Mortgage Portability: The Guide to No-Cost Remortgaging

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Changing the terms of your mortgage to lower the monthly payment is a common desire, especially in a constantly evolving financial market. **Mortgage portability**, better known as remortgaging or novation, is the tool that turns this desire into reality. Introduced in Italy by Law No. 40 of 2007, known as the "Bersani Decree," this procedure allows you to transfer your mortgage from one bank to another at no cost to the customer. The goal is simple: to obtain more favorable terms, such as a lower interest rate or a different loan term, without facing the typical expenses of taking out a new loan.

The concept of portability is part of a culture, like the Mediterranean one, where the home is a fundamental pillar and a lifetime investment. The ability to adapt a mortgage to changing family needs and general economic conditions combines the tradition of "brick and mortar" with the innovation of financial tools. Remortgaging, in fact, does not extinguish the original lien but "transfers" it, maintaining the solidity of the initial commitment but with modern flexibility. This purely technical process translates into a tangible benefit for families, making the most significant financial commitment more sustainable over time.

What Is Remortgaging and How Does It Work

Remortgaging, or mortgage portability, is the operation that allows you to transfer your mortgage loan from one credit institution to another. The key point is that the new mortgage must have an amount equal to the **outstanding debt** of the old loan. It is not possible, therefore, to request additional cash through this procedure. What can change, and what constitutes the real advantage of the operation, are the contractual conditions: the repayment term, the payment amount, and, above all, the type and level of the interest rate. For example, you can switch from a variable rate to a fixed rate to ensure greater stability.

The underlying mechanism is a succession in the contract. The new bank (the subrogating bank) pays off the debt with the old bank (the subrogated bank) and steps into the creditor's rights, becoming the new beneficiary of the existing mortgage. This means it is not necessary to cancel the old mortgage and register a new one, a step that would involve significant notary fees and taxes. The original bank cannot, in any way, object to the customer's request to remortgage. This right is guaranteed by law to protect consumer freedom and stimulate competition among banking institutions.

The Heart of Portability: The Annotation of Subrogation

The technical step that makes no-cost remortgaging possible is the **annotation of subrogation**. Instead of a complex and costly process of cancellation and new mortgage registration, a simple annotation is made in the margin of the original mortgage, recorded in the property registries. This formal act, handled by a notary, certifies the transfer of the mortgage lien from the old to the new bank. In practice, the mortgage is not canceled but “transferred” to the new creditor.

This procedure is crucial because it preserves the priority of the original mortgage. If the old lien were to be canceled to register a new one, the latter would take a subsequent priority, with a potential loss of security for the bank. With the annotation, however, the new bank steps into the exact same position and with the same guarantees as the previous one. The law stipulates that all costs related to this act, including the notary’s fee, are borne by the new bank and not the customer. This makes remortgaging a very financially advantageous operation for the borrower.

Tangible Benefits and (Almost) Zero Costs

The most obvious advantage of remortgaging is **financial savings**. Obtaining a lower interest rate translates into a lighter monthly payment and a lower overall cost of the loan in the long run. Another significant benefit is flexibility: you can take the opportunity to switch from a variable-rate mortgage to a fixed-rate one, or vice versa, adapting the repayment plan to your forecasts and risk appetite. It is also possible to change the mortgage term, extending it to further reduce the payment or shortening it to pay off the debt sooner.

By law, remortgaging is **free of charge** for the customer. The regulation prohibits banks from charging application fees, appraisal costs, notary fees, or any other commission related to the transfer. Any penalty for early repayment of the old mortgage is also waived. The only potential cost is a €35 tax for registering the annotation in the property registries, but very often this expense is also absorbed by the new bank. It is important to note that if you choose to remortgage a primary residence mortgage, you retain the tax benefits, such as the deduction of interest paid.

The Step-by-Step Procedure

Initiating a remortgage is a structured process. The first step for the borrower is to find a more convenient offer on the market by comparing proposals from different banks. Once the new bank is chosen, the remortgage application is submitted. At this point, the new institution will manage the entire process, communicating with the original bank to coordinate the transfer. The new bank will conduct an underwriting process to assess the applicant’s creditworthiness, just as for a new mortgage. Personal, income, and property-related documents will be required.

If the underwriting is successful, the new bank contacts the old one to get the outstanding debt calculation. The law imposes specific deadlines: the entire operation should be completed within 30 business days of the customer’s request. In case of delay, the original bank may be liable for compensation. The final act is the signing of a trilateral (or bilateral) contract before a notary, in which the new bank disburses the amount to pay off the old mortgage and formally takes over the mortgage lien. For those who want to better understand the alternatives, it may be useful to delve into the difference between remortgaging or renegotiation.

When Remortgaging Is the Right Choice

Understanding if and when it is advisable to remortgage is crucial. Generally, the operation is more advantageous in the early stages of the amortization schedule, typically the French method, where the interest portion of each payment is larger. As the years go by, the principal portion repaid increases, and the potential savings on interest decrease. Remortgaging is particularly recommended if current market rates are significantly lower than those in effect when the original mortgage was signed.

However, there are situations where remortgaging may not be possible or convenient. Banks may reject the application if the customer's risk profile has worsened or if the outstanding debt is too low (often below €50,000), making the operation unprofitable for the institution. Before deciding, it is essential to run an accurate simulation, perhaps using an online mortgage calculator, to compare the total savings with the current conditions and ensure that the change is genuinely beneficial.

