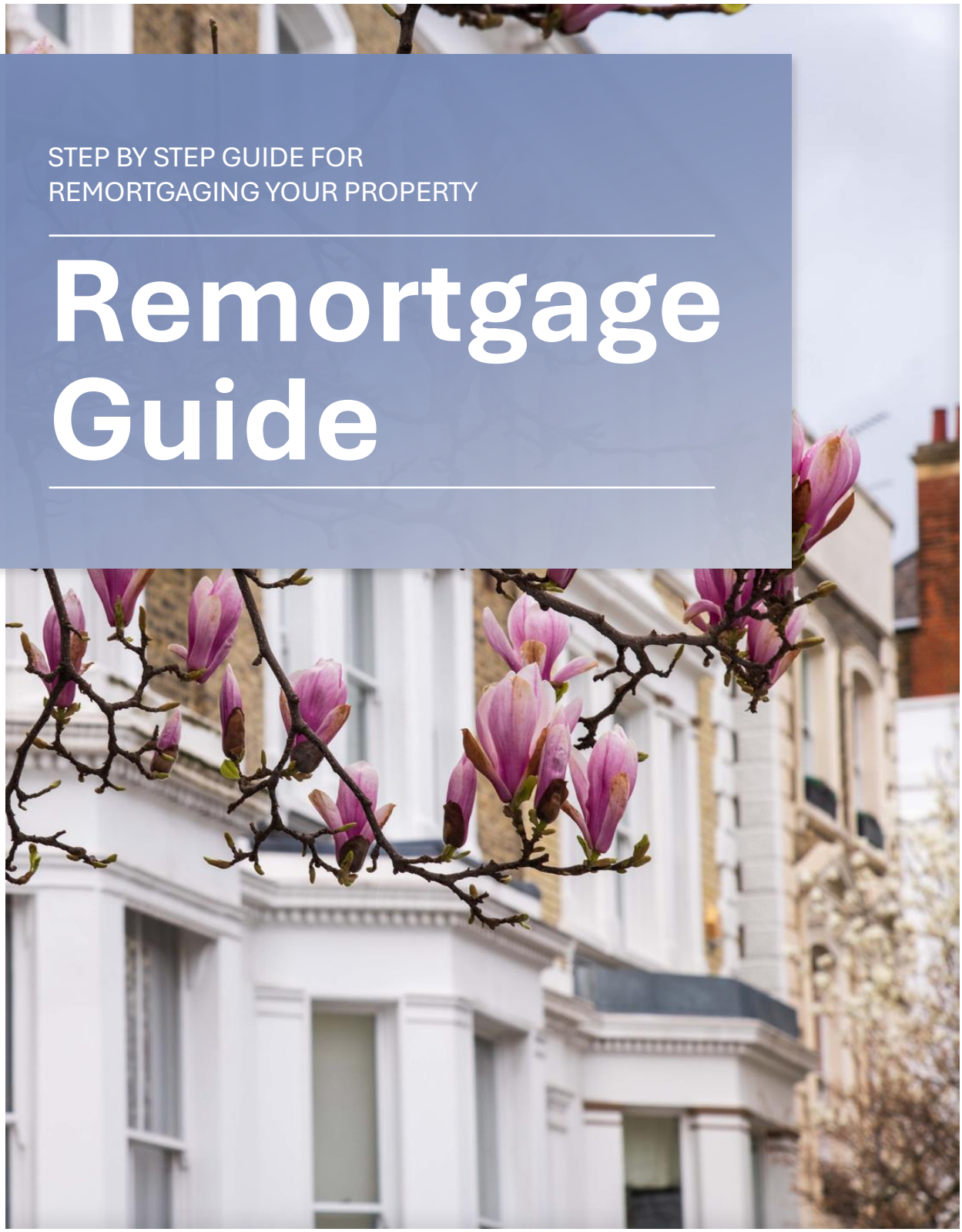
STEP BY STEP GUIDE FOR
REMORTGAGING YOUR PROPERTY

