MORTGAGE REVIEW

Could you save money by shopping around?

aspire Financial services

FACTSHEET

A home is the most expensive purchase most people ever make. As an owner, you will benefit from expert advice on the condition of your property – whether you plan to live in it, rent it out or sell it.

Is your current mortgage as competitive as the best new deals on the market today? It's no secret that the mortgage market is a highly competitive one. New products, new rates and better deals appear all the time, meaning there could be huge potential for homeowners to get better value somewhere else. Regular mortgage reviews are an effective way of keeping an eye on the current market and could save you money in the long run.

SWITCH TO A BETTER DEAL

If appropriate to your particular situation, you could save hundreds – perhaps thousands – of pounds by shopping around, so it's a good idea to review your mortgage at least once a year to check whether you should switch to a better deal. Ideally, you should keep a regular eye out for better mortgage deals – new ones are coming onto the market all the time, and, if you're not locked into a fixed or discount rate deal with an early repayment charge, it could be worth your while changing lenders (remortgaging) at any time.

EARLY REPAYMENT PENALTIES

You should review your mortgage when interest rates change to see how your current deal compares to new deals that have come onto the market. This is because the change of interest rates will affect how competitive your current deal is when your current mortgage deal comes to an end – your rate may increase once a year if you're not tied in to deal with early repayment penalties. If you do nothing when rates change or your mortgage deal ends, you could lose out to many better deals that are available in the market. It's a good idea to set up a reminder to review your mortgage once a year – or before your current fixed deal ends. You could save yourself hundreds of pounds! Typically, it's prudent to set a diary reminder to start shopping around at least three months before your current fixed or discount deal reverts to the lender's standard variable rate.

REDUCE YOUR MORTGAGE TERM

When you make the switch (or remortgage), if monthly payments are going to be lower, you can choose either to make reduced payments or – better still – stick to your original payments and reduce the mortgage term. Although you can often reduce your payments by switching, bear in mind that there are a number of costs associated with remortgaging. There may be high early repayment charges to pay if you are leaving before the initial locked-in period of your mortgage expires. There are unlikely to be charges if you are on your lender's standard variable rate.

LEAVE YOUR CURRENT LENDER

Your new lender may charge you valuation and legal fees, although these are often waived if your remortgage is successfully completed. There is also likely to be an exit fee to pay when you leave your current lender, so factor this into your costs. There is also usually a booking or arrangement fee to pay on the new deal – you can opt for a fee free deal to avoid this, but you may end up paying a higher interest rate as a result. We will ensure that you are able to weigh up the total cost of any remortgage against the savings you'll make before you actually take the plunge and remortgage.

NEW MORTGAGE REGULATIONS

Since April 2014, lenders have to look much more closely at whether you can afford a mortgage because of new mortgage regulations. This means it may take longer than you're used to, and you'll have to provide proof of your income and all your outgoings. You could be asked for your payslips and bank statements to prove your income, or your tax returns and business accounts completed by an accountant if you're self-employed.

MORTGAGE AFFORDABILITY

Your outgoings will be set against your income to see how affordable your mortgage is. They will look at your other debt repayments, household bills and living costs such as travel, childcare and entertainment. The lender will also check how you would cope with an increase in the interest rate or changes in your lifestyle such as losing your spouse or partner's income in the case of couples.accounts completed by an accountant if you're self-employed.

REQUIRE FURTHER INFORMATION?

We can help you with your mortgage needs. Whether you're a new client or we've previously arranged a mortgage for you, please contact us to discuss your requirements.

CHECK REMORTGAGE COSTS

This means you may find it hard to remortgage to a new lender. So before you switch, we'll check your remortgage costs and contact your current lender to see what deals they will offer you. If you're on an interest-only mortgage, you will find lenders will look closely at your repayment plan to make sure it's on track to pay back the original loan at the end of the mortgage. If it isn't, you may find it difficult to switch to a new interest-only mortgage. Lenders will accept different repayment plans such as regular savings and investments, using future bonus payments with supporting evidence, and the future sale of a valuable asset backed by an up-to date valuation certificate.

REMORTGAGING

Changing your mortgage provider without actually moving home

FACTSHEET

If you already have a mortgage but you're looking for a better deal, you could look into changing your mortgage provider without actually moving home. There are many reasons why you may wish to remortgage, and if appropriate to your particular situation it's essential you obtain professional mortgage advice to make an informed decision.

OBTAINING A BETTER DEAL

Remortgaging means you move your mortgage from one lender to another to obtain a better deal. You don't have to move house to remortgage. There are many reasons why remortgaging could make sense for you, but most commonly it is to save money. For most people, their mortgage is their biggest financial commitment. So it makes sense to discuss with us your mortgage options, so we can ensure that you have the best mortgage deal available. Typically, we would have a conversation with your current lender, ask them to review your current mortgage deal and see if they have a suitable product that could reduce your monthly payments.

