RAMSAY & WHITE

# Bridging Finance

## The Ultimate Guide For Property Investors

RAMSAY & WHITE

# Guide Contents

# What Is A Bridging Loan?

**A bridging loan is an essential finance solution for many professional landlords. investors. developers and even residential homeowners.**

**It is a short-term loan that is often secured quickly and bridges a funding gap until other funds are available or until a long-term finance solution. such as a BTL mortgage. is in place. This allows investors to make quick decisions on projects and grow their portfolio.**

**A bridging loan can be provided to an individual or a company and is often secured against residential or commercial property.**

# What Can a Bridging Loan Be Used For?

A bridging loan can be secured against property or land and may be used for a variety of purposes, such as:

## - MEETING DEADLINES FAST

Bridging loans are ideal when speed is essential. They provide quick access to funds for purchasing a property, carrying out renovations, or applying for planning permission.

In many cases, funds can be released in as little as **one week**, allowing investors to act quickly and secure deals before they disappear.

## - BREAKING THE CHAIN

If you’ve found a property you want to purchase but are still waiting for another property to sell, a bridging loan can be secured against the property you wish to sell. Once the sale completes, the loan is then redeemed.

This allows investors to move quickly on their new purchase, secure a tenant, and continue generating rental income while the sale of their existing property goes through.

## - PROPERTY REFURBISHMENT

If a property requires significant refurbishment or is uninhabitable, many high street lenders may not provide funding.

A bridging loan can cover the renovation costs and be repaid via a sale or long-term finance, such as a mortgage.

## - AUCTION PURCHASES

Bridging loans allow investors to act quickly on auction properties before a mortgage is approved.

These properties are often uninhabitable and need significant renovation. A bridging loan provides the funds to purchase the property and complete the work.

## - EXPANSION PLANS

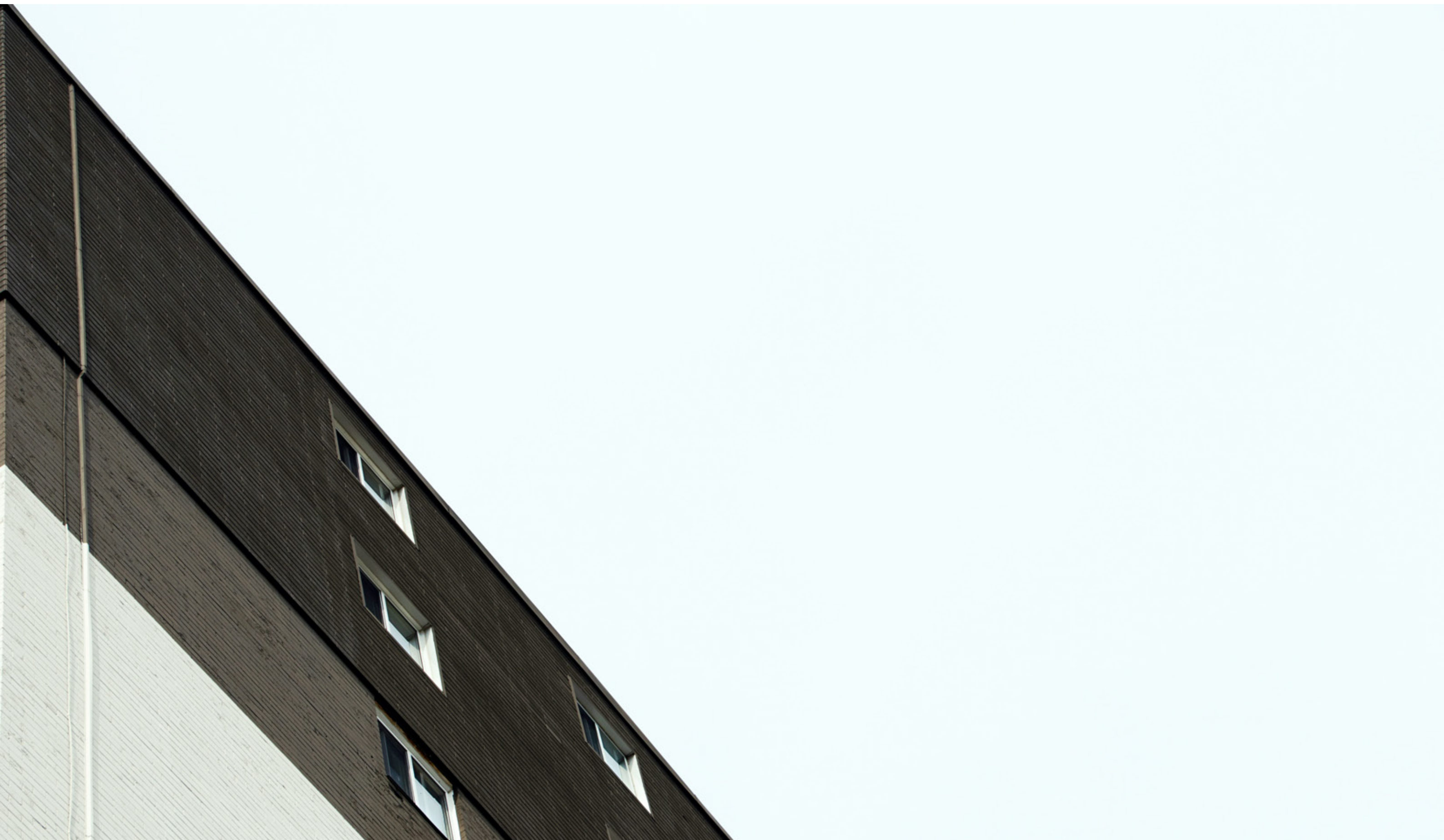
Many landlords rely on rental income to fund additional property purchases, which can make growing a portfolio a slow process.