Remortgage Guide



City Mortgage Solutions Ltd

Get In Touch

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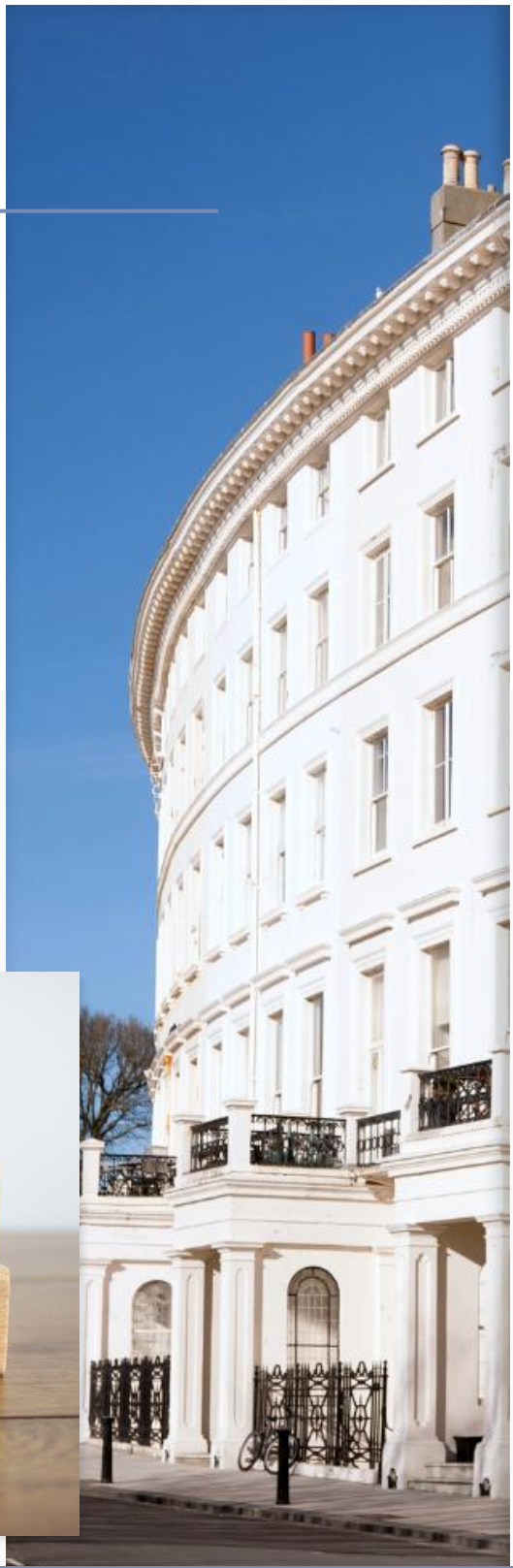
As a mortgage is secured against your home or property, it could be repossessed if you do not keep up the mortgage repayments. We are a credit broker not a lender.

Remortgage Guide

Welcome



Remortgaging is a key financial decision that can help you save money, unlock equity, or secure a better deal. Therefore, whether your current deal is ending or you're looking to borrow more, understanding the mortgage process is essential. This guide explains the steps, differences between remortgaging to a new lender and completing a product transfer and how securing a rate early can shield you from potential rate increases.

By working with an experienced whole of market broker, like City Mortgage Solutions, who have access to over 150+ lenders and can evaluate your affordability and offer a personalised solution tailored to your specific circumstances.

City Mortgage Solutions Limited is Authorised and Regulated by the Financial Conduct Authority. Our Financial Service Registration number is 466719.

Remortgage Guide

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01.

What is a Remortgage?

Remortgaging involves switching your existing mortgage to a new deal either with your current lender or a different one.

This could be to secure a lower interest rate, avoid higher Standard Variable Rates (SVR), or borrow additional funds against your property. It can help reduce monthly payments, save money over time or release equity for home improvements or other financial needs.

However, it's important to consider any fees or early repayment charges to ensure the new deal aligns with your long-term financial goals.

02.

Reasons to Remortgage

There are many different reasons that you may want to consider a remortgage. This could be to:

SAVE MONEY

Lock in a better interest rate and reduce your monthly payments.

HOME IMPROVEMENTS

Release equity to help fund renovations or upgrades.

DEBT CONSOLIDATION

Combine debts into a single payment (seek advice first).

AVOID THE SVR

Ensure you switch deals before your current product ends and move on to the lenders standard variable rate.

CHANGE MORTGAGE TERM

Shorten your term to pay off your mortgage faster or extend it to reduce monthly payments.

SWITCH TO A MORE FLEXIBLE DEAL

Move to a mortgage with features like overpayment options or payment holidays.

03.

Remortgage to a new lender vs. Product transfer

When your current mortgage deal is coming to an end or you're looking for a better rate, you have two main options of either switching to a new lender or staying with your existing lender. Here's a breakdown of both to help you decide which is best for you:

REMORTGAGING TO A NEW LENDER

Switching to a new lender involves a full mortgage application which includes:

Underwriting:
The new lender will conduct a full assessment of your financial situation, including your income, expenses, creditworthiness and overall ability to meet mortgage repayments.

