

What Is International Bridging Finance?

[International bridging finance](#) – also known as bridging loans – is a short-term property-backed financial instrument for Europe. You can access a wide range of bridging finance rates from over 30 UK lenders and many overseas lenders and investment firms.

Banks and lenders usually offer bridging finance for as short as two weeks or a maximum of 18 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.

On 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 International Bridging Finance Work For An Overseas Property?

Let's 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 Finance Be Used For?

Most [international 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.

What Should You Look For With International Bridging Finance?

A good bridging loan should work on your terms if you're using it to purchase, build, or renovate domestic or offshore properties. In this case, it is best to ask for the following details:

What is your ideal duration for the loan?

How many weeks or months will you take to pay it off completely?

What are the borrowing limits stipulated by your lender/lenders?

Do your lenders offer flexible interest payments?

Do your lenders offer rolled-up interest that you can pay for in one go upon completing the project?

Will the interest on your loan be serviced monthly or can you and the lender agree on different terms?

A [bridging loan](#) is a type of short-term business finance designed to get you from A to B by bridging a gap in your finances for a short to medium time period. It's commonly used by property buyers and investors, but is suitable for a range of other business purposes too. When you take out bridging finance, the lender will usually have a first or second legal charge against your property.

How Does An International Bridging Loan work?

An international bridge loan allows you to purchase a property before you've sold your existing one. It's also commonly used by those who want to fund renovations or a new build project before they can secure a traditional mortgage. Due to the short-term nature of the finance, it's sometimes referred to as a 'swing loan', 'gap financing' or 'interim financing'.

If you're planning to use a bridge loan to purchase a new home while you wait for your current one to sell, you'll use equity in your current home as a down payment on the purchase of the new one. Bridging finance can be used by businesses as well as individuals. There are many products out there that are tailored for different purposes.

[Bridging finance](#) is available from specialist brokers who have access to non bank lenders and institutional institutions that lend money in specialist areas. Bridging can be obtained for United Kingdom, Spain, France, Germany, Austria and many other parts of Europe. The United States is also very acquainted to the aspects of bridging finance on commercial and residential properties.

A business bridging loan is a type of commercial finance that, again, enables you to access funding over a short period of time. Providing you meet the eligibility criteria and have an exit strategy in place that is deemed valid by the lender, you can use the funds for a variety of things. Some businesses use bridging finance to get a working capital boost or to cover short-term cash flow challenges, for example.

It's important to bear in mind that although bridge loans provide immediate cash flow, interest rates are higher and you'll typically have to offer collateral.

Businesses may also seek out a bridge loan when awaiting long-term funding. For instance, a startup engaging in an equity financing round that is set to close in six months may take out a bridge loan in order to cover costs until it is received. These costs could include things like payroll, inventory, rent, utilities and other expenses.

International Property Bridging Loans

A international property bridging loan can come in useful if you want to buy a property but are waiting for the sale of an existing one to complete. In this instance, you can use the loan to cover the period between buying the new property and selling the old one.

Property bridging loans can also be used if you're in a chain and part of it falls through. In the majority of instances, you can add the loan's monthly interest payments to the balance of the loan and pay it off at the end of the term.

As long as you have equity, a way of paying off the loan and sufficient security, it's possible to be eligible for a property bridging loan even if you have a poor credit rating.

You can also use a property bridging loan to:

Buy a property at auction

Pay for renovations

Buy land for development — to cover the costs between purchasing and building on the land

Buy an uninhabitable property — to cover the costs until you can get a mortgage (which may be once the works are complete)

One of the benefits of bridging loans for property is that the application process is usually quick: you can apply online and receive an approval within 24 hours. If your application is approved, you can expect to receive the funds within two weeks. The lender will need to value your property and carry out the necessary checks first.

Sometimes you can pay the lender to have your application processed faster.