

# Light refurbishment: 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 and Mrs Smith were looking to buy a larger family home, but were struggling to afford the type of property they would like to purchase.

Mr Smith identified a detached property that had been vacant for two years within their budget. Despite being structurally sound, it needed full modernisation to make it habitable and create the family home they desired.



## Current situation

A purchase price of £190,000 was negotiated for the property, but it would also need a new heating system, replacement of all windows and a full revamp of the bathroom and kitchen.

Once all of the renovation works were complete, the property would have a market value in the region of £300,000. Mr and Mrs Smith had £50,000 available to complete the works, alongside the different purchase costs, but needed to raise the £190,000 purchase price.

With their current property being valued at £160,000 and a balance of £40,000 outstanding on their mortgage, Mr and Mrs Smith aimed to keep this property and obtain a buy to let mortgage in order for them to place it on the rental market.



## The solution

Precise Mortgages was able to offer a six month short term loan of £211,938.80 of which £190,000 was to assist in purchasing the property, £6,000 was towards renovation costs, £11,688.80 was retained interest and £4,730 in fees at a fixed rate of 0.95%. This was secured at 68% LTV by a first charge against the clients' new residential property and a second charge against the clients' current residential property.

This allowed Mr and Mrs Smith to complete the purchase of their new property, as well as conducting all of the renovation work and moving in within a six month period.

Mr and Mrs Smith went on to obtain an 80% LTV buy to let mortgage against their existing residential property, as well as a remortgage on their new property. The remortgage was based on the improved value of £300,000, meaning they could settle their bridging loan.

\*Six month facility of £211,938.80 includes an arrangement fee of £3,920, admin fee of £295, TT fee £35 and valuation fee of £480. Other costs associated with the loan are estimated legal fees of £660 plus VAT & disbursements. Rates correct as of 05.09.2016.

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