Documentation:
You'll need to provide full proof of income (e.g. payslips if employed or tax returns for self-employed applicants), bank statements, and details of debts and outgoings.

Valuation:
The lender will arrange for a property valuation to determine its current market value, ensuring it meets their lending criteria and supports the requested mortgage amount.

This option is beneficial when other lenders offer better deals or more flexible terms than your current provider.

PRODUCT TRANSFER WITH YOUR EXISTING LENDER

A product transfer involves switching to a new mortgage deal offered by your current lender. It's usually a quicker process with less paperwork.

No new underwriting:
In most cases, lenders don't reassess affordability or request extensive documentation.

Limited documentation:
Proof of identity and address may suffice.

No new valuation:
Your lender will use their existing valuation or system-based estimate.

While convenient, a product transfer may not always offer the best rates compared to switching lenders. It can also have limited flexibility in the ability to adjust your mortgage term, borrowing amount or repayment structure.

A broker such as City Mortgage Solutions can help you compare both options to ensure you receive the best advice on which better suits your needs.

04.

The Remortgage Process

Remortgaging involves several key steps to ensure a smooth transition to a better deal. Here's a step-by-step guide to help you through the process

START

STEP 1

REVIEW YOUR CURRENT MORTGAGE

Identify when your current deal ends and assess if you're nearing the lender's SVR.

STEP 2

SPEAK TO A BROKER

A broker such as City Mortgage Solutions can compare deals across the market, factoring in any relevant fees and your financial needs to ensure you get the most suitable advice.

STEP 3

SECURE A DECISION IN PRINCIPLE (DIP)

For a remortgage to a new lender, your broker will secure a DIP to confirm how much you can borrow.

STEP 4

SUBMIT YOUR APPLICATION

Provide the necessary documentation (see Section 3) and finalise your application.

STEP 5

VALUATION AND OFFER

For new lenders, a property valuation is required. Once this is approved, you'll receive a mortgage offer.

STEP 6

LEGAL WORK AND COMPLETION

Your solicitor will handle the legal aspects, including redeeming your current mortgage and transferring to the new deal.

FINISH

05. Securing A Rate Early:

Protecting Against Rate Changes

With interest rates fluctuating, it's wise to secure a new rate up to 6 months before your current deal ends.

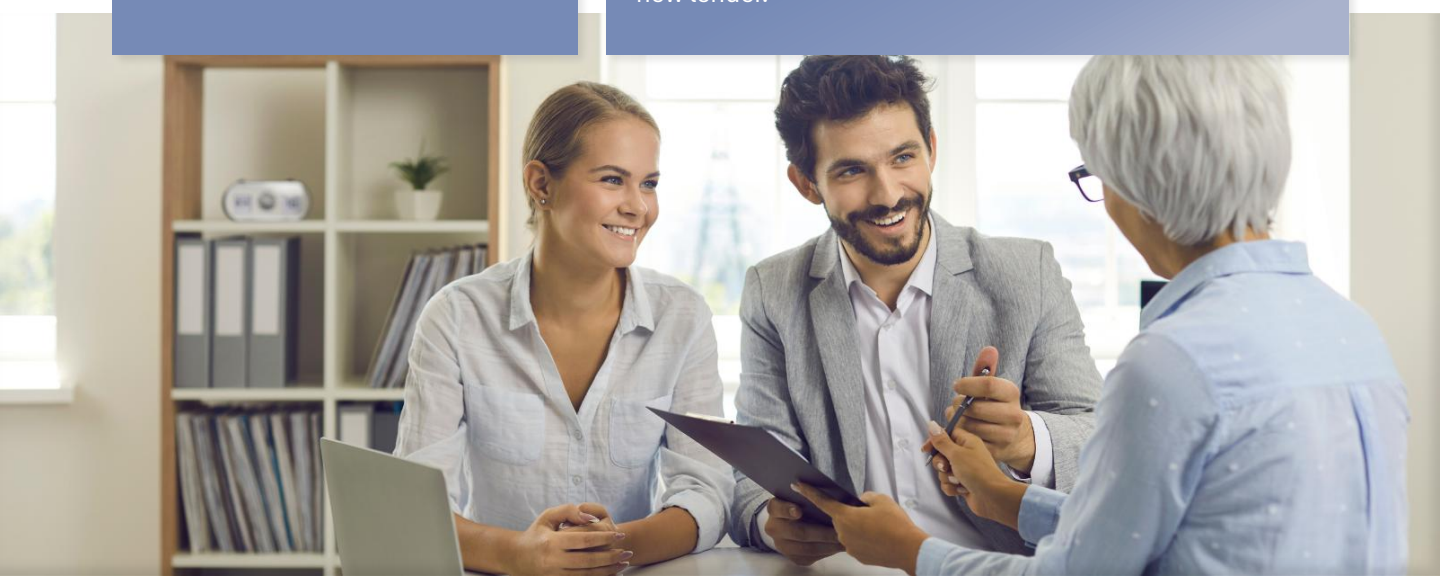
This offers two advantages:

PROTECTION AGAINST INCREASES

Lock in a rate now to shield yourself from potential hikes.

