

Bridging Loans

FAQS

WHAT IS A BRIDGING LOAN?

A bridging loan is a type of short-term loan, typically taken out for a period of 3-12 months pending the arrangement of longer-term finance. It is there to get you from point A to B where standard finance is not available over such a short term.

HOW DO I APPLY FOR A BRIDGING LOAN?

Get in touch with us!

WHAT HAPPENS ONCE I HAVE APPLIED FOR A BRIDGING LOAN?

We will be able to supply you with a decision in principle within 30 minutes to 24 hours depending on the lender and your circumstances.

HOW MUCH CAN I BORROW?

Our lenders will lend from £15,000 to £15,000,000.

WHAT PERCENTAGE OF THE VALUE OF THE PROPERTY DO YOU LEND?

This depends on the value of the security you are providing; a general rule is that you can borrow a maximum of 85% although typically between 60-70%, some lenders criteria will mean that you could be eligible for more or less than these amounts. Speak to us to find out what is possible based on your current circumstances and the asset.

HOW SOON CAN I HAVE THE BRIDGING LOAN MONEY?

Bridging loan funds can be available within 24 hours, although the normal timeframe is 5 – 10 days for completion. If you need a fast completion let us know and we will ensure we use the right lender.

WHAT ARE THE BRIDGING LOAN RATES AND CHARGES?

These vary from lender to lender, Banks rates are from 5.5% per annum and other lenders from 0.48% per month up to 2% depending on circumstances and the security. Other charges payable will be application / arrangement fees, legal fees, valuation fees and a broker fee. You will typically need to pay the legal costs for both yourself and the bridging lender.

WHAT ARE THE PENALTIES IF I PAY BACK THE BRIDGING LOAN MORE QUICKLY THAN AGREED?

These vary between lenders; some charge and some do not charge early repayment penalties.

WHAT SECURITY IS REQUIRED FOR A BRIDGING LOAN?

Most types of UK property including residential houses and flats, offices, warehouses, and other commercial premises. Land with and without planning permission is also suitable.

HOW IS IT THAT YOU CAN LEND MONEY SO QUICKLY?

Bridging loans are granted on the basis that the equity provided within the property is used as security, and they do not subject clients to lengthy underwriting procedures.

WHY SHOULD I DEAL WITH YOU RATHER THAN MY MORTGAGE BROKER OR IFA?

Most mortgage brokers and IFA's will know and offer rates from a few lenders as most of bridging loans are not their core business. We source Bridging Loans from over 30 lenders in the UK allowing us to offer you the most suitable product for your requirements.

WHAT CAN I USE A BRIDGING LOAN FOR?

You can generally use a bridging loan for any legal purpose, uses vary between lenders.

WHAT TYPE OF PROPERTY CAN BE USED AS SECURITY?

Our lenders will accept residential freehold and leasehold property, commercial property, and land in the UK.

WHAT IS A SECOND CHARGE?

If you have a property with a mortgage on it, the mortgage lender will have a first charge over your property. If there is sufficient equity within the property and another secured lender can lend you additional funds, they will place a second charge on the property.

WHAT IS THE MINIMUM AND MAXIMUM LOAN?

The Bridging lenders we deal with lend from £15,000 to £15,000,000.

CAN I BORROW 100% OF THE PURCHASE PRICE?

Yes, you can borrow 100% of the purchase price if you have an additional property or properties to offer as security. Or if you are buying a property at significantly below its true market value then you may be able to borrow 100% without any additional security.

HOW LONG CAN I BORROW THE MONEY FOR?

Typically over a period of 3-12 months depending on the lender and your application, some lenders will offer an extension and we can re-bridge existing bridging loans if required. We will advise you on what is possible. Development Finance is also available up to 24 Months.

CAN I MAKE CAPITAL REDUCTIONS?

Yes, you can reduce the outstanding balance and monthly payments, terms and conditions vary between lenders.

HOW MUCH WILL A BRIDGING LOAN COST ME?

Rates start from 5.5% per year for loans from Banks and from 0.48% - 2% per month for Non Status (non status in this context means no proof of income) loans from specialist bridging loan companies.

CAN I ADD THE INTEREST PAYMENTS TO THE LOAN?

Some lenders will roll up interest month by month once the loan starts. Others will add the interest to the loan at the start and deduct this at the start and some lenders will allow you to pay the monthly payment as you go.

WHY IS A BRIDGING LOAN MORE EXPENSIVE THAN A REGULAR MORTGAGE?

Bridging is more expensive than a regular mortgage as it is a short term financing facility and generally they are a higher risk loan for the lender than a mortgage.

ARE THERE ANY UPFRONT FEES?

Some lenders do have upfront fees that you will need to pay and others allow these to be added to the loan in some cases, most lenders will have valuation fees that are payable on application or soon after an application is agreed.

DO I NEED MY OWN SOLICITOR?

Yes, it is highly recommended that all borrowers seek independent legal advice prior to signing any legal documents; it is often a requirement of the loan. The key point here is that you chose a solicitor that is specialised in bridging finance as it is a specialist area.

I HAVE A BAD CREDIT HISTORY, ARREARS OR CCJ'S DOES THIS AFFECT MY APPLICATION?

No, many bridging lenders will allow applicants with a poor credit history.

I AM SELF-EMPLOYED OR HAVE NO ACCOUNTS DOES THIS MATTER?

No, many bridging lenders do not require proof of income unless the loan is to be serviced, which means you opt pay the interest each month.

CAN A LIMITED COMPANY TAKE OUT A BRIDGING LOAN?

Yes, but in most cases (not all) the directors will be required to give personal guarantees.

CAN I USE A PROPERTY THAT I DO NOT OWN AS SECURITY?

Yes but the property owner must be party to the loan application.

ARE BRIDGING LOANS REGULATED BY THE FCA?

There are regulated (living in the property) and non regulated bridging (Buy To Let or Investment). We are regulated by the FCA, so we can advise you further about this area.

WHO ARE THE BRIDGING LENDERS?

We have more than 30 lenders in the UK that offer Bridging Loans including High St Banks, Private Banks and Specialist Bridging Lenders.

ARE YOU REGULATED BY THE FINANCIAL CONDUCT AUTHORITY (FCA) (FORMERLY CALLED THE FSA)?

Yes.

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IS THERE A CHARGE FOR MAKING A BRIDGING LOAN APPLICATION?

There is no charge for an agreement in principle; there will be a charge once you have decided to proceed.