

Guide To Re-Mortgaging factsheet

Conveyancing is the legal process of transferring ownership of a property or land from one person to another. With regards to a re-mortgage, there will be no transfer of ownership in the property in question, but the conveyancer will be undertaking the legal work to transfer a mortgage to a new lender, release equity in a property value, obtain a better rate, and so on.

Initial Stages:

- After instruction, the solicitor will send you a **Client Care Pack** which sets out their terms of engagement, confirms the charges within our illustration, and has some paperwork for you to complete and return
- They may require a **payment on account** to cover the cost of any searches and details of how to pay this will be included within the Client Care Pack. This figure is included within the total cost in the illustration, and is not an extra fee

The Mortgage & lender:

- As part of the application process for your mortgage, your new lender may require a **report for valuation** purposes. Lenders will vary in this requirement and, depending on the loan to value, may be satisfied with a drive by valuation
- Having arranged your mortgage, the solicitor will then receive from the lender a copy of the **offer letter**
- Before completion, you will need to provide a copy of your **buildings insurance**. The minimum amount of cover you should have will be detailed in your offer letter

Legal Work:

- The solicitor will request the **deeds** from the existing lender and an **office copy** of your property from the Land Registry for checking
- An estimate **redemption statement** will be requested from your existing lender
- If the property is **leasehold**, then enquiries will be made of the landlord / managing agents to check if the service charges and rent are up to date, who the notice of charge needs to be served on, etc
- **Searches** may be required, but this will depend on the lender, or they may accept **search indemnity insurance**
- They will check the **mortgage offer** when it is received to check all is in order and see if there are conditions which need to be met
- You will be required to sign the new **mortgage deed**
- A final **redemption statement** will be requested from your existing lender
- The solicitor will then request the **funds** from your new lender which will be used to repay the old lender, and do final searches including **Land Registry**, **Land Charges** and **bankruptcy** checks
- **On completion**, your old mortgage will be redeemed
- **After completion:**
 - o The new mortgage will be registered at **HM Land Registry**
 - o The **title deeds** will be sent to the new lender



IFA Conveyancing

Guide To Re-Mortgaging factsheet

TRANSFER OF EQUITY ON A RE-MORTGAGE

A transfer of equity is a transfer between existing owners, from say two owners to one following a separation or divorce, or from one owner to two.

If the transfer is done in conjunction with a re-mortgage (e.g. if one person is “buying the other out” and is having a new mortgage to provide the money to do so and pay off the old mortgage) then the process is as set out above, except the solicitor will have to draft a Transfer Deed which will be signed by all parties, including the outgoing owner.

Legal Work:

If the transfer of equity is subject to a mortgage,

- The solicitor will have to gain **consent** from the lender to the transfer of ownership
- The Transfer Deed will be drawn up and signed by all parties including the lender and the party relinquishing ownership of the property, which will release them from any liabilities under the mortgage
- **Completion** of the transfer of equity can take place once the transfer deed has been returned from the lender. Any money due to the outgoing owner can then be paid
- **After completion**, and if stamp duty is applicable, then this will be settled with the Inland Revenue. The Inland Revenue class mortgage debt as “chargeable consideration” upon which stamp duty is paid, although if the transfer is in connection with a divorce, this is exempt under the Finance Act 2003



IFA Conveyancing