FLEXIBILITY IF RATES FALL

If rates drop before your new mortgage completes, your broker can switch you to a lower rate with the same or a new lender.



This approach ensures peace of mind while keeping your options open.

06.
Costs to Consider

Before remortgaging, it's important to consider the potential costs involved. Here are some key fees to factor into your decision:

EARLY REPAYMENT CHARGES (ERCS)

Check if your current mortgage has an ERC for leaving early. These fees are normally a percentage based on your current mortgage balance.

ARRANGEMENT FEES

These may apply to new deals with both your existing and new lender and can vary greatly.

LEGAL FEES

A solicitor is required when switching lenders. Most lenders offer a free legal service for straightforward remortgages though costs can apply.

VALUATION FEES

For new lenders, a property valuation is required though most lenders offer a desktop or basic survey as a free incentive as part of the remortgage. These survey reports are normally not provided to you and are purely for the lenders purposes.

07. Common Remortgaging Mistakes to Avoid

Remortgaging can be a great financial move, but it's important to approach the process carefully to avoid costly mistakes. Being aware of common pitfalls can help you secure the best deal and ensure your remortgage works in your best interest.

LEAVING IT TOO LATE

Not starting the process early enough can result in higher costs if you move onto your lender's SVR, which is often more expensive.

BORROWING MORE THEN NEEDED

Taking out additional funds without a clear repayment plan can lead to long-term financial strain.

IGNORING FEES

Focusing only on interest rates without considering arrangement fees, legal costs, or early repayment charges can lead to unexpected expenses.

NOT CHECKING CREDIT REPORTS

A poor credit score can affect remortgage approval or result in higher interest rates, making it crucial to review your credit profile in advance.

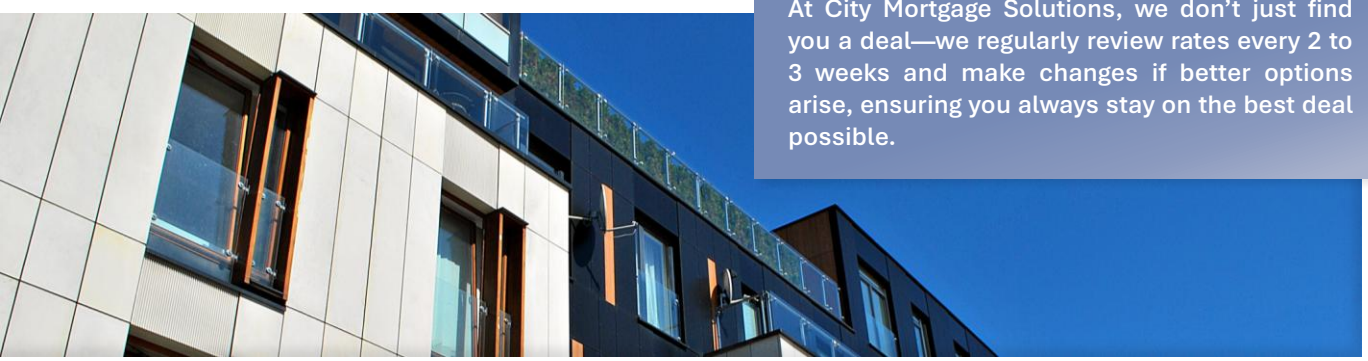
NOT REVIEWING ALL OPTIONS

Sticking with the same lender for convenience might mean missing out on better deals available elsewhere.

CHOOSING A RATE AND FORGETTING ABOUT IT

Many people lock in a rate without checking if better options become available.

At City Mortgage Solutions, we don't just find you a deal—we regularly review rates every 2 to 3 weeks and make changes if better options arise, ensuring you always stay on the best deal possible.



By avoiding these common mistakes and working with an experienced broker like ourselves, you can make the remortgaging process smoother and more financially beneficial.

