BALANCE

Using Bridging Finance to Secure, Progress, or Exit Your Property Projects

What is Bridging Finance, and How Does it Work?

A short-term loan designed to “bridge” a finance gap, usually for:

- Property purchases where speed is essential
- Auction buys
- Refurbishment and light development
- Re-bridging existing loans
- Capital release from existing investment assets

Bridging loans are typically secured against property or land and are repaid through either sale, refinance, or another planned exit. Loans are interest-only, usually rolled up or retained for the term. Terms commonly range from 3 to 24 months.

Top Tips for Arranging a Successful Bridging Loan:

1. Prepare thoroughly

Lenders will expect:

- Purchase price or current valuation
- Your exit strategy (sale or refinance)
- Refurbishment costs and timelines if applicable
- Experience level (especially for heavy works)
- Asset type (residential, commercial, mixed-use, land)
- Security details and any additional charges

Clear documentation upfront speeds up completion significantly

2. Plan your exit carefully

Your exit is the most important part of the application. Lenders want clarity on:

- Sale strategy (realistic comparables, agent input)
- Refinance plan (BTL, commercial term loan, residential mortgage)
- Timelines and feasibility
- Sensitivity around market conditions

A strong exit plan improves terms, reduces risk, and speeds up approval.

3. Get pre-approved or vetted for funding

An Agreement in Principle helps you:

- Understand maximum loan amount
- Confirm expected LTV limits
- Establish likely pricing and fee structure
- Demonstrate credibility to agents/sellers
- Move quickly when a deal appears

Being pre-vetted is especially important for auction purchases and competitive opportunities.

4. Understand valuation requirements

Bridging valuations vary depending on asset and project type:

- Standard residential properties may qualify for desktop or drive-by valuations
- Heavy refurbishment, conversions, land, or commercial assets require full RICS valuations
- For projects with works, lenders may need:
  - Schedule of works
  - Costings
  - GDV (Gross Development Value) assessment

Fast communication between you, your solicitor, and your broker is critical.

5. Legal process

Bridging completions often slow down during legals. To minimise delays:

- Use a solicitor experienced in bridging and commercial lending
- Respond quickly to enquiries
- For auction purchases, instruct solicitors immediately
- Lenders will require full searches, title checks, and sometimes independent legal advice
- Dual representation is available with selective lenders

Lenders will require full searches, title checks, and sometimes independent legal advice'. Most lenders will rely on indemnity insurance rather than full searches for bridging. Full searches can take weeks and weeks to come back.

What can bridging finance help you fund

- Purchase of any Investment property, no matter the asset type
- Purchase at auction with 28-day completion timescales.
- Buying a property to refurbish, including when you are looking for some works cost contribution before refinancing.
- Development exit, while you await sale of a completed project
- Release capital for further investment
- Completing when a mortgage can't be arranged in time

Typical lending terms:

LTV: usually up to 75% on residential, 65%-70% on commercial
Monthly rates from 0.6 to 1.2 per cent depending on asset and risk

- Terms: 3 to 24 months
- Interest: rolled, retained, or serviced
- Speed: completions possible in 5-21 days
- Second charges: available for equity release

So in summary...

Bridging finance gives developers and investors fast, flexible funding to secure deals, complete projects, or manage delays. Success depends on clear preparation, a strong exit plan, and working with a broker and solicitor who understand the pace and nuance of bridging.

Get in touch

Have a question or need help? Get in touch with us. If you want support with your next project, our team is here to help.

Dave Ottley
Managing Director
01752 227966
Dave@balanceforbusiness.co.uk

Dan Place
Business Development Manager
01752 227966
Dan@balanceforbusiness.co.uk