

Remortgage: house or flat

Property Guide

1. Remortgaging a property

You have instructed us to act on your behalf in remortgaging. We now have several steps to go through before you either:

- Redeem your current mortgage and simultaneously complete a new mortgage
- Complete a new mortgage without redemption

This note provides an overview of the steps common to most remortgages. As each transaction is different, you may find that not all the steps mentioned apply to you or they may occur in a different order from that listed below. Your transaction may also involve additional steps.

We will provide you with additional advice during your remortgage, including offering advice on any specific conditions and requirements of your lender. This note is intended as a starting point only. If you have any questions after reading this note, please get in touch.

2. Opening your file and confirming instructions

Although you have obtained either an offer in principle or a formal mortgage offer, at this stage, the transaction will not become legally binding until the date at which the mortgage deed is dated. There is a risk that the lender could withdraw your mortgage offer prior to this date and if this were to occur then you would need to contact your mortgage broker regarding obtaining a new offer. You can also withdraw from the transaction before then. In either case, you will lose any money you have spent on the transaction by that stage, for example, our legal fees to that point.

We have several legal requirements to comply with before we can start working for you and some instructions we will need to confirm. These include:

- Explaining the terms of our appointment (including our prices) to you.
- Confirming your identity. Your mortgage broker may also ask you to confirm your identity with them or may already have asked you to do so, but we still need to do this step.

- Confirming whether there are any adults in occupation at your property other than you (for example, relatives or lodgers). If so then there will be additional documentation that will be needed ahead of completion.
- Confirming whether you have an outstanding mortgage which is to be redeemed simultaneously with completion of the new offer.
- If the amount to redeem your current mortgage is greater than the amount of your new mortgage we will require you to complete a source of wealth questionnaire evidencing where the funds to redeem the mortgage originated from.
- We will also need you to pay us some money upfront to cover our costs.

We will write to you separately about all of these matters. You will need to sign and return all relevant letters and questionnaires and provide the necessary proof of identity and money on account before we can do any further work for you.

The instructions you provide will impact the advice we need to give you and some of the steps we need to take. It is important that your instructions are clear and complete and that you let us know if anything changes.

3. Investigations

If you are redeeming your current mortgage and simultaneously completing a new mortgage:

In a large majority of cases we act for both you and the lender in respect of the remortgage. We will need to carry out some investigations into the property in order to make sure it is good and marketable for the lender.

These investigations will involve looking at the registered title at the Land Registry, obtaining some searches, for example, an environmental search and Local Authority Search (if required), and reviewing the lenders specific requirements contained within the UK Finance Lenders Handbook. We will ask you to answer some standard enquiries about the property in order to assist with these investigations and we will provide you with the relevant form to fill in.

If the lender has separate legal representation, then we will need to respond to any/all of the enquiries raised by them ahead of completion. We may need your assistance with responding to these enquiries.

Always ensure that you answer any questions about the property as accurately as possible. Not doing so may delay the transaction or have legal consequences.

We will contact your existing lender and obtain a redemption statement calculated to the date of legal completion; we will require you to provide us with the relevant account number in order for us to obtain the statement.

If you are completing a new mortgage without redemption:

If you are completing a new mortgage without a redemption, then we will need to carry out the same investigations for the lender, the only difference being that we will not have to deal with the requirements of your current lender in obtaining a redemption statement.

If you are obtaining a new mortgage which will be subject to an existing mortgage then they will be further requirements and documentation which will need to be dealt with, such as a Deed of Postponement, which



will ensure your first mortgage takes priority over the second. If this is the case, we will advise you of the further requirements separately.

Remortgaging a leasehold property or a freehold property with a management company:

If the property you are remortgaging is a leasehold property (usually because the property is a flat), then there will be further requirements that will need to be complied with, such as obtaining a management pack. The management company will charge an additional fee for providing this information.

The lease will usually oblige you to make certain payments to the landlord, such as a yearly rent and a more regular service charge and we will need details of these obligations in order to ensure the terms are adequate to the lender.

We will outline any post completion requirements to you, such as notice fees, if this applies.

4. Insurance

Do not cancel your buildings insurance or contents insurance on the property. You will need to ensure that the property remains adequately insured for the reinstatement value, minimum, throughout the term of your mortgage. Failure to do so will more than likely put you in breach of your mortgage conditions.

5. Preparing for completion

We will request the mortgage advance to be sent to us the day prior to completion to avoid any delays.

We will send you a completion statement showing the money you owe us before completion. This will include, for example, our legal fees.

6. Completion

On completion, we will redeem your existing mortgage, if applicable, and date the mortgage deed. We will confirm to you once completion has taken place. If there is any money due to you following completion we will arrange the remittance of the same.

We will also arrange for any indemnity policies to be put on risk from the date of completion.

7. After completion

We will register your new mortgage at the Land Registry following completion. If the property is leasehold, we will also attend to the notice requirements.

Once the title has been updated to reflect your new mortgage, we will send you a copy of the title deeds along with copies of any indemnity policies taken out on your behalf.

