER TO STAY WITH MY CURRENT LENDER?

While there are plenty of great mortgage deals on the market, it may sometimes be cheaper to stay with your current lender. If your tie-in period ends and you are looking to remortgage, switching to one of your lender's other deals will help you avoid many of the extra fees listed above.

You could also consider finding a cheaper mortgage deal through a mortgage broker, like ourselves, and we could then we can review this against what your current provider will offer so that you know you have the best deal.



## HOW LONG DOES IT TAKE TO REMORTGAGE?

If you are simply switching a deal for the same balance with your current mortgage lender, the process won't take long.

Things may take longer if you are looking to move mortgage providers as the new lender will need to complete a credit search on you, carry out a valuation, underwrite the application and complete affordability checks. If we recommend a remortgage then we as your broker will manage this process for you. We usually advise that a remortgage will take at least 4-6 weeks but could be sooner or longer depending on the situation as each one is unique.

With some lenders, you can sometimes remortgage six months ahead of your current deal ending. It is therefore wise to think about the Remortgaging process before your existing plan ends. By acting in advance, you will avoid slipping into increasing standard variable rates.





## WHEN IS THE BEST TIME TO REMORTGAGE?



The best time to find a remortgage deal is usually when the tie-in period on your existing deal ends. Once the tie-in period ends, your lender will switch you onto their standard variable rate. This is almost always higher but if you remortgage before the end of your deal, you are likely to be hit with an early repayment charge. You don't need to wait until the end of your deal to find a new mortgage. When a lender makes an offer, it's usually valid for around three to six months. This way, you can set up a new deal ready to

kick in once your tie-in period ends. If you are currently on a fixed-rate deal, you may be able to save by switching to another fixed rate, depending on what rate you're paying now. But don't rush into any decision before researching if you'll face early repayment fees on your current deal. If you are interested in finding out the remortgage options available to you, please get in touch and we will be able to give you the best advice for your circumstances.

### GET IN TOUCH



01932 943028



[INFO@RESOLVEFS.CO.UK](mailto:info@resolvefs.co.uk)



[WWW.RESOLVEFS.CO.UK](http://www.resolvefs.co.uk)

If you're seriously concerned about your mortgage costs, please get in touch and we will be able to give you the best advice for your circumstances.



PLEASE NOTE: Your home maybe repossessed if you do not keep up repayments on your mortgage.