A bridging loan allows investors to keep buying properties and can later be repaid through refinancing onto a long-term solution, such as a buy-to-let mortgage.

## - QUICK CASH

If  funds are unavailable during the sale or refinancing of a property. a bridging loan can be used for commercial means.

This includes paying for essential payments such as tax. VAT. or supporting the business by covering vital costs.



# HOW MUCH CAN I BORROW?

Generally, lenders will offer a minimum of £50,000, with no fixed maximum amount.

Each lender has its own limits, but most offer up to **75% LTV (loan-to-value)** of the gross loan amount. This includes any retained interest for the term of the loan and any arrangement or broker fees.

**Example:** On a property valued at £100,000, the maximum gross loan available would be £75,000. The net loan amount (the funds you actually receive) would be £75,000 minus any retained interest and fees.

Some lenders may offer more than 75% loan-to-value. In certain scenarios, funding of up to 100% of the purchase price can be achieved, typically where additional security is provided or the property is being acquired significantly below market value. Ramsay & White has access to **specialist lenders** operating in this space.

# HOW IS A BRIDGING LOAN REPAID?

When taking out a bridging loan, it's important to plan how you will make the repayments. These details are always clearly outlined in the loan agreement.

Lenders will ask for your **exit strategy**, which is usually either the sale of the property or refinancing onto a long-term solution, such as a commercial, residential, or buy-to-let mortgage.

Having a solid exit strategy can be the difference between your bridging loan being approved or declined.

# WHAT SECURITY IS NEEDED FOR A BRIDGING LOAN?

Most bridging loan providers require property as security. This could be just one property, or several.

They will secure their loan by taking a charge over the property. If the payments for the loan are not made. you could lose your property.

# HOW LONG CAN I GET A BRIDGING LOAN FOR?

A bridging loan is a short-term solution while long-term finance is arranged. Typically, the development is either sold to generate income or long-term finance is put in place to repay the loan.

Most lenders offer terms ranging from **1 month up to 12 months**, though individual terms may vary. In special cases, where the borrower can offer a low LTV, bridging finance may be available for up to **18 months**.

The average bridging loan now lasts around **7–12 months**. If funding is needed for longer, development finance is often a better option.

Ramsay & White offer bridging loans from **7 months** with market-leading rates.

