

Mortgages

Your guide to remortgaging

Need more information?

Speak to one of our mortgage advisers who will be happy to explain more about our range of mortgages.

Call: **0345 734 4345**
(Monday to Friday 8am to 6pm)

Calls may be monitored and recorded for training and security purposes

Or visit us online: www.newcastle.co.uk
Or call into one of our branches.

Advice on when to remortgage, things to consider when remortgaging and top tips.



**YOUR MORTGAGE WILL BE SECURED ON YOUR HOME.
YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT
KEEP UP REPAYMENTS ON YOUR MORTGAGE.**

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This guide has been produced for **anyone who already has a mortgage and is considering moving their mortgage** to a different lender, without actually moving home.

This process is called a remortgage and our guide aims to explain the various things you should consider when looking to remortgage, helping you make an informed choice.

Why Remortgage?

There are many reasons why remortgaging could make sense for you - but the main one is simple - saving money.

Save Money

Most mortgages offer an introductory deal; either a fixed, tracker or discounted rate for a specific period of time which is usually between two and five years. The most common time to remortgage is when these deals come to an end as you may be moved onto your current lender's Standard Variable Rate rather than other rates available.

Your current lender may offer alternative mortgage deals, you should discuss your options with them first as it's always easier to stay with your existing lender.

By switching your mortgage to another lender you could take advantage of a better interest rate, which could save you money in the long-run.

However please bear in mind that remortgaging isn't always a free process and you need to factor in all the costs and fees involved to ensure this is the right option for you.

To Raise Money

A remortgage can not only save you money with a better mortgage deal but may also help you borrow more for home improvements if you have enough equity in your home for example.

Every mortgage lender will have different lending criteria and limits on how much you can borrow against your property. This is called the Loan to Value (LTV).

Flexibility to suit your changing needs.

Remortgaging may also be about getting a mortgage which is right for you and your current circumstances.

Your circumstances may have changed, and may include; marriage, birth of a child, inheritance, divorce or a change in your employment and you may need more flexibility.

You may feel you can afford higher payments and wish to overpay in order to

repay your mortgage quicker or you may want to reduce/increase your mortgage term.

There are a whole range of mortgage options to choose from, all offering different features and benefits so you're sure to find the right one to suit you.

Things to consider when remortgaging.

Before you start the remortgaging process, there are a number of things you should consider.

Check your current mortgage deal and ensure you fully understand its terms and conditions.

Some mortgages include an Early Repayment Charge. Which means if you choose to pay your mortgage off early, there could be a charge to do this. This will be on the documentation supplied during and after your application.

Once you have this information you'll be able to work out whether it's worth leaving your current mortgage early and paying the charge. You may wish to avoid the charge by moving to a new deal with your current lender once your current deal comes to an end. Other possible charges may include redemption charges, solicitor fees, or a deeds release fee when repaying your mortgage.

How much do you owe your current lender?

You will need to have this information at an early stage of your research to enable you to budget and to understand how much you'll need to remortgage for (including any other costs such as fees).

You can request this information from your current lender. Simply give them a specific date of when you'd like to switch your mortgage and they will give you an exact figure. This way you don't end up taking more or less than you need to. Alternatively this information is provided on your annual mortgage statement.





What do you want from your new mortgage?

As mentioned earlier, you may want something more flexible to fit your circumstances or perhaps you're concerned about interest rate changes, or you may be expecting a change in your personal finances?

There are thousands of mortgages to choose from, offering different features and benefits however the main ones fall into the following categories;

Standard Variable Rate - the interest you pay on the mortgage can vary depending on the interest rates the mortgage lender dictates. This could go up as well as down and a lender can change their variable rate at any time. This is the rate which most loans revert to after a fixed/discounted or tracker rate period ends. The advantage is that you can repay your mortgage at any time and have the flexibility to overpay.

Fixed Rate - the rate of interest stays fixed until a set date, meaning your monthly payments remain the same throughout the period no matter what happens to interest rates in general. The advantage is you know exactly how much you will have to pay each month so you can budget more easily.

Discount - These mortgages come with an

initial discounted period which means you pay a lower rate initially before the rate increases to an agreed rate. Please note the rate could go up as well as down as these mortgages are usually linked to the lender's Standard Variable Rate. The advantage is that you can make the most of a lower initial rate meaning you may have more to spend on your home.

