

## What Is International Bridging Finance?

Bridging finance – also known as bridging loans – is a short-term property-backed financial instrument. You can access a wide range of bridging finance rates from over 200 UK lenders and many overseas lenders and investment firms.

Banks and lenders usually offer [international bridging finance](#) for as short as two weeks or a maximum of 24 months. They are commonly used by those who wish to purchase a new home or a piece of industrial or commercial property but do not have ready funds for the transaction.

Bridging finance calls for a clear exit strategy to assure the lender that it will be paid off at the end of the stipulated period. These funds for payment usually come from the proceeds of one's old house or the rent collected from a refurbishment, sometimes funded from refurbishment loans from commercial clients.

### Why Would You Get International Bridging Finance?

Overseas bridging loans give you time to sell an existing property in the UK. You can settle the remaining balance on an overseas property purchase or arrange for more traditional finance; It enables you to make prudent – and quick – decisions regarding overseas properties that are going fast. You can expect loans released within 24 hours; and If you aim to purchase property at an auction, having a bridging loan in hand ensures that you have available cash for a successful transaction.

### For What Occasions Would You Need International Bridging Finance?

Overseas property bridging loans come in handy for individuals under the following circumstances:

- If you find an ideal overseas property that requires an immediate offer or an urgent sale;
- The property you're interested in is under a complex title under local property laws;
- You cannot access your main financial lenders/partners due to distance; or
- A long mortgage application with a traditional lender wouldn't be a practical choice, given the location.

### How Does An Overseas Bridging Loan Work For An Overseas Property?

Say you paid a substantial deposit on a house or any other piece of property abroad. However, given the challenge of raising finance to pay off the balance in the country where the property is located, you're in danger of losing that deposit and the property.

If you go for an overseas bridging loan, you will have the finance to tide the transaction over. The loan can be secured for a few weeks or months on an existing home or any other UK-based property you have. This runs for the period covering the time between the date of purchase and the maturity date of the endowment.

Note that overseas bridging loans can cover up to 75 per cent of a property's loan-to-value (LTV.)

### **What Can International Bridging Loans Be Used For?**

Most bridging loans can be used to cover the cost of purchase, construction finance, or refurbishment of any of the following abroad:

- Property for residential, commercial, or mixed-use;
- Raw, undeveloped land;
- Hospitality venues such as hotels and resorts;
- Corporate structures such as office buildings and towers;
- Industrial property and/or warehousing facilities;
- Build-to-rent property;
- Retail structures or enclaves; or
- Development exit bridging.

### **Things To Remember Before Securing Any Type Of International Bridging Finance:**

Regardless of what type of finance options you avail of, lenders will ask you to present a clear exit strategy before approval and part of their criteria for bridging loans. We have stated before that your exit strategy is how you will repay the full amount of the loan by the time its maturity date rolls around. For the most part, exit strategies usually involve using the profit earned on selling existing UK property to repay your loan.

To avoid paying monthly interest on a bridging loan, ask if you can roll out the interest and pay it at the end of the finance's duration. Rolling out the interest enables you to direct the full amount of the loan to your purchase of property abroad as opposed to using it to service monthly interest payments. You do, however, need to pay the full amount upon maturity of the loan.