# WHAT IF I NEED TO EXTEND THE BRIDGING LOAN?

While most investors aim to repay a bridging loan as quickly as possible, sometimes an extension is needed. This can occur due to longer-than-expected renovation work, delays in mortgage approval, or additional time required to find a buyer.

It's best to arrange a slightly longer loan term from the outset. If an extension is required later, the lender may agree, but this usually comes at an additional cost.

# HOW LONG DOES IT TAKE TO GET A BRIDGING LOAN ARRANGED?

Bridging finance is often needed quickly, with funds sometimes available in just a few days.

While faster than traditional mortgages, brokers still ensure applications are completed correctly.

Recent data from Bridging Trends shows the average bridging loan now completes in **47 days**, reflecting increased efficiency across the sector.

# HOW MUCH DOES A BRIDGING LOAN COST?

Like any finance solution, it's vital you understand the costs associated with a bridging loan.

While the fees will vary slightly from lender to lender. below is a break-down of what you can typically expect to pay.

## - INTEREST

The main cost of a bridging loan is **interest**, which lenders can charge in three ways:

**Monthly Interest**
Interest is added to the loan and paid off each month.

**Deferred or Rolled-Up Interest**
Interest is added to the final loan amount and paid at the end of the term.
*Example:* Borrow £100,000 at 0.81% per month — after the first month, the total owed is £100,810. In month two, it rises to £101,625, and so on.

**Retained Interest**
Total interest is calculated at the start of the term and paid at the end.
*Example:* Borrow £100,000 at 0.81% per month for 12 months — the total owed is around £109,800. If repaid after six months, the amount due drops to approximately £104,900.

Bridging loans are short-term, so interest rates are calculated monthly.

- Commercial property rates are higher than residential.
- Loans secured against land generally have the highest rates.

**2025 figures:**

- Average monthly rate: **0.81%**
- Typical range: **0.4% – 2%**, depending on risk and LTV
- High-risk borrowers or developments: **1% – 2%**

A good benchmark for planning is around **1% per month**, though rates vary depending on lender, property type, and borrower profile.

