When Should Investors Use a Bridge Loan?

Buying Before Selling: You want to buy a new property, but your capital is tied up in an existing one that hasn't sold yet. A bridge loan lets you close on the new deal now and pay it off once old property sells.

Fix and Flip Acquisitions: Bridge loans close much faster than conventional mortgages. Investors use them to win deals, then either sell the property or refinance them into permanent financing.

Buying at Auction or Off-Market Deals with Timelines: Sellers or auctions often require quick closes that traditional bank financing can't meet.

Properties That Don't Qualify for Conventional Financing Yet: A distressed or vacant property might not meet a conventional lender's condition requirements until it's renovated. A bridge loan covers the purchase and rehab, then gets refinanced into a long-term loan once the property is stabilized.

When You Need Cash Flow Flexibility Short-Term: Bridge loans typically carry higher interest rates and fees than conventional financing. They work better when the timeline is short and the exit is certain.

Temple View