

# Chain break: Bridging finance product scenario

*This product scenario is an example of when Precise Mortgages' bridging finance products may provide an option for your customers. They do not reflect actual customers or applications made.*



## Customer profile

Mr Vaughn, aged 64, identified a bungalow in the local area that he would like to downsize to for £160,000. His capital was tied up in long term investments and the house that he owned and resided in for over 30 years was not on the market for sale.



## Current situation

The bungalow that Mr Vaughn wanted to purchase was close to his family. It was well known that properties in this area do not regularly appear on the market, meaning Mr Vaughn needed a speedy solution to secure a quick purchase and ensure that he did not lose the property.

Mr Vaughn's current home was valued at £300,000, which he agreed to put on the market with the local estate agent that were selling the bungalow Mr Vaughn wished to purchase.



## The solution

Precise Mortgages was able to offer a loan of £176,751.37 at a fixed rate of 0.65% per month, which meant they had a charge over both his existing home and the new bungalow he had purchased. Of this loan £160,000 was to assist Mr Vaughn in purchasing the property, £13,221.37 was retained interest and £3,530 in fees.

This allowed Mr Vaughn a 12 month period to achieve the full market value sale on his current property. The broker was happy to offer the facility to Mr Vaughn as he was able to repay the facility at any point after the first month with no early repayment charges, just a redemption administration fee payable on exit. This gave Mr Vaughn additional comfort that he would only be charged interest for the exact period that he had the loan for, as well as knowing that he would not be required to make any monthly payments to maintain his loan.

Mr Vaughn secured the property and the bridging loan was completed within 3 weeks. Both the broker and Mr Vaughn were delighted with the outcome.

\*Facility of £176,751.37 includes 2% arrangement fee, admin fee of £295 and TT fee £35. Other costs associated with the loan are valuation fees of £575 and estimated legal fees of £700 + VAT & disbursements for acting on the mortgage only. Rates correct as of 20.07.2016.

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