

# Quick guide to Bridging Loans

## What is a bridging loan?

A bridging loan is designed to 'bridge' a gap – such as if your client needs to borrow money quickly for an interim period for a property transaction. The loan usually lasts for no more than 12 months and acts as a cash injection at a time when it is much required. A bridging loan is not a replacement for a long term solution.

## Who are bridging loans aimed at?

Developers and investors most commonly use bridging loans as a way of developing property portfolios quickly to take advantage of market conditions, with certain lenders using the open market valuation rather than purchase price, this means investors can maximise the lending opportunity to purchase before adding value and refinancing to their property portfolio.

Bridging loans can be used for commercial and residential purchases, refurbishments, change of use and capital raising.

Having the ability to purchase a property quickly can have advantages such as negotiating a good price and beating competitors to the deal.

## When can a bridging loan be used?

Bridging loans can be used for a variety of reasons, including property investment, buy-to-let and development.

However, more recently, there has been a growing trend among borrowers to use bridging loans because high street and private banks are taking longer to process applications for larger home loans.

## A bridging loan is typically used for:

- **Broken sale chains** - bridging the gap between purchases.
- **Auction purchases** - quick completion timescales.
- **Full retention renovation** - a traditional mortgage may not be available.
- **Below Market Value** - enabling you to possibly take advantage of the Open Market Value of the property.
- **Unmortgageable properties** - if there is no kitchen or bathroom for example.
- **Change of use** - if changing the purpose of a building, e.g. commercial to residential.

A regulated bridging loan can also be a good option for clients who have found their dream home and have yet to sell their current property.

## Criteria

Our product range covers a number of key requirements, such as:

- 100% LTV available with additional security
- Market leading rates, from 0.45%
- Terms from 1 month to 24 months
- Loans from £10k
- No exit fees
- Staged release
- Auction purchases
- 1st, 2nd, 3rd charges.

## The opportunity

There is great opportunity with bridging loans for you and your clients in the right circumstances. It is a flexible form of finance that has seen growth in recent years and the choice of products available has developed greatly.

With traditional lenders still being quite reserved in this area, then more specialist lenders have taken the opportunities to develop products that open the door for a more diverse range of requirements.

Bridging loans are a viable option that may be suitable for your clients requirements, just contact us at Clever Lending to see how we can help.



This is just a quick guide to bridging loans – if you have any questions please contact the Clever Lending team on **0800 316 2224**, email **[enquiries@cleverlending.co.uk](mailto:enquiries@cleverlending.co.uk)** or visit **[www.cleverlending.co.uk](http://www.cleverlending.co.uk)**.

This information is for intermediary use only. Clever Lending is a trading name of Financial Makeover Limited. Financial Makeover Limited is a limited company registered in England and Wales with registered number 6111701. Registered Office: Kempton House, Kempton Way, PO Box 9562, Grantham, Lincolnshire NG31 0EA. Financial Makeover Limited is authorised and regulated by the Financial Conduct Authority (Financial Services Register number: 706595).