

# Specialist finance information: bridging

The questions below will make sure you collect the relevant information to deal with your bridging enquiries as efficiently as possible.

These questions should not replace your own fact-find process – they are designed to be a guide to make sure your bridging enquiries are dealt with swiftly.

1. Name
2. Is the application being made as a Special Purpose Vehicle (SPV) or an individual
3. Loan amount required
4. Will the applicant live in the property or do they currently live there
5. Location (address if possible)
6. Property type
7. What work, if any is the applicant doing to the property (if no work is being carried out, skip questions 8, 9 and 12)
8. If planning permission is needed, has this been gained or applied for (if applicable)
9. What experience does the applicant have in refurbishing properties (if applicable)
10. Is speed a priority or is there a specific completion date required
11. Current value of the property
12. End value after works (if applicable)
13. What is the planned exit
14. If the planned exit is to refinance to residential or buy-to-let, is this viable
15. Any adverse credit or issues we should know about
16. Any quirks – or additional information that may aid or support the enquiry/application

See next page to find out why we think you should ask some of these questions.

If you need any further help with your enquiry, just get in touch with the Clever Lending team by calling **0800 316 2224** or emailing **tenet@cleverlending.co.uk**

## **Specialist finance information: bridging**

The notes below explain the reasons for - and relevance of - some of the questions we think you should ask as part of a bridging enquiry.

### **2. Is the application being made as a Special Purpose Vehicle (SPV) or an individual**

A SPV is a legal entity (limited company) created for a limited purpose. SPVs are used for a number of purposes, including the acquisition, financing of a project or managing property projects.

### **4. Will the applicant live in the property or do they currently live there**

If the property is or will be the residence for the applicant (40% or more of the property) then this will be a regulated case and subject to all normal residential criteria for the planned exit. The applicant must be in a position to obtain a residential mortgage at the point of the bridging application to demonstrate a credible exit to the bridging loan.

### **7. What work, if any is the applicant doing to the property**

It is important to understand what work is going to be carried out to demonstrate Gross Development Value (GDV), for example the potential value of the property once work is complete. This can range from light redevelopment of unconstructive work for aesthetic reasons or major structural change; the latter could require a longer term. Also if the exit of the bridging finance is to refinance with a high street lender, there may be certain aspects of the property that must be complete for this to be considered, such as a kitchen and/or bathroom.

### **8. If planning is needed has this been gained or applied for (if applicable)**

Planning consent clearly impacts the value of the property. Not having planning permission does not preclude anyone obtaining bridging finance but it may have an impact on which lenders would consider the case. Influencing factors on the planning consent include change of use, actual use, which local authority and how long it could take to obtain planning permission.

### **9. What experience does the applicant have in refurbishing properties**

An applicant that has experience in property development may have an influence on the viability of the financing application and may attract more preferential terms. There may be a greater level of scrutiny on a first-time property developer.

### **12. End value after works**

The completed value or Gross Development Value (GDV) may have an influence in overall total borrowing and must be realistic.

### **13. What is the planned exit**

The exit of any bridging finance is imperative as a large proportion of the decision to lend is based on this. Generally speaking there are three exits: sale of property, refinance and sale of another asset.

### **14. If the planned exit is to refinance a residential or buy-to-let, is this viable**

If the planned is to refinance to either a residential or BTL then the this must be provable and viable at the point of application for bridging finance.