# WHAT FACTORS AFFECT THE INTEREST RATE OF A BRIDGING LOAN?

**Bridging loan interest is calculated based on several factors, including:**

**Type of property** used as security

**Location** of the security property

**Condition** of the security property

**Loan-to-value (LTV) amount**

**Loan amount**

**Terms of the loan**

**Purpose** of the loan

Whether the loan is a **first or second charge**

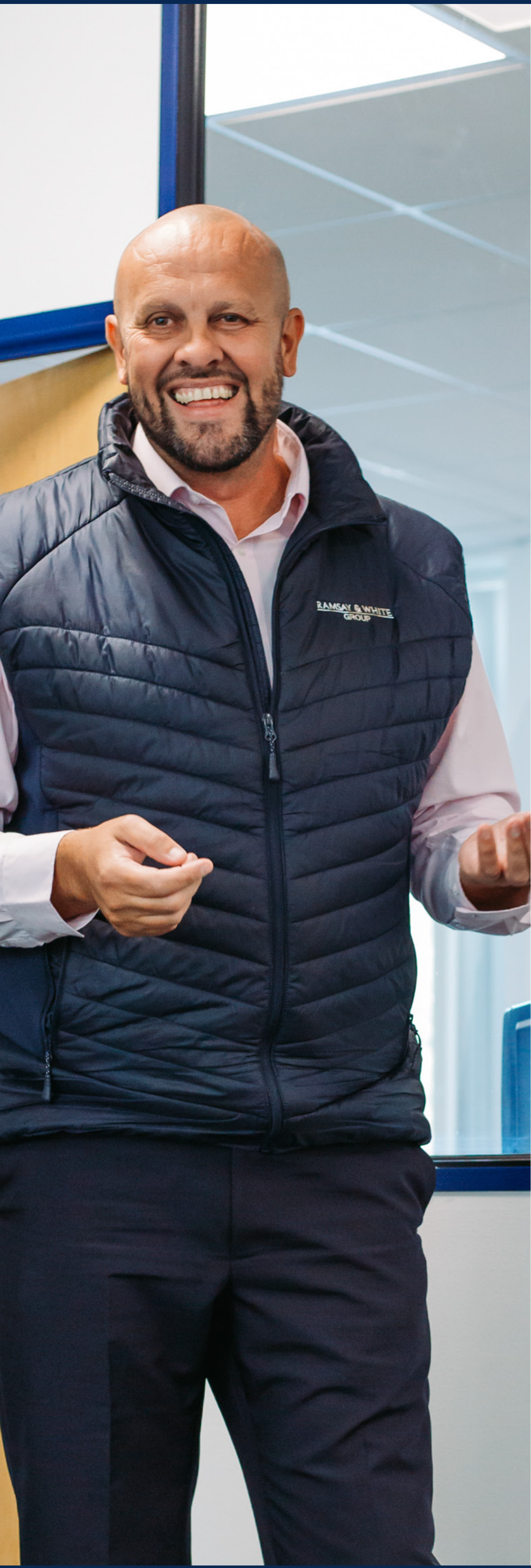
The **borrower's experience**

The **borrower's credit history**

"I DON'T BELIEVE BRIDGING FINANCE IS ABOUT THE CHEAPEST RATE.

IT'S ABOUT THE LENDER WHO BELIEVES IN YOU AS A BROKER AND THE CLIENT YOU TAKE TO THEM"

- Paul Davies, Partner Ramsay and White



## • LENDER ARRANGEMENT FEE

A **1–2% lender arrangement fee** is typical for most bridging loans. This fee is calculated on the net or gross loan amount and is often rolled up into the loan.

Some providers may also charge an **administration fee** for arranging the loan.

## • VALUATION FEE

Before a bridging loan can be processed, a **professional valuation** of the security property is required.

Costs vary depending on the surveyor, property value, location, and type of valuation, typically **£500–£2,000** for commercial properties. Higher-value properties (over £1.5 million) may be **negotiable**.

Valuation fees are **paid directly to the surveyor** before the loan is finalised and are usually the **only upfront fee**.

## • BROKER FEE

If you use a broker to secure your bridging loan, you can typically expect to pay an **upfront fee of around 1%** of the loan value. This may be **added to or deducted from the gross loan**.

The fee can vary depending on the complexity of the work, but brokers work to secure the best deal and aim to save you money overall.

## • DEPOSIT

The amount you can borrow varies by lender and determines how much deposit is required.

Most bridging finance is offered at **70–75% LTV**, meaning a deposit of **30–35%** is usually needed.

At **Ramsay and White**, we can offer bridging loans of up to **100% of the purchase price**, subject to a full application meeting the lender's criteria.

## • LEGAL FEES

The legal fees associated with bridging loans typically include the **redemption fee** and the **solicitor fee**. The lender will use a solicitor to carry out legal due diligence, and some lenders may require the borrower to cover this cost.

Additionally, you will have your **own legal fees** to consider, which can vary depending on the solicitor and complexity of the transaction.

## • EXIT FEES

Some lenders charge an **exit fee** at the end of a bridging loan, typically **1–2% of the loan** or equivalent to one month's interest. This is added to the loan when it is redeemed.

If you repay the loan early, most lenders **do not charge an early repayment fee**, allowing you to save on interest payments.

## • EXTRA FEES

If your exit strategy does not go as planned and you cannot repay the bridging loan at the end of the term, some lenders may consider a short extension. However, in most cases, **extra charges will apply**.

Extensions are **at the lender's discretion**, and some lenders may initiate **repossession proceedings** if the exit strategy has not been met.

# CONSIDER ALL COSTS

Because the cost of a bridging loan depends on many factors, lenders often advertise them with “rates from…”

While a low-interest rate is appealing, the **best solution** considers all costs, not just interest. Fees can vary significantly between lenders, so a full comparison is essential to save money.

Contacting every lender individually is time-consuming, and comparison sites don’t always cover the whole market. A **broker** can guide you to the most appropriate loan for your project.