SAVING MONEY OVERALL

If you do need to move to another lender, there could be fees to pay for better interest rate deals, and, depending on your current mortgage deal, an early repayment charge may be payable to your current lender – and there may also be legal fees to pay. We'll do the sums for you to ensure it makes financial sense to remortgage and you are saving money overall. Once the introductory mortgage offer ends, you'll usually be moved onto your lender's standard variable rate (SVR), which will likely be higher than the rate you have been paying.

WHAT OTHER LENDERS ARE OFFERING

Typically, you may want to consider a remortgage if you're coming to the end of your existing mortgage deal and may be looking for a new deal. If you've been on a fixed-rate, discount, tracker or capped rate deal, you'll probably have to move back to your lender's SVR once the deal comes to an end. Your lender will almost certainly have some deals with a lower rate of interest than its SVR. You may also want to look at what other lenders are offering. We can help you take a look at the market to see if switching to a new mortgage deal could save you money. However, it's also important to bear in mind that if you only have a small outstanding mortgage, the amount you stand to save might be too low to make switching worthwhile.

CHANGES COULD AFFECT ANYONE

It's impossible to know exactly when interest rates will rise, and predictions change from one month to the next. Any rise could be as gradual and as little as a quarter or half per cent each time, or there could be larger full percentage point increases. Either way, the changes could affect anyone with a mortgage, but there are a number of ways to prepare for such an increase. It's worth looking at what the changes would mean to your mortgage rate and monthly payments if you did not remortgage. We can assist you by checking with your lender if you're unsure.

INCREASED MORTGAGE PAYMENTS

You need to see how much you can afford in the event rates rise. A budget will show what money you have coming in, what money is going out and – most importantly – how much you have left at the end. If increased mortgage payments due to a rate rise mean you go from comfortably managing your monthly finances to struggling to get by, use your budget to look at areas where you can make changes to reduce your outgoings. If you have savings that are not earmarked for something, it may be worth seeing if you can make any over payments to your mortgage if appropriate. Prior to doing this, it makes sense to check first with your lender. You could make a lump sum payment or increase the monthly payments.

REDUCE THE AMOUNT OF INTEREST

You may also want to switch to an offset or current account mortgage where you use your savings to reduce the amount of interest you pay permanently or temporarily – and have the option to draw your savings back if you need them. However, there are reasons why it's not always the best option to overpay, for example, if you have other more expensive debts or you're not putting money into a pension scheme.

A MORE FLEXIBLE DEAL

Remortgaging might also enable you to get a more flexible deal to reduce your monthly mortgage payments. Whether the fixed rate of your mortgage is coming to an end or you are shopping around for a better deal to save you money on your current mortgage, we are here to help.

There are many different reasons why you may want to remortgage:

- To obtain a more competitive rate and deal than the one you have
- To obtain a more flexible deal, as some mortgages now haíve additional flexible features than they used to. These include allowing you to overpay, underpay, take payment holidays, repay capital lump sums and change the term of your mortgage
- To raise extra money. You may want to spend this on home improvements or to help your children get on the property ladder
- To move to a mainstream mortgage. If you have an expensive mortgage, perhaps because you had a poor credit history or are self-employed, you may be able to remortgage to a cheaper standard mortgage when your circumstances change

OBTAINING A REDEMPTION STATEMENT

- We'll check to see if there are any early repaymentcharges on your current mortgage and find out exactly how much you owe by obtaining a redemption statement from your mortgage provider
- You may also want to change the terms of your loan, for example, do you want to extend the term or borrow more money?

ASSOCIATED NEW MORTGAGE COSTS

You may also want to switch to an offset or current account mortgage where you use your savings to reduce the amount of interest you pay permanently

A MORE FLEXIBLE DEAL

Other considerations include what type of deal you want, and once we've found a deal you're interested in we can compare the repayments with your existing mortgage. We'll also provide the costs associated with the new mortgage, such as arrangement fees. The charges should be included in the annual percentage rate of change (APRC) quoted by the mortgage lender. However, the APRC quoted also assumes you will hold the mortgage for the full term, so the APRC is not always the best rate to use when comparing mortgages.

Once we've obtained all these details, we'll work out exactly how much it will cost you to remortgage and consider:

- Penalty fees for leaving your current deal
- Fees associated with the new deal
- Legal fees for remortgaging
- Other miscellaneous charges

This information will enable us to look at how much the new mortgage deal will cost compared to your existing deal. Or, if you are coming to the end of a deal, compare the cost of a new deal with your existing lender and with a new lender.

REQUIRE FURTHER INFORMATION?

We can help you with your mortgage needs. Whether you're a new client or we've previously arranged a mortgage for you, please contact us to discuss your requirements.