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Know Various Advantages of Bridging Finance by Linda John

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You have found a great opportunity to make some money. You've heard about hard money bridge loans, but do not know what to expect? Well first of all you must know what is bridging loan? It is nothing but quick loan unlike other normal loan. Here in bridging loan you get quick loan.

The chief benefit of a bridging finance is that lenders are always concerned about the price of the property, not so much personally. In other words, the property is what ensures that the loan on your current credit status. It's all about the value of the property.

The life of bridging loan is about one to six months, even though you can get an expansion of up to two years or more. Again, these lenders are not your average bank. The flexibility of this type of loan is for whatever is approved (or not) in just two days.

You may be required by the lender for what you are looking for a loan of money rather than a traditional loan? There are many reasons why someone might consider using hard money loans. Most likely, your answer will be because you need the money now and not three months from now, when the window of opportunity has closed more likely, or you can say that your credit has some blemishes, filed for bankruptcy recently, low levels occupation, etc.

Some of the things that are difficult to lend capital lenders want to make out will be: the type of security, location and estimated value of the property, the amount owed and most importantly, the exit strategy of the loan or how it will pay the lender.

Most bridge loan companies want your business and will toil with you to get 60% - 75% financing. (In some cases you can get 100% financing if you have additional assets to put in the agreement.) 99.9% in most cases, hard money lenders are private companies, and usually do not get 100% of property value. The loan to value is low to protect the lender in case of loan default.

Geared up, however, the interest rate on hard money loans is much higher than traditional loans. Wait 10 to 15%, depending on the overall risk. There will also be points of origin or percentages ranging from 1 to 5% of the loan amount established by the lender and assessed at the closing of the agreement. Nevertheless, higher interest rates, elasticity and quick turn often compensate all the paperwork and time than traditional banks.

But some lenders might charge a prepayment fee, others charges an exit cost for the loan and while others charge nothing. Make sure you know exactly what the terms of the loan proposal is before any lender.

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Linda John - About Author:
Linda John has relevant experience regarding a Bridging loan lenders and wants to suggest some of their experience for them who are looking for a Bridging Loans. You can also visit to mybridgingfinance.co.uk for more information.

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