Bridging Finance Best Way to Buy a New Property by Linda John

Article published on November 30th 2011 | Loans

Bridge Financing can be removed in a first or second charge basis. Some lenders use the term "closed" bridge loan, i.e. there is a fixed term usually applied when the contract end dates for the purchase of a new property and sale of a known. Bridge loan "open" is that there is no time limit specified in the contract.

Bridging loan are available for all types of client companies are limited to individuals, those with excellent credit rating for those who have encountered difficulties in obtaining mortgages and loans, including companies, sole traders and those with a bad history credit.

All types of security can be seen from residential, commercial and semi-commercial or land. The properties may be fully or partly developed, in perfect condition or need of restoration, in addition to the standard or nonstandard construction. A bridge loan can be taken through a series of values and / or number of customers.

The traditional use of a bridge loan is to buy a new home before a buyer has found the current property. This type of financing unprecedented chain became popular in a buoyant housing market and rapidly evolving. As the growing demand for house buyers they need to avoid a house purchase fall through, the different uses for bridging loans are now very different.

Bridging finance is used for property development, including the purchase of the site, self-construction projects and property conversions. In the market for investment property bridging loans can be used to complete purchases quickly, for example, when the property is guaranteed by the auction customers usually only have 28 days to complete. It can also be profitable for customers wishing to purchase a property for refurbishment and resale.

In circumstances where a re-mortgage is taking too long for whatever reason, a bridging loan can pay off the initial mortgage whilst a longer term re-mortgage is arranged - helping to fulfil any further requirements and bridge the gap.

Bridging loans can also be used for purposes not related to ownership reasons - the companies may need short-term funds to meet payments or business obligation to fund a special business opportunity. In fact, bridging finance can usually be used for any genuine purpose as a short-term. And after knowing what is bridging loan and other benefits of bridging loans one will definitely like go for bridging loan.

A common misconception about the bridge loan is that they are expensive and the customer is confused about payments. The fact is that with a bridge loan that the customer is aware at all times of the outstanding balance and the redemption value will be.

The most important consideration for introducers when advising clients in bridging finance is to understand the consequences of taking out, or not taking, the facility for each individual case. In today's market a customer can lose substantial amounts for deposits such as not moving fast enough. Companies can also make or lose money when a potential deal on the table. Feeders need to be sure that the customer is willing to pay the loan on time. Lenders can offer a great amount of flexibility with payments, and some lenders make a bridge loan to a long-term loan if necessary.

Article Source:

http://www.articleside.com/loans-articles/bridging-finance-best-way-to-buy-a-new-property.htm - Article Side

Linda John - About Author:
Bridging Finance having a financial advisor service for a Bridging loan lenders to meet people with their requirements. We at mybridgingfinance.co.uk save people to and make them understand the right meaning of a what is a bridging loan and why they should go for this?

Article Keywords:
Bridging loan, what is Bridging Loan, Bridging Loan Lenders, What is a Bridging Loan

You can find more free articles on Article Side. Sign up today and share your knowledge to the community! It is completely FREE!