Base Rate Tracker - these are a variable rate mortgages but are linked to the Bank of England base rate, and 'track' the rate by a certain percent which is usually above the Bank of England base rate. If the rate increases, then your payment will increase, however if the Base Rate falls the advantage is you will benefit from a reduction in your monthly payment.

Offset - these combine a traditional mortgage with any deposit accounts, such as savings and/or a current account. This means you can offset your savings against the value of your mortgage balance. This offsetting could save you money and reduce the term of your mortgage.

Top Tips for Remortgaging...

Give your current lender the chance to offer you a better deal – it could be simpler and cheaper

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Start researching your options before the end of your current deal period

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Be aware that the process can be time consuming – it may take several weeks to complete.

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Before you switch be sure you factor in all costs – there may be costs of remortgaging, which may include legal, valuation and administration fees.

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Don't just compare interest rates – look at the whole package including fees. It may be cheaper to go for a product with no fees rather than one with lower interest rates.

How much can I borrow?

You need to consider how much you can afford to pay each month and how long you require the mortgage or the specific mortgage deal for:

Every lender will have their own lending criteria which is usually based on your income, outgoings & disposable income, your credit rating and the amount you want to borrow against the value of the property.

Many lenders offer an online mortgage payment calculator to help you calculate and compare the repayments over different products, rates and periods.

You can find ours at:

www.newcastle.co.uk/mortgages

These help to give an indication of your payments, however it's best to talk to a mortgage adviser who will provide you with an illustration.

This gives you all the information you need to know about the remortgage and is standardised across all lenders making it easier for you to compare like for like.

Repayment Mortgage

This involves paying back the interest on the amount borrowed as well as paying off the capital borrowed. At the end of the mortgage term you will know that you have repaid all the interest and the capital, so you will own your home outright.

Interest Only Mortgage

By selecting an Interest Only Mortgage, you will only pay interest on a monthly basis and not reduce the capital balance of the loan. You are responsible for ensuring you will be able to repay the capital at the end of the mortgage term.

Why not give us a call on
0345 734 4345 to speak to
one of our mortgage advisers.

Frequently asked questions

What are the potential costs?

There may be several fees when it comes to remortgaging so it's important to ensure you understand what you need to pay upfront.

These costs may include:

- Valuation fee
- Reservation fee
- Arrangement fee
- Legal fees
- Broker fee.

As already mentioned there could also be an early repayment charge on your current mortgage as well as an exit fee.

Often lenders will incentivise you to switch to their product by offering free valuations and legal fees so it may work out cheaper to go for one of these products than to go for a cheaper rate.

It's worth shopping around and comparing all the options available. Make sure you get a full redemption cost from your current lender and thoroughly check your illustration of any new mortgage which will detail the product costs involved.

Check out Newcastle Building Society's range of mortgage deals for customers re-mortgaging at:

www.newcastle.co.uk/mortgages/

What paperwork will I need to provide?

If you are remortgaging with another lender the paperwork will be similar to when you applied for your first mortgage.

You will usually need to provide:

- Details of the property.
- Details of your bank account
- Proof of identity (passport or driving licence)
- Proof of address (council tax or utility bills)
- Proof of employment
- Proof of your financial situation
- Income - pay slips, P60, accounts if self employed)
- Outgoings - Debts, loans bank statements
- Assets - Investments, other properties, accounts.

How long will it take?

The remortgage process can take between 4 to 8 weeks on average to complete.

Do I need to move house to remortgage?

No, you don't need to move house to remortgage.

Can I remortgage to free up money for home improvements?

Many people do borrow more to improve their home as the added benefit is that you may increase the value of your home in the long run, but this is never guaranteed.

Frequently asked **questions**

Can I remortgage to help with debt repayments?

If you have several debts and are struggling with repayments, you may choose to remortgage in order to obtain the money to clear these debts. However, as you may be securing previously unsecured debts onto your property your home will be at risk if you fail to keep up repayments on your mortgage. This would be subject to each lender's policy.

Can I remortgage more than once?

In theory, you can remortgage as often as you like. However it's important to calculate fees and charges to make sure it's worthwhile.

Newcastle Building Society has been helping people buy their home for over 150 years. We have a range of mortgage options available whether you're a first time buyer, or thinking of remortgaging.

If you are considering buying a property or remortgaging please give us a call on **0345 734 4345** and we'll be happy to chat through your options.