# BENEFITS OF BRIDGING LOANS

## FAST TO ARRANGE

Finance can be made available **within a matter of weeks**, and in some cases, **just a few days**.

## MULTIPLE USES

Bridging loans can be used for a variety of purposes, including **purchasing inhabitable property, bridging the property chain, or funding renovation work**.

## FLEXIBLE TERMS

Bridging loans typically offer **up to 75% of the purchase price** with terms ranging from **1 month to 1 year**.

## REPAYMENT OPTIONS

Unlike standard mortgages, borrowers can **roll up monthly interest into the final payment**, meaning no repayments are required during the term of the loan.

## WIDER LENDING CRITERIA

Bridging loans are assessed based on a **project's profitability, exit strategy, and the borrower's experience**, rather than solely on their credit history.

# RISKS OF BRIDGING LOANS

## HIGH INTEREST RATES

Bridging loans are charged at a **monthly interest rate**, which is typically higher than a standard mortgage.

## ADDITIONAL FEES

Borrowers should expect to pay **arrangement, broker, valuation, and any legal fees** in addition to the interest.

## UNREGULATED

Bridging loans for **commercial property** are currently **not regulated by the FCA**.

## RISK OF REPOSSESSION

If the loan is not repaid within the agreed terms, borrowers may face **significant costs** and even **repossession of the property**.

# WHAT DO YOU NEED TO GET A BRIDGING LOAN APPROVED?

Every lender will assess applications on a **case-by-case basis**, but most will require the following information:

- ## PERSONAL DETAILS
  - Full Name and Date of birth
  - Nationality
  - Current address
  - Residential status
  - Income
  - Employment status and details
  - Borrowing entity (Ltd company / LLP / personal)
  - Other owned properties

- ## BACKGROUND DETAILS

Lenders will usually ask for a **summary of your background and experience** in commercial property (if any). They'll also want to know **why you need the bridging loan** and **how you plan to use it**.

- ## PROPERTY DETAILS

Lenders will need key information about the property or land, including:

- Type, use, condition, and location
- Security address
- Purchase price, value, and tenure (freehold/leasehold)

If the property is being refurbished, you may also need to provide:

- Details of proposed works
- Estimated costs
- Projected value after completion

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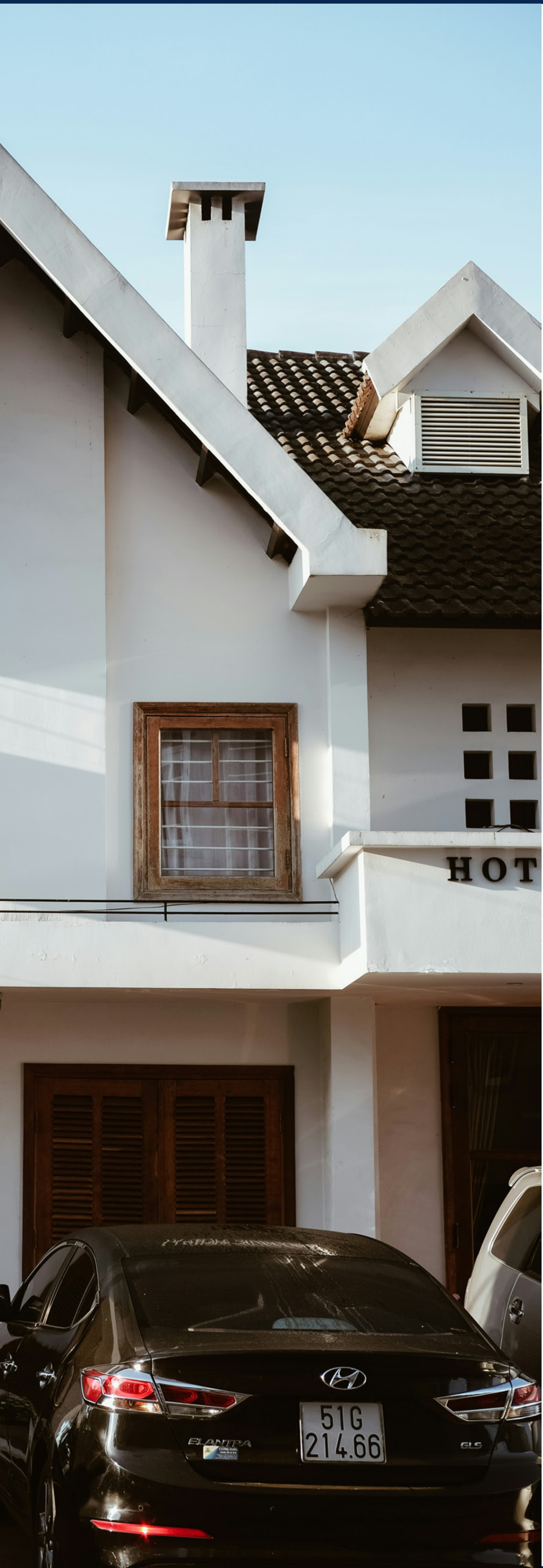


