

RE-MORTGAGING GUIDE

What is re-mortgaging?

Re-mortgaging is about switching your mortgage to another mortgage lender, in order to lower your monthly costs. It's about saving money and is of particular relevance if the value of your home has risen. You may choose to make home improvements, raise money for other investments, or even pay off expensive short-term debts (credit cards etc). You are likely to find that the mortgage rate will be significantly less than conventional loans.

How much can you save?

This will vary from person to person. If you're paying an interest rate of say, 6.5% on a £150,000 loan and you can change your mortgage to one which charges you 4.5% you'll be saving £250 per month. That is £6,000 over a 2 year period.

However, you must be aware of the leaving costs as there may be early repayment charges for giving up your old mortgage. We will show you how much your new mortgage will cost (e.g. application, valuation and legal fees). Once you know these figures you can calculate whether it is worth re-mortgaging or not.

Costs Involved

You will usually have to pay for a valuation, and solicitor's fees. In addition, arrangement / application fees charged by your lender may cost a few hundred pounds. These costs could cancel out the savings you're making by switching mortgages. Some mortgage lenders will pay all or some of these costs for you in order to get your custom. They may charge you a higher interest rate but you may still be better off by using them.

TIP: Don't increase the length of your mortgage term. It may seem cheaper but can cost you a lot more in the long run.

How easy is re-mortgaging?

Lenders are happy to tempt new customers away from their competitors and will offer deals deliberately aimed at doing this. All you have to do is give your details to a financial adviser and see if they can come up with a better deal. It's easy to put this off. Filling in mortgage application forms aren't fun, but they are fairly manageable and the quicker you do it the more you can save.

Choosing the best deals

You are looking for the mortgage with a cheaper interest rate, but without any (or few) catches. The usual catches are tie ins, either with insurance to go with the mortgage, or early repayment charges that make you stay with the lender after the special rate has expired. The best re-mortgaging deal may be one that doesn't offer the lowest interest rate but doesn't tie you in.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

You can choose how we are paid for mortgage services; pay a fee (usually 0.4% of the loan amount) or we can accept commission from the lender; or a combination of research fee and commission from the lender. This will be discussed with you before we proceed.

The FSA does not regulate some forms of Mortgages.