08. Why Choose City Mortgage Solutions?

YOUR TIME

At City Mortgage Solutions, we understand that time is precious, and we strive to simplify the home-buying process. Our dedicated team handles the complexities of researching lenders and staying updated on criteria and rates, saving you valuable hours. We act as your trusted intermediary, managing all documentation, arranging surveys, and handling follow-up communications between application and offer. Beyond mortgages, many clients rely on us for advice on property-related issues, legal matters, and navigating tricky situations with sellers.

EXPERIENCE

Our extensive expertise sets us apart. With over 60 years of collective experience in property finance, we've encountered and resolved a wide range of challenges. As a whole-of-market brokerage, we offer truly independent advice, not tied to any specific lender. Our extensive panel includes over 170 lenders, from household names to specialised lenders catering for more unusual client circumstances.

PERSONALISED APPROACH

Our approach is highly personalised. Whether you're purchasing soon or in the future, we tailor our advice to your unique circumstances. For first-time buyers, we provide guidance on deposits and improving credit ratings, ensuring you're well-prepared for your purchase.

With extensive five-star Google reviews, our track record speaks for itself. We're committed to building lasting client relationships, guiding you through your property journey, starting from your very first purchase.

09. Mortgage Glossary

Here's a glossary of common mortgage terminology:

Agreement in Principle (AIP) / Decision in Principle (DIP) / Mortgage in Principle (MIP)
A document from a lender indicating how much they're willing to lend based on your financial situation, subject to final checks.

Annual Percentage Rate (APR)
The total cost of borrowing, including interest and fees, expressed as a yearly percentage.

Base Rate (BofE base)
The interest rate set by the Bank of England, which influences mortgage rates.

Buy-to-Let (BTL) Mortgage
A mortgage specifically for buying property intended for rental purposes rather than living in.

Early Repayment Charge (ERC)
A fee charged if you pay off your mortgage or overpay beyond a set limit during the initial deal period.

Equity
The difference between the property's current value and the remaining mortgage balance. It represents the portion of the property you own outright.

Fixed-Rate Mortgage
A mortgage where the interest rate is set for a specific period, protecting you from interest rate fluctuations.

Loan-to-Value (LTV)
The ratio of the mortgage amount to the property's value, expressed as a percentage. For example, an 80% LTV means you're borrowing 80% of the property's value.

Stamp Duty Land Tax (SDLT)
A tax paid when purchasing property above a certain value in the UK. First-time buyers may benefit from reduced rates.

Standard Variable Rate (SVR)
The lender's default mortgage rate, which can change at their discretion, typically after your initial deal ends.

Tracker Mortgage
A mortgage with an interest rate that follows the Bank of England's base rate, plus a set percentage.

Underwriting
The process where the lender assesses your financial situation, property, and overall risk before approving the mortgage.

Valuation Survey
A basic survey carried out by the lender to ensure the property is worth the amount being lent.

Vendor
A person or company selling a property or often referred to as a seller. The vendor is the person that owns the property and is transferring ownership to the buyer upon completion of the sale.

10. Remortgage Check List

Here is a list of the usual documents that are needed for a mortgage application:

PROOF OF ID/ADDRESS:

- Photocopy of valid passport
- Photocopy of photo driver's license
- Proof of residency OR other visa documents if applicable
- Proof of address (utility bill, council tax bill or bank / credit card statement dated in last 3 months and showing full address)

IF EMPLOYED:

- Latest three months payslips
- Latest P60
- Proof of additional income (bonuses, commissions and overtimes)
- Copy of employment contract (if no P60 available or started employment in last 12 months)
- Salary Increase Letter (if started new role or had a pay rise in last 6 months)
- Latest three months full personal bank statements for where salary is credited
- Latest month personal bank statement for where rent or bills paid from if different from the above.
- Proof of Deposit (bank statements covering last three-month period showing funds. If any part of the deposit is gifted, then would need a gift letter but this would be taken care of at time of application

IF SELF-EMPLOYED:

- Tax Calculations and Tax Overviews for last two years (Accountant can provide or if complete your own self-assessment then this will be available on the HMRC website)
- Latest set of finalised accounts (covering last two years)
- Latest three months business bank statements
- Latest three months personal bank statements for where salary or dividends are credited
- Latest month personal bank statement for where rent or bills paid from if different from the above

OTHER REQUIREMENTS:

- Recent credit report. Please use link to download a free credit report (www.checkmyfile.com)
- Details of Existing Debt (current balances and monthly payments for any credit cards, hire purchase/car lease agreement, loans or any buy now pay later agreements.
- Details of any other monthly commitments (childcare, school fees or maintenance payments)