Conclusions

Mortgage portability through remortgaging represents a financial innovation of great value in the Italian and European context, perfectly in line with the Mediterranean culture that sees the home as a primary asset. It offers a winning combination of tradition, linked to the solidity of real estate investment, and innovation, given by the flexibility to adapt the loan to one's life needs. The procedure, made free and streamlined by law, allows for optimizing the cost of the mortgage without affecting the original lien, thanks to the annotation of subrogation mechanism.

For the consumer, remortgaging is a powerful tool for freedom and savings. It allows you to renegotiate the terms of your debt by taking advantage of the best offers on the market, to change the interest rate type, or to modify the repayment term. Although the new bank carefully evaluates each request, the right to portability remains a pillar of customer protection. Getting informed, comparing offers, and carefully evaluating your financial situation are the key steps to making the most of this opportunity, turning a long-term commitment into a more serene and sustainable journey.

Frequently Asked Questions

Is mortgage remortgaging really zero-cost?

Yes, mortgage remortgaging is a free operation for the customer. Law 40/2007, known as the Bersani Decree, clearly states that no expenses can be charged to the borrower. All costs related to the transfer, such as application fees, property appraisal, and the notary’s fee for the subrogation deed, are entirely borne by the new bank taking over the loan. Furthermore, the original bank cannot apply any penalty for the early repayment of the old mortgage. The only minimal outlay that might occur is a tax of about €35 for the mortgage annotation, but often even this amount is covered by the new credit institution.

Can you remortgage more than once?

Theoretically, the law places no limits on the number of times you can request to remortgage your loan. Therefore, a customer could decide to “transfer” their loan multiple times over its term, whenever they find more advantageous conditions on the market. However, in practice, banks might be more reluctant to accept a “remortgage of a remortgage.” Each operation has costs that the incoming credit institution must bear, and a new request shortly after the previous one might be deemed unprofitable. The final decision always rests with the new bank, which will assess the risk profile and the economic viability of the operation.

Can I get additional cash with a remortgage?

No, mortgage remortgaging does not allow you to obtain additional cash. The fundamental characteristic of this operation is that the amount of the new loan must be exactly equal to the outstanding principal of the mortgage being transferred. If you need to obtain an extra sum of money in addition to the existing debt, you must resort to a different operation, called a “cash-out refinance.” This procedure, unlike remortgaging, is not free: it involves paying off the old mortgage and signing a completely new contract, with the related application, appraisal, and notary costs.

How long does it take to complete a remortgage?

The regulations set specific timelines for the completion of a remortgage. The entire process must be concluded within 30 business days from the date the customer requests the new bank to initiate the procedures and acquire the outstanding debt amount from the original institution. If the delay in completing the operation is attributable to the old bank, the latter is required to compensate the customer. The compensation is usually calculated as a percentage (often 1%) of the loan value for each month or fraction of a month of delay. This provides the consumer with protection against any obstruction by the institution that is about to lose the customer.

Frequently Asked Questions

What exactly happens to the mortgage when you remortgage?

During a remortgage, the original mortgage on the property is neither canceled nor recreated. Instead, it is ‘transferred’ to the new bank through an operation called **mortgage portability**. Technically, a notary makes an “annotation in the margin” on the original mortgage registration, recorded at the Land

Registry Office. This annotation certifies that the new credit institution has succeeded the previous one as the beneficiary of the lien. This way, the lien remains valid, but the creditor changes, avoiding the high costs associated with canceling an old mortgage and registering a new one.

Is it true that I don’t have to pay the notary for a remortgage?

Yes, that is absolutely true. Thanks to the Bersani Law (L. 40/2007), mortgage remortgaging is a **completely free** operation for the customer. All expenses, including those for the notarial act, the application processing, and any appraisal, are borne by the new bank taking over the loan. The law expressly forbids charging the borrower any type of cost or commission for the portability.

Can my current bank object if I decide to remortgage?

No, the bank with which you have the original mortgage **cannot object in any way** to your request to remortgage. This is a borrower’s right established by law. Once you have found a new credit institution willing to take on your loan, the old bank is obliged to cooperate to allow the transfer, which by law must be completed within 30 business days. It is important to remember, however, that the *new* bank can refuse the request if, for example, your income situation has worsened.

Is there a limit to the number of times I can remortgage?

Theoretically, the law **imposes no limit** on the number of times you can request to remortgage. Therefore, you could remortgage your loan multiple times over its term, whenever you find more advantageous market conditions. However, in practice, banks might be more reluctant to accept a “remortgage of a remortgage,” as they bear all the costs of the operation. Each new request will still be subject to a new assessment of your creditworthiness by the incoming institution.

Besides a lower rate, what other benefits does remortgaging offer?

Getting a lower interest rate is the main advantage, but remortgaging also offers other significant opportunities. For example, it allows you to **change the type of rate**, switching from variable to fixed (or vice versa) for greater stability or to take advantage of market conditions. It is also possible to **change the remaining term** of the amortization plan, extending it to reduce the monthly payment or shortening it to pay off the debt sooner. All this, while maintaining the tax benefits related to a primary residence mortgage and without incurring any costs.