## • EXIT STRATEGY

You must clearly show **how and when you will repay the loan** — typically through selling the property or refinancing. A solid exit strategy is crucial for approval.

## • LOAN AMOUNT + TERMS

Lenders will need details of **how much you want to borrow**, the **loan duration**, and whether you can provide a sufficient upfront contribution.

## • LOAN SECURITY

Bridging lenders assess the risk of lending and usually require **property as collateral**. Loans may be secured against one or multiple properties, and if not repaid, the lender can take ownership of the security.

## • DOCUMENTATION

Lenders may also ask for:

- Proof of ID and address
- Asset and liabilities statement
- Agreement in Principle (AIP) for the follow-on mortgage
- Property portfolio schedule
- Schedule of works with costs, timelines, plans, and permissions (if refurbishing)
- Bank statements from the last three months

## HOW DOES A LENDER ASSESS YOUR APPLICATION?

Lenders will review all the details provided before approving or declining a loan. Supplying **clear and complete information** increases your chances of approval.

It’s best to disclose any adverse credit or potential issues upfront, as these will surface during checks and may otherwise cause delays.

The key is to be **open and transparent** with both the lender and your broker so the application can be tailored for the best chance of success.

## THE DIFFERENCE BETWEEN AN OPEN AND CLOSED BRIDGING LOAN

The **exit strategy** determines whether a loan is open or closed:

- **Closed Bridging Loan** – Has a defined exit strategy (e.g. sale or refinancing). These are more likely to be approved and usually come with better rates, as the lender has greater security.

- **Open Bridging Loan** – No fixed exit strategy in place. These are riskier for lenders, so rates are higher. While you don’t need a fully defined plan, you must still show how you intend to repay the loan.

# WHY USE A BRIDGING LOAN BROKER?

The property industry moves fast, and bridging loans are often needed urgently. While some investors go directly to lenders, this isn't always the best route, especially for first-time developers.

A **bridging broker** has access to the **whole market**, experience in sourcing loans, and strong relationships with lenders. They can help **avoid application issues, secure the best deal, and save you money**.

Using an experienced broker can be **crucial for the success of your project**.

**Key Benefits:**

- **Save time**
- **Save money**
- **Access the whole market**
- **Strong relationships with lenders**
- **Experienced with applications**


"Bridging is a powerful tool that let's property investors move quickly where other products might hold them back.

With more lenders in the short-term finance market, competition has increased, making loans more cost-effective.

Our strong relationships with specialist lenders allow us to provide clients with **expertise, speed, and certainty** when placing their applications."

- Joel White, Founder of Ramsay & White

Ramsay and White is a **specialist mortgage brokerage** supporting property investors across the UK. We offer **bridging loans up to 100% of the purchase price**, with flexible terms from **one month** and **market-leading rates**.

Whether you're starting or scaling your property portfolio, we can help — having facilitated over **£800 million in lending** across projects of all sizes. **Get in touch today** to see how we can support your next investment.

## THANK YOU FOR YOUR TIME

**CONTACT DETAILS**


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