

Property 2021 & beyond

Sunday 21 February 2021 – Online Zoom Webinar

Residential | Buy to let | **Developments**

Bridging Finance

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Agenda

- Financial Market – Recent developments
- What is Bridging Finance
- Why Bridging Finance
- Examples of Bridging Finance
- Risk with Bridging Finance
- How to obtain Bridging Finance



Financial Market – Recent developments

- High Street banks heavy lending for Government support lending – CBIL, BBL etc
- Now mainly existing relationships entertained
- Generally over £2m lending.
- Even industry sectors like Health and Property – difficult to borrow from Tier one Banks.
- Direct v via Brokers - 80:20 to 30:70
- Unless you have strong relationship with High Street Bank – Use Brokers



What is Bridging Finance?

- Bridge the gap between current situation and Bank term funding
- Short term loan.
- Interim financing
- Generally 12 months
- But may vary from 6 to 24 months.



Why Bridging Finance?

Cannot obtain High Street lending.

EG:

- Auction purchase - Speed
- Conversion – Planning required
- Lack of income – Refurbishments
- Equity release for further purchases
- Higher Loan to value – additional security



Risk with Bridging Finance

- Expensive – BMV or uplift opportunity
- Lack of clear Exit strategy – Penalties, Extension cost etc. Sell or Refinance
- Change of terms during the lending process – Choose the right lender
- Unable to service or exit – May lead to repossession
- Need sound advice



How to obtain Bridging Finance

- Via broker to identify good lender option
 - Application process
 - Offer in Principle
 - Valuation
 - Legal
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- THANK YOU

