

# Bridging Finance for your new home

## Banking made simple with Be There Financial Services

Found a home you would like to buy or even that block of land to build your dream home, but haven't sold your existing home yet?

Bridging finance is a way that you are able to cover the funds that are needed for both loans / homes while your current home is on sale. So, there is no need to sell first & wait for the right home or land deal to come along.

So how does it work:

Let's just say the current balance on your current home is at \$200,000 and your looking to buy or build a new home for \$600,000.

This gives you a total loan debt of \$800,000 while you await the sale of your current home.

Now let's say your existing home sells for \$500,000, you then clear / pay out the debt (\$200,000) that was on that home and then reduce your overall debt with the remaining funds. This would leave you with a loan of \$300,000 on your new home, plus any interest accrued during the bridging period.

During the bridging period, most lender will allow up to 6 months of interest to be capitalised on top of your loan. This means, while your home is on the market you are not required to make any repayments & can focus on getting your existing property sold. If it is construction, some lenders will allow up to 12 months capitalised interest, meaning you have up to 1 year to sell your home and then pay down your debt.

Another way it can be summarised based on the scenario above is:

Initial Debt - loan \$200,000 + \$600,000 = \$800,000

Peak Debt - loan \$200,000 + \$600,000 + 6 month's interest @ 4% \$32,000 = \$832,000

End Debt - loan sale Peak loan debt \$832,000 - Sale of existing home \$500,000 = \$332,000

The good news is with most lenders they only want to see your borrowing capacity or repayments based on that end debt.

We will assist & advise you with regards to any fees, rates, products, terms and conditions apply with all lenders. We will be more than happy to guide you through the process to make it as smooth as possible. With Be There Financial Servicing, PRD Real Estate - Dapto & bridging finance, you can grab the NEW home or land / construction deal you want, before anyone else does!



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